

E.L.K. Energy Inc.
2027 Cost of Service Rate Application
Exhibit 1
Application Overview and Administrative Documents





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Attachment 1-H – Reconciliation of E.L.K. 2025 Non-Consolidated Financial Statements
to Regulatory Results

Attachment 1-I – WCUL 2025 Annual Report



1.1 Application Overview

1.2 Application Summary and Business Plan

1.2.1 Introduction

The Applicant, E.L.K. Energy Inc. ("E.L.K" or "Applicant"), hereby applies to the Ontario Energy Board ("OEB" or "Board") pursuant to Section 78 of the *Ontario Energy Board Act, 1998* (the "OEB Act") for approval of its proposed distribution rates and other charges, to be effective May 1, 2027 (the "Application").

E.L.K. is a licensed electricity distributor (ED-2003-0015) that owns and operates the electricity distribution system that serves approximately 13,000 customers within the Town of Essex, the Municipality of Lakeshore and the Town of Kingsville. Specifically, E.L.K. has six (6) non-contiguous service areas, serving the communities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. E.L.K. is a fully embedded distributor who receives electricity at distribution level voltages from Hydro One ("HONI"). E.L.K. is also a host distributor to HONI.

E.L.K. is a corporation incorporated pursuant to the *Business Corporations Act (Ontario)* with its head office in the Town of Essex. In 2025, the shares of E.L.K. were purchased by Windsor Canada Utilities Ltd. ("WCUL"), with the transaction having been approved by the OEB in EB-2025-0172 and closed on November 28, 2025 (the "Acquisition"). WCUL, which is wholly owned by the City of Windsor, is also the parent company of licensed electricity distributor (ED-2002-0527) ENWIN Utilities Ltd. ("ENWIN").

This Application represents the first Cost of Service rate application ("Cost of Service" or "rebasement" application) filed by E.L.K. since the Acquisition by WCUL. E.L.K.'s operations and financial viability have been challenged in recent years, with the needs of an ever-evolving industry and ongoing customer expectations straining E.L.K.'s capacity and ability to adapt and maintain financial viability. This Application represents an important reset for E.L.K. moving forward, a first step on a path towards returning to a state of sustainability and an ability to continue to meet customers' expectations moving forward.

The Application is supported by data for six (6) years, with actual information for the 2022-2025 Historical Period, forecast information for the 2026 Bridge Year, and E.L.K.'s plans for a one-year forward Test Year for 2027. The Distribution System Plan ("DSP") in Exhibit 2 provides an overview of E.L.K.'s assets and system planning process,



objectives and goals, a review of E.L.K.'s asset-related operational performance over the 5-year historical period covered by the previous DSP filed in E.L.K.'s 2022 Cost of Service (EB-2021-0016), and a forecast of planned capital expenditures over the 2027-2031 period.

The Application contains nine exhibits, outlined as follows:

- Exhibit 1 – Application Overview and Administrative Documents
- Exhibit 2 – Rate Base and Capital
- Exhibit 3 – Customer and Load Forecast
- Exhibit 4 – Operating Expenses
- Exhibit 5 – Cost of Capital and Capital Structure
- Exhibit 6 – Revenue Requirement
- Exhibit 7 – Cost Allocation
- Exhibit 8 – Rate Design
- Exhibit 9 – Deferral and Variance Accounts

Each Exhibit contains a separate table of contents outlining the key sections and subsections within the Exhibit, including Tables, Figures and Attachments.

E.L.K. has prepared this Application in accordance with the following OEB documents and guidance:

- Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach issued October 18, 2012 (the "RRFE")
- OEB Handbook for Utility Rate Applications (dated October 13, 2016)
- OEB's Filing Requirements for Electricity Distribution Rate Applications
 - o Chapter 1 (issued August 11, 2026)
 - o Chapter 2 (issued December 16, 2025)
 - o Chapter 5 (issued December 16, 2025)

E.L.K. has not knowingly deviated from the filing requirements and has provided a completed filing requirements checklist with this Application in Excel file: ELK_2027_COS_Checklist_20260828. The file identifies specific references in the Application where each required component is provided.

1.2.2 History of E.L.K. Energy Inc.

On January 6, 2000, E.L.K. was incorporated pursuant to the *Business Corporations Act (Ontario)* and is the successor corporation to the Hydro-Electric Commission for the Town of Essex, the Corporation of the Town of Lakeshore Hydro-Electric Commission,



and the Kingsville Hydro Electric Commission. Initially, the three municipalities were shareholders of the corporation. In 2008, E.L.K.'s shareholders entered into a share purchase agreement whereby the Town of Essex agreed to purchase all of the common shares of E.L.K. from the Municipality of Lakeshore and Town of Kingsville. The transaction was approved by the Board in January 2009, and the Town of Essex became the Applicant's sole shareholder.

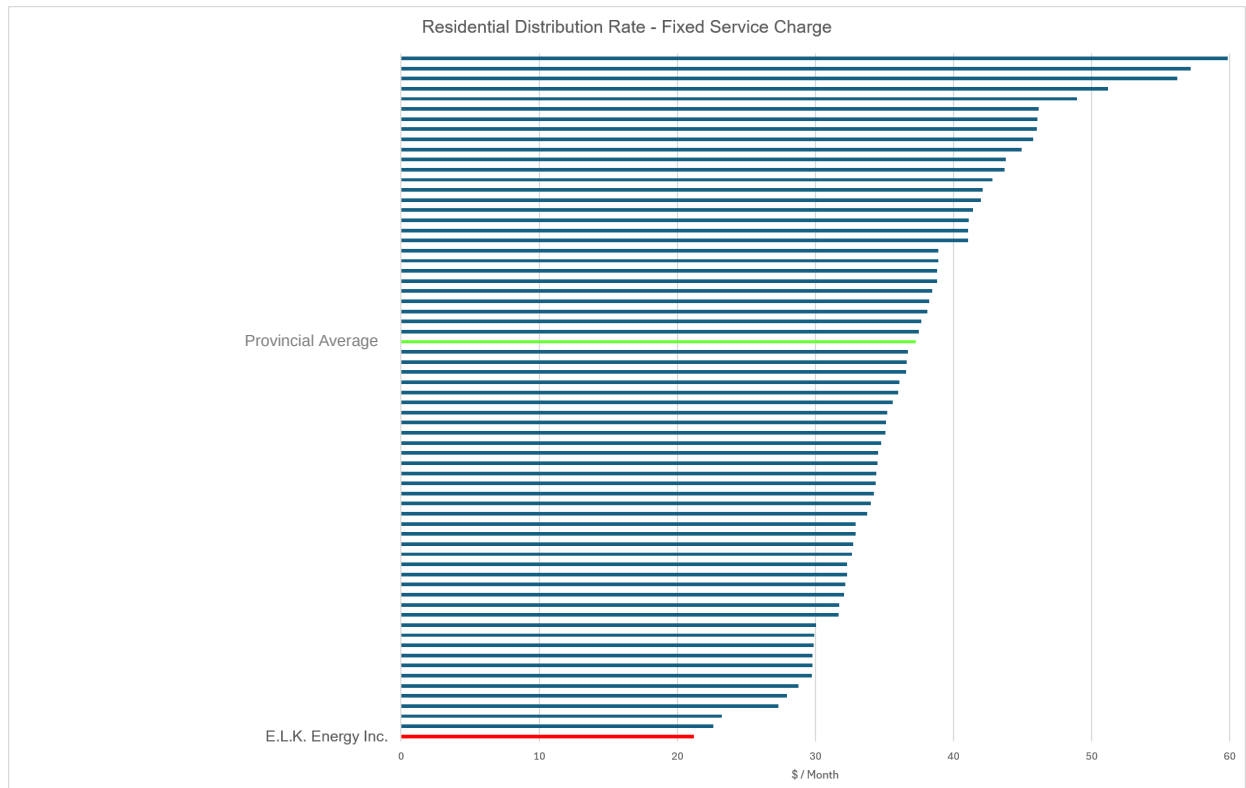
On March 12, 2025, the Town of Essex entered into a Purchase and Sale Agreement with WCUL, whereby WCUL agreed to purchase all of the issued and outstanding shares of E.L.K. from the Town of Essex. This transaction was approved by the OEB on October 21, 2025 in EB-2025-0172, and closed on November 28, 2025. As a result of the Acquisition, E.L.K. became an affiliate of ENWIN, which provides electricity distribution services in the City of Windsor.

1.2.3 E.L.K. Energy Inc. Business Plan Summary

Historically, E.L.K. has prided itself as being one of the lowest cost Local Distribution Companies ("LDC") in the Province of Ontario. This is exemplified by the comparison of current Residential Fixed Service Charges for Ontario LDCs depicted in Figure 1 below, where E.L.K. has the lowest charge among all distributors in the province, with its rates being 43% lower than the provincial average.¹

¹ OEB Open Data Residential Rates accessed May 28, 2026.

Figure 1 - E.L.K. Residential Rate Comparison



E.L.K. has also performed well in the Pacific Economics Group (“PEG”) annual LDC benchmarking, with the most recent update placing E.L.K. in the most efficient Group 1 category, which has an assigned stretch factor of 0.0%. Based on the PEG results, E.L.K. is ranked as one of the most efficient LDCs in the Province, with its actual costs being nearly 35% below predicted costs.²

E.L.K.’s historical emphasis on keeping distribution rates low for its customers has, however, had unintended impacts that have now strained the ongoing viability of the utility, resulting in longer term cost pressures. Put simply, it is not sustainable for E.L.K. to continually operate at a cost level that is approximately 35% lower than the expected cost level for a similar utility, and well below the provincial average, without having repercussions over the longer term.

Issues that have arisen include:

² PEG Benchmarking Report, August 2025, Table 3a.



- Reliability issues and recently identified enhanced capital needs resultant from prior deferred maintenance and “run to failure” approach to asset management.
- Past regulatory compliance issues, as the ongoing and evolving slate of compliance requirements incumbent on LDCs were not reasonably able to be maintained with limited staffing resources.
- Long-standing regulatory accounting and Independent Electricity System Operator (“IESO”) settlement issues, as documented in EB-2024-0015.
- Staffing turnover and capacity constraints, as existing staff complements have been stretched thin to deliver to basic service requirements with limited ability to advance modernization and service enhancement initiatives.

E.L.K. has incurred sizeable operating losses over the past four (4) years, as it has attempted to address some of the challenges outlined above in the period since its last Cost of Service – this included securing incremental resourcing needed (including experienced third party service providers) to address its capacity constraints; increasing proactive maintenance and capital investments in its distribution system to begin to address reliability concerns; and completing a full review and reconciliation of its legacy regulatory accounting balances and implementing a process to maintain them moving forward. However, this augmented operating approach is divergent from the approach anticipated in E.L.K.’s 2022 Cost of Service proceeding (EB-2021-0016) and thus is decoupled from the costs which underpinned the design of E.L.K.’s current distribution rates.

Therefore, the previous operating approach has proven effective for only a finite period of time, and the present Application must now more fully address these issues to ensure sustainability moving forward. The present Application is required for E.L.K. to continue its recent positive momentum and move forward, rather than regress and risk its ongoing viability.

The Acquisition of E.L.K. by WCUL provides an opportunity to reset E.L.K. and chart a path forward towards operational and financial sustainability, to deliver on outcomes that customers deserve and expect. This Application represents the first step in executing on this renewed plan, the details of which are outlined in E.L.K.’s 2026 – 2028 Business Plan, which outlines its overall strategy and goals over the near to medium term.

A summary of E.L.K.’s 2026 – 2028 Business Plan is provided below:

- **Safety first:** address known risks associated with aging infrastructure; modernize and consistently apply health & safety policies and procedures;



strengthen compliance through oversight, documentation, training, and corrective action.

- **Reliability and restoration:** prioritize renewal of high-risk/obsolete assets, introduce practical automation (including on dual-supply feeders where feasible), and progressively eliminate the 4 kV system to reduce complexity and improve safety and reliability.
- **Value-based rates and affordability:** maintain distribution rates in the mid-range of Ontario utilities over time; focus investment on “no-regret,” non-discretionary priorities; tighten the linkage between spending, performance outcomes, and customer value through benchmarking and disciplined cost management.
- **Customer experience and community trust:** strengthen communications and engagement (including clearer outage/work notifications and more accessible feedback channels); enhance customer service frameworks and processes.
- **Jobs and prosperity:** advance electricity demand-side management (“eDSM”) programs as Ontario’s 2025 framework matures; maintain proactive relationships with key accounts to support local retention, expansion, and new investment, encouraging economic growth in E.L.K.’s service area.

The Business Plan was approved by the E.L.K. Board of Directors in May 2026 and is attached as Attachment 1-A of this Exhibit 1.

1.2.4 Revenue Requirement

In this Application, E.L.K. is requesting a Service Revenue Requirement of \$7.4 million. This represents an increase of approximately 74% over its previous 2022 Board Approved Service Revenue Requirement of \$4.3 million. Table 1 below shows a comparison of the Revenue Requirement calculations between 2022 Board Approved and proposed 2027 Test Year.



Table 1 - Revenue Requirement - 2022 Board Approved vs. 2027 Test Year

Description	2022 Board Approved	2027 Test Year	Variance (\$)	Variance (%)
OM&A	\$ 3,283,260	\$ 4,851,570	\$ 1,568,310	48%
Depreciation	\$ 255,733	\$ 1,053,002	\$ 797,269	312%
Property Tax	\$ 20,000	\$ 21,800	\$ 1,800	9%
PILs	\$ -	\$ -	\$ -	0%
LEAP	\$ 5,279	\$ 8,800	\$ 3,521	67%
Return on Rate Base	\$ 689,359	\$ 1,452,451	\$ 763,092	111%
Total Service Revenue Requirement	\$ 4,253,631	\$ 7,387,622	\$ 3,133,991	74%
Rate Base	\$ 13,633,387	\$ 22,688,870	\$ 9,055,483	66%

The main drivers of the variances in the Revenue Requirement are summarized below:

- OM&A: An increase of \$1.6M, as more fully described in Exhibit 4. As outlined above, the 2022 Board Approved amount was set at a very low level, reflecting E.L.K.'s legacy operating approach. The increase proposed in the present Application reflects: (i) E.L.K.'s efforts over recent years to increase proactive operations and maintenance activities (including vegetation management); (ii) enhanced customer service, billing and service quality efforts consistent with the expectations of a modern, well-performing utility; (iii) inflationary increases that have occurred since the 2022 OEB-approved forecast was prepared during the COVID-19 pandemic; and (iv) other necessary costs increases, including addressing capacity needs through staffing and third party services. The proposed level of OM&A is generally consistent with recent sustainable, actual levels of spending over the 2022 – 2025 period.
- Depreciation: An increase of \$0.8M, as more fully described in Exhibit 2. The increase is due to rate base growth since the 2022 Cost of Service, as E.L.K. has increased the level of annual investment in its distribution system at a pace which it proposes to continue in this Application.
- Return on Rate Base: An increase of \$0.8M as more fully described in Exhibit 2 and Exhibit 5. The increase is primarily due to rate base growth since the 2022 Cost of Service, as described above.

1.2.5 Customer and Load Forecast Summary

E.L.K.'s customer and load forecast ("load forecast") has been prepared on a consistent basis as its load forecast utilized in its 2022 Cost of Service proceeding.

E.L.K. engaged Utilis Consulting Inc. to prepare its 2027 load forecast using a multi-variate regression methodology, consistent with the methodology used in many other Cost of Service applications approved by the OEB over the past two decades. The



regression analysis includes actual data to the end of 2025 and relies on statistically valid independent variables to forecast future results, as is more fully described in Exhibit 3. Customer / connection counts for the 2027 Test year have been prepared using historical annual average numbers.

Table 2 below summarizes the variances between the 2022 Board Approved load forecast and the 2027 Test Year proposed load forecast.

Table 2 - Load Forecast - 2022 Board Approved vs. 2027 Test Year

Description	Customers / Connections				Volumes				
	2022 Board Approved	2027 Test Year	Variance	Variance (%)	2022 Board Approved	2027 Test Year	kW / kWh	Variance	Variance (%)
Residential	11,107	11,491	384	3%	104,794,356	107,137,096	kWh	2,342,740	2%
General Service < 50 kW	1,201	1,197	(4)	(0%)	27,600,721	32,830,262	kWh	5,229,541	19%
General Service > 50 kW	102	89	(13)	(13%)	220,809	204,752	kW	(16,057)	(7%)
Embedded Distributor	6	6	-	0%	122,199	116,093	kW	(6,106)	(5%)
Unmetered Scattered Load	31	28	(3)	(10%)	248,173	225,939	kWh	(22,234)	(9%)
Sentinel Lighting	17	73	56	329%	360	376	kW	16	4%
Street Lighting	3,127	3,206	79	3%	3,620	3,418	kW	(202)	(6%)
Total	15,591	16,090	499	3%					

Overall, the load forecast is relatively stable compared to the 2022 Board Approved forecast, reflecting modest customer count growth primarily in the Residential rate class, as well as Sentinel and Street Lighting connections. E.L.K. is also forecasting slight increases in metered consumption.

1.2.6 Rate Base and Distribution System Plan

E.L.K.'s rate base for the 2027 Test Year is calculated at \$22.7 million. This is an increase of \$9.1M or 66% from the 2022 Board Approved amount of \$13.6 million. A summary of the 2027 Test Year rate base is provided in the Table below.

Table 3 - Rate Base - 2022 Board Approved vs. 2027 Test Year

Description	2022 Board Approved	2027 Test	Variance (\$)	Variance (%)
Net Fixed Assets				
Gross Fixed Assets (Average)	\$ 28,471,547	\$ 39,767,452	\$ 11,295,905	39.7%
Accumulated Depreciation (Average)	\$ 17,144,935	\$ 19,795,005	\$ 2,650,070	15.5%
Net Book Value (Average)	\$ 11,326,612	\$ 19,972,447	\$ 8,645,835	76.3%
Allowance For Working Capital				
Cost of Power	\$ 27,448,456	\$ 31,336,803	\$ 3,888,347	14.2%
Expenses	\$ 3,308,539	\$ 4,882,170	\$ 1,573,631	47.6%
Total Working Capital Expenses	\$ 30,756,995	\$ 36,218,973	\$ 5,461,978	17.8%
Working Capital Allowance (7.5%)	7.5%	7.5%		0.0%
Total Working Capital	\$ 2,306,775	\$ 2,716,423	\$ 409,648	17.8%
Rate Base	\$ 13,633,387	\$ 22,688,870	\$ 9,055,483	66.4%



A continuity of E.L.K.'s rate base from 2022 Board Approved to the 2027 Test Year, including the 2026 Bridge Year, is provided in the Table below.

Table 4 - Rate Base Continuity - 2022 Board Approved to 2027 Test Year

Description	2022 Board Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
Gross Fixed Assets	\$ 28,777,101	\$ 28,562,906	\$ 30,974,780	\$ 34,110,728	\$ 35,569,557	\$ 38,475,031	\$ 41,059,873
Accumulated Depreciation	\$ 17,307,864	\$ 17,251,489	\$ 17,634,321	\$ 18,137,766	\$ 18,726,359	\$ 19,415,838	\$ 20,174,172
Net Book Value	\$ 11,469,237	\$ 11,311,416	\$ 13,340,459	\$ 15,972,963	\$ 16,843,198	\$ 19,059,192	\$ 20,885,701
Average Net Book Value	\$ 11,326,612	\$ 11,247,314	\$ 12,325,938	\$ 14,656,711	\$ 16,408,080	\$ 17,951,195	\$ 19,972,447
Total Working Capital	\$ 30,756,994	\$ 32,445,303	\$ 34,354,156	\$ 39,859,768	\$ 40,433,734	\$ 35,946,854	\$ 36,218,973
Working Capital Allowance (7.5%)	\$ 2,306,775	\$ 2,433,398	\$ 2,576,562	\$ 2,989,483	\$ 3,032,530	\$ 2,696,014	\$ 2,716,423
Rate Base	\$ 13,633,387	\$ 13,680,711	\$ 14,902,499	\$ 17,646,193	\$ 19,440,610	\$ 20,647,209	\$ 22,688,870

The primary reason for the rate base growth from 2022 Board Approved is an increase in annual capital expenditures in excess of depreciation – a comparison of actual capital expenditures to the previous plan is contained within E.L.K.'s 2027 – 2031 DSP, contained in Exhibit 2 of this Application. E.L.K. has focused its capital efforts in recent years on enhancing its proactive System Renewal spending to replace end-of-life assets; permitting new customer connections; and implementing Grid Modernization investments to enable system automation and improved customer reliability.

E.L.K.'s proposed capital expenditures over the 2027 – 2031 period are summarized in Table 5 below. Gross capital expenditures for the 2027 Test Year are \$3.2 million, representing a \$1.4 million increase from 2022 Board approved amount of \$1.8 million.

Table 5 - Capital Expenditure Summary - 2027 - 2031

Description	2022 Board Approved	2027	2028	2029	2030	2031	Variance (\$) 2027 Test vs. 2022 Board Approved	Variance (%) 2027 Test vs. 2022 Board Approved
System Access	\$ 1,313,000	\$ 1,100,982	\$ 1,117,002	\$ 1,133,341	\$ 1,150,008	\$ 1,167,009	\$ (212,018)	(16%)
System Renewal	\$ 347,000	\$ 1,810,851	\$ 1,565,893	\$ 1,395,130	\$ 1,877,934	\$ 1,736,815	\$ 1,463,851	422%
System Service	\$ 42,000	\$ 182,250	\$ 474,000	\$ 524,000	\$ 337,000	\$ 524,000	\$ 140,250	334%
General Plant	\$ 114,000	\$ 143,600	\$ 129,472	\$ 295,361	\$ 46,269	\$ 47,194	\$ 29,600	26%
Total Expenditures	\$ 1,816,000	\$ 3,237,683	\$ 3,286,367	\$ 3,347,832	\$ 3,411,211	\$ 3,475,018	\$ 1,421,683	78%
Capital Contributions	\$ 1,006,000	\$ 652,840	\$ 661,397	\$ 670,125	\$ 679,027	\$ 688,108	\$ (353,160)	(35%)
Net Capital Expenditures	\$ 810,000	\$ 2,584,843	\$ 2,624,970	\$ 2,677,707	\$ 2,732,184	\$ 2,786,910	\$ 1,774,843	219%

Overall, E.L.K.'s DSP outlines the rationale for the proposed capital plan, reflecting ongoing and much needed investments in system sustainment / renewal, and investments in required system monitoring and automation, allowing E.L.K. customers to benefit from enhanced system reliability and further services resultant from the WCUL Acquisition, such as access to shared services from ENWIN's 24/7/365 control room. A summary of the key projects contemplated in the 5-year DSP include:

- **System Access:** investments over the forecast period include new subdivisions, customer connections, and related metering projects.
- **System Renewal:** investments in replacing aged and deteriorating infrastructure, including increased pole replacements and restorations; increased transformer



replacements; and voltage conversion projects to increase reliability of distribution system.

- **System Service:** investments in system automation, including continued rollout of faulted circuit indicators (“FCIs”) as per E.L.K.’s Smart Grid Plan and targeted grid modernization investments across all its service areas, including enhanced sectionalization and installation of reclosers.
- **General Plant:** fleet replacement for critical end of life vehicles, and continued annual investment in IT equipment and software, including continued enhancement of its new GIS system, as well as tools and equipment.
- **Capital Contributions:** continue to be correlated to customer-driven activity and generally follow the pace of annual System Access investments.

Since E.L.K.’s previous DSP filing, E.L.K. has enhanced its planning and investment approach with a greater focus on targeted maintenance and proactive replacements, grid modernization, and localized reliability improvements. E.L.K. intends to continue this enhanced approach and increased pace of capital investments in the current Application, as well as increased focus on data capture, quality, and greater integration into the overall asset management process moving forward.

1.2.7 Operations, Maintenance and Administration Expenses

E.L.K.’s proposed 2027 Test Year Operations, Maintenance and Administration (“OM&A”) expense is \$4.9 million, an increase of \$1.6M or 48% over 2022 Board Approved. This represents a compound annual growth rate (“CAGR”) of approximately 8% from prior Board Approved. A summary of the proposed OM&A versus prior Board Approved is outlined in the Table below.

Table 6 - OM&A - 2022 Board Approved vs. 2027 Test Year

Particulars	2022 Board Approved	2027 Test	Variance (\$)	Variance (%)	Compound Annual Growth
Operations	\$ 509,901	\$ 477,524	\$ (32,377)	(6%)	(1%)
Maintenance	\$ 911,068	\$ 1,366,862	\$ 455,794	50%	8%
Billing and Collecting	\$ 581,163	\$ 1,185,755	\$ 604,592	104%	15%
Community Relations	\$ 3,571	\$ -	\$ (3,571)	(100%)	(100%)
Administrative & General (Incl. LEAP)	\$ 1,282,837	\$ 1,830,229	\$ 547,392	43%	7%
Total	\$ 3,288,539	\$ 4,860,370	\$ 1,571,831	48%	8%

As stated above, the 2022 Board Approved level of OM&A costs, despite good intentions, did not reflect a sustainable level of spending required to prudently operate the utility over the longer term. The need to transition to a more sustainable level of



ongoing OM&A began to manifest immediately in 2022 Actuals, where 2022 Actual OM&A was 33% higher than 2022 Board Approved, resulting in E.L.K. earning a negative return on equity ("ROE") in 2022, the Test Year from its prior Cost of Service. This level of actual performance in a Test Year is uncommon amongst Ontario LDCs and signaled that the forecast upon which rates were previously built was divergent from actual needs. This trend of increased necessary actual spending has continued in the intervening years 2023 – 2025, however, the CAGR has only been approximately 2% compared to 2022 Actuals.

The 2026 Bridge and 2027 Test Year OM&A forecasts are therefore largely reflective of the recent actual level of OM&A spending, in addition to targeted enhancements in areas that have been identified since the Acquisition. The main OM&A cost drivers relative to 2022 OEB-approved are summarized below:

- Inflation;
- Management Shared Services;
- Meter Reading, Billing & Collecting Services;
- Vegetation Management;
- Bad Debt;
- General Payroll & Benefits and staffing increases related to essential business functions;
- Third party professional services; and
- Cybersecurity.

It is important to note that throughout this Application, E.L.K. has remained extremely mindful of balancing the required level of OM&A with the related bill impacts on customers, recognizing that while current E.L.K. rates are unsustainably low and do not reflect the basic level of ongoing costs to run the utility, the level of proposed OM&A increases will have an impact on customers relative to the status quo that must be accounted for. Through a shared services model, Management has further attempted to supplement E.L.K.'s capabilities with services that can be shared with ENWIN where feasible. The proposed OM&A budget is reflective of a balanced and phased approach to these competing objectives, reflecting the ongoing costs to provide service to E.L.K. customers.

1.2.8 Cost of Capital

E.L.K. has summarized its proposed capital structure and cost of capital parameters in Table 7 below.



Table 7 - Capital Structure and Cost of Capital Parameters

		Test Year:		2027			
Line No.	Particulars	Capitalization Ratio		Cost Rate		Return	
		(%)	(\$)	(%)		(\$)	
	Debt						
1	Long-term Debt (Notional)	56.00%	\$12,705,767	4.73%		\$600,983	
2	Short-term Debt	4.00%	\$907,555	2.72%		\$24,685	
3	Total Debt	60.0%	\$13,613,322	4.60%		\$625,668	
	Equity						
4	Common Equity	40.00%	\$9,075,548	9.11%		\$826,782	
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -	
6	Total Equity	40.0%	\$9,075,548	9.11%		\$826,782	
7	Total	100.0%	\$22,688,870	6.40%		\$1,452,451	

E.L.K. is using the OEB's cost of capital methodology for its capital components, most recently reviewed in OEB proceeding EB-2024-0063.

E.L.K.'s proposed deemed capital structure for the 2027 Test Year is 60% debt (56.0% long-term debt and 4.0% short-term debt) and 40.0% equity. E.L.K. is using the OEB's cost of capital parameters as published on October 31, 2025, as a placeholder. These will be updated to reflect the OEB's 2027 parameters assuming they are published prior to the OEB's Decision on this Application. The long-term debt rate of 4.73% for the 2027 Test Year used in this Application reflects the OEB's current deemed long-term debt rate, as further discussed in Exhibit 5. This approach is consistent with the OEB's EB-2024-0063 Decision.

1.2.9 Cost Allocation and Rate Design

E.L.K. has utilized the most recent version of the OEB's cost allocation model available on the OEB website. E.L.K. did not deviate from the OEB's cost allocation or rate design methodologies and E.L.K. has not proposed any changes to its existing rate class definitions.

E.L.K. provides a comparison of its proposed Revenue to Cost ratios in this Application to the Revenue to Cost ratios from its 2022 Cost of Service rate application in the Table below. E.L.K. made adjustments as required to the Revenue to Cost ratios to ensure that all rate classes were within the OEB's approved policy ranges.



Table 8 - Revenue-to-Cost Ratio Summary

Description	2022 Board Approved	2027 Status Quo	2027 Test Year Proposed	OEB Policy Range
Residential	100.80%	98.41%	99.23%	85% - 115%
General Service < 50 kW	85.20%	102.76%	102.52%	80% - 120%
General Service > 50 kW	110.02%	98.37%	99.23%	80% - 120%
Unmetered Scattered Load	85.20%	78.07%	99.23%	80% - 120%
Sentinel Lighting	85.20%	90.93%	99.23%	80% - 120%
Street Lighting	90.12%	93.60%	102.58%	80% - 120%
Embedded Distributor	120.00%	185.22%	120.00%	80% - 120%

E.L.K. provides a comparison of its proposed fixed / variable splits in this Application compared to its 2022 Board Approved amounts below. There are not significant changes proposed relative to E.L.K.'s prior 2022 Cost of Service rate application.

Consistent with recent OEB decisions, E.L.K. has proposed to apply the fixed/variable proportions implied in its current rates to design the proposed monthly service charge for all rate classes, with the exception of the General Service < 50 kW and General Service 50 to 4,999 kW rate classes. For these rate class, the current fixed/variable proportions result in a monthly fixed charge outside the fixed charge ceiling as calculated in the cost allocation model. Where the existing fixed/variable split of revenue resulted in a fixed charge above the ceiling identified in the cost allocation study, E.L.K. has proposed holding fixed charges at the higher of current levels, or the fixed charge ceiling in the cost allocation study, with the remainder of the rate class revenue requirement allocated to the variable charge.

Table 9 – Proposed Fixed / Variable Splits Summary

Rate Class	Fixed Portion	Variable Portion
Residential	100.0%	0.0%
General Service < 50 kW	49.0%	51.0%
General Service > 50 kW	23.9%	76.1%
Unmetered Scattered Load	83.9%	16.1%
Sentinel Lighting	55.4%	44.6%
Street Lighting	53.8%	46.2%
Embedded Distributor	100.0%	0.0%

E.L.K. is proposing a rate mitigation plan in this Application in order to manage the annual level of rate change for customers. E.L.K. is proposing to defer recovery of



approximately \$1.0 million of the proposed revenue requirement in the 2027 Test Year (Year 1), and to collect this amount (including carrying costs) via rate riders in 2029 and 2030 (Years 3 and 4). This approach will smooth the impact of the proposed rate change for most customer classes as Management has remained mindful of the total annual bill impacts when preparing the Test Year forecasts that underpin this Application. Further details on the rate mitigation proposal are provided in Exhibit 8 and Exhibit 9.

1.2.10 Deferral and Variance Accounts

As outlined in Exhibit 9, E.L.K. is requesting approval for the net disposition of E.L.K.'s Group 1 and Group 2 Deferral and Variance Account ("DVA") balances in the amount of \$(0.1) million to be refunded to customers. All dispositions are being requested over a twelve (12) month period, with rate riders effective from May 1, 2027 to April 30, 2028. E.L.K. last disposed of its DVA balance as follows:

- Group 1 – balances up to December 31, 2024 were last disposed of in E.L.K.'s 2026 IRM proceeding (EB-2025-0047).
- Group 2 – balances up to December 31, 2020 were last disposed of in E.L.K.'s 2022 Cost of Service proceeding (EB-2021-0016).³

In the current Application, E.L.K. is proposing principal DVA dispositions of:

- Group 1 – balances up to December 31, 2025.
- Group 2 – balances up to December 31, 2025, with principal amounts forecast up to December 31, 2026 where feasible.

All rate riders have been calculated in accordance with the OEB's approved allocators using the latest version of the OEB's Deferral and Variance Account (Continuity Schedule) Workform.

The following Tables summarize the balances requested for disposition and rate riders for each rate class.

³ The balance in the Pole Attachment Revenue Variance Account (1508) was forecast up to April 30, 2022 and disposed of.

Table 10 – Deferral and Variance Account Summary

Particulars	USoA	Total Proposed for Disposition
Group 1		
LV Variance Account	1550	\$ (310,083)
Smart Metering Entity Charge Variance Account	1551	\$ (4,669)
RSVA - Wholesale Market Service Charge	1580	\$ (265,924)
Variance WMS – Sub-account CBR Class B	1580	\$ 112,724
RSVA - Retail Transmission Network Charge	1584	\$ (139,928)
RSVA - Retail Transmission Connection Charge	1586	\$ (190,034)
RSVA - Power	1588	\$ 752,615
RSVA - Global Adjustment	1589	\$ (110,400)
Total Group 1		\$ (155,699)
Group 2		
Regulatory Asset - Green Button	1508	\$ 201,251
Operations and Maintenance Variance Account	1508	\$ (214,276)
OEB Cost Assessment Variance Account	1508	\$ 47,681
Total Group 2		\$ 34,656
Total Disposition		\$ (121,043)

Table 11 – Allocation of Deferral and Variance Account Balances to Rate Classes

[illegible]



Table 12 – Group 1 Rate Riders Calculations

Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.)

1550, 1551, 1584, 1586, 1595, 1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
RESIDENTIAL	kWh	107,137,096	-\$129,876.15	- 0.0012
GS < 50	kWh	32,830,262	-\$38,943.04	- 0.0012
GS > 50 KW	kW	204,752	-\$185,929.19	- 0.9081
UNMETERED SCATTERED LOAD	kWh	225,939	-\$264.98	- 0.0012
SENTINEL	kW	376	-\$137.51	- 0.3660
STREET LIGHT	kW	3,418	-\$1,427.48	- 0.4177
EMBEDDED DISTRIBUTOR	kW	116,093	\$85,392.55	0.7356

Table 13 – Group 1 Rate Riders Calculations (Non-WMP)

Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.) - NON-WMP

1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance - Non- WMP	Rate Rider for Deferral/Variance Accounts
RESIDENTIAL	kWh	107,137,096	\$0.00	-
GS < 50	kWh	32,830,262	\$0.00	-
GS > 50 KW	kW	200,671	\$113,162.80	0.5639
UNMETERED SCATTERED LOAD	kWh	225,939	\$0.00	-
SENTINEL	kW	376	\$0.00	-
STREET LIGHT	kW	3,418	\$0.00	-
EMBEDDED DISTRIBUTOR	kW	116,093	\$0.00	-

Table 14 – Group 1 Rate Riders Calculations (CBR B)

Rate Rider Calculation for Account 1580, sub-account CBR Class B

1580, Sub-account CBR Class B

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Sub- account 1580 CBR Class B Balance	Rate Rider for Sub-account 1580 CBR Class B
RESIDENTIAL	kWh	107,137,096	\$ 54,859	0.0005
GS < 50	kWh	32,830,262	\$ 16,811	0.0005
GS > 50 KW	kW	136,743	\$ 18,779	0.1373
UNMETERED SCATTERED LOAD	kWh	225,939	\$ 116	0.0005
SENTINEL	kW	376	\$ 60	0.1598
STREET LIGHT	kW	3,418	\$ 623	0.1824
EMBEDDED DISTRIBUTOR	kW	116,093	\$ 21,477	0.1850



Table 15 – Group 1 Rate Riders Calculations (Global Adjustment)

Rate Rider Calculation for RSVA Global Adjustment

Balance of Account 1589 Allocated to Non-WMPs

Rate Class (Enter Rate Classes in cells below)	Units	kWh	Allocated Global Adjustment Balance	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	kWh	1,231,296	-\$3,254.30	- 0.0026
GS < 50	kWh	6,516,397	-\$17,222.76	- 0.0026
GS > 50 KW	kWh	32,702,131	-\$86,431.36	- 0.0026
UNMETERED SCATTERED LOAD	kWh	99,273	-\$262.38	- 0.0026
SENTINEL	kWh	4,617	-\$12.20	- 0.0026
STREET LIGHT	kWh	1,217,181	-\$3,217.00	- 0.0026
EMBEDDED DISTRIBUTOR	kWh	41,943,488	\$0.00	-

Table 16 – Group 2 Rate Riders Calculations

Rate Rider Calculation for Group 2 Accounts

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL	# of Customers	11,491	\$15,379.83	\$ 0.11
GS < 50	kWh	32,830,262	\$4,712.88	\$ 0.0001
GS > 50 KW	kW	204,752	\$8,318.29	\$ 0.0406
UNMETERED SCATTERED LOAD	kWh	225,939	\$32.43	\$ 0.0001
SENTINEL	kW	376	\$16.83	\$ 0.0448
STREET LIGHT	kW	3,418	\$174.73	\$ 0.0511
EMBEDDED DISTRIBUTOR	kW	116,093	\$6,021.11	\$ 0.0519

E.L.K. is requesting one (1) new DVA in this Application, Account 1508 Sub Account, Deferred Distribution Revenue, to capture the deferral and collection of a portion of the 2027 revenue requirement pursuant to E.L.K.'s bill impact mitigation strategy described above and in Exhibit 8. E.L.K. is also requesting the use of Account 1592, PILs and Tax Variances, to record any PILs E.L.K. may be required to pay prior to its next rebasing Application.⁴

1.2.11 Bill Impacts

The table below summarizes the overall bill impact for an average customer in each E.L.K. rate class as a result of the requests in this Application. The proposed bill impacts are inclusive of the proposed distribution rates, rate mitigation, Retail

⁴ E.L.K. has included \$0 of PILs in its proposed 2027 Test Year revenue requirement.



Transmission Service Rates (“RTSRs”), Low Voltage (“LV”) and DVA rate riders in this Application while holding commodity costs and regulatory charges constant.

Table 17 - Bill Impacts

Rate Class	Type	Typical kWh	Typical kW	Sub-Total A Excl. Pass Through		Sub-Total B Distribution		Sub-Total C Delivery		Sub-Total D Total Bill	
				\$	%	\$	%	\$	%	\$	%
Residential	RPP	750		\$ 5.63	25.7%	\$ 7.44	28.1%	\$ 8.08	19.3%	\$ 7.29	5.7%
General Service < 50 kW	RPP	2,000		\$ 8.05	22.3%	\$ 12.48	26.4%	\$ 13.90	16.7%	\$ 12.60	4.0%
General Service > 50 kW	Non-RPP	75,000	200	\$ 328.68	54.3%	\$ (540.20)	(359.4%)	\$ (498.06)	(39.2%)	\$ (395.67)	(3.3%)
Unmetered Scattered Load	RPP	650		\$ 4.95	47.8%	\$ 6.39	46.1%	\$ 6.85	26.8%	\$ 6.18	6.1%
Sentinel Lighting	Non-RPP	700	1	\$ 5.38	45.7%	\$ (1.53)	(21.4%)	\$ (1.36)	(10.8%)	\$ (1.17)	(1.4%)
Street Lighting	Non-RPP	15,228	43	\$ 417.06	34.2%	\$ 240.42	23.1%	\$ 247.30	19.4%	\$ 313.39	8.8%
Embedded Distributor	Non-RPP	800,000	2,000	\$ 60.60	3.5%	\$ 285.60	111.6%	\$ 285.60	111.6%	\$ 2,105.49	1.9%

As shown in Table 17 above, inclusive of the rate mitigation plans, no rate classes are expected to experience a bill impact in excess of 10% of their current total bill amount.

1.3 Administration

1.3.1 Executive Certification

As part of the Filing Requirements, an application filed with the OEB must include a certification by a senior officer that the evidence filed, including the models and appendices, is accurate, consistent and complete to the best of their knowledge, as well as that the distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed.

Chapter 1 of the Filing Requirements further requires that an application filed with the OEB include a certification by a senior officer of the distributor stating that the application and any evidence filed in support of the application does not include any personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*) unless it is filed in accordance with Rule 9A of the OEB’s Rules of Practice and Procedure (and the Practice Direction on Confidential Filings, as applicable).

Chapter 1 of the Filing Requirements also notes that where generative artificial intelligence, as defined in the OEB Rules of Practice and Procedure, is used to generate content in a filing that is prepared for a proceeding (including the application and evidence), the party is responsible for the content in all instances and must disclose that generative artificial intelligence was used to generate content included in the filing; and confirm that the accuracy of the portion of the filing generated by generative artificial intelligence has been verified by the party or its representative without the assistance of generative artificial intelligence.



The Certification regarding the above items is attached as Attachment 1-B.

1.3.2 Board of Directors Certification

E.L.K. provides a letter from its Board of Directors certifying that it is aware of and approves of the submission of this Application. Please refer to Attachment 1-C.

1.3.3 Primary Contact Information

E.L.K. requests that copies of all documents filed with the Board by any party be served on the Applicant and its legal counsel as follows:

Attention: Josh Charles
Director, Regulatory Affairs

Telephone: (519) 251-7300 ext 886

Fax: (519) 255-7423

Email: regulatory@elkenenergy.com

1.3.4 Legal Representation

E.L.K.'s legal representation for purposes of this Application is as follows:

Torys LLP
Jonathan Myers
79 Wellington St. W. 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2
Telephone: 1.416.865.7532
Email: jmyers@torys.com



1.3.5 Internet Address and Social Media Accounts

All Application materials will be posted on the E.L.K. website and will also be communicated via the following social media channels which E.L.K. uses:

Website: www.elkenenergy.com

X (formerly Twitter): <https://x.com/elkenenergyinc>

Facebook: <https://www.facebook.com/p/ELK-Energy-Inc-100092563568895/>

LinkedIn: <https://www.linkedin.com/company/e-l-k-energy-inc-/>

1.3.6 Statement of Publication for Notice of Hearing

E.L.K. will follow the OEB's direction regarding Publication of Notice ("Notice") for this Application. E.L.K. recommends the Notice be published in the Essex Free Press, a local community newspaper for the Town of Essex and surrounding community. The Notice will be published on the E.L.K. website, under the "Cost of Service" section.

<https://www.elkenenergy.com/operations/cost-service-application-2027>

1.3.7 Form of Hearing

E.L.K. requests the Application be disposed of by way of a written hearing. It is E.L.K.'s view this would be the most efficient means to adjudicate the Application and reach a Decision.

1.3.8 Requested Effective Date of Rate Order

E.L.K. requests approval of the proposed distribution rates and other charges set out in this Application effective May 1, 2027.

If the above effective date cannot be met, E.L.K. requests its current rates be made interim effective May 1, 2027, and that it be permitted to establish a variance account to capture and recover any differences between the interim rates and the final approved rates effective May 1, 2027.

1.3.9 Changes to Methodologies used in Previous Applications



E.L.K. has made the following changes to methodologies in the current Application:

- As further detailed in Exhibit 2, effective 2025, E.L.K. started to record deferred revenue amortization consistent with Modified International Financial Reporting Standard (“MIFRS”) requirements, utilizing Uniform System of Accounts (“USoA”) 2440 and amortizing to income through USoA 4245, rather than recording these amounts in USoA 1995 and amortizing to income as an offset to Depreciation. The amounts for 2025 and onwards are presented on this revised basis.
- As further detailed in Exhibit 6, for the 2026 Bridge and 2027 Test Year, E.L.K. has presented amounts in USoA 4375 and 4380 consistent with the requirements outlined in the Accounting Procedure Handbook (“APH”). A reconciliation of the prior period shared service amounts to USoA 4375 and 4380 is provided in Section 6.8.4 of Exhibit 6.

The above changes do not result in any material impacts to the applied-for rate base or revenue requirement in this Application.

At this time, Management is not aware of any other material changes to methodologies since E.L.K.’s 2022 Cost of Service Application. As noted in EB-2025-0172, any changes to E.L.K.’s methodologies as a result of the WCUL Acquisition will be identified in a future ENWIN / E.L.K. consolidation Application.

1.3.10 OEB Directions from Previous Decisions and Orders

The following table provides a summary of the directives, commitments and/or orders from E.L.K.’s 2022 Cost of Service Application and how these items have been addressed by E.L.K.

Table 18 – Summary of Prior Directives / Commitments - Capital

No.	Commitment	E.L.K. Response
1	Asset Condition – Data Gaps The Parties agree that E.L.K. shall, at a minimum, address the data gaps in the manner identified by E.L.K. in the E.L.K. Action Plan provided in response to 2-Staff-7(b) and use the results from data collection to be included in the GIS asset registry as soon as reasonably practical after the GIS has been fully implemented,	E.L.K. has included all data available in its latest Asset Condition Assessment, which is included as part of the DSP filed in Exhibit 2 of this Application. This includes inspection data for poles and pad mounted transformers. E.L.K. also discusses its plans for further data



	and be input to an Asset Condition Assessment that will be filed as part of the E.L.K.'s next rebasing application.	and GIS enhancements moving forward in its DSP attached to Exhibit 2.
2	Asset Inspection Procedure E.L.K. shall create a formal asset inspection procedure and file it with the OEB in EB-2021-0016, and copy to all intervenors, within 6 months of the OEB's decision in this proceeding.	This was completed and filed in EB-2021-0016 on January 3, 2023.
3	Outage Tracking E.L.K. shall track outages at sub-code level for defective equipment and tree contacts based on the sub-codes provided for these types of outages in 2-Staff-75 of the Clarification Questions, and address ways to reduce these outages in its next rebasing application.	Sub-cause code tracking has been completed and is currently reported as part of annual RRR 2.1.4. E.L.K.'s plans to enhance reliability and reduce outages are detailed in its investment plans outlined in Exhibit 2, and increased scope of its vegetation management activities, outlined in Exhibit 4.
4	Fault Indicators E.L.K. is proposing to install fault indicators. E.L.K. shall install at a minimum those fault indicators planned to be installed in its DSP over the next 5 years so that it is able to have better information about momentary outages. E.L.K. agrees to install the planned fault indicators and to use the information available to report on momentary outages and how to reduce them in its next rebasing application.	E.L.K. has installed the fault indicators as planned in its previous DSP, with the exception of 2024, which were delayed due to a delivery issue. E.L.K. is planning to continue the installation of fault indicators in the current 2027 – 2031 proposed DSP. Further details on the continued fault indicator installation program are provided in the System Service section of the DSP in Exhibit 2. E.L.K.'s plans related to momentary outages are outlined in Section 5.3.1.4 of the DSP in Exhibit 2.
5	Reliability Commitment	The reliability commitment performance and related RCA



	The Parties also agree that E.L.K. will create a new deferral account, called the Reliability Commitment Account (“RCA”) which will remain in place until E.L.K.’s next rebasing application. If E.L.K. does not meet either of its annual SAIDI or SAIFI reliability targets beginning in 2024, it will credit the RCA \$25,000 for each target missed per year (for a maximum credit of \$50,000 in each year). In a future proceeding where disposition is at issue, E.L.K. will have the opportunity to justify why any balance in the account should not be disposed to the favour of ratepayers. The target for 2024 shall be a 4% reduction of the 2019 to 2021 average SAIDI (2.42) and SAIFI (0.80), excluding Loss of Supply and Major Event Days. For each subsequent year, the target shall be a 4% reduction to the previous year’s target.	impacts are detailed in Exhibit 9, Section 9.5.8.
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Table 19 – Summary of Prior Directives / Commitments - OM&A

No.	Commitment	E.L.K. Response
1	Operation and Maintenance The Parties agree that E.L.K. will create a new variance account, called the Operation and Maintenance Variance Account (“O&MVA”). For each year, beginning in 2022 if E.L.K. does not spend at least its approved test year amount of \$1,420,968 annually on operations and maintenance category of OM&A expenditures (USoA sub-accounts 5005 to 5195), it will credit the O&MVA the difference between its actual annual expenditures and \$1,420,968. E.L.K. will ensure that its categorization of expenditures in the various OM&A sub-accounts are on a similar basis as that	The level of required O&M spending and related O&MVA impacts are detailed in Exhibit 9, Section 9.5.9.



	included in the 2022 forecast in included in this application.	
2	Tree Trimming The Parties also agree that in support of improving service quality and reliability, E.L.K. shall spend a minimum of \$80,000 per year on reactive and proactive tree trimming. The Parties are generally in support of E.L.K.'s transition from a reactive to a proactive approach to tree trimming, and wish to ensure that the needed tree trimming activities are completed each year.	E.L.K. has met the required minimum spending level on tree trimming in each year for the period 2022-2025 as outlined in Exhibit 4.

Table 20 – Summary of Prior Directives / Commitments - Cost Allocation

No.	Commitment	E.L.K. Response
1	Billing and Weighting Factors The Parties agree that E.L.K. shall review its billing and weighting factors and file specific evidence justifying the proposed factors in its next rebasing application.	Billing and weighting factors have been updated and are detailed in Exhibit 7, Section 7.2, and in the Cost Allocation model filed with this Application.
2	Load Profile The Parties also agree that E.L.K. will update its load profile for its next rebasing application.	The load profiles have been updated and are detailed in Exhibit 7, Section 7.3, and in the Cost Allocation model filed with this Application.

Table 21 – Summary of Prior Directives / Commitments - RTSR and LV

No.	Commitment	E.L.K. Response
1	HONI Net Load Billing The Parties agree that on the implementation date of E.L.K.'s 2022 distribution rates, E.L.K. and HONI will switch from the current billing arrangement to a "net load billing" arrangement.	This was completed upon implementation of E.L.K.'s 2022 distribution rates.



Table 22 – Summary of Prior Directives / Commitments - DVAs

No.	Commitment	E.L.K. Response
1	Account 1588/89 Disposition E.L.K. is currently undertaking an external audit of balance in Accounts 1588 and 1589 for years 2016 to 2021. The Parties agree that E.L.K. will make best efforts to complete the external audit and seek disposition of the balances in Account 1588 and 1589 as part of its 2023 IRM application. If, however, E.L.K. is not in a position to seek disposition in its 2023 IRM application, E.L.K. shall, (a) provide reasons for not doing so, and (b) seek disposition no later than its 2024 IRM application.	This matter was addressed in E.L.K.'s 2025 IRM Rate Application (EB-2024-0015), where the disposition of Account 1588/1589 balances up to December 31, 2023 were approved. Account 1588 / 1589 balances up to December 31, 2024 were approved for disposition in E.L.K.'s 2026 IRM Rate Application (EB-2025-0047).

1.3.11 Conditions of Service

E.L.K. confirms there are no changes proposed to its Conditions of Service as a result of the present Application. The current version of E.L.K.'s Conditions of Service is available on its website at the following link:

<https://www.elkenenergy.com/media/3056/download?attachment>

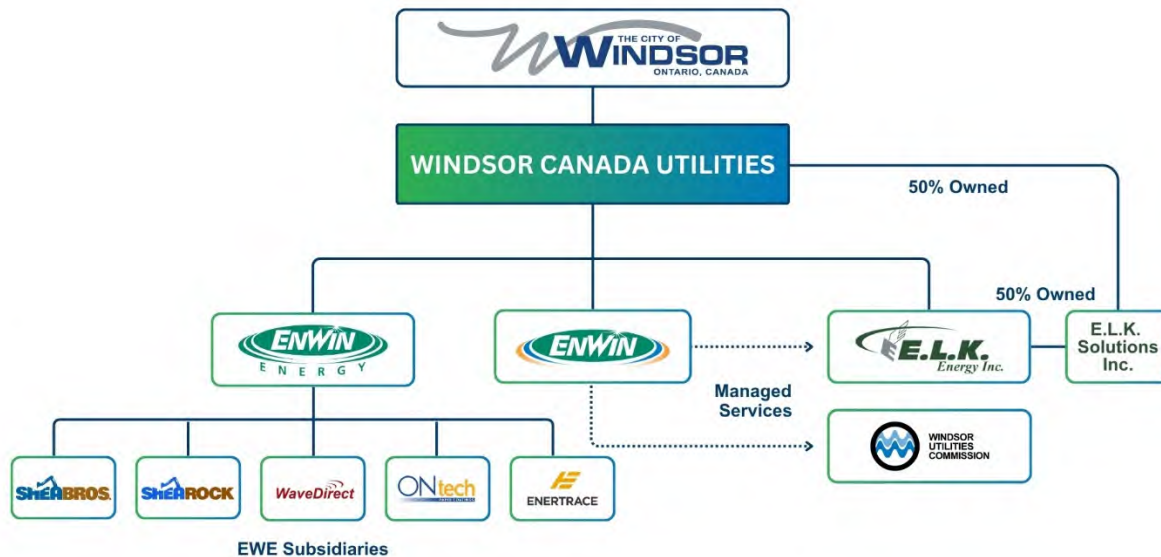
E.L.K.'s Conditions of Service was last updated in December 2021 and was reflected in its 2022 Cost of Service Application, and there have been no further changes since that time. E.L.K. plans to review its Conditions of Service for potential alignment / harmonization with ENWIN as part of future integration planning activities. Any changes as a result of that review will be outlined in a future application.

E.L.K. confirms there are no rates or charges listed in its current Conditions of Service that are not on its Tariff of Rates and Charges.

1.3.12 Corporate and Distributor Organizational Structure

The figure below sets out the current corporate structure of E.L.K. following the WCUL Acquisition.

Figure 2 - E.L.K. Corporate Structure



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

WCUL is the parent and holding company and sole shareholder of E.L.K. WCUL holds 2 of 8 seats on the E.L.K. board of directors, while the remaining six directors are independent of WCUL, which meets the requirement of section 2.1.2 of the OEB's Affiliate Relationships Code for Electricity Distributors and Transmitters ("ARC") that "at least one-third of its Board of Directors is independent from any affiliate".

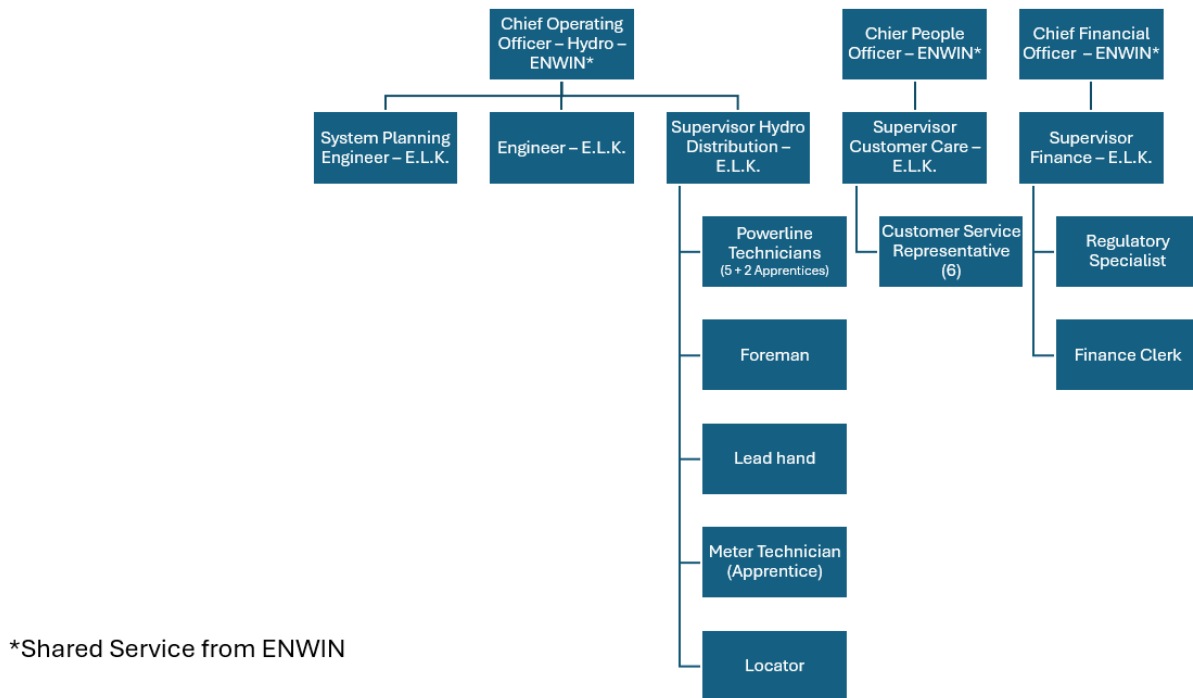
Pursuant to the OEB's EB-2026-0089 Decision and Order, ENWIN and E.L.K., while affiliates due to their common ownership by WCUL, were granted a temporary exemption from the requirements of Section 2.1.2 of the ARC until the earlier of December 31, 2028 and the closing of E.L.K.'s potential future amalgamation with ENWIN. Thus, the E.L.K. and ENWIN boards share common board members.

E.L.K. receives senior management services from ENWIN, as well as other shared corporate services to support its day-to-day operations, pursuant to a shared services agreement.

The figure below sets out the current organizational structure of E.L.K.



Figure 3 - E.L.K. Organizational Structure



1.3.13 Corporate and Distributor Organizational Structure Changes

Pursuant to Section 2.1.3 of the Filing Requirements, a description of any planned changes in corporate or operational structure, including any changes in legal organization and control, must be provided.

The family of WCUL companies is planning a corporate restructure effective January 1, 2027 – however, despite this restructure, E.L.K. and ENWIN will still remain wholly owned, independent subsidiaries of the holding company after this re-organization, pending any future Mergers, Amalgamations, Acquisitions and Divestitures (“MAADs”) Application to OEB to consolidate the LDCs. Therefore, this upcoming re-organization is not expected to materially impact any aspect of this Application.

1.3.14 List of Specific Approvals Requested

The approvals specifically requested in this Application are as follows:



1. Approval of the 2027 Test Year rate base of \$22,688,870 as proposed in Exhibit 2 – Rate Base.
 - a. This includes approval of the inclusion into the 2027 opening rate base distribution assets associated with E.L.K.'s previous Incremental Capital Model ("ICM") application in EB-2023-0013, as outlined in Section 2.7 of Exhibit 2.
2. Approval of E.L.K.'s DSP filed as Attachment 2-A in Exhibit 2.
3. Approval of the 2027 load / customer / connection forecast as documented in Exhibit 3.
4. Approval of the Test Year Operations, Maintenance and Administration expenses, property taxes and payments in lieu of taxes ("PILs") in Exhibit 4 – Operating Expenses and Exhibit 6 – Revenue Requirement.
5. Approval of the capital structure, cost of capital parameters, and deemed return on equity and debt proposed in Exhibit 5 – Cost of Capital and Capital Structure.
6. Approval of the 2027 Test Year revenue requirement as proposed in Exhibit 6 – Revenue Requirement as follows:
 - a. Approval of the 2027 Test Year Service revenue requirement of \$7,387,622, which represents a revenue deficiency of \$2,447,072.
 - b. Approval of the 2027 Test Year Base revenue requirement of \$6,720,762, which includes 2027 Revenue offsets of \$666,860.
7. Approval of the Cost Allocation as filed in Exhibit 7 – Cost Allocation.
8. Approval of 2027 distribution rates and charges, effective May 1, 2027, as proposed in Attachment 8-B - Proposed Tariff of Rates and Charges, of Exhibit 8.
9. Approval of a revised loss factor as identified in Section 8.10 of Exhibit 8.
10. Approval of updated RTSRs, as identified in Section 8.3 of Exhibit 8.
11. Approval of updated LV Service Rates, as identified in Section 8.4 of Exhibit 8.
12. Approval of E.L.K.'s proposed rate mitigation strategy, and related rate riders effective May 1, 2027, as outlined in Section 8.13.1 of Exhibit 8.
13. Approval to continue to charge Wholesale Market Services, Capacity Based Recovery, Rural Rate Protection Charges and other Specific Service Charges as currently outlined in E.L.K.'s Tariff of Rates and Charges, as may be updated by the OEB from time to time.
14. Approvals related to deferral and variance accounts, as set out in Exhibit 9 - Deferral and Variance Accounts:
 - a. Approval for the clearance of the balances recorded in certain Group 1 deferral and variance accounts of \$(155,699) on a final basis by means of class-specific rate riders, effective May 1, 2027 to April 30, 2028, as identified in Exhibit 9;



- b. Approval for the clearance of the balances recorded in certain Group 2 deferral and variance accounts of \$34,656 by means of class-specific rate riders effective May 1, 2027 to April 30, 2028, as identified in Exhibit 9;
 - c. Approval of the continuation of certain deferral and variance accounts, as set out in Section 9.2.1 and 9.2.2 of Exhibit 9;
 - d. Approval of discontinuation of certain deferral and variance accounts, as set out in Section 9.6.2 of Exhibit 9; and
 - e. Approval for the creation of one new deferral and variance account (Account 1508 – Sub Account, Deferred Distribution Revenue), and confirmation of the intended use in the manner described of one other deferral and variance account (Account 1592 – PILs and Tax Variances) as set out in Section 9.6.1 of Exhibit 9.
15. Approval to make E.L.K.'s current (2026) rates provided in Attachment 8-A of Exhibit 8 interim effective May 1, 2027, if the preceding approvals cannot be issued by the OEB in time to implement final rates effective May 1, 2027.
16. Approval to establish a variance account to recover any differences between the interim rates and the actual rates effective May 1, 2027 if the preceding approvals cannot be issued by the OEB in time to implement final rates effective May 1, 2027; and
17. Approval of other items or amounts that may be requested by E.L.K. in the course of the proceeding, and such other relief or entitlements that the OEB may grant.

The requested approvals are summarized in Appendix 2-A of the OEB's Chapter 2 Appendices Model filed with this Application.

1.3.15 Materiality Thresholds

Section 2.0.8 of the Chapter 2 Filing Requirements defines the materiality thresholds based on the magnitude of the distributor's revenue requirement. A written explanation is required for rate base, capital expenditures, and OM&A costs if the revenue requirement impact of variances exceeds the applicable utility-specific threshold.

Based on E.L.K.'s applied-for service revenue requirement of \$7.4 million, a \$50,000 materiality threshold is applicable, since E.L.K.'s revenue requirement is less than \$10 million.

E.L.K. has applied the materiality threshold of \$50,000 in its analysis throughout this Application. E.L.K. notes that in some sections, it has chosen to provide explanations



for variances below its materiality threshold, where these explanations were necessary and informative for meaningful analysis.

1.4 Small Distributor Process Eligibility

In the latest Filing Requirements, the OEB made available a streamlined application review approach to qualifying small distributors (distributors with less than 30,000 customers). A distributor is required in its application to make known whether it wishes to utilize this streamlined process.

Based on the eligibility criteria outlined in the Filing Requirements, E.L.K. is not eligible for the streamlined process, as the proposed Sub-Total A Bill Impacts of this Application are greater than 10%. E.L.K. is also providing evidence regarding the true-up of previous ICM amounts. Thus, E.L.K. is not requesting the streamlined process to review its Application.

1.5 Distribution System Overview

1.5.1 Description of Service Area

E.L.K. is a local distribution company serving approximately 13,000 customers in the Town of Essex, the Municipality of Lakeshore and the Town Kingsville, which are located in Southwestern Ontario. More particularly, within Essex, Lakeshore and Kingsville, E.L.K. has six non-contiguous service areas, serving the communities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. E.L.K.'s distribution system in these service areas is supplied by three (3) HONI-owned transformer stations and one (1) HONI owned distribution station. E.L.K.'s service area covers approximately 23 square kilometers. The service territory is shown in below:

Figure 4 - Service Territory Map

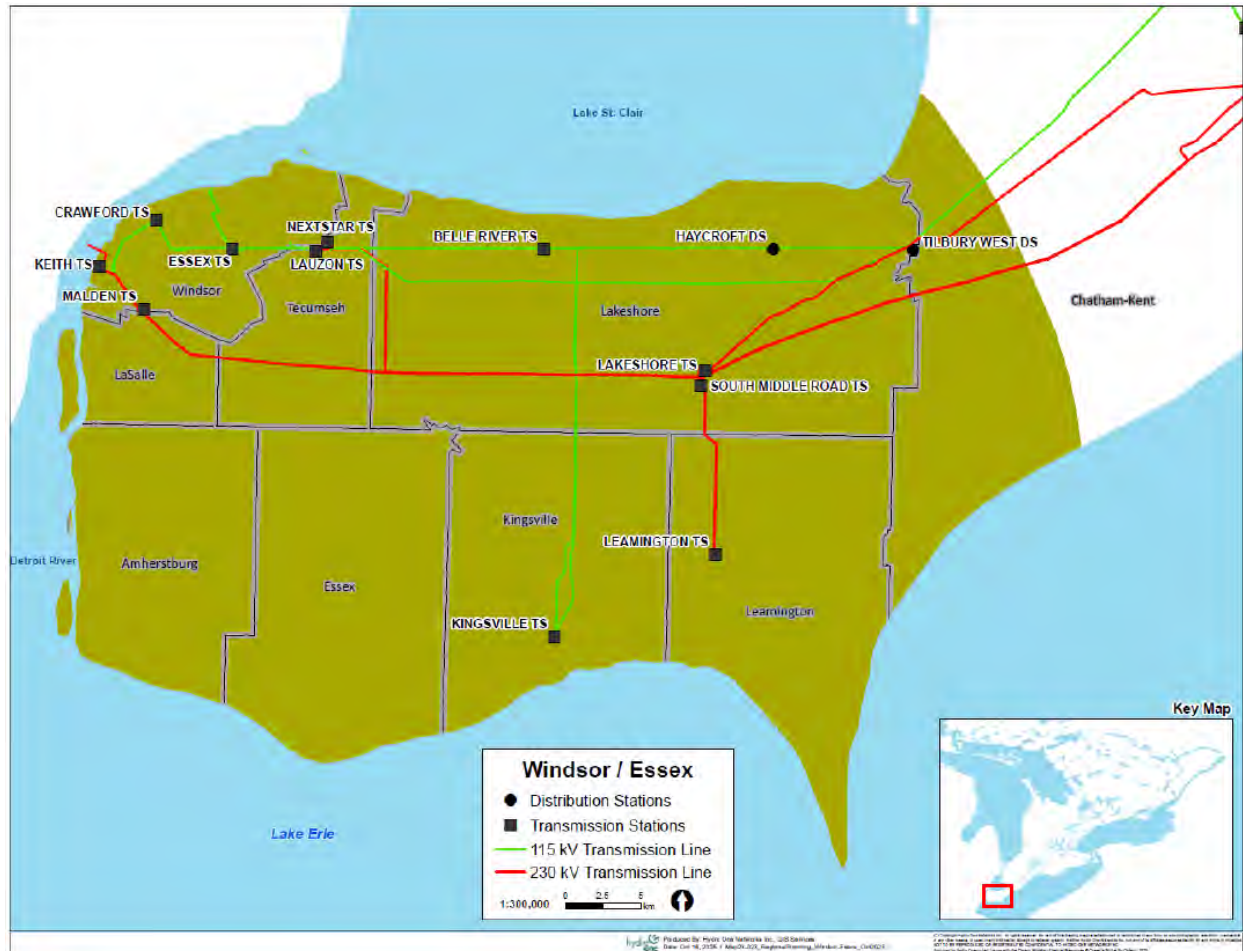


E.L.K. owns, maintains, and operates approximately 89 km of overhead primary distribution feeders and 85 km of underground primary distribution circuits including seven 27.6 kV feeders and one 8.32kV feeder (serving Comber). E.L.K. also has 4.16kV distribution circuits in various locations.

E.L.K. is part of the Windsor-Essex planning region, shown in the Figure below. This region includes the municipalities of Amherstburg, Essex, Harrow, Kingsville, Lakeshore, LaSalle, Leamington, Pelee Island, Tecumseh, and Windsor, as well as portions of Chatham-Kent. This planning region includes the following participants:

- Entegrus Powerlines Inc.
- ENWIN Utilities Ltd.
- Essex Powerlines Corporation
- E.L.K. Energy Inc.
- HONI
- IESO

Figure 5 – Windsor-Essex Planning Region Map



1.5.2 Identification of Embedded or Host Distributor

E.L.K. is a fully embedded distributor who receives electricity at distribution level voltages from HONI. E.L.K. is also a host distributor to HONI. E.L.K. possesses a separate Embedded Distributor rate class which is proposed to be maintained in the current Application.

E.L.K. does not have any other distributors embedded in its service territory.

1.5.3 Transmission or High Voltage Assets

E.L.K. does not have any transmission or high voltage assets (>50kV) deemed previously by the Board as distribution assets and does not have any such assets for



which E.L.K. is seeking Board approval to be deemed as distribution assets in this Application.

1.6 Customer Engagement

1.6.1 Introduction

The RRFE strongly encourages distributor interaction and engagement with their customers in an effort to better align the strategic goals of the distributor with customer needs. The Chapter 2 Filing Requirements also note that distributors should specifically discuss in their Application how they informed their customers of the proposals being considered, and the value of those proposals to customers.

Therefore, both ongoing and application-specific customer engagement are expected to be utilized to inform the contents of the Application.

E.L.K. has historically had a continuous focus on its customers by striving to provide service at a very low cost. E.L.K. has also taken some steps to become more customer centric by investing in new capabilities, programs, and technologies that allow E.L.K. to communicate more effectively and efficiently with customers.

Following the closing of the Acquisition by WCUL, E.L.K. has made further efforts to engage and communicate with its customers and other community stakeholders.

1.6.2 Ongoing Customer Engagement

In its day-to-day business, E.L.K. routinely engages with its customers in a variety of ways, including:

- Website
- Online Portal
- Social Media Updates
- Email (Inbound/Outbound)
- Bill Inserts & Flyers
- Telephone Interactions (Inbound/Outbound)
- Face-to-face Contact (i.e. front desk in office)

Given E.L.K. is a relatively small distributor, these interactions provide valuable opportunities to engage directly with individual customers.



The feedback received from these recurring feedback channels includes customers continuing to note that reliability and reducing momentary outages are top of mind, while also expressing that cost impacts are a top concern. Customers have too noted how they would like continued improvements to communication during outages.

E.L.K. has incorporated this ongoing feedback into its Application, proposing a plan that will build a foundation to modernize, permit continual investment in the system to improve reliability and reduce outages times, while phasing in distribution rate changes, keeping rates at or below industry average levels. E.L.K.'s foundational investments will also allow for the implementation of an outage map to improve communication channels during outage events.

Customer Satisfaction Survey

E.L.K. also routinely participates in the biennial customer satisfaction survey required by the OEB. The Customer Satisfaction Survey helps E.L.K. understand how it is performing in the eyes of its customers and provides a recurring avenue to make adjustments in areas where the organization may be underperforming. The objective of the survey is to canvass customer satisfaction in five key areas: power quality and reliability, price, billing and payment, communications, and customer service experience.

Based on E.L.K.'s most recent customer satisfaction surveys, the following are the prevalent themes:

- The vast majority of E.L.K customers provided a good or very good rating for their overall satisfaction with E.L.K. as their provider, an increase from the prior customer engagement report.
- A majority of customers continued to prefer that E.L.K. strike a balance between rates and reliability / the number of outages.
- Customers noted improvements in E.L.K.'s communication with customers compared to prior surveys.
- The price customers pay for electricity remained top of mind.

This feedback is generally consistent with the more-recent Application-specific customer engagement, which is further summarized in the section below. This consistency in survey results provides a solid basis for E.L.K.'s plans outlined in this Application, indicating a strong correlation to customer needs and preferences across the various engagement platforms.

E.L.K.'s most recent Customer Satisfaction Survey report is attached as Attachment 1-D.



1.6.3 Application-Specific Customer Engagement

E.L.K. engaged BBA Consultants to support E.L.K.'s customer engagement process for the 2027 Cost of Service Application. The goal was to conduct customer engagement on the plans underpinning this Application, and evaluate preferences and trade-offs to ensure customer needs and preferences were identified and encompassed into the Application.

In total, 347 residential and business customers across a diverse cross-section of the E.L.K. service territory communities participated in the Application-specific customer engagement process over the period April 15, 2026 to May 6, 2026.

The feedback gathered from the survey was generally supportive of E.L.K.'s proposed plans, with 79% of respondents in support of E.L.K.'s proposed plan, where customers either agreed that the proposed plan is the right approach, or indicating that they trust E.L.K. will make the right decisions.

The majority of E.L.K.'s customers were satisfied with E.L.K.'s proposed pace of System Renewal and System Service investments outlined in the DSP or preferred to see a further increase in the pace of investments proposed to see improvements made to system reliability, service and operations. A majority of customers also supported E.L.K.'s proposed OM&A level as long as distribution rates can be held around industry average levels.

The survey results identified three clearly defined customer priorities:

1. Reliability of electricity service.
2. Maintaining reasonable electricity distribution rates.
3. Ensuring safety of electricity service.

E.L.K. has considered this customer feedback in preparing this Application and used it to affirm that its proposed plans are on the right track, prioritizing "no-regrets" investments that will allow the utility to modernize, improve reliability and ensure safety. As mentioned throughout this Application, E.L.K. has kept maintaining reasonable electricity distribution rates at the forefront of its planning considerations, ensuring a measured and paced approach to distribution rate changes occurs while still forecasting that the overall eventual level of distribution rates will remain at or below industry averages, despite the significant cost pressures and investment needs for the E.L.K. distribution system.



A copy of the Application-specific customer engagement report is attached as Attachment 1-E.

1.6.4 Additional Customer Engagement – Community Meetings

E.L.K. also provided the opportunity for additional, face-to-face engagement with its customers during the process of preparing this Application. Management wanted to provide customers an additional opportunity to provide feedback in person and gain first-hand experience on the needs / preferences of the E.L.K. customer base. This also provided an opportunity to introduce customers to E.L.K.'s new ownership.

Community meetings were held to present key aspects of E.L.K.'s upcoming plans and the Application to solicit customer feedback on areas that matter most to them across the service territory.

Community meetings were held on the below dates:

- June 1, 2026 – Essex
- June 2, 2026 – Kingsville
- June 9, 2026 – Belle River (Lakeshore)

The community meetings did not elicit additional feedback in addition to that contained in the Application-specific customer engagement described above. This provided Management comfort that the broad-based customer engagement already conducted provided a reasonable representation of the priorities and preferences of the general customer base.

1.6.5 Customer Feedback – Impact on Business Planning

The key feedback obtained from E.L.K.'s overall customer engagement efforts, and the impacts on E.L.K.'s business planning, is summarized above.

Overall, E.L.K.'s final expenditure plans outlined in this Application are responsive and aligned to customer feedback while addressing the critical and imminent needs of E.L.K. to restore viability and continue to provide service quality outcomes customers value.

1.6.6 Consultations with Other Parties

E.L.K. is not proposing any unique or new proposals as part of this Application. Therefore, no additional, targeted customer engagement was conducted in addition to Application-specific engagement summarized above.



E.L.K. did engage with its embedded distributor pursuant to Section 2.7.1.2 of the OEB Chapter 2 Filing Requirements, which is documented in Exhibit 7.

1.6.7 Letters of Comment

E.L.K. will file a letter responding to all issues raised in letters of comment filed with the OEB during the course of the proceeding in accordance with the Filing Requirements.

1.7 Performance Measurement

1.7.1 Performance Evaluation

The OEB expects distributors to continuously improve their understanding of the needs and expectations of its customers and its delivery of services. To facilitate performance monitoring and benchmarking of distributors the OEB uses a scorecard approach.

E.L.K. reviews these metrics annually to monitor its ongoing performance and identify any trends which require action.

1.7.2 OEB Scorecard

E.L.K. has included its 2024 OEB scorecard as Attachment 1-F in this Exhibit 1 which is also available on the OEB's website at the following link:

<https://www.oeb.ca/documents/scorecard/2024/Scorecard%20-%20E.L.K.%20Energy%20Inc..pdf>

This is the most recent OEB scorecard published as of the time of filing this Application. E.L.K. discusses its performance for each of the distributor's scorecard measures over the last five years (2020-2024) below.

1.7.3 Customer Focus

New Residential/Small Business Services Connected on Time

Over the 5-year period, E.L.K. connected over 99% of eligible low-voltage residential and small business customers to its system within the five-day timeframe that is mandated by the OEB. This exceeds the Industry target of 90% and reflects the ongoing priority E.L.K. places on timely response to customer connection requests.

Scheduled Appointments Met On Time



Over the 5-year period, E.L.K. scheduled appointments to address various work requests by customers, meter readings, system reconnections and other essential services that required customer presence. E.L.K. completed over 99% of these appointments on time, surpassing the Industry target of 90%. This result highlights E.L.K.'s commitment to reliability and responsiveness, ensuring that customers' needs are met promptly and efficiently.

Telephone Calls Answered On Time

Over the 5-year period, on average, E.L.K.'s Customer Service staff answered over 90% of eligible calls within 30 seconds or less, which surpasses the OEB's mandated Industry target of 65% for timely responses. This achievement underscores E.L.K.'s dedication to providing top-notch customer support, ensuring that queries and concerns are addressed promptly, and customers' needs are met with utmost care and professionalism.

First Contact Resolution

E.L.K. acknowledges the significance of First Call Resolution ("FCR") as a crucial metric for customer service. However, there is not a standardized methodology in the industry to measure this consistently. As a result, E.L.K. continues to work on developing its own approach to measure FCR effectively. Starting in 2023, E.L.K. conducted a customer satisfaction survey which began to measure FCR numerically, which yielded positive results, with a FCR satisfaction rate of 88% for 2023 and 2024, demonstrating its commitment to delivering a high-quality customer experience.

Billing Accuracy

Over the 5-year period, E.L.K. issued over 150,000 electricity bills on average annually, with a billing accuracy rate of over 99% in each year. This level of accuracy surpasses the Industry target of 98%, showcasing E.L.K.'s commitment to precision and reliability in its billing practices. E.L.K. maintains a proactive approach to monitoring its billing accuracy results and continuously evaluates its processes to identify potential areas for enhancement.

Customer Satisfaction Survey Results

As outlined in Section 1.6.2, biennially, E.L.K. conducts a customer satisfaction survey in collaboration with a third-party survey service provider. Customer satisfaction remains a priority for E.L.K. as it strives to provide exceptional service to its valued customers. Recent surveys have yielded positive results, with over 92% of customers expressing overall satisfaction with the company's services. A regular assessment of customer



satisfaction and continuous improvement efforts will enable these high standards to be maintained and meet the evolving needs of its customers.

1.7.4 Operational Effectiveness

Public Awareness of Electrical Safety

E.L.K. takes public safety awareness seriously and, therefore, commissions a third-party service provider to conduct biennial surveys to assess customers' understanding of key electrical safety concepts related to distribution assets. These surveys are distributed to a sample of customers in each service territory to identify areas where additional education and awareness efforts might be needed. The results from recent surveys demonstrated a public awareness level of over 88%. E.L.K. remains committed to educating its customers through various channels, ensuring widespread outreach and empowering the community to stay informed and safe when it comes to electrical matters.

Compliance with Ontario Regulation 22/04

Ontario Regulation 22/04 (Electrical Distribution Safety) sets forth clear and objective safety standards for the design, construction, and maintenance of electrical distribution systems under licensed distributors' ownership. The regulation mandates the approval of equipment, plans, and specifications, as well as the inspection of construction before their implementation. E.L.K. diligently adheres to these regulations and undergoes annual compliance audits. In the most recent audits for the 5-year period up to 2024, E.L.K. was found to be fully compliant, demonstrating its commitment to ensuring a safe and secure electrical distribution system for its customers and the communities it serves.

Serious Electrical Incident Index

The measure of E.L.K.'s safety performance is based on the number of non-occupational (general public) serious electrical incidents reported to the Electrical Safety Authority (ESA) occurring within its distribution system. E.L.K. has consistently maintained full compliance with Ontario Regulation 22/04 throughout its operations, resulting in a track record of zero serious electrical incidents over the life of the scorecard. This achievement underscores E.L.K.'s unwavering commitment to safety and the well-being of the public, reinforcing its position as a responsible and reliable energy provider dedicated to ensuring the utmost safety standards in its electrical distribution system.



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

The OEB has set a baseline target for performance evaluation for SAIDI, determined by calculating the distributor's previous 5-year average performance.⁵ E.L.K. achieved results below its target over the 5-year period, with the duration of outages on average being less than one hour for each of the past 4 years, excluding loss of supply events and major event days. These results highlight E.L.K.'s consistent commitment to exceeding expectations and continuously improving its operations within its service territory.

However, when reviewing E.L.K.'s SAIDI performance including loss of supply events, it can be seen that outage durations actually experienced by the E.L.K. customer base are much higher, over 4 times higher on average over the last 5 years.⁶ This supports the need for investments in system automation, dual supply/switching and sectionalizing functionality to be able to minimize the impacts of these upstream loss of supply issues on E.L.K. customers.

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

The OEB sets baseline targets for performance evaluation, using the distributor's previous 5-year average performance as a benchmark for SAIFI. E.L.K. surpassed expectations over the 5-year period, with results lower than the OEB's set target for the frequency of interruptions, excluding loss of supply events and major event days. These consistent achievements demonstrate E.L.K.'s dedication to excellence and continuous efforts to improve its operations.

Similar to SAIDI above, it's important to note that E.L.K.'s SAIFI performance including loss of supply events is also higher than the amounts contained in the OEB scorecard, over 3 times higher when loss of supply is considered.⁷ E.L.K.'s investments outlined in its DSP will also assist in limiting the frequency of outages for many customers.

Distribution System Plan Implementation Progress

⁵ On October 3, 2025, the OEB released reliability performance improvement target values and peer group assignments for all rate-regulated electricity distributors, based on 2020-2024 data. These improvement targets take effect for rebasing applications requesting rates effective in 2027 and beyond. E.L.K. was assigned a 0.00% improvement target for SAIDI and SAIFI – therefore, its SAIDI and SAIFI targets will continue to be assessed based on the default 5-year annual performance going forward.

⁶ Average of 2.85 including loss of supply (excluding major events), compared to 0.67 excluding loss of supply and major events.

⁷ Average of 0.79 including loss of supply (excluding major events), compared to 0.25 excluding loss of supply and major events.



Further details on E.L.K.'s progress over the past 5 years on its DSP implementation are detailed in Exhibit 2. Overall, E.L.K. has largely met the objectives outlined in its previous DSP and has exceeded the planned level of investments in some areas, reflecting its renewed commitment to modernization and sustainability moving forward.

Efficiency Assessment

In assessing the total costs of Ontario's local electricity distribution companies, PEG conducts evaluations on behalf of the OEB to create an efficiency ranking. The distribution companies are categorized into five groups based on the disparity between their actual and predicted costs. Over the 5-year period, E.L.K. maintained its position in Group 1, signifying its status as one of the more efficient electricity distributors among its peers on an overall cost basis, which underscores E.L.K.'s commitment to extreme cost consciousness. E.L.K. plans to remain focused on prudent control of costs moving forward while balancing this against the need to modernize its operations and invest in its distribution system.

E.L.K.'s historical efficiency ranking and resulting annual IRM rate adjustments are provided in the Table below:

Table 23 – Historical Efficiency Ranking and Annual IRM Rate Adjustments

Year	Efficiency Ranking	OEB Inflation Rate	Stretch Factor	E.L.K. IRM Rate Adjustment
2022	1	3.3%	0.0%	N/A
2023	1	3.7%	0.0%	3.7%
2024	1	4.8%	0.0%	4.8%
2025	1	3.6%	0.0%	3.6%
2026	1	3.7%	0.0%	3.7%

Total Cost per Customer

The total cost per customer for E.L.K. is determined by adding up the company's capital and operating costs (as determined by the PEG benchmarking analysis) and dividing this sum by the total number of customers served by E.L.K. Over the past few years, E.L.K.'s cost per customer has increased as a result of investments in operational expenses and capital made by the company to maintain and improve its services and infrastructure. E.L.K.'s cost per customer remains low relative to its peers, and E.L.K. remains committed to cost-effectiveness while continuing to provide reliable and efficient energy distribution to its valued customers.

Total Cost per Km of Line



For this measure, using the same total cost utilized in the Cost per Customer calculation mentioned earlier, the total cost is then divided by the total kilometers of line that E.L.K. operates to serve its customer base. Similar to the cost per customer above, this metric has increased over the past few years, reflective of increased spending in key areas, while the overall kilometers of line has remained stable. This metric allows the company to assess its operational efficiency and cost-effectiveness in managing and maintaining its distribution infrastructure. By analyzing the total cost per kilometer of line, E.L.K. can gain valuable insights into its operational expenses and identify potential opportunities for optimization and improved performance, ensuring that the company continues to provide reliable and cost-efficient energy distribution services to its customers.

1.7.5 Public Policy Responsiveness

New Micro-embedded Generation Facilities Connected On Time

Over the 5-year period, E.L.K. reported no new micro-embedded generation additions.

1.7.6 Financial Performance

Liquidity: Current Ratio (Current Assets/Current Liabilities)

Liquidity is a financial metric that assesses a company's ability to meet its short-term financial obligations. It is calculated by dividing Current Assets by Current Liabilities, also known as the Working Capital Ratio. A Liquidity Ratio greater than 1.0 is considered favourable, indicating that the company has enough resources to cover its short-term debts and financial commitments. Companies with a ratio above 1.0 are referred to as "liquid," signifying their financial health and capacity to handle short-term financial challenges. Over the 5-year period, E.L.K.'s Liquidity Ratio has remained positive; however, it has begun to decrease over the past few years as obligations on the utility have outpaced the level of revenue current rates are able to support, necessitating the rebasing of rates in the present Application.

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

The OEB utilizes a deemed capital structure of 60% debt and 40% equity when determining rates for electricity distributors. This corresponds to a debt-to-equity ratio of 1.5 (60/40). A debt-to-equity ratio higher than 1.5 suggests that a distributor is more leveraged than the deemed capital structure, possibly leading to difficulties in generating sufficient cash flows to adequately service the debt. On the other hand, a



ratio below 1.5 indicates that the distributor is less leveraged than the deemed capital structure, potentially missing out on the advantages that financial leverage can offer. With a demonstrated low Leverage Ratio of over the 5-year period (0.39 or below), E.L.K., has had the ability to use financial leverage to make further investments in its infrastructure. E.L.K.'s ratio has increased over the past year as borrowing has been required to finance ongoing operations.

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

E.L.K.'s distribution rates were last rebased in 2022 and reflected an expected (deemed) regulatory ROE of 8.66%. As per OEB guidelines, a distributor is permitted to earn within a range of +/- 3% of the expected return on equity. Deviations beyond this range may trigger a regulatory review of the distributor's revenues and cost structure by the OEB. By adhering to the approved rate and staying within the permissible range, a distributor complies with OEB regulations and safeguards against potential regulatory interventions, ensuring transparency and accountability in its financial operations.

Profitability: Regulatory Return on Equity – Achieved

In recent years starting in 2022, E.L.K. reported a negative regulatory ROE, which fell well outside the permissible range set by the OEB. During these recent years, E.L.K. has made various operating and capital investments in order to modernize its operations and improve its performance. These investments included, but were not limited to additional staff recruitment and training, and investments to improve system automation, visibility and enhance response and outage times. E.L.K. also renewed and replaced more infrastructure than previous years and completed additional vegetation management. This level of increased necessary spending was not embedded in base rates sets in 2022, resulting in a negative ROE each year thereafter and the necessity of the present rebasing Application, as summarized in the Table below.

Table 24 – Historical Return on Equity

Year	Achieved ROE
2022	(1.97%)
2023	(22.33%)
2024	(9.34%)
2025	(0.87%)



1.7.7 OEB-approved benchmarking model

Electricity distributors must manage their costs successfully in order to ensure customers are receiving appropriate value for the cost of service. The total costs of Ontario electricity distributors are evaluated by PEG on behalf of the OEB to produce a single efficiency ranking.

The OEB publishes a report each year on the benchmarking of electricity distributor cost performance based on this evaluation. As described in the OEB's Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors, an econometric model is used to generate these efficiency rankings. Electricity distributors are divided into five cohorts based on the magnitude of the difference between their respective individual actual and predicted costs. These rankings are based on a three-year average cost performance.

E.L.K. provides its historical cost performance and efficiency assessment performance up to 2024 in its OEB Scorecard attached to this Exhibit. E.L.K. was assigned to Cohort 1 for the entire period.

E.L.K. has also forecast its efficiency assessment using the PEG forecasting model for the period 2025 to 2027 in the Table below, for the purposes of providing the OEB with a directional indication of efficiency going forward. This model is attached as Excel file: ELK_2027_Benchmarking_Spreadsheet_Forecast_Model_20260828.

Table 25 - Forecast Efficiency Assessment - 2027 Test Year

Particulars	2025 Actual	2026 Bridge	2027 Test
Actual Total Cost	\$ 8,080,098	\$ 9,121,414	\$ 8,966,962
Predicted Total Cost	\$ 12,075,007	\$ 12,776,073	\$ 13,402,995
Difference	\$ (3,994,908)	\$ (3,654,659)	\$ (4,436,033)
Percentage Difference (Cost Performance)	(40.2%)	(33.7%)	(40.2%)
Three-Year Average Performance	(36.3%)	(36.0%)	(38.0%)
Stretch Factor Cohort - Annual	1	1	1
Stretch Factor Cohort - Three Year Average	1	1	1

E.L.K. expects to remain in Cohort 1 for the 2027 Test Year. While E.L.K. is forecasting an increase in costs associated with the need to sustain a safe, reliable and resilient grid; connect and serve customer demand; respond to evolving policy and customer expectations and protect customer data and the grid against intensifying cyber security threats, E.L.K.'s proposed cost structure is still expected to remain well below the Predicted Total Cost level per the PEG model.



E.L.K. believes this represents a reasonable performance level, ranking among the top LDCs on a cost performance basis, while investing as necessary to maintain safe and reliable operations at a sustainable level into the future.

1.7.8 Activity and Program Based Benchmarking

The OEB introduced its Activity and Program-Based Benchmarking ("APB") framework in line with its commitment to encourage continuous improvement by regulated utilities and increase regulatory efficiency. On September 29, 2025, the OEB published its most recent APB report with unit cost results for ten programs for results up to 2024. The Chapter 2 Filing Requirements dictate that distributors must provide at a minimum the following unit cost variance analysis:

- Year-over-year Historical Actuals (for the most recent APB results).
- Forecast Bridge Year vs Historical Actuals, to the extent possible.
- Test Year vs Historical Actuals, to the extent possible.
- An explanation of significant change (greater than 20% from previous year or five-year average).
- A plan to drive down unit costs if the five-year average is 25% greater than industry five-year average.

E.L.K. provides its unit cost variance analysis for each of the ten programs below and discusses any material variances or relevant actions planned or underway, if applicable.

Billing O&M

E.L.K.'s 5-year historical Billing O&M unit cost (\$/customer) is shown in the Table below.

Table 26 – Billing O&M APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	20.24	23.70	22.88	37.23	53.95	31.60
YoY Change		17%	-3%	63%	45%	
Industry						27.17
vs. Industry Average						16%

E.L.K.'s Billing O&M unit costs have increased over the 5-year historical period. The increase in 2023 and 2024 was due to outsourcing billing services in order to manage workload volumes while continuing to deliver necessary services, resulting in increased costs. E.L.K.'s 5-year average is slightly above the Industry Average for this period.



E.L.K.'s 2025 Actual and 2026/2027 forecast Billing O&M unit cost is shown in the Table below.

Table 27 – Billing O&M APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	53.05	53.09	54.01
YoY Change	-2%	0%	2%
vs. 5-year Average	68%	68%	71%

E.L.K.'s Billing O&M costs are expected to remain stable over the 2025-2027 period and consistent with 2024 Actuals.

Metering O&M

E.L.K.'s 5-year historical Metering O&M unit cost (\$/customer) is shown in the Table below.

Table 28 - Metering O&M APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	18.98	17.99	21.13	26.95	30.73	23.16
YoY Change		-5%	17%	28%	14%	
Industry						13.25
vs. Industry Average						75%

E.L.K.'s Metering O&M unit costs have increased in recent years due to increased meter re-verification work and higher third-party costs. E.L.K. cannot comment on why its costs for this Program are higher than the industry average without visibility into what costs other LDCs are recording in this Program.

E.L.K.'s 2025 Actual and 2026/2027 forecast Metering O&M unit cost is shown in the Table below.

Table 29 - Metering O&M APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	32.75	26.52	26.84
YoY Change	7%	-19%	1%
vs. 5-year Average	41%	15%	16%



E.L.K.'s Metering O&M costs are expected to remain relatively stable over the 2025-2027 period, reflecting the dedication of additional resources in this area and variation in work volumes year-over-year, generally consistent with 2024 Actuals.

Vegetation Management O&M

E.L.K.'s 5-year historical Vegetation Management O&M unit cost (\$/pole) is shown in the Table below.

Table 30 - Vegetation Management O&M APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	14.36	38.65	78.23	77.12	12.02	44.08
YoY Change		169%	102%	-1%	-84%	
Industry						65.23
vs. Industry Average						-32%

E.L.K.'s actual vegetation management costs have generally increased significantly in recent years as a result of a shift to a more proactive tree trimming approach, as committed to in EB-2021-0016 and described in E.L.K.'s current DSP, attached to Exhibit 2 of this Application. This puts E.L.K.'s overall 5-year average cost performance closer to the industry average.

E.L.K.'s 2025 Actual and 2026/2027 forecast Vegetation Management O&M unit cost is shown in the Table below.

Table 31 - Vegetation Management O&M APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	78.24	82.60	84.36
YoY Change	551%	6%	2%
vs. 5-year Average	78%	87%	91%

E.L.K.'s Vegetation Management O&M costs are expected to remain relatively stable over the 2025-2027 period, reflecting the sustainment of the latest level of average actual costs dedicated to this program, along with expected contractual cost increases.

Lines O&M

E.L.K.'s 5-year historical Lines O&M unit cost (\$/circuit km of primary line) is shown in the Table below.



Table 32 - Lines O&M APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	2,881.15	3,332.19	3,606.08	3,374.41	3,940.67	3,426.90
YoY Change		16%	8%	-6%	17%	
Industry						1,118.9
vs. Industry Average						206%

E.L.K.'s actual costs have remained relatively stable over the 5-year period. E.L.K. surmises its actual costs are higher relative to the industry average unit costs due to its relatively low circuit km of primary line, which would drive the unit cost upwards. There may also be variations in the use of USoAs for capturing certain costs, however on an overall basis, E.L.K. has demonstrated to be a very strong cost performer, being ranked in Cohort 1 in the recent PEG benchmarking studies. E.L.K. cannot comment with certainty on why its costs for this Program are higher than the industry average without visibility into what costs other LDCs are recording in this Program.

E.L.K.'s 2025 Actual and 2026/2027 forecast Lines O&M unit cost is shown in the Table below.

Table 33 - Lines O&M APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	5,544.19	4,483.92	4,593.17
YoY Change	41%	-19%	2%
vs. 5-year Average	62%	31%	34%

E.L.K.'s Lines O&M costs increased in 2025 compared to prior years due to increased labour allocation to maintenance activities, with a slight reduction forecast for 2026/2027 as increased labour allocation to capital is expected, aligning with E.L.K.'s increased capital work forecast in the DSP.

Stations O&M

This metric is not applicable for E.L.K. as it does not own any distribution stations.

Poles, Towers and Fixtures O&M

E.L.K.'s 5-year historical Poles, Towers and Fixtures O&M unit cost (\$/pole) is shown in the Table below.



Table 34 - Poles, Towers and Fixtures O&M APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	8.63	12.26	20.93	16.46	25.83	16.82
YoY Change		42%	71%	-21%	57%	
Industry						12.87
vs. Industry Average						31%

E.L.K.'s unit cost increased in 2021 and 2022 as additional pole sustainment efforts were undertaken. E.L.K.'s 5-year average is slightly higher than the industry average amount. E.L.K. cannot comment with certainty on why its costs for this Program are higher than the industry average without visibility into what costs other LDCs are recording in this Program.

E.L.K.'s 2025 Actual and 2026/2027 forecast Poles, Towers and Fixtures O&M unit cost is shown in the Table below.

Table 35 - Poles, Towers and Fixtures O&M APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	15.02	24.11	24.53
YoY Change	-42%	61%	2%
vs. 5-year Average	-11%	43%	46%

E.L.K.'s Poles, Towers and Fixtures O&M costs decreased in 2025 but are expected to increase in 2026 / 2027 due to increased labour allocation to these activities, more consistent with the 2024 unit cost.

Station Capex

This metric is not applicable for E.L.K. as it does not own any distribution stations.

Poles, Towers and Fixtures Capex

E.L.K.'s 5-year historical Poles, Towers and Fixtures Capex unit cost (\$/pole addition) is shown in the Table below.



Table 36 - Poles, Towers and Fixtures Capex APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	5,726.02	7,678.38	13,349.59	8,840.29	34,119.00	13,942.66
YoY Change		34%	74%	-34%	286%	
Industry						19,461.8
vs. Industry Average						-28%

E.L.K.'s cost per pole addition have varied over the years as the capital program fluctuations year-to-year are not directly captured in this metric (e.g. the type of pole being replaced would impact the unit cost per pole addition, as would the level of replacement poles vs. new poles, or other fixtures that were part of the capital program in addition to the pole replacement itself etc.). Material costs have also increased significantly since the onset of the COVID-19 pandemic. E.L.K.'s average cost is lower than the industry average, potentially due to E.L.K.'s limited scale / scope of its pole replacement program in the past. E.L.K. cannot comment with certainty on why its costs for this Program are lower than the industry average without visibility into what costs other LDCs are recording in this Program.

E.L.K.'s 2025 Actual and 2026/2027 forecast Poles, Towers and Fixtures Capex unit cost is shown in the Table below.

Table 37 - Poles, Towers and Fixtures Capex APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	13,256.25	13,925.07	8,932.45
YoY Change	-61%	5%	-36%
vs. 5-year Average	-5%	0%	-36%

E.L.K. expects to increase the scale of its pole replacement and restoration program over the coming years to respond to customer feedback and the level of poles flagged for action in the latest Asset Condition Assessment ("ACA"). The unit cost per pole will vary year to year depending on the forecast level of replacements vs. restorations as well as the nature of other System Access projects, however overall, the average over the 2025-2027 period is generally consistent with the prior 5-year average unit cost.

Line Transformer Capex

E.L.K.'s 5-year historical Line Transformer Capex unit cost (\$/line transformer addition) is shown in the Table below.



Table 38 - Line Transformers Capex APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	9,426.42	13,621.27	17,832.39	32,054.39	43,060	23,198.89
YoY Change		45%	31%	80%	34%	
Industry						10,795
vs. Industry Average						115%

E.L.K.'s cost per line transformer addition have varied over the years as the capital program fluctuations year-to-year are not directly captured in this metric (e.g. the type of transformer being replaced would impact the unit cost per addition, as would the level of replacements and scale of the overall project). Material costs have also increased significantly since the onset of the COVID-19 pandemic. E.L.K. cannot comment with certainty on why its costs for this Program are higher than the industry average without visibility into what costs other LDCs are recording in this Program.

E.L.K.'s 2025 Actual and 2026/2027 forecast Line Transformer Capex unit cost is shown in the Table below.

Table 39 - Line Transformers Capex APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	25,164.84	35,590.05	31,256.92
YoY Change	-42%	41%	-12%
vs. 5-year Average	8%	53%	35%

E.L.K. expects to increase the scale of its transformer replacement program over the coming years to respond to customer feedback and the level of line transformers flagged for action in the latest ACA. System Access projects forecast for 2026 / 2027 will also increase spending on this asset category over the 2026 / 2027 period.

Meter Capex

E.L.K.'s 5-year historical Meter Capex unit cost (\$/customer) is shown in the Table below.



Table 40 – Meter Capex APB Unit Costs 2020-2024

Year	2020	2021	2022	2023	2024	Average (5-year period)
E.L.K.	5.62	-	6.44	6.71	6.69	6.37
YoY Change		-100%	N/A	4%	0%	
Industry						32.8
vs. Industry Average						-81%

E.L.K.’s 5-year historical meter capex unit cost has been relatively stable, but much lower than the industry average. This reflects that E.L.K. has not undertaken significant meter capital replacements recently – as the metric is designed to calculate the unit cost using current customer counts, this skews the metric downwards if relatively small capital dollar amounts are allocated over the total number of customers. E.L.K. cannot comment with certainty on why its costs for this Program are higher than the industry average without visibility into what costs other LDCs are recording in this Program.

E.L.K.’s 2025 Actual and 2026/2027 forecast Meter Capex unit cost is shown in the Table below.

Table 41 - Meter Capex APB Unit Costs 2025-2027

Year	2025	2026 (Forecast)	2027 (Forecast)
E.L.K.	27.03	7.86	7.82
YoY Change	304%	-71%	-1%
vs. 5-year Average	325%	23%	23%

E.L.K. incurred higher meter replacement costs in 2025 to satisfy Measurement Canada requirements, however, is forecasting metering capital additions to remain consistent with the recent 5-year average over the 2026 / 2027 period.

1.8 Facilitating Innovation

1.8.1 Approach to Innovation

E.L.K. has traditionally followed an approach of trying to “keep up” with the pace of innovation. E.L.K. believes this measured approach has allowed it to be flexible and responsive to evolving customer and industry needs, while reducing cost and risk of being the earliest adopter of innovative technologies. However, E.L.K.’s historical extreme cost consciousness has likely impacted the adoption of certain technologies



that may have previously been innovative but are likely now generally expected and somewhat commonplace.

The following are the technological enhancements for E.L.K., either recently implemented, or proposed in the present Application:

- GIS system enhancement and integration
- Cyber security enhancements
- Sectionalization and distribution system automation, eventually leading to the ability for 24/7 control room support
- Outage map implementation

E.L.K. anticipates the ability for further technological enhancements, further process automation and the ability for increased pursuit of innovation under the ownership of WCUL, enabling the ability to leverage economies of scale from a larger utility.

1.9 Financial Information

1.9.1 Audited Financial Statements

E.L.K. attaches its non-consolidated 2025 Audited Financial Statements, which include the years 2024 and 2025, as Attachment 1-G to this Exhibit 1.

A detailed reconciliation between the 2025 Audited Financial Statements and the regulatory financial results are attached as Attachment 1-H to this Exhibit 1.

1.9.2 Annual Report and MD&A

E.L.K. does not have a publicly available annual report or MD&A.

The annual report and MD&A of WCUL is attached as Attachment 1-I.

1.9.3 Rating Agency Report

E.L.K. does not have any Rating Agency Reports.

1.9.4 Prospectus and Information Circulars for Recent and Planned Issuances

E.L.K. has not prepared any prospectuses or information circulars for recent or planned issuances.



1.9.5 Change in Tax Status

E.L.K. is a corporation incorporated pursuant to the *Business Corporations Act (Ontario)* and has not had a change in tax status since its last approved Cost of Service Application.

1.9.6 Existing Accounting Orders

E.L.K.'s current distributor-specific accounting orders are summarized below:

- Account 1508, Other Regulatory Assets, Sub account Reliability Commitment Account ("RCA")
- Account 1508, Other Regulatory Assets, Sub account Operations and Maintenance Variance Account ("O&MVA")
- Account 1508, Other Regulatory Assets, Sub account Revenue Differential Account ("RDA")

E.L.K. is requesting one new distributor-specific accounting order in this Application for the Account 1508, Sub Account, Deferred Distribution Revenue, as detailed in Section 9.6.1 of Exhibit 9.

1.9.7 Departures from USoA

E.L.K. has not knowingly departed from any of the requirements of the USoA in preparing the Bridge and Test Year forecasts for this Application.

Prior period departures from the USoA and detailed explanations are provided in the following sections of the Application:

- Exhibit 2, Section 2.3 – USoA 1995 and 2440
 - o Reallocation between fixed asset accounts and change to financial statement presentation – no impact on rate base or revenue requirement.
- Exhibit 6, Section 6.8.4 – USoA 4235, 4375 and 4380
 - o Variance in USoA used to capture certain revenues / costs in prior periods – no net impact on net income or revenue requirement.

1.9.8 Accounting Standards

The 2027 Cost of Service Application is filed on a MIFRS accounting basis.



1.9.9 Accounting Treatment of Non-Utility Business

E.L.K.'s Application has been prepared to show E.L.K. as a regulated entity, separately from its parent company or its affiliates that are not regulated by the Board. Only the amounts attributable to E.L.K. have been reflected. E.L.K. confirms that the accounting treatment it has used in this application has segregated all non-utility activities from its rate regulated activities.

1.10 Distributor Consolidation

1.10.1 Overview of Recent MAADs Transaction

On March 12, 2025, WCUL entered into a Purchase and Sale Agreement to acquire all of the issued and outstanding common shares of E.L.K. from the Town of Essex. This Acquisition was approved by the OEB in EB-2025-0172, and closed November 28, 2025.

As part of the EB-2025-0172 application, WCUL outlined its intent to operate ENWIN and E.L.K. independently for a period of time following the acquisition, and to separately rebase E.L.K. (in 2027) and ENWIN (in 2028). The OEB acknowledged this intention in its EB-2025-0172 Decision.⁸

The present Application therefore proposes the rebasing of E.L.K. on a stand-alone basis. As this is not a rebasing Application for the consolidated entity following a MAADs proceeding, many of the requirements of Section 2.1.10 of the Chapter 2 Filing Requirements are not applicable. WCUL intends to amalgamate ENWIN and E.L.K. into a single utility as part of the Phase 2 Transaction soon after the rebasing of ENWIN and thus any post-consolidation report created for the Phase 1 Transaction will quickly become obsolete. Therefore, the post-consolidation monitoring and reporting requirements are not applicable.

However, many of the requirements of the post-consolidation report are addressed by the DSP filed by E.L.K. in this Application. E.L.K. also confirms that the synergies as contemplated in EB-2025-0172, namely the savings from unfilled executive roles at E.L.K., have been reflected in the current Application Test Year revenue requirement,

⁸ EB-2025-0172 Decision and Rate Order, issued October 21, 2025, p.16.



as well as economies of scale through shared service support from ENWIN that would not otherwise readily be available to a smaller utility like E.L.K.

Exhibit 1
Attachment 1-A
E.L.K. 2026 – 2028 Business Plan



E.L.K. Energy Inc. 2026-2028 Business Plan

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Executive Summary

This 2026–2028 Business Plan sets out E.L.K. Energy Inc.’s (“E.L.K.”) operating and strategic direction during a period of transition and reinvestment. Following the acquisition by Windsor Canada Utilities Ltd. (“WCUL”) in Q4 2025, E.L.K. will continue to operate as the local distribution company serving Essex, Lakeshore, and Kingsville (including six non-contiguous service areas), while starting to progressively align governance, controls, and practices with ENWIN’s enterprise-wide framework. The plan focuses on delivering measurable improvements in safety, reliability, customer experience, and cost discipline—while maintaining affordability and supporting local economic competitiveness.

Plan at a glance (2026–2028)

- **Safety first:** address known risks associated with aging infrastructure; modernize and consistently apply health & safety policies and procedures; strengthen compliance through oversight, documentation, training, and corrective action.
- **Reliability and restoration:** prioritize renewal of high-risk/obsolete assets, introduce practical automation (including on dual-supply feeders where feasible), and progressively eliminate the 4 kV system to reduce complexity and improve safety and reliability.
- **Value-based rates and affordability:** maintain distribution rates in the mid-range of Ontario utilities over time; focus investment on “no-regret,” non-discretionary priorities; tighten the linkage between spending, performance outcomes, and customer value through benchmarking and disciplined cost management.
- **Customer experience and community trust:** strengthen communications and engagement (including clearer outage/work notifications and more accessible feedback channels); enhance customer service frameworks and processes.
- **Jobs and prosperity:** advance electricity demand-side management (eDSM) programs as Ontario’s 2025 framework matures; maintain proactive relationships with key accounts to support local retention, expansion, and new investment.

Operating context and key pressures

- Ontario’s policy direction continues to emphasize affordability, reliability, and sustainability, with increased attention to economic growth and competitiveness (Integrated Energy Plan; expanded IESO/OEB consideration of economic growth).
- System pressures include rising load growth expectations, supply chain volatility, climate resilience requirements, and an elevated cybersecurity threat environment as systems digitize.

Principal risks and mitigation focus

- **Planning and Operations:** mitigate through risk-based asset renewal, improved system visibility, targeted automation, and strengthened capital planning aligned with the Distribution System Plan (DSP).
- **Regulatory and Compliance:** improve evidence, documentation, and internal controls to support rate-setting, filings, and policy adherence while balancing affordability and long-term reinvestment needs.
- **Cyber and Physical Security:** strengthen governance and cybersecurity measures, recognizing cyber resilience as integral to reliability and public confidence.
- **Financial sustainability:** manage affordability pressures and cost escalation through prioritized “no-regret” investment, cost discipline, and transparent linkage between spend and outcomes.
- **Reputation:** rebuild trust through consistent engagement, improved customer communications, and visible reliability improvements.

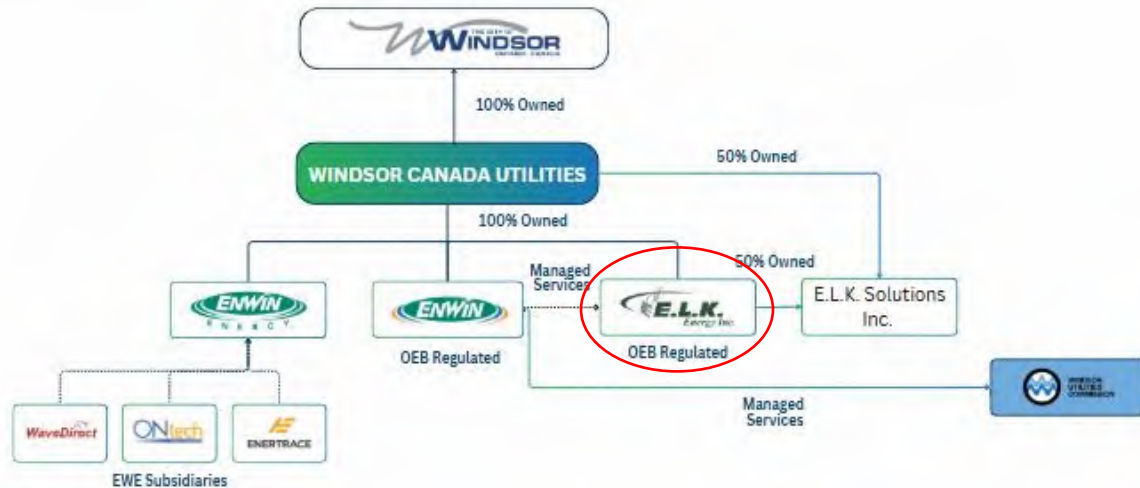
Business Overview

Company Overview

History and Corporate Structure

On January 6, 2000, E.L.K. was incorporated pursuant to the *Business Corporations Act*, of Ontario, and is the successor corporation to the Hydro-Electric Commission for the Town of Essex, the Corporation of the Town of Lakeshore Hydro-Electric Commission, and the Kingsville Hydro Electric Commission. Initially, the three municipalities were shareholders of the corporation. In 2008, E.L.K.'s shareholders entered into a share purchase agreement whereby the Town of Essex agreed to purchase the common shares of the Town of Lakeshore and Town of Kingsville. The transaction was approved by the OEB in January 2009, and the Town of Essex became the Company's sole shareholder.

In 2025, the Town of Essex entered into a share purchase agreement with WCUL. The transaction closed in the fourth quarter of 2025, and as such, WCUL is now the sole shareholder of E.L.K. The overall corporate organizational chart is displayed below.



E.L.K. has served the Towns of Essex, Lakeshore and Kingsville which include six non--contiguous service areas (Belle River, Comber, Cottam, Essex, Harrow and Kingsville) for the last 25 years. E.L.K. must continue to evolve its business to meet current and future demands from its customers, adding value to the community and the broader sector.

Overview and Core Business Functions

Core Operational Areas

Operations

The Operations department is essential to building and maintaining a safe, resilient, and reliable distribution network.

- **Operations:** The Lines crews are on the front lines of service and maintenance. They install new poles, transformers, wires, and customer connections while maintaining safe and reliable service through ongoing infrastructure upgrades and emergency response.

Engineering

- **Engineering:** The engineering department is central to designing and planning the power distribution system in the communities served, managing both overhead and underground infrastructure.
 - **Capital Planning:** In alignment with the Distribution System Plan (DSP), capital planning efforts are concentrated on creating and monitoring the overall budget for infrastructure investments that address reliability, electrification, and sustainable growth for E.L.K.'s customers and the communities it serves.

Metering

- **Metering:** Metering staff maintain approximately 13,000 meters within E.L.K.'s service area and investigate power quality issues.

Customer Service & Billing

- The **Customer Service** team serves as the frontline and first impression for E.L.K., ensuring reliable and responsive service across all customer interactions. In 2025, Customer Service received 8,889 calls, of which 94% were answered within thirty seconds, underscoring its essential role in delivering high-quality support and fostering positive customer relationships.
 - E.L.K.'s commitment to customer satisfaction is reflected in its proactive approach to addressing customer inquiries, providing program information, and assisting with account management. In the 2026-2028 period, our focus will be to enhance the customer service framework and processes in order to provide exceptional customer service across the organization, ensuring customers feel informed and supported.
- **Billing:** Responsible for billing residential, small commercial, large commercial and all other customer classifications, ensuring accuracy and clarity in invoicing while offering customers access to helpful programs and resources.

Finance & Regulatory Affairs

- **Finance** is responsible for safeguarding financial resilience and supporting efficient operations and strategic growth. The department collaborates with other stakeholders to reinforce E.L.K.'s commitment to customers, continuous improvement, and sustainable growth. Responsibilities include overseeing the budgeting process, managing accounts payable/receivable, cash flow management, debt service and credit use, and refining processes to ensure accurate, timely financial reporting. Regular financial analysis provides leadership with insights for strategic, informed decision-making.
- **Regulatory Affairs:** Managing rate-setting, regulatory filings, Cost of Service applications, and policy review/implementation, Regulatory Affairs ensures alignment with regulatory standards while balancing customer affordability and long-term operational needs.

Core Operational Areas – Shared Services

Control Room

Control Room: Acting as the overarching 'controlling authority' for the Electrical Distribution Network, the Control Room is responsible for authorizing and documenting all work conducted on

the network. This team ensures operational safety and system integrity, managing real-time responses to maintain a secure and reliable distribution network.

People and Culture

People and Culture is committed to building a supportive, high-performance workforce through a People Strategy. This strategy aligns Human Resources (HR) practices with E.L.K.'s strategic goals and addresses critical areas such as:

- Strategic Talent Acquisition & Recruitment
- Workforce Readiness
- Employee Retention & Development

E.L.K. aligns its leadership competencies to execute these objectives which includes:

- Supporting business continuity and sustainable people practices
- Supporting meaningful employee engagement efforts and managing turnover
- Driving succession planning for frontline leaders, aligned with leadership competencies
- Promoting organizational culture and enhancing employee engagement
- Reducing recruitment and retention costs by utilizing competency-based processes
- Supporting meaningful career development and talent mapping

Health & Safety

Health & Safety (H&S) drives E.L.K.'s commitment to a strong safety culture, guided by the company's Health, Safety, and Environment Management System (HSEMS). This framework supports a proactive approach to risk mitigation and continuous improvement in workplace safety. The HSEMS focuses on preparing for the future by:

- Adopting more progressive safety systems and technology to enhance automation and digitization to reduce manual involvement.
- Leveraging a strong safety culture during times of rapid change in technology and demographics.
- Integrating accountability for safety across all levels of the organization.
- Adding effective leading indicators.
- Supporting employee mental health and wellbeing.

E.L.K. fosters a safety-first environment by empowering employees to participate actively in H&S initiatives, with managers and supervisors leading by example. Additionally, the department continuously assesses best practices to advance beyond the Workplace Safety and Insurance Board's (WSIB) Safety Excellence standards.

Information Technology and Operational Technology

Information Technology (IT) and **Operational Technology (OT)** play a crucial role in supporting the organization's strategic objectives through technology investments, cybersecurity initiatives,



and system integration.

E.L.K.'s technology principles will evolve over the next few years to align more closely with organizational objectives and the changing technology landscape within the industry, to guide key technology related investments including:

- Ensuring Information, Technology and Security Services investments are focused on emerging trends and grid modernization.

Supply Chain Management

- **Supply Chain Management:** Amid ongoing price and lead-time volatility for essential materials and services, supply chain priorities include cost containment, purchasing and contract management, closely monitoring inventory, adapting re-order practices, and exploring alternative suppliers. These efforts ensure access to key materials and mitigation of cost increases on labor-intensive services like powerline technician services, tree trimming and utility locates.

Corporate Communications

Corporate Communications manages the company's brand and public relations, fostering trust and engagement among customers, stakeholders, and the community. E.L.K. closely monitors and strives to deliver on the following communication priorities:

- Bring together various elements/touch points the company makes with its customers/stakeholders and ensure a consistent 'value proposition' message.
- Engender trust and confidence across all stakeholder and customer audiences, by instilling the integral role we play in the growth and prosperity of our community. A reimagined engagement approach will ensure proactive communication, marketing and responsiveness to evolving customer and stakeholder needs and expectations.
- Extol the virtues of the value of electricity in our everyday lives - at home, at work and at play.
- Engage all classes of customers and provide practical examples and success stories of how we deliver value back to our customer, and through to the community.

Electricity Demand-Side Management

- **Electricity Demand-Side Management (eDSM):** With Ontario's new eDSM framework launching in 2025, the focus will be on implementing energy efficiency programs that support sustainability goals for both customers and the broader grid.

SWOT Analysis

Strengths	Weaknesses
• Workplace Culture • Safety • Service Territory	• Talent Retention • Compliance • Cybersecurity • Aging Infrastructure • Capital Planning • Reliability
Opportunities	Threats
• Customer Expectations • Service Standards + Power Quality • Resilience • Community Engagement • Economic Development	• Financial Viability • Climate adaptation • Reputation • Talent Management – Skills and Succession Planning

Industry Trends and Regulatory Landscape

Ontario's energy system is operating in a period of adjustment shaped by evolving system needs, economic priorities, and external risk factors. The core objectives of affordability, reliability and sustainability that have long guided planning and investment decisions remain central. At the same time, we recognize energy systems will increasingly play a foundational role in job creation, economic growth, and long-term competitiveness.

Recent policy direction sets this new approach. The introduction of the Integrated Energy Plan establishes a coordinated, system-wide approach to electricity planning and other energy resources, linking traditional outcomes with preparedness for growth and investment. Recent legislation entrenches this direction by requiring the IESO and the OEB to consider economic growth alongside established objectives. These developments build on the fundamentals of energy planning by expanding the context in which decisions are made.

System Pressures and External Uncertainty

Several system level pressures are influencing current planning assumptions. Load growth forecasts increased significantly in recent years, driven by population growth, electrification, and industrial demand].¹ In some regions across the province, capacity is tightening, placing greater emphasis on resource adequacy, timing, and flexibility in how system needs are addressed.

External drivers of uncertainty are also more prominent. Geopolitics and trade dynamics are creating supply chain volatility, affecting equipment availability, costs, and delivery schedules. In

¹ IESO 2026 Annual Planning Outlook: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/planning-forecasts/apo/2026/2026-Annual-Planning-Outlook.pdf>.

response, governments have placed greater emphasis on domestic procurement and supply chain resilience, which is expected to influence how infrastructure projects are sourced and delivered.

Climate-related impacts are similarly shaping planning considerations. More frequent and severe weather events increase attention on resilience, system hardening, and the ability for infrastructure to perform under stress. These conditions are now baseline risks that must be reflected in planning, asset management, and investment prioritization.

Beyond meeting established planning standards, there is increasing focus on how the system responds to disruptions, how quickly service can be restored, and how vulnerabilities can be reduced in a cost-effective manner. This has led to greater attention on targeted approaches to system hardening, informed by structured vulnerability assessment and benefit-cost analysis. Climate resilience is an important component of this work, but it is considered alongside other sources of risk, including aging infrastructure and localized capacity constraints.

Finally, cybersecurity is a clear element of system resilience. As electricity systems become digitized and more interconnected, the ability to protect operational technology, customer data, and critical infrastructure from cyber threats will be integral to reliability and public confidence. Planning and investment decisions are therefore being made with greater awareness of cyber risk, system redundancy, and operational resilience.

Economic Growth and Job Creation

Economic development and employment considerations are now more prominent than ever. Energy infrastructure is now viewed as an enabler of industrial development, regional growth, and skilled employment, particularly where investments can support domestic supply chains and workforce participation.

This reflects an expanded understanding of value, where economic benefits are recognized when they can be achieved alongside affordability, reliability, and prudent investment. For many system participants, this has translated into greater attention to delivery models, local partnerships, and workforce considerations as part of standard project execution.

Regulatory Landscape

The broader policy and regulatory environment reinforces these trends. The Integrated Energy Plan provides a system-level framework focused on reliability, affordability, flexibility, and readiness for growth under uncertain conditions. While its implementation will continue to evolve, its emphasis on coordination and system value aligns with current planning challenges.

At the regulatory level, the Ontario Energy Board's expanded mandate to consider economic growth and competitiveness provides additional context for utility decision-making. While the fundamentals of cost-of-service regulation remain unchanged at this stage, there is greater attention on how utilities manage growth pressures, capacity constraints, and customer needs within existing frameworks.

Ongoing initiatives, including reviews of utility leadership, sector resilience, and rate-setting approaches, reflect a broader effort to ensure regulatory tools remain fit for purpose as system conditions change. These processes signal continuity in core principles, alongside openness to evolution where warranted.

Planning Implications

Taken together, these trends describe the environment in which this business plan was developed. It is an environment characterized by heightened expectations, tighter system conditions, and ongoing uncertainty, but also by continuity in the fundamental objectives of the energy system.

This context underscores the importance of planning approaches that are grounded in core system outcomes, responsive to current policy direction, and capable of managing risk over time. The remainder of this business plan is framed within this operating landscape, focusing on execution, prioritization, and delivering value through practical, well-understood approaches.

Strategic Framework

Mission, Vision and Values

Mission

To continuously improve the quality of service to our customers by ensuring that the electrical system is designed, constructed, and maintained to ensure its reliability and safety.

Vision

To energize resilient communities through genuine engagement and upholding public trust.

Values

- **Safety:** We place safety above all else. We protect one another, our customers, and the public by being rigorous, diligent and proactive in the steps we take to keep one another safe.
- **Community Engagement:** We earn trust locally by being present, responsive, and clear. We listen first, communicate early, and partner with our communities to deliver safer, more reliable energy over time.
- **Integrity and Accountability:** We do the right thing, day-in and day-out. We make decisions transparently, follow the rules, and hold ourselves accountable in everything we do.
- **Performance:** We seek to continuously improve. We focus effort where it improves

outcomes customers value: reliability, responsiveness, affordability, and resilience.

Strategic Objectives & Priorities

Safety

To strengthen E.L.K. Energy's safety performance by addressing known risks, modernizing practices, and reinforcing a culture of compliance and accountability that protects employees, contractors, customers, and the public.

Improving safety outcomes requires both disciplined attention to core fundamentals and deliberate action to address legacy infrastructure and practices that no longer meet modern expectations.

Key Priorities

- Address safety risks associated with aging infrastructure through targeted renewal, remediation, and risk-based prioritization.
- Review, update, and consistently apply health and safety policies and procedures to reflect current industry standards and regulatory expectations.
- Strengthen safety compliance through improved oversight, documentation, training, and corrective action processes.

Reliability

To measurably improve system reliability and restoration performance by focusing investment on high-risk assets, eliminating obsolete infrastructure, and introducing practical automation that reduces outages and improves customer experience.

Closing long-standing reliability gaps while taking a realistic, phased approach that aligns with E.L.K.'s size, capabilities, and transition toward ENWIN integration.

Key Priorities

- Advance prudent asset renewal by addressing obsolescence and prioritizing replacement of equipment with the greatest reliability risk.
- Implement remote automation on dual-supply feeders where feasible to improve outage response times and operational flexibility.
- Progressively eliminate the 4 kV system to reduce complexity, improve safety, and align with modern distribution standards.

Value-Based Rates

To balance necessary reinvestment with affordability by pursuing value-based rates that are evidence-driven, transparent, and focused on outcomes customers can see and experience.

Ensuring that rate impacts are paced responsibly and clearly linked to tangible improvements in reliability and service.

Key Priorities

- Maintain residential electricity rates in the mid-range of Ontario utilities over time, recognizing affordability as a core customer concern.
- Focus capital and operating investments on “no-regret,” non-discretionary priorities that are essential to safe, reliable utility operations.
- Strengthen the linkage between spending, performance outcomes, and customer value through benchmarking, prioritization, and disciplined cost management.

Community Engagement

To build trust by engaging more consistently, transparently, and meaningfully with the communities E.L.K. serves, particularly during a period of change and reinvestment.

Being present in the community, through contributions and open dialogue, responsiveness, and clear communication about decisions that affect customers.

Key Priorities

- Deliver community programs and initiatives that reflect local needs and reinforce E.L.K.’s role as a responsible, community-focused utility.
- Strengthen the practice of engagement through improved communications, clearer outage and work notifications, and more accessible feedback channels.

Jobs and Prosperity

To support local economic competitiveness by helping customers manage energy costs, improve efficiency, and plan for growth in a changing energy environment.

Positioning E.L.K. as a constructive partner in local prosperity, focused on enabling investment and employment within its service territory.

Key Priorities

- Advance all available energy efficiency and demand-side management (eDSM) opportunities to improve efficiency and reduce cost pressures for households and businesses.
- Maintain proactive relationships with key accounts to support retention, expansion, and new investment within E.L.K. Energy’s communities.

Investment Plan

E.L.K.'s investment plan over the 2026 – 2028 period is grounded in essential investments focused on renewal of aging infrastructure, and investments that will enable improvements in system reliability and reduced length of outages over time. These “no regret” investments reflect E.L.K.'s renewed commitment to investing in the system to allow it to serve customers over the long-term, while also building a system that is able to respond to the evolving energy landscape.

E.L.K. is planning to increase the pace at which it invests in its distribution system, bringing its level of annual investment to a level that is more consistent with other similar utilities, and addressing a backlog of necessary investments. However, E.L.K. will remain mindful of pacing the level of annual investments to ensure the level of planned work is manageable and able to be executed in an efficient manner.

E.L.K.'s proposed 2026 – 2028 Capital Plan is provided in the Table below:

Category (\$000s)	2026	2027	2028
System Access (Net)	892	348	456
System Renewal	1,228	1,911	1,566
System Service	592	182	474
General Plant	194	144	129
Total	2,905	2,585	2,625

Highlights include:

- System Access
 - Completing necessary, non-discretionary investments to connect new customers to the distribution system under the timelines required by the OEB.
- System Renewal
 - Increasing the annual pace of repairing and replacing essential infrastructure that is in poor condition, including poles and transformers, aimed at improving reliability and safety.
 - Voltage conversion projects to increase reliability and consistency across the service territories.
- System Service
 - Continued grid modernization investments, including fault indicators, protection and control devices and communication improvements, to reduce the length of outages and build the backbone for increased system automation going forward.
- General Plant
 - Annual investments in tools, IT equipment and vehicles necessary to continue providing safe 24/7 operations.

Operational Plan

E.L.K.'s operational plan over the 2026 – 2028 period is focused on controlling operational, maintenance and administrative (OM&A) expenses near recent actual levels, while continuing to operate the electricity distribution system in a safe and prudent manner to serve customers in the manner they expect.

E.L.K.'s proposed 2026 – 2028 Operational Plan is provided in the Table below:

Category (\$000s)	2026	2027	2028
Operations	469	477	487
Maintenance	1,335	1,367	1,394
Billing and Customer Service	1,172	1,196	1,219
Administrative and General	2,253	2,036	2,075
Total	5,229	5,076	5,175

Highlights include:

- Continued investments in operations activities to ensure E.L.K. is staffed to respond to requests for new connections, customer requests and outage response.
- Proactive maintenance, including increased tree trimming, to reduce the risk of potential outages and increase the longevity of distribution assets.
- Sustained investments in customer service and billing functions to be responsive to customer inquiries, improve customer communication / engagement, and deliver timely / accurate bills to all customers on a monthly basis.
- Maintain and enhance compliance with all regulatory, legal and operational requirements commensurate with operating an electricity distribution system in Ontario, while also increasing E.L.K.'s Cyber Security readiness posture.

Risk and Mitigation

E.L.K. Energy has updated its corporate risk management framework to support effective oversight during this period of transition and reinvestment. The framework is informed by peer utility practices and adapted to reflect E.L.K.'s operating context.

The framework embeds risk management within the operation of the business, linked directly to E.L.K.'s strategic objectives. Risks are regularly assessed based on likelihood and impact, mitigation actions are assigned, and oversight is maintained through regular management review and Board reporting. As E.L.K. progresses toward integration with ENWIN, the framework provides a structured basis for aligning governance, controls, and risk oversight with ENWIN's enterprise-wide practices.

Corporate Risks

- **Planning and Operations:** Planning and operations risk relates to E.L.K. Energy's ability to effectively plan, operate, and maintain its distribution system in the face of aging infrastructure, legacy equipment, shifting supply chains and limited system visibility. This risk can manifest through reduced reliability, extended restoration times, and challenges in prioritizing and sequencing capital and operational activities.
- **Regulatory Risk:** Regulatory risk reflects the potential for non-compliance, misalignment with evolving Ontario Energy Board expectations, or insufficient evidence to support rate applications and performance commitments. This risk affects E.L.K.'s regulatory credibility and its ability to secure timely approval for investments necessary to improve service and reliability.
- **Cyber and Physical Security Risk:** Cyber and physical security risk arises from increasing threats to digital systems and physical assets that are critical to the safe and reliable operation of the distribution system. For E.L.K., this risk is heightened by legacy technology, growing digital interdependencies, and the essential nature of electricity infrastructure.
- **Financial Risk:** Financial risk includes exposure to affordability pressures, rising system-wide costs, constrained access to capital, and the risk of misaligned or poorly sequenced investment. This risk reflects the challenge of balancing necessary reinvestment with ratepayer impacts while maintaining the long-term financial sustainability of the utility.
- **Environmental, Health and Safety Risk:** EHS risk encompasses the potential for harm to employees, contractors, customers, and the public, as well as risks related to environmental compliance. These risks are influenced by aging assets, work practices, and the need to maintain strong safety performance as investment and renewal activities increase.
- **Reputation Risk:** Reputation risk reflects the impact of service interruptions, customer experience, regulatory outcomes, and public perception on trust and social license. For E.L.K., this risk is closely linked to historical reliability challenges and the expectation to demonstrate visible, sustained improvement over time.

The table below illustrates how E.L.K.'s corporate risks align with its Strategic Objectives. This alignment reinforces that risk mitigation is embedded within E.L.K.'s strategic direction rather than treated as a parallel or reactive process.

Strategic Objective	Primary Risk Categories Addressed	Risk Mitigation Focus
Safety	EHS; Planning & Operations	Addressing safety risks associated with aging infrastructure; strengthening health and safety practices; improving compliance, oversight, and training
Reliability	Planning & Operations; Cyber & Physical Security	Reducing outage frequency and duration through asset renewal, elimination of obsolete systems, improved system visibility, and targeted automation
Value-Based Rates	Financial; Regulatory	Managing affordability pressures through prudent investment prioritization, disciplined cost management, benchmarking, and transparent linkage between costs and outcomes
Community Engagement	Reputation; Regulatory	Rebuilding trust and social licence through improved communication, engagement, and responsiveness during periods of service disruption and change
Jobs and Prosperity	Financial; Reputation	Supporting local economic resilience by enabling efficiency, managing cost pressures, and maintaining constructive relationships with key customers and employers

Evaluation and Metrics – Balanced Scorecard



Financial Overview

2026, 2027 Budgets and 2028 Forecast

E.L.K. Energy Inc											
	COS 2022	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Budget 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Assets											
Current Assets											
Cash		\$ 4,886,571	\$ 3,810,528	\$ 997,027	4,300,428	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Accounts receivable		5,692,330	4,220,637	6,409,710	2,492,795	6,250,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Due from related parties		60,580	110,735	-	-	-	-	-	-	-	-
Income taxes receivable		384,098	359,366	364,273	364,273	-	-	-	-	-	-
Unbilled revenue		2,416,757	2,917,841	2,464,087	3,164,881	3,264,881	3,364,881	3,432,179	3,500,823	3,570,839	3,642,256
Inventory		524,449	462,196	464,664	509,177	500,000	500,000	500,000	500,000	500,000	500,000
Prepaid expenses		393,321	181,455	128,450	240,636	150,000	150,000	150,000	150,000	150,000	150,000
		14,358,106	12,062,758	10,828,211	11,072,190	13,164,881	13,514,881	13,582,179	13,650,823	13,720,839	13,792,256
Non-current assets											
Investments		92,868	84,203	128,128	126,564	-	-	-	-	-	-
Intangible assets		-	65,492	-	-	-	-	-	-	-	-
Deferred tax assets		-	-	139,125	269,096	-	-	-	-	-	-
Property, plant and equipment		13,735,638	15,524,782	17,724,138	21,130,895	24,802,135	26,986,816	29,143,707	31,264,314	33,356,191	35,485,488
		13,828,506	15,674,477	17,991,391	21,526,555	24,802,135	26,986,816	29,143,707	31,264,314	33,356,191	35,485,488
Total Assets		28,186,612	27,737,235	28,819,602	32,598,745	37,967,016	40,501,697	42,725,886	44,915,137	47,077,030	49,277,744
Regulatory balances		10,504,646	3,428,723	4,297,907	4,110,700	2,000,000	1,000,000	-	-	-	-
Total Assets and regulatory balances		\$ 38,691,258	\$ 31,165,958	\$ 33,117,509	\$ 36,709,445	\$ 39,967,016	\$ 41,501,697	\$ 42,725,886	\$ 44,915,137	\$ 47,077,030	\$ 49,277,744

E.L.K. Energy Inc											
	COS 2022	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Budget 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Liabilities											
Current Liabilities											
Accounts payable		\$ 4,215,700	\$ 3,435,187	\$ 4,924,778	\$ 3,643,087	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Due to related parties		1,288,491	774,887	903,755	544,328	-	-	-	-	-	-
Customer deposits		2,179,635	2,081,263	755,958	763,179	763,179	763,179	778,443	794,012	809,892	826,090
Bank debt		1,986,053	1,487,619	4,105,029	-	-	-	-	-	-	-
		9,669,879	7,778,956	10,689,520	4,950,594	5,763,179	5,763,179	5,778,443	5,794,012	5,809,892	5,826,090
Non-current laibitties											
Deferred revenue		2,433,996	2,194,321	1,376,409	4,287,696	5,742,942	6,101,115	6,441,389	6,763,586	7,067,523	7,350,488
Due to related parties		-	-	-	6,905,029	11,952,920	15,065,674	17,368,979	20,759,274	23,279,262	24,931,178
Post employment benefits		378,981	359,006	454,545	401,127	401,127	401,127	401,127	401,127	401,127	401,127
Deferred tax liabilities		356,684	146,958	-	-	-	-	-	-	-	-
		3,169,661	2,700,285	1,830,954	11,593,852	18,096,989	21,567,916	24,211,495	27,923,987	30,747,912	32,682,793
Total Liabilities		12,839,540	10,479,241	12,520,474	16,544,446	23,860,168	27,331,095	29,989,938	33,717,999	36,557,804	38,508,883
Equity											
Share capital		2,000,100	2,000,100	2,000,100	2,000,100	2,000,100	2,000,100	2,000,100	2,000,100	2,000,100	2,000,100
Contributed surplus		4,402,375	4,402,375	4,402,375	4,402,375	4,402,375	4,402,375	4,402,375	4,402,375	4,402,375	4,402,375
Retained earnings		6,222,347	5,117,401	4,045,676	3,771,100	2,611,760	2,675,514	3,240,859	3,702,049	4,024,138	4,273,773
Accumulated OCI		195,943	197,111	97,726	92,613	92,613	92,613	92,613	92,613	92,613	92,613
Total Equity		12,820,765	11,716,987	10,545,877	10,266,188	9,106,848	9,170,602	9,735,947	10,197,137	10,519,226	10,768,861
Regulatory balances		13,030,953	8,969,730	10,051,158	9,898,811	7,000,000	5,000,000	3,000,000	1,000,000	-	-
Total Liabilities, equity and reg balances		\$ 38,691,258	\$ 31,165,958	\$ 33,117,509	\$ 36,709,445	\$ 39,967,016	\$ 41,501,697	\$ 42,725,886	\$ 44,915,137	\$ 47,077,030	\$ 49,277,744

E.L.K. Energy Inc											
	COS 2022	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Budget 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Revenue											
Sale of Energy		32,489,344	24,074,549	\$ 33,501,980	\$ 33,662,603	35,000,000	31,336,804	33,000,000	34,000,000	35,000,000	36,000,000
Distribution Revenue											
Residential					2,702,511	2,802,504	4,132,600	4,861,616	4,958,848	5,058,025	5,159,186
GS < 50kW					532,107	551,795	813,682	957,221	976,365	995,893	1,015,810
GS > 50kW					641,082	664,802	980,324	1,153,259	1,176,324	1,199,850	1,223,847
Streetlighting/ Sentinel/Other					100,089	103,792	153,053	180,053	183,654	187,327	191,073
ICM					216,524	216,524	87,000	-	-	-	-
	\$ 3,595,037	\$ 3,724,438	\$ 3,846,793	\$ 3,730,757	\$ 4,192,313	\$ 4,339,417	\$ 6,166,659	\$ 7,152,149	\$ 7,295,191	\$ 7,441,095	\$ 7,589,916
Other income	658,594	984,397	1,011,642	525,032	534,904	616,031	650,124	683,589	717,433	752,665	767,718
	\$ 4,253,631	\$ 37,198,179	\$ 28,932,984	\$ 37,757,769	\$ 38,389,820	\$ 39,955,448	\$ 38,153,586	\$ 40,835,738	\$ 42,012,624	\$ 43,193,760	\$ 44,357,634
Expenses											
Cost of power purchased		29,643,076	22,178,152	33,871,987	33,476,882	35,000,000	31,336,804	33,000,000	34,000,000	35,000,000	36,000,000
Operating	509,901	451,403	375,873	362,371	322,806	469,222	477,524	487,074	496,816	506,752	516,887
Maintenance	911,068	893,213	993,176	998,571	1,511,740	1,335,483	1,366,862	1,394,200	1,422,084	1,450,525	1,479,536
Billing and Collecting	581,163	782,018	918,680	927,912	1,119,199	1,162,075	1,185,755	1,209,470	1,233,659	1,258,333	1,283,499
Community Relations	2,537	43,107	2,307	3,121	1,450	10,000	10,000	10,200	10,404	10,612	10,824
Admin and General Expenses	1,303,871	2,413,688	2,923,812	2,274,204	1,271,228	2,252,718	2,034,528	2,075,219	2,116,723	2,159,058	2,202,239
	3,308,539	34,226,505	27,392,000	38,438,167	37,703,305	40,229,497	36,411,474	38,176,163	39,279,686	40,385,280	41,492,986
Net movement in regulatory balances		(2,493,808)	(2,381,116)	297,079	(198,874)	-	-	-	-	-	-
Operating Income (Loss)	\$ 945,092	\$ 477,866	\$ (840,132)	\$ (383,319)	\$ 487,641	\$ (274,049)	\$ 1,742,112	\$ 2,659,575	\$ 2,732,938	\$ 2,808,480	\$ 2,864,649
Depreciation	255,733	710,775	813,265	692,320	782,834	958,033	1,053,002	1,129,475	1,227,226	1,319,334	1,345,721
Interest expense (income)	217,098	(227,735)	(242,777)	231,042	87,834	345,251	602,371	760,922	878,243	1,050,931	1,179,289
Income (Loss) Before Taxes	472,261	(5,174)	(1,410,620)	(1,306,681)	(383,027)	(1,577,333)	86,740	769,178	627,469	438,215	339,639
Income Taxes (recovery)	-	(30,971)	(305,779)	(234,956)	(108,451)	(417,993)	22,986	203,832	166,279	116,127	90,004
Net (Loss) Income (excludes OCI)	\$ 472,261	\$ 25,797	\$ (1,104,841)	\$ (1,071,725)	\$ (274,576)	\$ (1,159,340)	\$ 63,754	\$ 565,346	\$ 461,190	\$ 322,088	\$ 249,635

2026 Capital Budget

		DSP	Target Budget
Combined Capital	DSP Target (Net)	\$ 1,123,000	\$ 1,123,000
	Forecast	\$ 1,123,000	\$ 2,905,473
	Delta	\$ -	\$ 1,782,473
System Access (Net)		\$ 445,000	\$ 891,820
Subdivision Contributed Capital			\$ (1,423,800)
Subdivisions	4 Subdivisions		\$ 2,034,000
Residential Connections			\$ 81,620
Commercial Contributed Capital			\$ (200,000)
Commercial Connections	3 Commercial Project		\$ 200,000
Municipal Driven Project	Maidstone and Talbot Intersection Reconstruction		\$ 100,000
Municipal Contributed Capital	50% of Labour and Equipment		\$ (25,000)
Municipal Driven Project	Fox Lane - Kingsville		\$ 200,000
Municipal Contributed Capital	50% of Labour and Equipment		\$ (75,000)
System Renewal		\$ 539,000	\$ 1,228,053
Pole Renewal	35 Pole Replacements		\$ 350,000
Pole Restoration	35 Pole Refurbishment		\$ 40,000
Transformer Renewal	20 Transformer Replacements		\$ 258,122
4kV Conversion	Based on converting 7 transformer on Fairview, Essex		\$ 239,931
PoleTrans Replacement Program	Hillview Cres - Kingsville - 4 PoleTrans to be Replaced		\$ 240,000
Metering Renewal*			\$ 100,000
General Plant		\$ 56,000	\$ 193,600
Tools			\$ 33,000
IT Equipment & Software*			\$ 10,600
Building Renovation	Restroom Renovation		\$ 50,000
GIS Cleanup	Hire student or contract/3rd party	\$ -	\$ 100,000
System Service		\$ 83,000	\$ 592,000
Faulted Circuit Indicators (FCIs)	As per Smart Grid Plan		\$ 42,000
Smart Grid	Belle River		\$ 275,000
Smart Grid	Kingsville		\$ 275,000

2027 Capital Budget

		Target Budget
Combined Capital	DSP Target (Net)	
	Forecast	\$ 2,584,843
	Delta	\$ 2,584,843
System Access (Net)		\$ 348,142
Sudivision Contributed Capital		\$ (427,840)
Subdivisions	2 Subdivisions	\$ 611,200
Residential Connections		\$ 89,782
Municipal Driven Projects		\$ 100,000
Municipal Driven Projects Contributed Capital		\$ (25,000)
Commercial Contributed Capital		\$ (200,000)
Commercial Connections	3 Commercial Project	\$ 200,000
System Renewal		\$ 1,910,851
Pole Renewal	45 Pole Replacements	\$ 450,000
Pole Restoration	35 Pole Restoration	\$ 40,000
Transformer Renewal	20 Transformer Replacements	\$ 258,122
Open Bus Conversion	Kingsville Backyard Open Bus Conversion	\$ 150,000
4kV Conversion	Based on converting 6 transformer on Brien E, Essex	\$ 227,798
Live Front Transformer Replacement	Iler Ave - 7 Transformers	\$ 234,931
Comber 8kV Renewal/Conversion	Multi-phase program to convert 8kV to 27.6kV in Comber	\$ 300,000
27.6kV PME - Comber	27.6kV PME to support Comber Voltage Conversion	\$ 150,000
Metering Renewal*		\$ 100,000
General Plant		\$ 143,600
Tools		\$ 33,000
IT Equipment & Software*		\$ 10,600
GIS Cleanup	Hire student or contract/3rd party	\$ 100,000
System Service		\$ 182,250
Faulted Circuit Indicators (FCIs)	As per Smart Grid Plan	\$ 42,000
Smart Grid	Cottam	\$ 140,250

Exhibit 1
Attachment 1-B
Executive Certification of Evidence

Certification of Evidence – E.L.K. 2027 Cost of Service Rate Application

I, Garry Rossi, President & CEO of E.L.K. Energy Inc. (E.L.K.), to the best of my knowledge, hereby make the following certifications regarding the evidence filed in E.L.K.'s 2027 Cost of Service Rate Application:

- The application and evidence filed in support of the application does not include any personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*) unless it is filed in accordance with Rule 9A of the Ontario Energy Board's (OEB) Rules of Practice and Procedure and the OEB's Practice Direction on Confidential Filings, as applicable.
- The application and evidence filed is accurate, consistent and complete; and E.L.K. has the appropriate processes and internal controls for the preparation, review, verification and oversight of all deferral and variance account balances being disposed.
- Where generative artificial intelligence (AI) was used to generate content in the application and evidence, the accuracy of the content generated by AI has been verified by E.L.K. without the assistance of AI.



Garry Rossi
President & CEO

August, 13, 2026

Date

Exhibit 1
Attachment 1-C
Board of Directors Certification of Evidence



BOARD CERTIFICATION

The E.L.K. Energy Inc. Board of Directors certifies that it is aware of and approves the submission of E.L.K. Energy Inc.'s 2027 Cost of Service Application.

This certification is provided pursuant to the Ontario Energy Board's Chapter 1 Filing Requirements for Electricity Distribution Rate Applications, as dated on December 16, 2025.

DocuSigned by:

948DC50374444DB...

Andrea Orr

Chair, Board of Directors

E.L.K. Energy Inc.

7/28/2026

Date

Exhibit 1
Attachment 1-D
E.L.K. 2024 Customer Satisfaction Survey Report



Customer Survey Report 2024



February 2024

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METHODOLOGY & LOGISTICS

Overview

This report represents the findings from a 2024 customer satisfaction survey of E.L.K. Energy customers conducted by Oraclepoll Research Limited for the LDC. This represents the fourth wave of customer survey data collection. The results in this report are compared with the survey that first benchmarked satisfaction scores in June 2016 and then tracked in 2018 and 2020.

Study Sample

E.L.K. Energy provided Oraclepoll with a database of its customers to be surveyed. From this sample, a total of N=400 respondents were interviewed. All respondents were screened to ensure that they were 18 years of age or older, E.L.K. customers and one of the persons at their residence that makes payments and other decisions about their power bill.

Survey Method

The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that was inclusive of land lines and cellular telephone numbers. A total of 20% of all interviews were monitored and the management of Oraclepoll Research Limited supervised 100%.

Logistics

Interviews were completed between the days of January 25th and February 8th, 2024. Initial calls were made between the hours of 5 p.m. and 9 p.m. Subsequent call backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10 a.m. to 9 p.m.) until contact was made. In addition, telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact.

Confidence

The margin of error for the N=400-person survey is $\pm 4.9\%$, 19/20 times.

Reporting

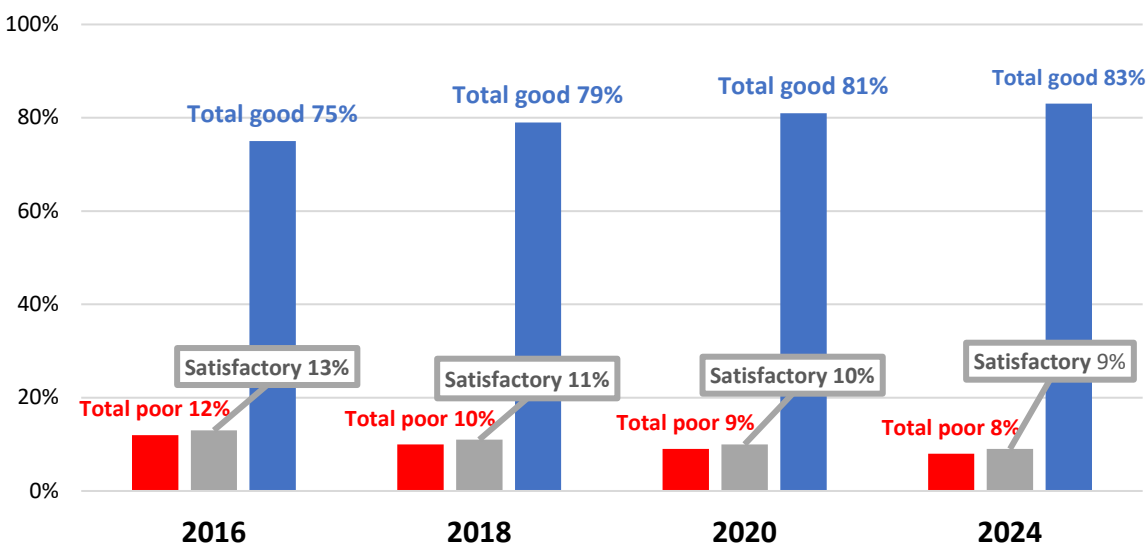
This document includes an executive summary of the findings, while a separate report in Excel contains the results by each individual question.

EXECUTIVE SUMMARY

Overall Satisfaction

Respondents were first asked the following overall satisfaction question.

Q1. "Considering all aspects of being a customer of E.L.K. Energy, how would you rate your overall satisfaction with the company as your electrical services provider? Please respond using a scale from one very poor to five very good."

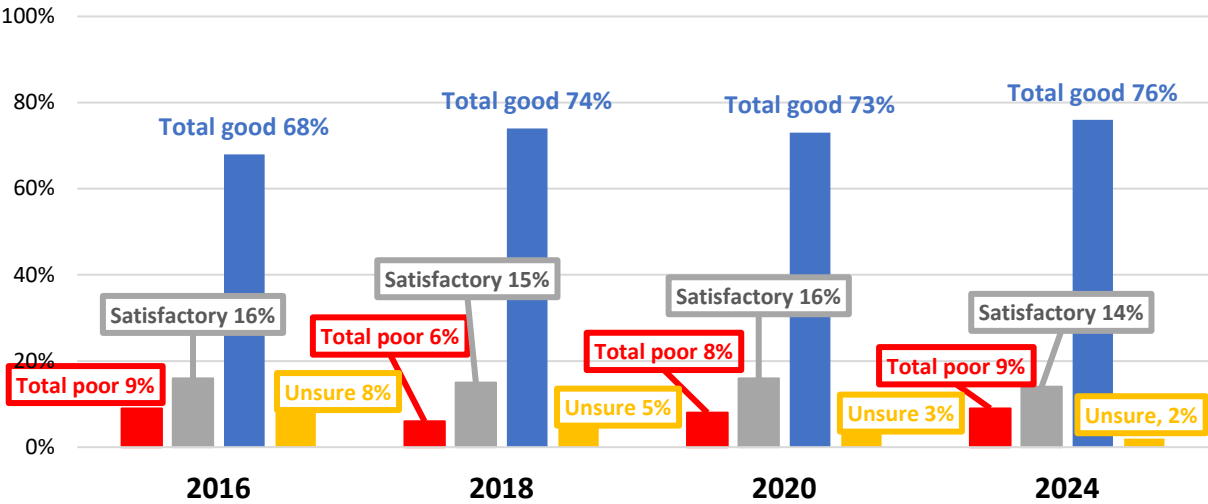


Eighty-three percent of E.L.K customers provided a good (35%) or very good (48%) rating for their overall satisfaction with the LDC as their provider, up 2% from the 81% score in 2022 and +8% stronger than in the baseline 2016 poll.

Comparative Customer Service

Next respondents were asked to rate the customer service provided by E.L.K. in relation to other providers of service.

Q2. "Using a scale from one very poor to five very good, how would you rate E.L.K. Energy's customer service (i.e. being responsible and reliable) compared to other service providers such as your heating fuel, phone or your cable TV or satellite provider

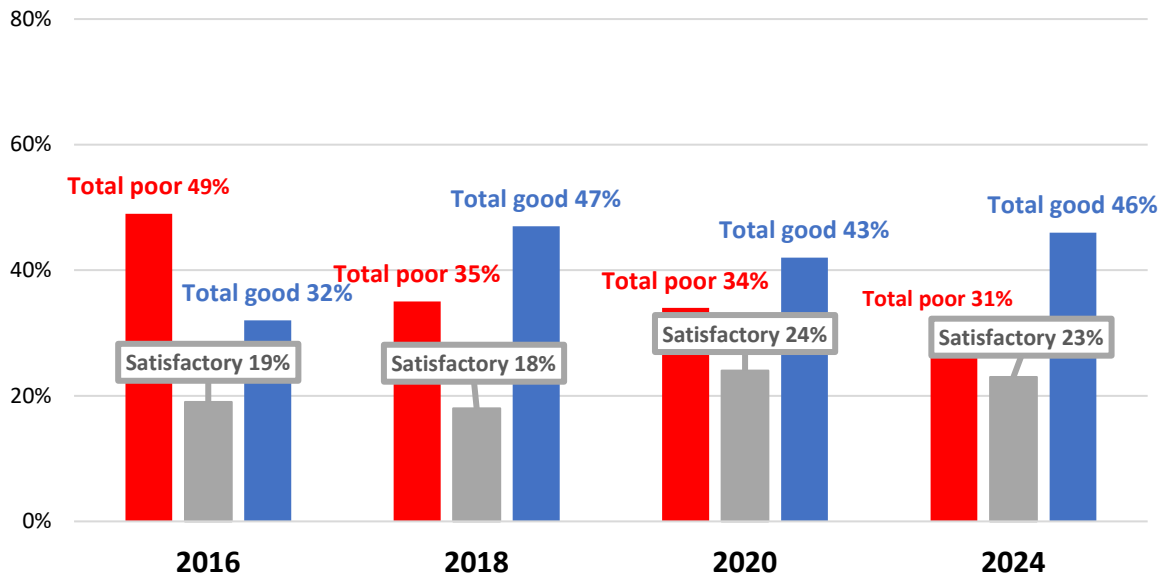


The total good comparative customer service rating has improved to 76%, an increase of +3% compared to 2020 with 23% answering good and 53% very good.

Price of Electricity – Satisfaction

Customers were then asked to rate their satisfaction with the price they pay for their electricity.

Q3. "Using a scale from one very poor to five very good, how would you rate your satisfaction with the price that you pay for electricity?"

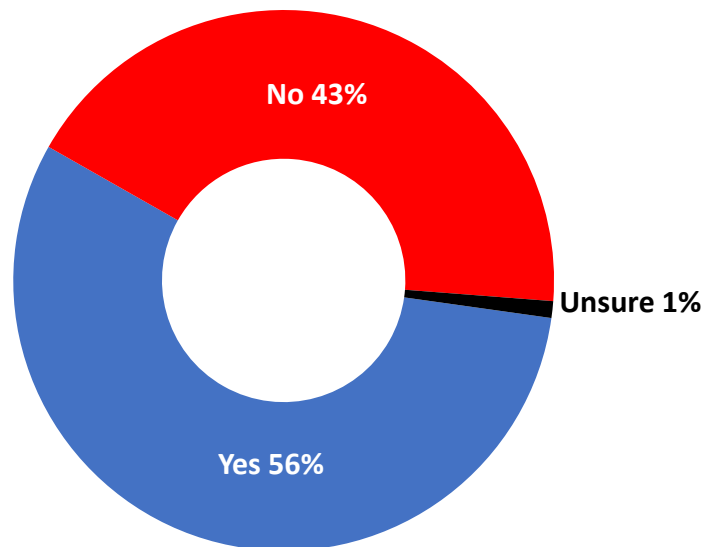


Satisfaction with the price of electricity as evidenced by the good (26%) and very good (20%) responses is 46%, +3% higher than in 2020 and similar to 2018.

Energy Bill – E.L.K. Portion

An awareness question was asked to customers about the percentage of their bill that E.L.K. accounts for in relation to costs being out of their control.

Q4. “Were you aware that your local utility E.L.K. only accounts for approximately 18% of your electricity bill and the remaining 82% relate to transmission, generation and other administrative costs out of its control?”



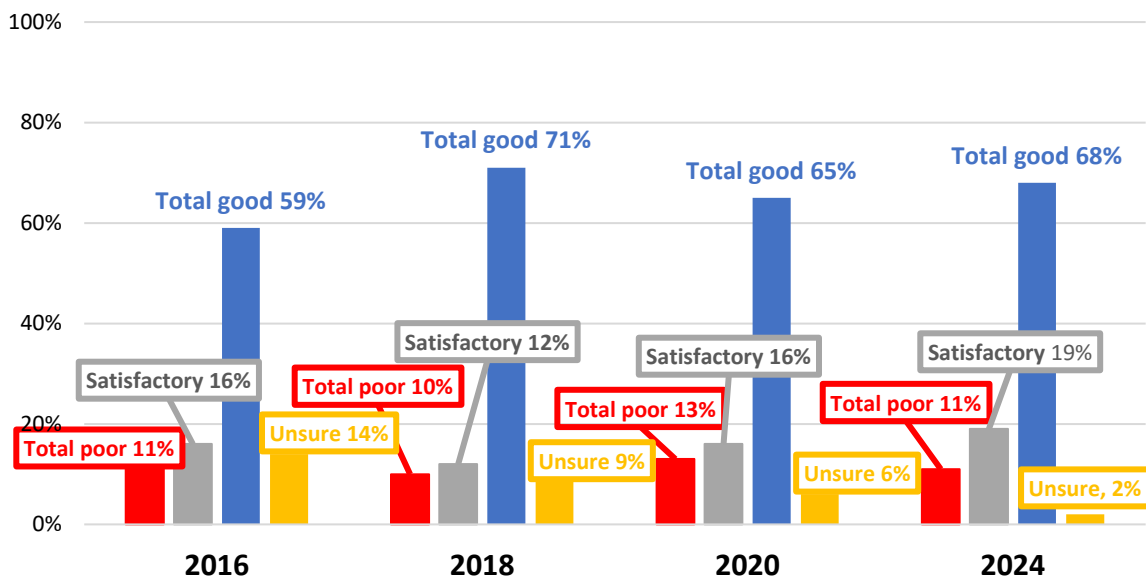
Fifty-six percent of customers said that they were aware that E.L.K. accounts for 18% of their electricity bill. This compares to 2020 when 54% of customers claimed to be aware.

Overall Value

Respondents were then asked a series of questions where they were instructed to focus on the percentage of their bill (18%) that E.L.K. is responsible for. They were first asked the following question on the overall value that the LDC provides.

"The next set of questions focus on the 18% of your electricity bill that E.L.K. represents."

Q5. "Using a scale from one very poor to five very good, how would you rate the overall value that E.L.K. Energy provides?"



Within the context of the percentage of the bill that E.L.K. represents, 68% rated the overall value that the LDC provides as good (36%) or very good (32%) an increase of +3% in relation to the 2020 survey period.

Customer Service Statements

Two statements related to customer service were read to respondents after which they were asked to rate their level of agreement with each one using a five-point scale (1-strongly disagree to 5-strongly agree). The table below illustrates the total agree scores for each question (4-agree & 5-strongly agree) and compares them over time.

“I am now going to read some brief statements that may be used to describe E.L.K. Energy. Using a scale from one strongly disagree to five strongly agree, please respond to each statement after it is read.”

CUSTOMER SERVICE AGREEMENT STATEMENTS	Total Agree 2016	Total Agree 2018	Total Agree 2020	Total Agree 2024
Q6. E.L.K. Energy provides customers with reliable and good service	83%	86%	88%	87%
Q7. E.L.K. Energy meets its commitment to customers	82%	84%	83%	86%

E.L.K. rated very strongly in terms of the level of agreement for providing customers with good service at 87%, similar to the previous poll. It also rated good for meeting its commitment to customers with an 86% score, an increase of +3% compared to 2020.

In an open-ended or unaided follow-up question, respondents were asked what they felt E.L.K Energy could do to better service its customers.

Q8. “What can E.L.K. Energy do to better service its customers?”

A total of 34% did not know or were unsure of what the utility could do to better service customers and 14% claimed that nothing more was needed. Among those with opinions, cost issues were most named with 14% wanting rates to stay as they are and 12% saying they want them to be lower. Other areas included fewer and a quicker response to outages, better communication with customers and improved service levels.

Don't know	34%
Nothing more	14%
Keep rates / do not raise rates	14%
Lower rates	12%
More / better communication	5%
Quicker responses to outages	4%
Fewer power outages	3%
Better service (in general)	3%
More information about what they do / services they offer	2%
Improve customer service	2%
Always room to improve	2%
Explain the cost of service / bills	1%
Arrive on time / quicker for service calls	1%
Power lines need to be repaired / maintained	1%
Invest more in renewable energy	1%
Better trained staff	1%
Resolve billing issues quicker	<1%

Performance Ratings – Reliability & Outages

Respondents were then asked to rate E.L.K. across four areas related to reliability, responses to outages, scheduling and communicating information about planned outages.

“Using a scale from one very poor to five very good, please rate the performance of E.L.K. Energy in each of the following areas.”

RELIABILITY & OUTAGE AREA RATINGS	Total Good 2016	Total Good 2018	Total Good 2020	Total Good 2024
Q9. The reliability of power supply	78%	80%	82%	83%
Q10. Prompt response(s) to power outages when they occur	62%	71%	70%	77%
Q11. Effectively scheduling planned power outages	42%	49%	46%	55%
Q12. Effectively communicating with customers about planned power interruptions in your area	49%	51%	48%	53%

E.L.K. Energy continues to rate strong and highest for providing a reliable power supply at 83% up slightly over 2020 by +1%, next followed by providing prompt responses to outages when they occur at 77% – a solid +7% improvement over the previous poll. While satisfaction results remained lower in the areas of communicating with customers about planned outages at 55% and for effectively scheduling planned outages at 53%, there were increases for both indicators, +9% and +5% respectively.

In the next probe, customers were asked about their preferred method to receive information from E.L.K during outages.

There was a three-way split for the most preferred method that included social media, emails and telephone. A smartphone app was next most referenced. Lesser named were radio, texts and the E.L.K. website.

Q13. What is your preferred method to receive information from E.L.K. during outages?	
Social media	24%
Email	21%
Telephone	20%
Smartphone App	14%
Radio	6%
Text Message	6%
E.L.K. Energy Website	5%
Don't know/no preference	4%

Price Balance

A question was asked to respondents where they could choose from five options related to the issue of balancing rates or prices in relation to the number of outages that they would prefer.

Q14. "I am going to ask your opinion on the issue of balancing the price you pay for maintenance and renewal of your local electricity infrastructure (i.e. "keeping the lights on"). Please pick one of the following five options, reflecting your preference. Do you prefer..."

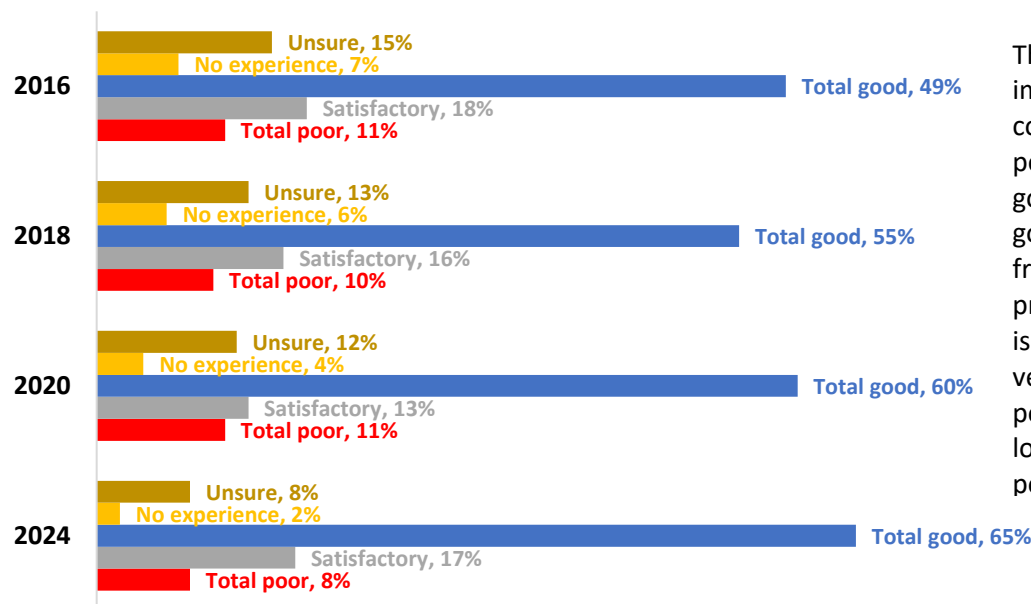
	2016	2018	2020	2024
1-the lowest rates and potentially regular outages	7%	6%	7%	8%
2- lower rates and potentially occasional outages	22%	15%	16%	18%
3-a balance between rates and outages	47%	57%	59%	62%
4- higher rates and potentially fewer outages	5%	6%	5%	6%
5-highest rates & potentially a lower number of outages	4%	5%	4%	2%
Don't know	16%	11%	9%	5%

A majority of customers or 62% and +3% more than in 2020 continue to prefer a balance between rates and the number of outages. There are 6% (+1%) that want higher rates with potentially fewer outages, with only 2% preferring the highest rates and lowest possible outages and 6% higher rates and potentially fewer outages. Eighteen percent (+2%) said they would favour lower rates tolerating occasional outages, and 8% the lowest rates with the possibility of regular outages.

Communications

Respondents then rated the performance of E.L.K. in communicating with customers. The chart below illustrates the total good scores for each question (4-good & 5-very good) as well as the total poor (1-very poor & 2-poor) findings.

Q15. *“E.L.K. Energy communicates to its customers through a variety of methods including bill inserts, direct mail, its website, Twitter, newspapers and radio. Please rate the performance of E.L.K. Energy in communicating with its customers using a scale from one very poor to five very good.”*



There was an improvement in the communications performance rating of good (39%) and very good (26%) to 65% from 60% in the previous survey. This is the best good / very good rating since polling began and the lowest poor / very poor score.

In an open-ended unaided question, customers were asked about their preferred method to have E.L.K. Energy communicate information to them.

Q16. *“What is your preferred method to have E.L.K. Energy communicate information to you?”*

Social media was most named by almost one-third, followed by emails that nearly one-quarter named. Other notable mentions included bill inserts/attachments, the website and direct mail.

Social media, such as Facebook or Twitter	32%
E-mail from the company	24%
Bill inserts	12%
E.L.K. Energy Website	12%
Direct mail	9%
Radio	3%
Text message	3%
Newspaper advertising	2%
Customer newsletter	2%
Telephone	1%
Don't know/no preference	1%

In another open-ended or unaided question, respondents were probed about their preferred method by which to communicate with the company.

Q17. "And as a customer, what is your preferred method that you would like to communicate with E.L.K. Energy?"

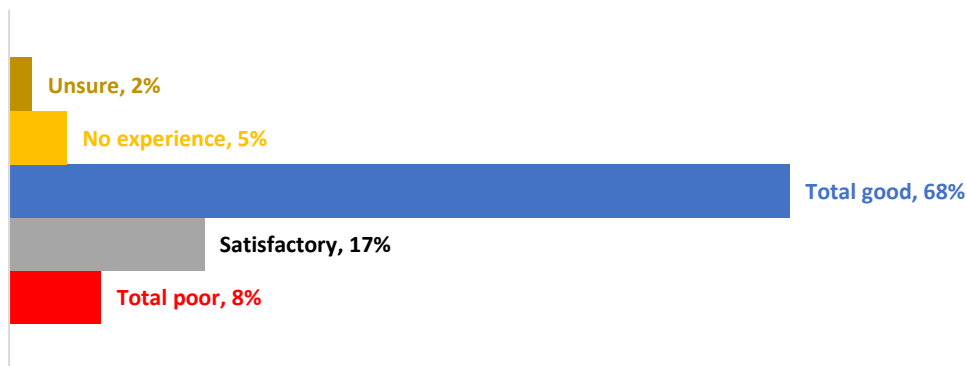
<i>Email</i>	<i>46%</i>
<i>Telephone</i>	<i>21%</i>
<i>Social media</i>	<i>20%</i>
<i>Link or form on E.L.K. Energy Website</i>	<i>9%</i>
<i>Text message</i>	<i>2%</i>
<i>In person at office</i>	<i>1%</i>
<i>Don't know/no preference</i>	<i>1%</i>
<i>Regular mail</i>	<i>1%</i>

With respect to communicating with E.L.K., email is most preferred by almost half, next by telephone and social media.

Website & Online Portal

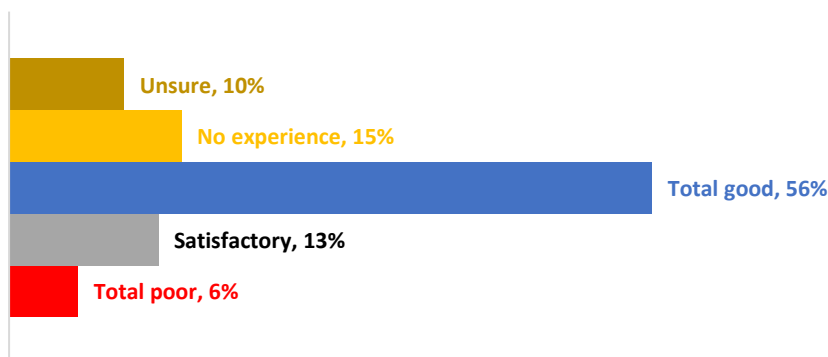
In two new questions, respondents were asked to rate the new E.L.K website as well as the new customer portal. The charts below illustrates the total good scores for each question (4-good & 5-very good) as well as the total poor (1-very poor & 2-poor) findings.

Q18. "ELK recently launched a new website, using a scale from one very poor to five very good, how you would rate the overall quality of information on E.L.K. Energy's website?"



Sixty-eight percent have a favourable opinion (good & very good) of the website, compared to only 8% that said it was poor, while 17% responded satisfactory.

Q19. "ELK recently launched a new customer portal, using a scale from one very poor to five very good, how you would rate the overall quality of information on E.L.K. Energy's customer portal "My Account?"

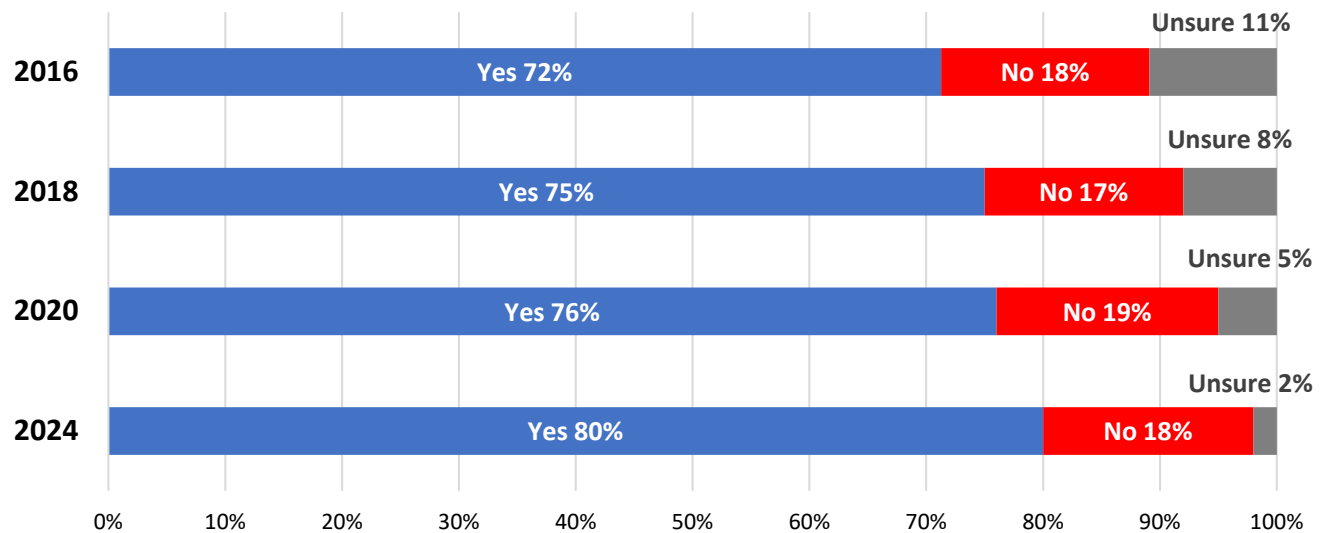


There were 56% that gave a good or very good score, a low 6% a poor or very poor one and 13% satisfactory. One-quarter of respondents could not provide a rating with 10% being unsure and 15% saying they had no experience with the portal.

OEB and Regulation of Rates

An awareness question was asked about the Ontario Energy Board and its role in regulating the price that E.L.K can charge for electricity.

Q20. "Were you aware that E.L.K's energy rates or the price that it charges for electricity is regulated by the Ontario Energy Board (OEB)?"



Eight in ten claimed to be aware of the role of the OEB in regulating energy prices, +4% higher than in 2020.

Exhibit 1
Attachment 1-E
E.L.K. Cost of Service Customer Survey Report



E.L.K. Energy Inc.

2026 Customer Survey Report – 2027 Cost of Service Rate Application

BBA Document No. / Rev.: 2041 60001-00000-40-ERA-0001-R01
May 20 , 2026

FINAL REPORT



**2026 Customer Survey Report – 2027 Cost of Service Rate
Application**
Technical Report

Prepared by:
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Checked by:
Alex Ferguson, M.Eng.



REVISION HISTORY

Revision	Document Status – Revision Description	Date
R0	Draft For Client Review	2026-05-12
R1	Final Report	2026-05-20

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Use of this document acknowledges acceptance of the foregoing conditions.



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APPENDICES

Appendix A: 2026 E.L.K. Customer Survey Questions



1. Executive Summary

As part of E.L.K. Energy Inc. ("E.L.K.") developing their 2027-2031 Distribution System Plan ("DSP") and 2027 Cost of Service Rate Application, an online customer survey has been undertaken to gather feedback from E.L.K. customers on their proposed plan. In total, 347 validated survey responses were collected from residential and business customers across its six service areas. Key questions and responses from the survey can be best categorized under the following categories, including customer segmentation and demographics, customer preferences and needs, E.L.K.'s performance, and capital and operational investments. The survey results identified three clearly defined customer priorities:

1. Reliability of electricity service
2. Maintaining reasonable electricity distribution rates
3. Ensuring safety of electricity service

The representation of customers who responded to the survey includes all customer types - residential and business - across E.L.K.'s six service areas. The response rate covers approximately 3% of E.L.K.'s customer base, which is within the range of a typical online utility survey. The majority of responses came from customers located in the Kingsville (34%) and Essex (28%) regions, which are the two largest population centres in E.L.K.'s service territory.

A majority of E.L.K. customers were content with E.L.K. performance and system reliability. Dissatisfaction was slightly higher when the question focused specifically on system reliability. The majority of E.L.K.'s customers were satisfied with E.L.K.'s proposed pace of investments in the DSP or preferred to see a further increase in the pace of investments proposed to see improvements made to system reliability, service and operations. E.L.K.'s proposed plans, including the proactive replacements of deteriorating and end of life assets, the continued deployment of line fault indicators and reclosers as part of its grid modernization plan, and the replacement of legacy assets, are all in favour of meeting E.L.K.'s customer needs and priorities, while also ensuring the continued safe and reliable operation of the distribution system at affordable rates for customers.

Overall, 79% of respondents are in strong support for E.L.K.'s proposed plan, with customers either agreeing that this is the right approach or indicating that they trust that E.L.K., being the expert, will make the right decisions.



2. Introduction

As part of E.L.K. developing their 2027 Cost of Service Rate Application and 2027-2031 Distribution System Plan, E.L.K. endeavoured to ensure that their proposed capital investments and operational plans were aligned to customer preferences. E.L.K. therefore engaged BBA Consultants ("BBA") in the preparation and development of a Customer Survey ("COS Survey"). The COS Survey was deployed across their entire customer base in order to capture information relating to the following categories:

- Customer Details (service area, customer type, etc.)
- Customer Needs and Preferences
- Overall Performance of E.L.K. (services provided by E.L.K., customer satisfaction with system reliability, power restoration, planned outages, outage response times, etc.)
- E.L.K. Capital and Operational Investments (customer preferences on capital investments as well as System O&M investments)
- E.L.K. overall level of proposed Operations, Maintenance and Administrative (OM&A) expenses

In an effort to minimize customer burden and obtain feedback in a timely and cost-efficient manner, the survey was deployed using an online survey platform (Jotform), with invitations to the platform being distributed and advertised via the E.L.K. website, bill inserts, email and social media channels. The online survey was made accessible to customers from April 15th, 2026, to May 6th, 2026 (inclusive). To incentivize customers to participate in the survey and provide feedback, E.L.K. offered two (2) \$200 gift cards. For each unique survey completed, E.L.K. also committed to donate \$4 to a local charity.

This survey was designed in such a manner to first gather information regarding E.L.K.'s customer base, including identifying if the customers are residential or business customers, and confirming their location within E.L.K.'s service territory. It then assessed respondents' familiarity with E.L.K. and gathered insight into their overall service priorities, including affordability, safety, customer service, reliability, and readiness for future growth.

The survey next focused on customer satisfaction, asking respondents to evaluate their overall satisfaction with E.L.K.'s services and their satisfaction with reliability, based on the frequency and duration of outages. With this context established, respondents were provided with information on E.L.K.'s proposed Distribution System Plan and asked for their preferences



regarding the pace of System Renewal investments, System Service investments, and forecasted OM&A expenditures. The survey concluded by asking respondents for their overall opinion on E.L.K.'s 2027–2031 plan and proposed investments, as well as any additional recommendations or improvements to enhance the customer experience. The full survey can be found in Appendix A.



3. Results

This section summarises customer feedback and preferences pertaining to E.L.K.'s overall plan. Results are split between Segmentation and Demographics, E.L.K Performance, Customer Needs and Preferences, Capital Expenditure Preferences, Operational Expenditure Preferences and Overall Customer Feedback.

3.1 Segmentation and Demographics

This section provides details and insights into the types of customers who responded to the survey and associated customer demographics. A total of 347 E.L.K. customers with representation from all six service areas responded to the survey. The total number of customers that responded to the survey, broken down by service area, is listed in Table 1 and shown in Figure 1.

Table 1: E.L.K customer demographics by region

Community	Amount	Percentage
Kingsville	116	33%
Essex	96	28%
Harrow	41	12%
Belle River	55	16%
Comber	10	3%
Cottam	29	8%
Total	347	100%

The distribution of survey responses aligns well with E.L.K.'s service territory, with the largest share of responses coming from Kingsville (33%) and Essex (28%), the two most populated communities within the service area. This proportional representation suggests that the survey results reasonably reflect the perspectives of customers across E.L.K.'s primary population centres, providing confidence that the feedback is broadly representative of the overall customer base.

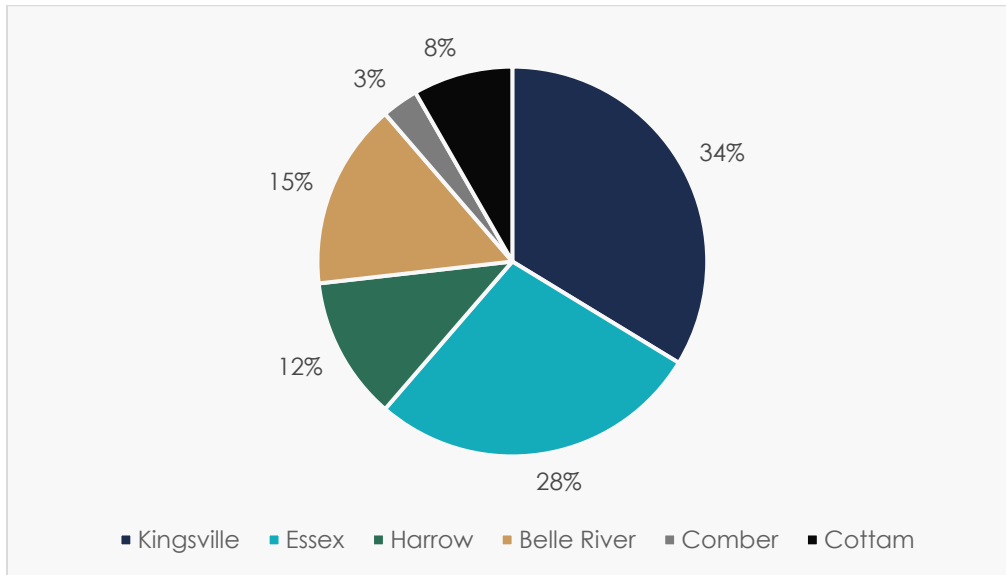


Figure 1: E.L.K customer demographics by region

Of the 347 customers surveyed, 336 were residential customers and 11 were business customers located within E.L.K.'s service territory. The split of residential versus business customers (97% Residential customers and 3% Business customers as shown in Table 2) who responded to the survey is fairly representative of E.L.K.'s overall customer base (~89% Residential customers and ~11% Business customers).

Table 2: E.L.K customer demographics by type

Customer Type	Amount	Percent
Residential	336	97%
Business	11	3%
Total	347	100%

Compared to the customer engagement survey of the previous 2022-2026 DSP filing period, responses by customers increased by 20%. This allows for increased insight from E.L.Ks respective customer base. E.L.K. is able to use these results in a meaningful way to help shape and validate the DSP and 2027 Cost of Service Rate Application.



3.2 E.L.K. Performance

Prior to discussing performance, respondents were asked about their familiarity with E.L.K.'s operations. As displayed in Figure 2, the majority of customers indicated that they are familiar with E.L.K.'s operations, with 65% reporting they are somewhat familiar and 22% indicating they are very familiar. Only 12% reported that they were not familiar with E.L.K.'s operations, while 1% were unsure. These results suggest that customers generally feel informed about E.L.K.'s activities and services within their communities.

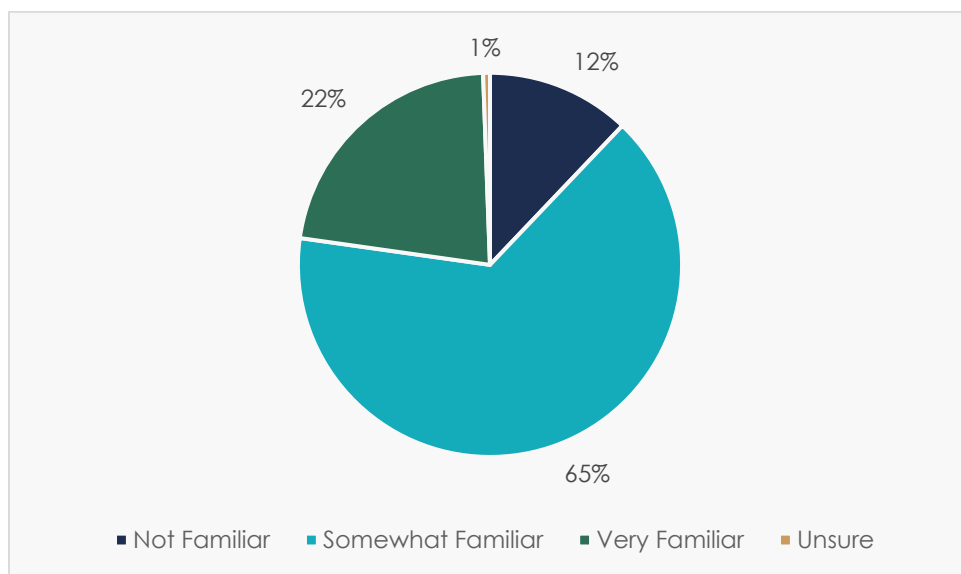


Figure 2: Familiarity with E.L.K. Operations

Two main questions were posed to customers to assess the impression and satisfaction with E.L.K.'s overall performance and the reliability of electricity services that E.L.K. provides. As shown by the survey results in Figure 3, overall customer satisfaction has improved significantly compared to the previous survey period where only 44% of customers selected that they were very satisfied with E.L.K services. Specifically, the percentage of customers who were very satisfied more the doubled from the previous customer engagement survey, and very dissatisfied customers dropped by 75%. A total of 76% of customers indicated that they were either somewhat satisfied (41%) or very satisfied (35%) with the services received from E.L.K. Only 11% of respondents indicated they were somewhat dissatisfied (6%) or very dissatisfied (5%), while 12% were neither satisfied nor dissatisfied. No respondents selected unsure.

The results indicate a notable shift toward positive customer sentiment compared to the previous survey, where customer opinions were more evenly split between satisfied and dissatisfied responses. The majority of customers now report satisfaction with E.L.K.'s services, suggesting that initiatives undertaken since the previous survey period have positively influenced customers.

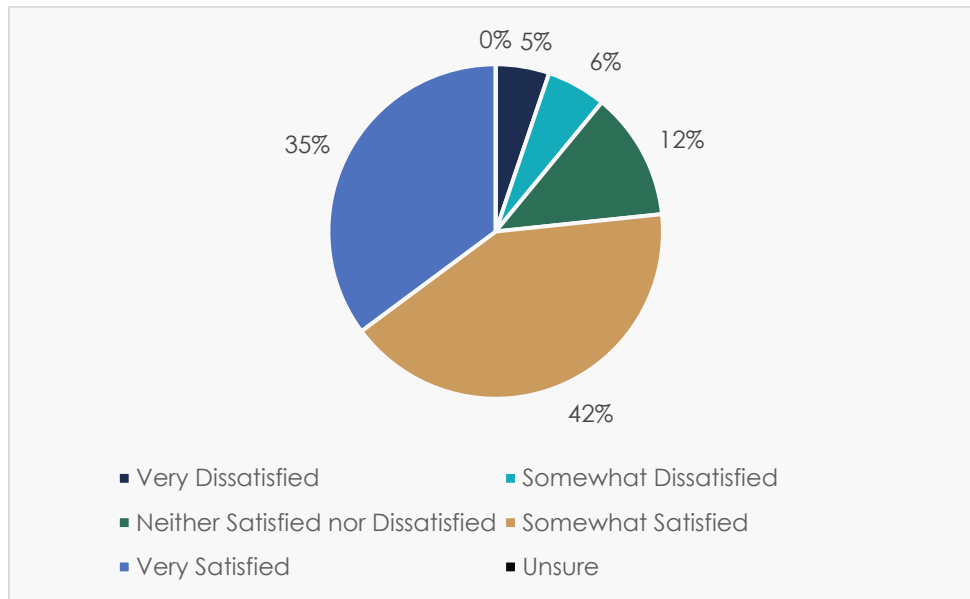


Figure 3: Satisfaction of services received

Overall, the updated survey results demonstrate improved customer satisfaction with E.L.K.'s overall level of service. While there remains a small portion of customers expressing dissatisfaction, the majority of respondents are satisfied with the services they receive. E.L.K. should continue focusing on maintaining service quality and proactively addressing customer concerns to sustain and further improve satisfaction levels.

Figure 4 illustrates E.L.K.'s customer satisfaction levels with respect to the reliability of electricity services provided, including outage management performance. Similar to the overall service satisfaction results, customer feedback regarding reliability has also improved from the previous survey period. Overall, 68% of respondents reported being somewhat satisfied (39%) or very satisfied (29%) with current reliability and outage management. In comparison, 21% of respondents indicated dissatisfaction, including 15% somewhat dissatisfied and 6% very dissatisfied. An additional 11% were neither satisfied nor dissatisfied, while 0.3% were unsure.

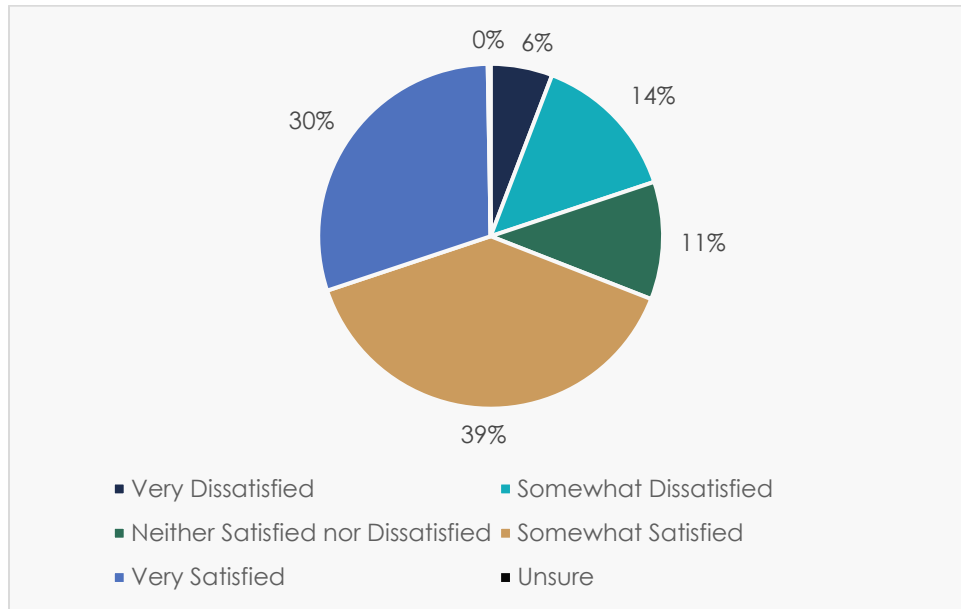


Figure 4: Satisfaction with Current Reliability and Outage Management

The results represent a substantial improvement from the previous survey, where reliability and outages were a significant concern among customers. Specifically, satisfied customers increased from 36% to 68%, and very dissatisfied customers decreased from 32% to 6%. Although dissatisfaction levels have decreased considerably, continued focus on reliability improvement initiatives remains important to maintain customer confidence and address the concerns of customers who continue to experience service interruptions or outage-related issues. Continued investments in system reliability, outage communication, and infrastructure modernization will support E.L.K.'s efforts to further improve customer satisfaction in future survey periods.

Conclusions on Overall Performance

Based on the service and reliability satisfaction results presented above, customer perceptions of E.L.K.'s overall performance have improved considerably compared to the previous survey period. The majority of customers now indicate satisfaction with both the services received and the reliability of electricity service and outage management. These improvements suggest that initiatives undertaken by E.L.K. to enhance customer service, communication, and system reliability are having a positive impact on customer experience.

Customer familiarity with E.L.K.'s operations also appears strong, with 77% of respondents indicating they are at least somewhat familiar with E.L.K.'s operations. Additionally, 76% of customers reported satisfaction with overall services received, while 68% reported satisfaction with reliability and outage management. Maintaining transparent communication with customers and continuing to



invest in reliability-focused initiatives will remain important to sustaining these positive trends. E.L.K. should continue monitoring customer feedback and prioritizing investments aimed at improving reliability, outage response, and overall customer service to ensure continued customer satisfaction in future years.

3.3 Customer Needs and Preferences

Respondents were questioned on their needs and preferences for E.L.K service through ranking the following five priorities.

- Maintaining reasonable electricity distribution rates
- Ensuring safety of electricity service
- Providing better customer service and communications to customers
- Reliability of electricity service
- Ensuring the electricity system can accommodate future growth

Results are presented in Table 3 as the number and percentage of responses assigned to each priority ranking (1–5) for each statement with 1 being the top priority. The table also includes a weighted average score for each priority (1-5), where lower scores indicate higher overall importance.

Table 3: Ranking breakdown of key E.L.K priorities

E.L.K Priorities	1		2		3		4		5		Weighted Score
Maintaining reasonable electricity distribution rates	84	24.2%	104	30.0%	122	35.2%	28	8.1%	9	2.6%	2.35
Ensuring safety of electricity service	36	10.4%	120	34.6%	99	28.5%	67	19.3%	25	7.2%	2.78
Providing better customer service and communications to customers	5	1.4%	16	4.6%	51	14.7%	159	45.8%	116	33.4%	4.05
Reliability of electricity service	214	62.2%	96	27.7%	26	7.5%	8	2.3%	3	0.7%	1.53
Ensuring the electricity system can accommodate future growth	8	2.3%	11	3.2%	49	14.1%	85	24.5%	194	55.9%	4.29



Below is the equation used to calculate statement weighted priority score:

$$Score = \sum_{i=1}^5 \left(\frac{n_i}{N} * i \right)$$

Where;

n_i = Number of respondents selecting rating i

N = Total number of respondents

i = Rating value (1 to 5)

The highest rated and priority by E.L.K survey respondents was “Reliability of electricity service” with a score of 1.53, followed by “Maintaining reasonable electricity distribution rates” at 2.35 and “Ensuring safety of electricity service” at 2.78. The lower ranked priorities by E.L.K survey respondents were “Providing better customer service and communications to customers” and “Ensuring the electricity system can accommodate future growth” with scores of 4.05 and 4.29 respectively. Figure 5 depicts the five priority statements ranked the importance assigned by E.L.K customers.

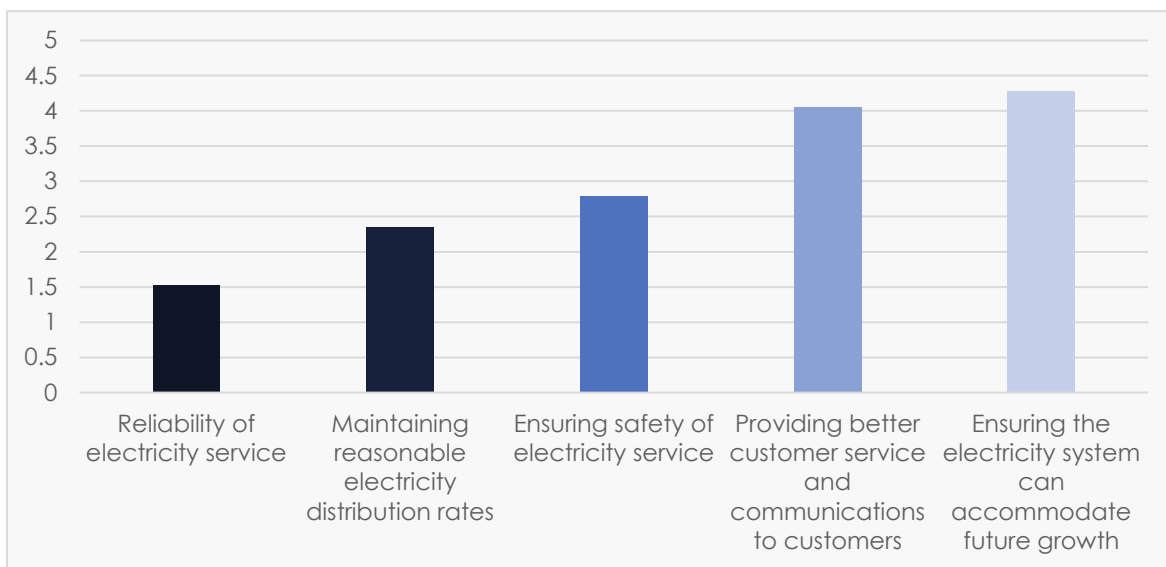


Figure 5: Priority score results of E.L.K customer rankings



3.4 Capital Expenditure Preferences

This part of the survey provided specific information regarding E.L.K.'s investment plans from 2027 to 2031. E.L.K. used this part of the survey to gather feedback about this plan to help further refine its plan. These investment plans have been centralized into E.L.K.'s DSP, which adheres to the planning requirements as established by the OEB. The complete survey can also be found in Appendix A.

System Renewal Expenditures

In regard to the System Renewal investment rate, customers were asked to provide their preferences on how E.L.K. should pace investments for repairing or replacing aging equipment over the coming years, balancing reliability improvements with the impact on electricity bills. Survey respondents were given the following preamble:

"E.L.K.'s System Renewal investments involve repairing or replacing equipment to maintain safe and reliable electricity service. E.L.K. had an expert review the condition of its assets to prioritize those which should be repaired or replaced first. From 2027 - 2031, E.L.K. is planning to replace or restore many aging poles (approximately 80 / year) and transformers (approximately 35 / year) that are in poor condition, starting with those posing the highest risk. E.L.K. proposes to invest about \$1.7 million per year in System Renewal, which is higher than recent average spending levels."

Specifically, respondents were presented with several options describing different approaches to System Renewal spending, including following the proposed plan, increasing spending to accelerate reliability improvements, or limiting spending to control rate impacts.

The results indicate the following preferences:

- 68% of respondents (237 customers) supported E.L.K. following its proposed System Renewal plan, which focuses on repairing or replacing assets to maintain and gradually improve reliability in poorer-performing areas, provided that distribution rates remain around industry-average levels.
- 21% of respondents (71 customers) preferred that E.L.K. keep System Renewal spending at levels consistent with recent years in order to help limit bill increases, even if this approach could negatively affect reliability and further deteriorate asset conditions.
- 6% of respondents (21 customers) supported increasing System Renewal spending above the proposed level to improve reliability sooner, acknowledging that this approach could result in higher electricity bills.
- 5% of respondents (18 customers) indicated they were unsure about their preference.

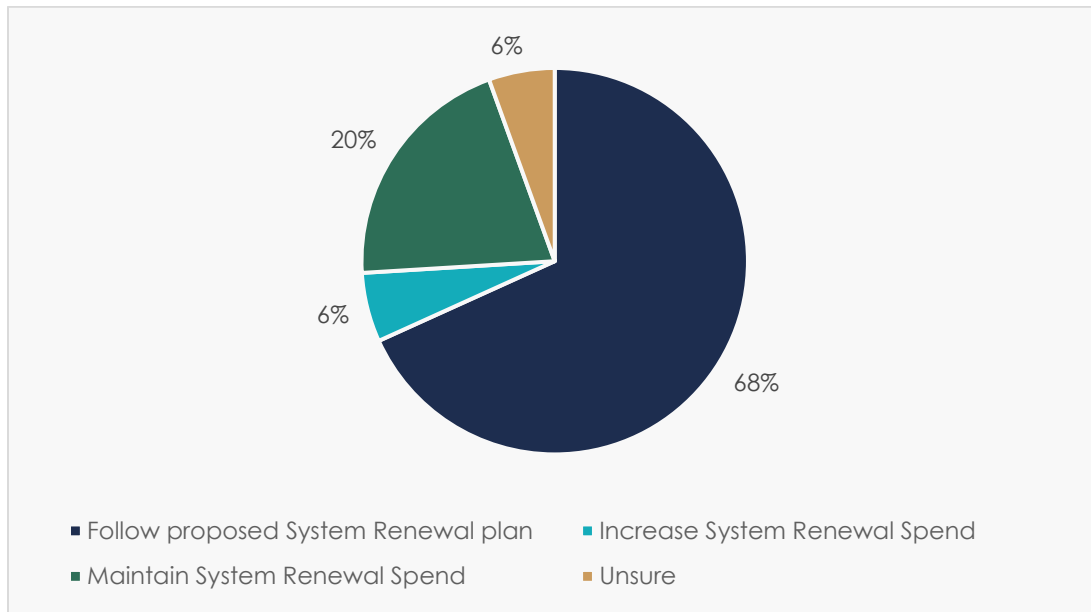


Figure 6: E.L.K Investment rate to replace aging equipment

As shown in Figure 6, the results demonstrate a strong preference among customers for a balanced, measured approach to asset replacement, with a clear majority supporting E.L.K.'s proposed pace for System Renewal investments. This preference reflects customer support for a strategy that maintains and gradually improves reliability while keeping electricity rates close to industry-average levels.

While a smaller portion of respondents expressed a willingness to accept higher electricity bills in exchange for faster reliability improvements, most customers emphasized the importance of affordability alongside responsible system renewal. Importantly, the high level of support for the proposed investment pace indicates a strong alignment between customer expectations and E.L.K.'s planned approach to System Renewal, providing confidence that the utility's future investment strategy reflects the priorities of its customers. These insights offer valuable guidance as E.L.K. plans and prioritizes its System Renewal investments.

System Service Expenditures

With respect to System Service investments, customers were asked about the preferred pace of investment to support system automation, outage response, and reliability improvements, while considering the potential impact on electricity bills given the following preamble:

"E.L.K.'s System Service investments focus on using technology to improve system automation, which provides E.L.K. better control and flexibility across the electricity distribution system. These upgrades increase reliability and also help restore power more quickly during outages. From 2027



- 2031, E.L.K. proposes to invest about \$400 thousand per year in System Service, which is higher than recent average spending levels.”

The results are summarized as follows:

- 62% of respondents (213 customers) supported E.L.K. following its proposed pace for System Service investments, which would maintain and gradually improve reliability and shorten outages, provided that distribution rates remain around industry-average levels.
- 25% of respondents (86 customers) preferred that E.L.K. keep System Service investments at approximately the same level as in recent years to help limit bill increases, even if this could result in slower progress on system automation and longer outage durations.
- 9% of respondents (31 customers) indicated support for E.L.K. moving more quickly by increasing System Service investments, accepting the possibility of higher electricity bills in exchange for faster automation and reduced outage durations.
- 4% of respondents (15 customers) indicated they were unsure of their preference.

Figure 7 depicts the breakdown of the preferred rate of system service investments.

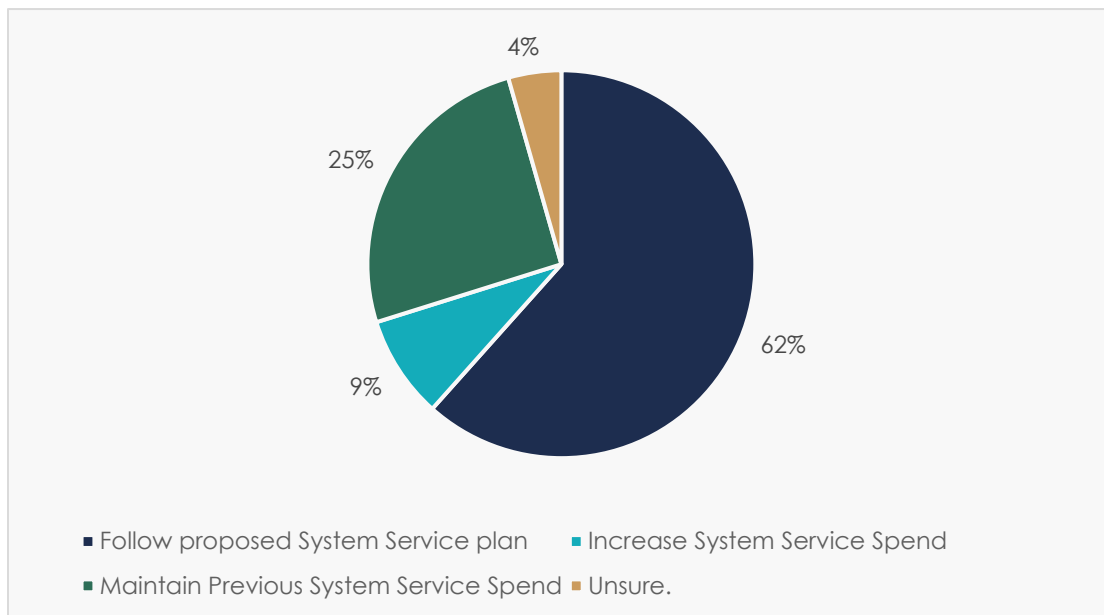


Figure 7: Preferred rate of system service investments

Overall, the results indicate that most customers favor a measured approach to System Service investments, balancing reliability and outage improvements with affordability concerns. While a notable portion of respondents prioritized limiting bill increases, the majority expressed support for



E.L.K.'s proposed investment pace as a reasonable compromise between system performance improvements and rate stability. These findings provide valuable input for guiding future System Service investment decisions.

3.5 Operational Expenditure Preferences

With respect to Operations, Maintenance, and Administration expenditures, customers were asked which option best reflected their views on E.L.K.'s proposed level of spending to support system operations, maintenance, and service quality.

Specifically, respondents were presented with options that balanced prudent and safe system operation, service quality expectations, and the potential impact on electricity rates and were provided the following introduction:

"In addition to the capital investments plans discussed above, E.L.K. incurs ongoing costs to maintain and operate the electricity distribution system. These include expenses for system operation, maintenance, customer service, billing, and other day-to-day operations. For its 2027 Cost of Service Rate Application, E.L.K. forecasts approximately \$5.1 million in annual Operating, Maintenance, and Administrative (OM&A) costs - after considering inflation, this is only slightly higher than recent spending levels from 2022 – 2025. However, this is higher than the amount anticipated in E.L.K.'s last rate application, as costs have increased in recent years to maintain safe and reliable service that customers expect."

The results indicate the following preferences:

- 78% of respondents (272 customers) selected the option that E.L.K. should spend what is needed to prudently and safely operate the electricity distribution system and deliver the service quality customers expect, provided that distribution rates remain around industry-average levels.
- 14% of respondents (47 customers) preferred that E.L.K. look for opportunities to reduce OM&A spending where possible in order to help limit short-term bill increases, even if this could result in lower service quality or reduced reliability.
- 3% of respondents (10 customers) supported increasing OM&A spending above the proposed level to further enhance system maintenance and service quality, acknowledging that this approach could lead to higher electricity bills.
- 5% of respondents (18 customers) indicated they were unsure of their preference.

Figure 8 depicts the breakdown of survey responses regarding preferred spending plans for Operations, Maintenance, and Administration expenditures.

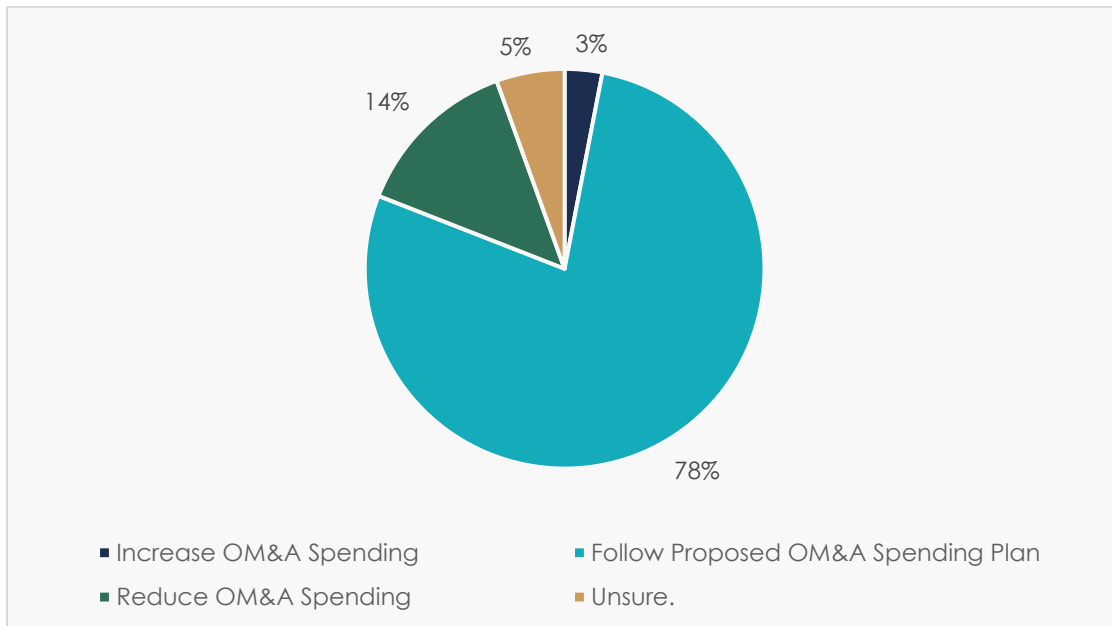


Figure 8: Option which best matches respondents view of E.L.Ks proposed OM&A expenditures

Overall, the results demonstrate a strong and clear endorsement of E.L.K.'s proposed OM&A expenditure plan, with a significant majority of customers supporting spending levels that prioritize prudent system operation, safety, and service quality while maintaining rates near industry averages. This strong alignment between customer preferences and E.L.K.'s proposed approach provides assurance that the utility's OM&A spending plans reflect customer expectations and support the continued reliable and safe operation of the electricity distribution system.

3.6 Overall Customer Feedback

Survey respondents were given the opportunity to reflect on E.L.K.'s overall plan. A majority of customers selected that they either support E.L.K.'s planned investment approach (34%) or trust E.L.K.'s judgement with regards to their planned investments (45%). The remaining responses selected Unsure (16%) or revise E.L.K.'s plans and strategy (5%). A summary of these results is depicted in Figure 9.

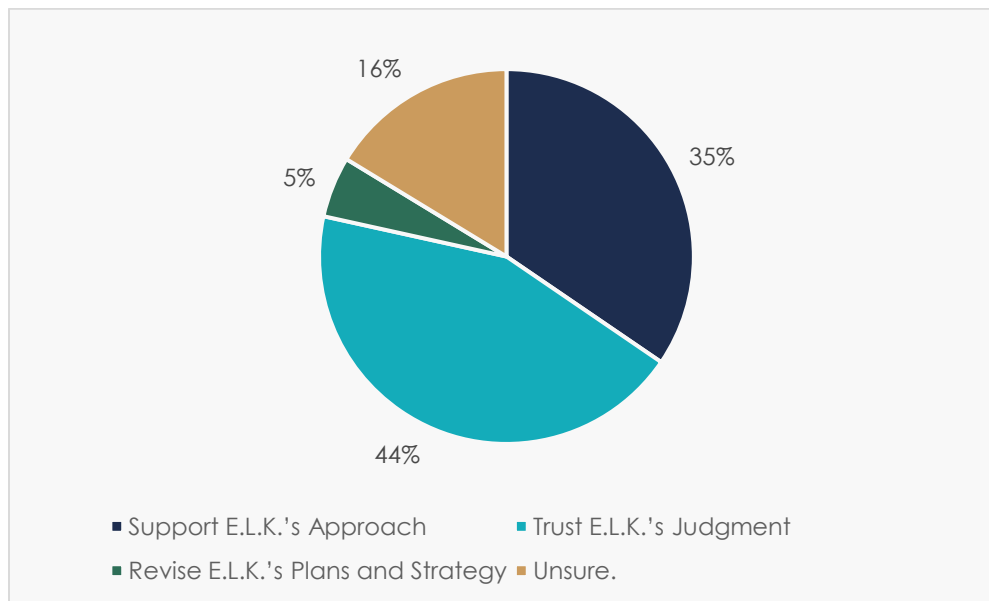


Figure 9: Overall reflection on E.L.K.s planned and prepared investments

Survey respondents were also given the chance to provide their own personal written feedback. As seen in Table 4, 70% of respondents did not provide any feedback, while the remaining 30% left a comment regarding their perspective of E.L.K.'s services.

Table 4: Quantity and percentage of customers providing personal feedback

Recommendations	Quantity	Percentage
No recommendations	243	70%
Left a comment	104	30%

Contents of the feedback were studied and grouped into 8 main themes:

- Reliability
- Affordability
- Positive Feedback
- Infrastructure & Resilience
- Outage Communication
- Planning & Governance
- Cost Efficiency
- Customer Service

Table 5 below shows the breakdown of categories and subsequent number of comments that reference that specific category. Certain comments covered multiple topics (i.e., feedback on customer service as well as reliability).



Table 5: Category breakdown of customer feedback

Category	# of Related Comments	Percentage
Reliability	32	24%
Affordability	28	21%
Positive Feedback	21	16%
Infrastructure & Resilience	14	10%
Outage Communication	12	9%
Planning & Governance	11	8%
Cost Efficiency	8	6%
Customer Service	8	6%

The three main topics covered in the respondent comments fall under Reliability, Affordability and Positive Feedback.

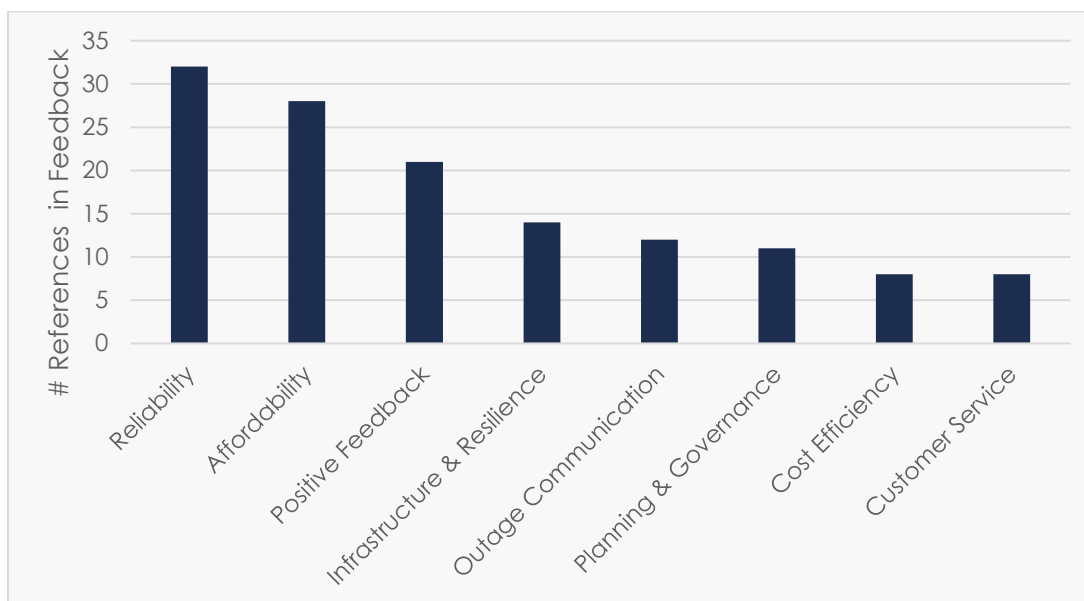


Figure 10: Key themes contained in customer feedback

Overall, the comments indicate that while some customers have recognized improvements in reliability and service in recent years, there remain concerns regarding affordability, outage frequency, and communication during outages. Some customers emphasized the rising cost of electricity, particularly for seniors, fixed-income households, and low-income customers, and expressed concern about future rate increases.

In addition, customers who are dissatisfied highlighted the need for improved reliability, including fewer outages, flickers, and brownouts, particularly during adverse weather events. A recurring theme was the importance of clear, timely, and accessible communication, with many customers



requesting improved outage notifications, estimated restoration times, and more responsive customer service channels.

Across these themes, respondents stressed that while investments in infrastructure, automation, and system resilience are necessary, such investments should be planned responsibly, supported by improved operational efficiency, and balanced against the financial pressures facing customers. These comments reinforce the importance of aligning reliability improvements and system investments with affordability, transparency, and effective customer communication.



4. Overall Conclusion

Although only 3% of E.L.K.'s customer base responded to this survey, the customers who did respond are representative of E.L.K.'s customer base (service area & type), which has enabled E.L.K. to use the results in a meaningful way to help shape and validate the DSP and 2027 Cost of Service Application.

Based on the results outlined in this report, customers have identified a strong preference towards E.L.K. continuing to address day-to-day reliability and ensuring that investments are made towards improving system services, reliability and operations.

There remains room to improve customer satisfaction with respect to overall service, system reliability and outage response. Customers expressed an expectation for continued improvements to system reliability, including fewer outages, flickers, and brownouts, supported by clearer and more timely communication during outage events.

While affordability remains an important consideration, particularly in the context of broader cost-of-living pressures, respondents emphasized that necessary system investments should be planned carefully and implemented efficiently. Across all themes, customers stressed the importance of balancing infrastructure upgrades and service improvements with responsible cost management.

Overall, 79% of customers were found to be satisfied and support E.L.K.'s proposed pace of investments in the DSP. This supports E.L.K.'s proposed plans, including the proactive replacements of deteriorating and end of life assets and the continued deployment of smart grid investments are all in favour of meeting E.L.K.'s customer needs and priorities, while also ensuring the continued safe and reliable operation of the distribution system at affordable rates for customers. Based on the feedback received through this survey, there is indication that the E.L.K. proposed plan is prudent and supported and will meet the majority of customer needs.



Appendix A: 2026 E.L.K. Customer Survey



Customer Survey 2026 – E.L.K. Energy Inc. 2027 Cost of Service Rate Application

Introduction

About E.L.K. Energy Inc.

E.L.K. Energy Inc. (E.L.K.) is a licensed electricity distributor regulated by the Ontario Energy Board (OEB), serving about 12,800 customers in the communities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville.

In November 2025, the ENWIN Group purchased E.L.K. from the Town of Essex. The ENWIN Group is committed to maintaining a strong, local presence and to strengthening reliability and service quality across the E.L.K. service territory.

Why Your Feedback is Important

E.L.K. is conducting this voluntary survey as part of its upcoming 2027 Cost of Service Rate Application, which will be submitted to the OEB. The OEB is an independent regulator who is responsible for overseeing Ontario's electricity sector and approving customer rates and charges.

By sharing your experiences and priorities, you help us make decisions that reflect what matters to our customers — from reliability and service improvements to future investments in the local electricity system. All responses will be combined for analysis, and individual feedback will remain confidential.

This survey has 12 questions and will only take a few minutes to complete.

Those who complete the survey will be eligible to be entered into a draw to win one (1) of two (2) \$200 VISA gift cards. For each unique survey completed, E.L.K. will also donate \$4 to a local charity.

Part A: General

Thank you for taking the time to share your thoughts in this survey today.

The next questions are to confirm your service type and location.

1. Are you a Residential or Business customer?
 - a. Residential
 - b. Business

2. Which of the communities below are you located in?
 - a. Essex
 - b. Belle River
 - c. Kingsville

- d. Harrow
- e. Comber
- f. Cottam

Part B: Ontario Electricity System

The electricity bill includes the costs for generating the electricity that you use, transmitting it across the province, and delivering it to your home or business.

It is important to note that while E.L.K. is responsible for collecting payment for the entire electricity bill, E.L.K. only keeps a portion of it – electricity distribution rates are usually about 25% or less of an average residential or small business electricity bill, and cover the cost of building, operating and maintaining the local electricity distribution system in your community. The remainder of the electricity bill is passed on to power generators, electricity transmission companies, and other provincial agencies.

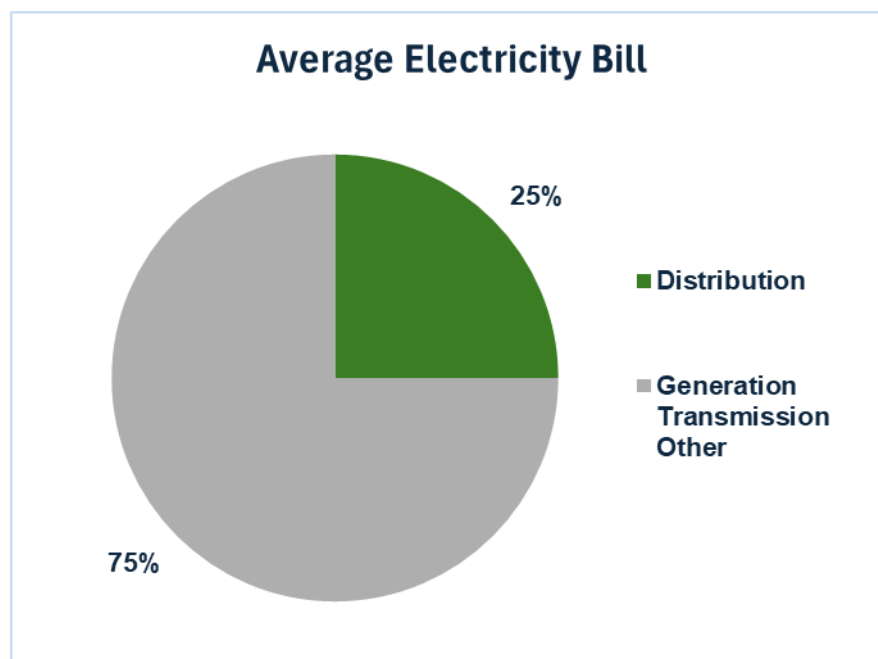


Figure 1: Average Electricity Bill

This survey is only about items that impact the electricity distribution portion of your bill.

3. How familiar are you with E.L.K., which operates the local electricity distribution system in your community?
 - a. Very Familiar
 - b. Somewhat Familiar
 - c. Not Familiar
 - d. Unsure



Part C: Needs and Preferences

4. Considering your overall priorities as an E.L.K. customer, please rank the following priorities from most to least important (1 being most important, 5 being least important):
 - a. Reliability of electricity service
 - b. Ensuring safety of electricity service
 - c. Maintaining reasonable electricity distribution rates
 - d. Providing better customer service and communications to customers
 - e. Ensuring the electricity system can accommodate future growth

Part D: Overall Performance of E.L.K.

This section explores your experience with E.L.K. and your overall satisfaction with the services you receive.

5. Thinking specifically about the services provided to you and your community by E.L.K., on an overall basis, how satisfied or dissatisfied are you with the services that you receive?
 - a. Very Satisfied
 - b. Somewhat Satisfied
 - c. Neither Satisfied nor Dissatisfied
 - d. Somewhat Dissatisfied
 - e. Very Dissatisfied
 - f. Unsure
6. Thinking specifically about reliability, as judged by the number and length of outages you experience, how satisfied or dissatisfied are you with the reliability of the electricity service provided by E.L.K.?
 - a. Very Satisfied
 - b. Somewhat Satisfied
 - c. Neither Satisfied nor Dissatisfied
 - d. Somewhat Dissatisfied
 - e. Very Dissatisfied
 - f. Unsure

Part E: E.L.K. Distribution System Plan

A distribution system plan (plan) is a long-term plan for how a utility will keep the electricity system in good shape and ready for the future. It explains what needs to be fixed, replaced, or built so homes and businesses can keep getting safe and reliable power. When making the plan, E.L.K. looks at what the power system needs, which projects matter most, how much they cost, and when to spend the money.



This part of the survey is to provide specific information regarding E.L.K.’s proposed investment plans from 2027 - 2031 and gather customer feedback on trade-offs and preferences.

On average over the next five years, E.L.K. proposes to invest about \$2.7 million each year in capital projects. E.L.K. is focusing attention on “System Renewal” and “System Service” investments aimed at enhancing the safety and reliability of the electricity distribution system. The overall proposed investment level is consistent with recent annual amounts but is higher than the amounts contained in E.L.K.’s last rate application.

A summary of the categories of proposed investments is provided below.

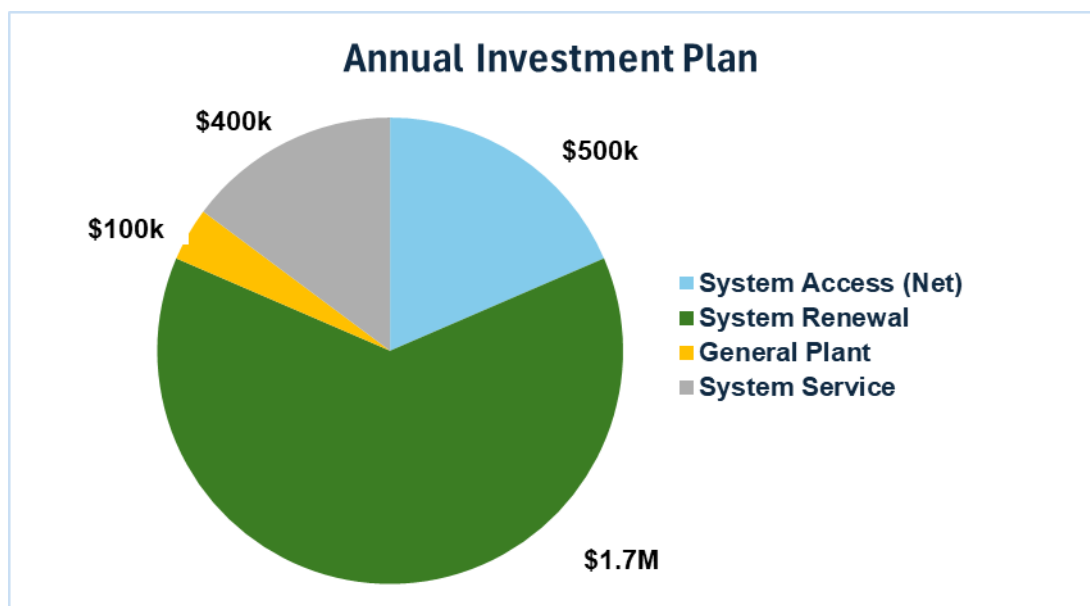


Figure 2: Annual Investment Plan

System Renewal

E.L.K.’s “System Renewal” investments involve repairing or replacing equipment to maintain safe and reliable electricity service. E.L.K. had an expert review the condition of its assets to prioritize those which should be repaired or replaced first.

From 2027 - 2031, E.L.K. is planning to replace or restore many aging poles (approximately 80 / year) and transformers (approximately 35 / year) that are in poor condition, starting with those posing the highest risk.

E.L.K. proposes to invest about \$1.7 million per year in System Renewal, which is higher than recent average spending levels.

7. Thinking about the condition of E.L.K.'s system and the need to replace aging equipment, how quickly would you prefer E.L.K. make these investments over the next five years?
- a. E.L.K. should keep the System Renewal spending the same as recent previous years to help limit any bill increases, even if this would affect reliability and worsen the condition of many assets.
 - b. E.L.K. should follow its proposed System Renewal plan for repairing or replacing assets, which is intended to maintain and gradually improve reliability in poor performing areas, as long as distribution rates are kept around industry average levels.
 - c. E.L.K. should increase System Renewal spending higher than its proposed level to improve reliability sooner, even if this could mean higher bill increases.
 - d. Unsure.

System Service

E.L.K.'s "System Service" investments focus on using technology to improve system automation, which provides E.L.K. better control and flexibility across the electricity distribution system. These upgrades increase reliability and also help restore power more quickly during outages.

From 2027 - 2031, E.L.K. proposes to invest about \$400 thousand per year in System Service, which is higher than recent average spending levels.

8. Thinking about E.L.K.'s efforts to use system automation technology to shorten outage times, how quickly would you prefer E.L.K. make these System Service investments over the next five years?
- a. E.L.K. should keep System Service investments at about the same level as in recent years to help limit any bill increases, even if this could mean slower progress on system automation and longer outages.
 - b. E.L.K. should follow its proposed pace for System Service investments, which would maintain and gradually improve reliability and shorten outages, as long as distribution rates are kept around industry average levels.
 - c. E.L.K. should move more quickly, increasing System Service investments to make faster progress on system automation and shorten outages sooner, even if this could mean higher bill increases.
 - d. Unsure.

Part F: Operating Expenditures

In addition to the capital investments plans discussed above, E.L.K. incurs ongoing costs to maintain and operate the electricity distribution system. These include expenses for system operation, maintenance, customer service, billing, and other day-to-day operations.

For its 2027 Cost of Service Rate Application, E.L.K. forecasts approximately \$5.1 million in annual Operating, Maintenance, and Administrative (OM&A) costs - after considering inflation, this is only slightly higher than recent spending levels from 2022 – 2025. However, this is higher than the amount anticipated in E.L.K.’s last rate application, as costs have increased in recent years to maintain safe and reliable service that customers expect.

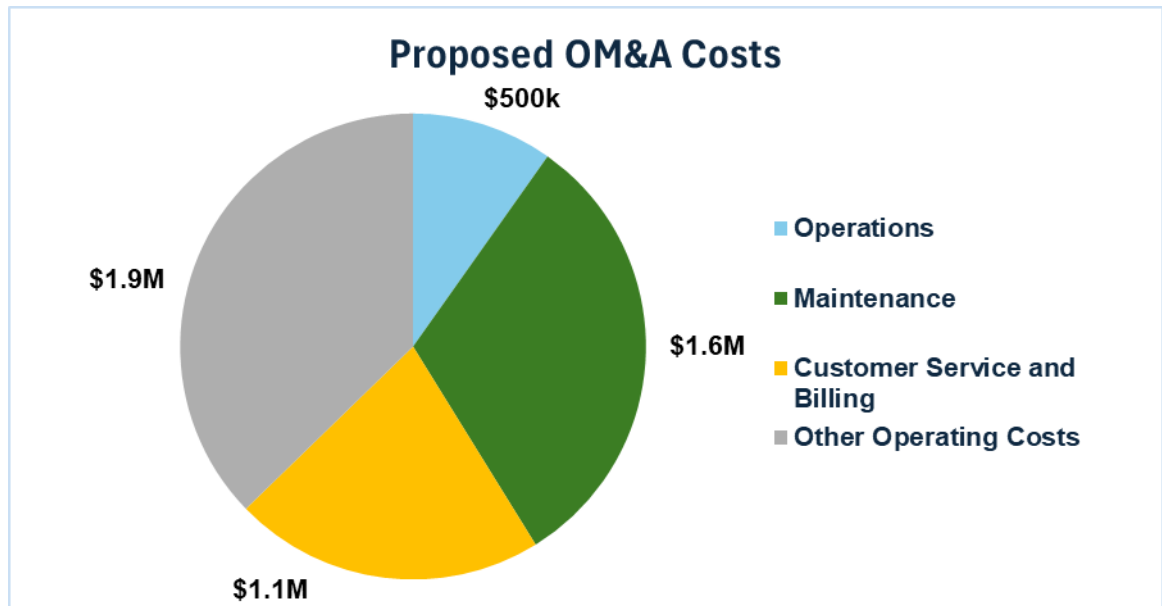


Figure 3: Proposed Operating Costs

9. Based on the information provided about E.L.K.’s forecasted OM&A costs, which option best matches your view of these expenditures?
 - a. E.L.K. should look for ways to reduce OM&A spending where possible, even if this could lead to lower service quality or poorer reliability, in order to help limit any short-term bill increases.
 - b. E.L.K. should spend what is needed to prudently and safely operate the electricity distribution system and provide service quality customers expect, as long as distribution rates stay around industry average levels.
 - c. E.L.K. should increase OM&A spending above its proposed level to further enhance system maintenance and service quality, even if this results in higher bill increases.
 - d. Unsure.

Part G: Overall Customer Feedback

10. Overall, which statement best reflects your opinion of E.L.K.’s 2027 - 2031 plan and proposed investments?

- a. I believe that this is the right approach to manage the safe and reliable operation of the electricity distribution system.
- b. I'm not sure if this is the right approach but I trust E.L.K. as the expert to be able to make the right decisions.
- c. I don't believe that this is the right approach and E.L.K. should consider revising their plans and strategy.
- d. Unsure.

11. Are there any other recommendations or improvements you believe E.L.K. should consider to improve your experience as a customer?

- a. [Open-ended response]

Part H: Verification

The next question is to confirm that you are an E.L.K. customer. This information will only be used for verification purposes. Please have your E.L.K. bill available.

12. Please enter your Customer Account Number. Figure 4 below shows where this can be found on your bill. Please include all numbers, including those after the “-”.

<INSERT NUMBER>



Figure 4: Sample E.L.K. Bill

Part I: Prize Draw

Those who complete the survey are eligible to enter a draw to win one (1) of two (2) \$200 VISA gift cards.

To enter the prize draw, please enter your email address below. Your email will be used to contact you if you are one of the randomly selected winners.

☐ Yes, I wish to be entered into the prize draw.

Email Address: _____

Confirm Email Address: _____

☐ No, I do not wish to be entered into the prize draw.



Thank you for your time and feedback.

[[Link to Contest Terms and Conditions](#)]

Confidentiality Notice:

Your individual feedback will remain confidential and will not be publicly disclosed. To help ensure survey validity, you have been asked to provide your account number. This information is used only to confirm that responses are from E.L.K. customers and will not be used for any other purpose.

If you have chosen to enter the prize draw, you have been asked to provide your contact information, which will be used solely to contact winners. Providing an email address is optional and not required to complete the survey.

All responses are securely stored using the JotForm platform, accessible only to authorized personnel for data analysis purposes.

Exhibit 1
Attachment 1-F
E.L.K. 2024 OEB Scorecard

									Target	
Performance Outcomes	Performance Categories	Measures	2020	2021	2022	2023	2024	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	99.50%	99.59%	99.64%	100.00%	100.00%	⬆️	90.00%	
		Scheduled Appointments Met On Time	99.07%	100.00%	100.00%	100.00%	100.00%	⬆️	90.00%	
		Telephone Calls Answered On Time	95.08%	91.20%	91.10%	91.02%	83.45%	⬇️	65.00%	
	Customer Satisfaction	First Contact Resolution	Excellent	Excellent	Excellent	88%	88%			
		Billing Accuracy	99.95%	99.97%	99.93%	99.32%	99.81%	⬇️	98.00%	
		Customer Satisfaction Survey Results	91% Satis	92.4 Satis	92.4 Satis	92.1% Satis	92.1% Satis			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	83.00%	99.50%	99.50%	88.00%	88.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡️		C
		Serious Electrical Incident Index	0	0	0	0	0	➡️		0
			0.000	0.000	0.000	0.000	0.000	➡️		1.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	3.34	0.65	0.32	0.71	0.02	⬇️		1.62
		Average Number of Times that Power to a Customer is Interrupted ²	1.15	0.20	0.12	0.29	0.47	⬇️		0.55
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In Progress	In Progress	In Progress	In Progress			
	Cost Control	Efficiency Assessment	1	1	1	1	1			
		Total Cost per Customer ³	\$380	\$437	\$559	\$593	\$643			
		Total Cost per Km of Line ³	\$28,537	\$31,789	\$39,944	\$43,176	\$47,083			
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	New Micro-embedded Generation Facilities Connected On Time							90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.67	3.64	3.98	3.79	1.91			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.21	0.16	0.15	0.13	0.39			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.78%	8.78%	8.66%	8.66%	8.66%		
			Achieved	11.76%	10.93%	-1.97%	-22.33%	-9.34%		

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.

Legend:

5-year trend

⬆️ up ⬇️ down ➡️ flat

Current year

🟢 target met 🟡 target not met

Exhibit 1

Attachment 1-G

E.L.K. 2025 Non-Consolidated Financial Statements

Non-Consolidated Financial Statements of

E.L.K. ENERGY INC.

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8
Canada
Tel 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, 2025
- the non-consolidated statement of comprehensive income 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 policy information

(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, 2025, and its non-consolidated financial performance and its non-consolidated 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.



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.



- 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 or business units 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 22, 2026

E.L.K. ENERGY INC.

Non-Consolidated Statement of Financial Position

Year ended December 31, 2025, with comparative information for 2024

	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	5	\$ 4,300,428	\$ 648,872
Accounts receivable	6	2,492,795	6,409,710
Income taxes receivable		364,273	364,273
Unbilled revenue		3,164,881	2,464,087
Inventory	7	509,177	464,664
Prepaid expenses		240,636	128,450
Total current assets		11,072,190	10,480,056
Non-current assets			
Investments	8	126,564	128,128
Deferred tax asset	10	269,096	139,125
Property, plant and equipment	9	21,130,895	20,177,865
Total non-current assets		21,526,555	20,445,118
Total assets		32,598,745	30,925,174
Regulatory balances	11	4,110,700	4,297,907
Total assets and regulatory balances		\$ 36,709,445	\$ 35,223,081
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 3,643,087	\$ 4,924,778
Due to related parties	22	544,328	555,600
Bank debt	13	-	4,105,029
Total current liabilities		4,187,415	9,585,407
Non-current liabilities			
Due to related parties	22	6,905,029	-
Customer deposits		763,179	755,958
Deferred revenue		4,287,696	3,830,136
Post-employment benefits	14	401,127	454,545
Total non-current liabilities		12,357,031	5,040,639
Total liabilities		16,544,446	14,626,046
Equity			
Share capital	15	2,000,100	2,000,100
Contributed surplus		4,402,375	4,402,375
Retained earnings		3,771,100	4,045,676
Accumulated other comprehensive income		92,613	97,726
Total equity		10,266,188	10,545,877
Total liabilities and equity		26,810,634	25,171,923
Regulatory balances	11	9,898,811	10,051,158
Commitments and contingencies	21		
Total liabilities, equity and regulatory balances		\$ 36,709,445	\$ 35,223,081

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 Income

Year ended December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Revenue			
Sale of energy		\$ 33,662,603	\$ 33,501,980
Distribution revenue	16	4,192,313	3,730,757
Other	17	534,904	525,032
		38,389,820	37,757,769
Expenses			
Cost of power purchased		33,476,882	33,871,987
Administration expenses		2,391,877	2,758,508
Distribution expenses	19	1,834,546	1,807,672
Depreciation and amortization		782,834	692,320
		38,486,139	39,130,487
Loss from operating activities		(96,319)	(1,372,718)
Net finance expense	20	(87,834)	(231,042)
Loss before income taxes		(184,153)	(1,603,760)
Income tax recovery	10	(108,451)	(234,956)
Net income (loss) for the year		(75,702)	(1,368,804)
Net movement in regulatory balances, net of tax	11	(198,874)	297,079
Net loss for the year and net movement in regulatory balances		(274,576)	(1,071,725)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefits	14	(6,956)	(135,218)
Tax on remeasurement	10	1,843	35,833
Other comprehensive loss for the year		(5,113)	(99,385)
Total comprehensive loss for the year		\$ (279,689)	\$ (1,171,110)

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, 2025, with comparative information for 2024

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated other comprehensive income	Total
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
Balance at January 1, 2025	\$ 2,000,100	\$ 4,402,375	\$ 4,045,676	\$ 97,726	\$ 10,545,877
Net loss and net movement in regulatory balances	-	-	(274,576)	-	(274,576)
Other comprehensive loss	-	-	-	(5,113)	(5,113)
Balance at December 31, 2025	\$ 2,000,100	\$ 4,402,375	\$ 3,771,100	\$ 92,613	\$ 10,266,188

See accompanying notes to the non-consolidated financial statements.

E.L.K. ENERGY INC.

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Operating activities		
Net loss	\$ (274,576)	\$ (1,071,725)
Adjustments for:		
Depreciation and amortization	782,834	937,693
Amortization of deferred revenue	(194,239)	(434,249)
Post-employment benefits	(58,531)	(3,846)
Unrealized (gain) loss on investments	1,564	(43,925)
Income tax expense	(110,294)	(234,956)
	146,758	(851,008)
Changes in non-cash operating working capital:		
Accounts receivable	3,916,915	(2,189,073)
Due to/from related parties	6,893,757	(108,552)
Unbilled revenue	(700,794)	453,754
Inventory	(44,513)	(2,468)
Prepaid expenses	(112,186)	53,005
Accounts payable and accrued liabilities	(1,281,691)	1,489,591
Customer deposits	7,221	(1,325,305)
	8,678,709	(1,629,048)
Regulatory balances	34,860	212,244
Income tax paid	(19,677)	(56,033)
Net cash from operating activities	8,840,650	(2,323,845)
Investing activities		
Purchase of property, plant and equipment, net	(1,735,864)	(3,137,049)
Purchase of intangible assets	-	65,492
Contributions received (returned) from (to) customers	651,799	(383,664)
Net cash used by investing activities	(1,084,065)	(3,455,221)
Financing activities		
Increase (repayment) of bank debt	(4,105,029)	2,617,410
Net cash used by financing activities	(4,105,029)	2,617,410
Change in cash and cash equivalents	3,651,556	(3,161,656)
Cash and cash equivalents, beginning of year	648,872	3,810,528
Cash and cash equivalents, end of year	\$ 4,300,428	\$ 648,872

See accompanying notes to the non-consolidated financial statements.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

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.

On November 28, 2025, The Corporation of the Town of Essex sold the shares of the Corporation as well as the shares of E.L.K. Solutions Inc. to Windsor Canada Utilities Ltd. Additional details regarding the sale are contained within Note 24.

The Corporation is wholly owned subsidiary of Windsor Canada Utilities Ltd.

The financial statements are for the Corporation as at and for the year ended December 31, 2025.

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 April 22, 2026.

(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.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

2. Basis of preparation (continued):

(e) Use of estimates and judgements (continued):

(i) Assumptions and estimation uncertainty (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 years affected.

(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

Year ended December 31, 2025

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 Inflator 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

Year ended December 31, 2025

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 28, 2024, the Corporation submitted an IRM Application to the OEB requesting approval to change distribution rates effective May 1, 2025. The IRM Application, which provided a mechanistic and formulaic adjustment to distribution rates and charges, was approved by the OEB on December 23, 2025. The GDP IPI-FDD for 2025 is 3.60%, the Corporation's productivity and stretch factors were 0.00%, resulting in a net adjustment of 3.60% 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

Year ended December 31, 2025

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

Year ended December 31, 2025

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

Year ended December 31, 2025

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

Year ended December 31, 2025

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 rate. 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

Year ended December 31, 2025

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

Year ended December 31, 2025

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

Year ended December 31, 2025

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

Year ended December 31, 2025

4. Standards issued but not yet adopted:

The following standards which are not yet effective for the year ended December 31, 2025, have not been applied in preparing these financial statements.

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.

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*, which replaces IAS 1 *Presentation of 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, however retrospective application is required for comparative periods.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

4. Standards issued but not yet adopted (continued):

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 financial statements, and determined that the future pronouncements will not have a material impact on the Corporation.

5. Cash and cash equivalents:

	2025	2024
Bank balances - unrestricted	\$ 3,537,249	\$ (107,086)
Bank balance - restricted	763,179	755,958
Cash and cash equivalents in the statements of cash flows	\$ 4,300,428	\$ 648,872

Restricted cash relates to customer security deposits.

6. Accounts receivable:

	2025	2024
Trade receivables	\$ 2,293,551	\$ 5,973,125
Other trade receivables	346,865	604,039
Allowance for doubtful accounts	(147,621)	(167,454)
	\$ 2,492,795	\$ 6,409,710

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 2025 was \$164,918 (2024 - \$352,208).

Amounts written down due to obsolescence in 2025 was \$nil (2024 - \$nil).

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

8. Investments:

	2025	2024
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	126,463	128,027
	\$ 126,564	\$ 128,128

9. Property, plant and equipment:

	Land and buildings	Distribution equipment	Other fixed assets	Total
<i>Cost or deemed cost</i>				
Balance at January 1, 2025	\$ 324,633	\$ 21,306,405	\$ 3,482,314	\$ 25,113,352
Additions	-	1,679,817	56,047	1,735,864
Balance at December 31, 2025	\$ 324,633	\$ 22,986,222	\$ 3,538,361	\$ 26,849,216
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
Balance at December 31, 2024	\$ 324,633	\$ 21,306,405	\$ 3,482,314	\$ 25,113,352
<i>Accumulated depreciation</i>				
Balance at January 1, 2025	\$ 99,290	\$ 3,569,763	\$ 1,266,434	\$ 4,935,487
Depreciation	15,301	463,981	303,552	782,834
Balance at December 31, 2025	\$ 114,591	\$ 4,033,744	\$ 1,569,986	\$ 5,718,321
Balance at January 1, 2024	\$ 84,814	\$ 3,168,795	\$ 989,558	\$ 4,243,167
Depreciation	14,476	400,968	276,876	692,320
Balance at December 31, 2024	\$ 99,290	\$ 3,569,763	\$ 1,266,434	\$ 4,935,487
<i>Carrying amounts</i>				
At December 31, 2025	\$ 210,042	\$ 18,952,478	\$ 1,968,375	\$ 21,130,895
At December 31, 2024	\$ 225,342	\$ 17,736,642	\$ 2,215,881	\$ 20,177,865

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

10. Income tax expense:

Current year tax expense:

	2025	2024
Current year	\$ (108,451)	\$ (234,956)
	\$ (108,451)	\$ (234,956)

Significant components of the Corporation's deferred tax balances are as follows:

	2025	2024
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (1,433,735)	\$ (1,395,286)
Cumulative eligible capital	37,403	22,399
Non-capital losses	1,159,014	1,050,536
Post-employment benefits	106,299	120,454
Deferred revenue	423,427	364,748
Other	(23,312)	(23,726)
	\$ 269,096	\$ 139,125

11. Regulatory balances:

Reconciliation of the carrying amount for each class of regulatory balances

Regulatory deferral account debit balances	January 1, 2025	Additions	Recovery/ reversal	December 31, 2025
Group 1 deferred accounts	\$ 2,055,444	\$ 946,398	\$ (1,399,014)	\$ 1,602,828
Other regulatory account	1,311,229	—	(24,046)	1,287,183
Regulatory settlement account	831,988	25,425	264,030	1,121,443
Income tax	99,246	—	—	99,246
	\$ 4,297,907	\$ 971,823	\$ (1,159,030)	\$ 4,110,700

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

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

11. Regulatory balances (continued):

Regulatory deferral account credit balances	January 1, 2025	Additions	Recovery/ reversal	December 31, 2025
Group 1 deferred accounts	\$ 8,260,490	\$ –	\$ (667,653)	\$ 7,592,837
Other regulatory account	159,510	–	251,266	410,776
Income tax	343,249	–	–	343,249
Regulatory settlement account	1,287,909	–	264,040	1,551,949
	\$10,051,158	\$ –	\$ (152,347)	\$ 9,898,811

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

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 2025, the rate was 3.64% in the first quarter, 3.16% in the second quarter, 2.91% in the third quarter, and 2.91% in the fourth quarter (in 2024, 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).

12. Accounts payable and accrued liabilities:

	2025	2024
Trade payables	\$ 2,843,006	\$ 1,346,772
Accrued expenses	800,081	3,578,006
	\$ 3,643,087	\$ 4,924,778

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

13. Bank debt:

(a) Bank debt consists of:

	2025	2024
Four year term loan with interest rate of 5.091%, secured by a general security agreement was paid and settled in 2025	\$ -	\$ 4,105,029

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2025	2024
Bank debt, balance at January 1	\$ 4,105,029	\$ 1,487,619
Increase of bank debt	2,800,000	2,617,410
Repayment of bank debt	(6,905,029)	-
Balance, December 31	\$ -	\$ 4,105,029

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.

As at December 31, 2025, OMERS had over 665,000 members, of whom 21 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2025, which reported that the plan was 99% funded (2024 - 98%).

(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, 2025.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

14. Post-employment benefits (continued):

Reconciliation of the obligation	2025	2024
Defined benefit obligation, beginning of year	\$ 454,545	\$ 359,006
Included in profit or loss		
Current service cost	-	1,844
Interest cost	18,270	14,927
	18,270	16,771
Included in OCI		
Actuarial loss arising from:		
changes in demographic and		
financial assumptions	6,956	135,218
Benefit payments	(78,644)	(56,450)
Defined benefit obligation, end of year	\$ 401,127	\$ 454,545

Actuarial assumptions	2025	2024
General inflation	2.25%	2.25%
Discount (interest) rate	3.90%	4.40%
Medical costs	5.50%	5.50%
Dental costs	4.00%	4.00%

A 1% increase in the assumed medical trend rate would result in the defined benefit obligation increasing by \$11,000. A 1% decrease in the assumed medical trend rate would result in the defined benefits obligation decreasing by \$11,000.

15. Share capital:

	2025	2024
Authorized:		
Unlimited number of common shares		
Issued:		
30,000 common shares	\$ 2,000,100	\$ 2,000,100

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

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:

	2025	2024
Residential	\$ 2,702,511	\$ 2,521,208
Commercial	756,101	487,409
Large users	641,082	617,678
Other	92,619	104,462
Total distribution revenue	\$ 4,192,313	\$ 3,730,757

17. Other revenue:

	2025	2024
Rendering of services	\$ 269,452	\$ 267,425
Contributions received from customers	194,239	188,876
Rental income	71,213	68,731
	\$ 534,904	\$ 525,032

18. Employee salaries and benefits:

	2025	2024
Salaries, wages and benefits	\$ 2,152,602	\$ 2,269,616
CPP and EI remittances	112,466	115,773
Contributions to OMERS	209,888	232,605
Post-employment benefit plans	18,270	37,506
	\$ 2,493,226	\$ 2,655,500

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

19. Distribution expenses:

	2025	2024
Labour	\$ 359,911	\$ 354,639
Materials, supplies, maintenance	1,317,800	1,298,495
Other	156,836	154,538
	<u>\$ 1,834,547</u>	<u>\$ 1,807,672</u>

20. Net finance expenses:

	2025	2024
Finance income		
Late payment charges	\$ 80,623	\$ 75,514
Interest income on bank deposits	82,003	207,003
Interest income on regulatory debit balances	99,157	141,641
Unrealized gain on investments	-	43,925
	<u>261,783</u>	<u>468,083</u>
Finance cost		
Interest expense on bank debt	212,718	159,359
Interest expense on regulatory credit balances	99,158	70,519
Unrealized loss on investments	1,562	-
Other	36,179	469,247
	<u>349,617</u>	<u>699,125</u>
Net finance expense recognized in profit or loss	<u>\$ (87,834)</u>	<u>\$ (231,042)</u>

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

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

21. Commitments and contingencies (continued):

their respective service revenues. As at December 31, 2025, no assessments have been made.

22. Related party transactions:

(a) Parent and ultimate controlling party:

The sole shareholder of the Corporation is E.L.K. Energy Inc., which in turn is wholly-owned by WCUL. WCUL produces consolidated financial statements that are available for public use.

(b) Outstanding balances due from (due to) with related parties:

	2025	2024
Subsidiary payable	\$ 544,328	\$ 555,600
Parent company payables	\$ 6,905,029	\$ -

(c) Transactions with parent:

As a result of the sale of the Corporations shares from the Town of Essex to WCUL, WCUL refinance the previous bank debt with an intercompany loan.

The loan is non-interest bearing and with no repayment terms.

(d) 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:

	2025	2024
Directors' fees	\$ 83,700	\$ 77,267
Salaries and other short-term benefits	306,518	236,769
	\$ 390,218	\$ 314,036

23. Financial instruments and risk management:

Fair value disclosure:

The carrying values of cash and cash equivalents, accounts receivable, unbilled revenue, due 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 approximates fair value because the amounts are payable on demand.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

23. Financial instruments and risk management (continued):

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.

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, 2025 is \$147,621 (2024 - \$167,454). Bad debt expense of \$252,674 (2024 - impairment reversal of \$382,483) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. 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, 2025, approximately \$186,288 (2024 - \$205,000) is considered 60 days past due. The Corporation has approximately 13,000 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, 2025, the Corporation holds security deposits in the amount of \$763,179 (2024 - \$755,958).

(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.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

23. Financial instruments and risk management (continued):

Financial risks (continued):

(b) Market risk (continued):

A 1% increase in the interest rate at December 31, 2025 would have increased interest expense on the long-term debt by approximately \$55,000 (2024 - \$41,000), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

(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 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, 2025, shareholder's equity amounts to \$10,266,188 (2024 - \$10,545,877).

24. The Corporate of the Town of Essex Sale of E.L.K. Energy Inc. and E.L.K. Solutions Inc. shares:

On November 28, 2025, the Town of Essex sold their 30,000 common shares of E.L.K. Energy Inc. for a preliminary purchase price of \$22,902,849 and 10,000 Class B shares of E.L.K. Solutions Inc. for a preliminary purchase price of \$25,000 to Windsor Canada Utilities Ltd..

25. Comparative figures:

Certain reclassification have been made to the prior year's financial statements to conform to current year's presentation of the financial statements

Exhibit 1

Attachment 1-H

Reconciliation of E.L.K. 2025 Non-Consolidated Financial Statements to Regulatory Results

FS	FS Mapping	FS Grouping	USoA	Reclassification Total
Balance sheet				
	Current assets	Cash and cash equivalents	1005	4,300,427.97
		Cash and cash equivalents Total		4,300,428
		Accounts receivable	1100	2,466,020.23
			1104	174,395.42
			1130	- 147,621.08
		Accounts receivable Total		2,492,795
		Income taxes receivable	2294	364,273.63
		Income taxes receivable Total		364,273
		Unbilled Revenue	1120	3,164,880.92
		Unbilled Revenue Total		3,164,881
		Inventory	1330	509,177.61
		Inventory Total		509,177
		Prepaid expenses	1180	240,635.60
		Prepaid expenses Total		240,636
	Current assets Total			11,072,190
	Non-current assets	Investments	1405	126,563.68
		Investments Total		126,564
		Deferred tax asset	2350	269,096.00
		Deferred tax asset Total		269,096
		Property, plant and equipment	1612	2,944.73
			1805	2,112.00
			1820	142,098.48
			1830	2,741,999.19
			1835	8,016,352.56
			1840	4,147,294.64
			1845	10,655,533.60
			1850	10,504,938.45
			1855	2,333,498.88
			1860	2,630,821.24
			1905	72,399.47
			1908	608,258.09
			1915	409,545.85
			1920	1,435,511.35
			1930	2,274,246.78
			1935	1,642.50
			1940	587,187.70
			1955	88,712.48
			1985	15.22
			1995	- 5,489,110.84
			2105	- 20,035,106.90
		Property, plant and equipment Total		21,130,895

Non-current assets Total			21,526,555
Total assets			32,598,745
Regulatory balances	Regulatory balances	1508	793,478.40
		1525	0.15
		1531	176,493.00
		1548	681.01
		1550	1,070,684.64
		1580	530,208.80
			1,539,154.00
Regulatory balances Total			4,110,700
Total asset and regulatory balancess			36,709,445
Current liabilities	Accounts payable and accrued liabilities	2205	- 3,643,086.84
	Accounts payable and accrued liabilities Total		- 3,643,087
	Due to related parties	2240	- 544,328.43
	Due to related parties Total		- 544,328
Current liabilities Total			- 4,187,415
Non-current liability:	Due to related parties	2550	- 6,905,029.00
	Due to related parties Total		- 6,905,029
	Customer deposits	2335	- 763,178.87
	Customer deposits Total		- 763,179
	Deferred revenue	2440	- 4,287,695.91
	Deferred revenue Total		- 4,287,696
	Post-employment benefits	2306	- 401,127.00
	Post-employment benefits Total		- 401,127
Non-current liabilities Total			- 12,357,031
Total liabilities			- 16,544,446
Equity	Share capital	3005	- 2,000,100.00
	Share capital Total		- 2,000,100
	Contributed surplus	3030	- 4,402,374.90
	Contributed surplus Total		- 4,402,375
	Retained earnings	3045	- 4,046,035.94
		3046	274,935.62
	Retained earnings Total		- 3,771,100
	Accumulated other comprehensive income	3090	- 92,613.00
	Accumulated other comprehensive income Total		- 92,613
Equity Total			- 10,266,188
Liabilities and Equity Total			- 26,810,634
Regulatory balances	Regulatory balances	2405	- 280,500.00
		1518	- 1,809.52
		1521	- 436.54
		1551	- 93,010.71
		1555	- 11.15
		1562	- 55,503.00
		1584	- 882,459.75
		1586	- 878,886.75
		1588	- 2,520,526.44
		1589	- 3,217,917.48
		1595	- 428,595.84
			- 1,539,154.00
Regulatory balances Total			- 9,898,811
Total asset and regulatory balancess			- 36,709,445

Income Statement

Revenue	Sale of energy	4006	- 14,629,530.93
		4035	- 5,764,033.18
		4050	- 5,684,308.58
		4055	- 1,532,675.26
		4062	- 1,323,477.66
		4066	- 2,425,734.35
		4068	- 1,848,938.98
		4075	- 420,641.50
		4076	- 58,688.51
			25,426.40
		Sale of energy Total	- 33,662,603
	Distribution revenue	4080	- 4,176,905.77
		4082	- 15,354.92
		4084	- 52.73
		Distribution revenue Total	- 4,192,313
	Other revenue	4210	- 71,212.76
		4235	- 184,307.28
		4245	- 194,239.61
		4375	- 70,429.83
		4390	- 16,279.09
		6305	1,564.56
		Other revenue Total	- 534,904
Revenue Total			- 38,389,820
Expenses	Cost of power purchased	4705	27,944,497.22
		4708	404,647.94
		4714	2,425,734.35
		4716	1,838,255.26
		4750	420,641.50
		4751	58,688.51
			384,416.75
		Cost of power purchased Total	33,476,882
	Administration expenses	5305	69,346.90
		5310	44,485.77
		5315	669,921.15
		5320	76,856.61
		5335	252,673.58
		5340	5,915.10
		5410	1,449.79
		5515	5,304.48
		5605	83,700.16
		5610	143,829.01
		5615	199,921.02
		5620	188,321.87
		5630	431,750.69
		5635	38,439.42
		5640	119,348.54
		5655	175,387.65
		5665	21,583.60
		5675	96,360.36
		6105	20,871.62
		6205	12,083.00
		6215	10,000.00
		- 275,673.16	
		Administration expenses Total	2,391,877

Distribution expenses	5005		29,272.50
	5010		1,022.00
	5016		165.23
	5020		16,633.24
	5025		7,777.17
	5035		12,225.48
	5040		178,042.15
	5055		14,043.33
	5065		49,102.00
	5095		14,523.15
	5120		67,492.56
	5125		242,197.80
	5130		181,149.14
	5135		351,516.28
	5150		93,936.33
	5155		230,429.96
	5160		15,320.42
	5165		818.50
	5170		8,008.42
	5175		320,871.50
Distribution expenses Total			1,834,546
Depreciation and amortization	5705		782,832.64
Depreciation and amortization Total			782,834
Expenses Sub-Total			38,486,139
Loss from operating activities			96,319
Net finance expense	4225	-	80,622.89
	4405	-	181,160.25
	6035		470,303.28
	6040		212,717.96
		-	333,404.50
Net finance expense Total			87,834
Loss before income taxes			184,153
Income tax recovery	6110	-	108,451.00
Income tax recovery Total		-	108,451
Net Loss for the year			75,702
Net movement in regulatory balances, net of tax		198,873.92	
Net movement in regulatory balances, net of tax Total			198,874
Net Loss for the year and net movement in regulatory balances			274,576
Remeasurement of post-employment benefits	7010		6,956.00
Remeasurement of post-employment benefits Total			6,956
Tax on remeasurement	7025	-	1,843.00
Tax on remeasurement Total		-	1,843
Other comprehensive loss for the year			5,113
Total comprehensive loss for the year			279,689

Exhibit 1
Attachment 1-I
WCUL 2025 Annual Report

2025 | ANNUAL REPORT

WINDSOR CANADA UTILITIES





ENWIN CORPORATE OFFICE SIGN

Land Acknowledgment Statement

We acknowledge that we have gathered on lands that have been inhabited and traversed by Indigenous Peoples since time immemorial. We acknowledge this as the traditional territories of the Huron-Wendat Peoples and the Three Fires Confederacy of First Nations, comprised of the Ojibwe, the Odawa, and the Potawatomi Peoples, who have historically been the stewards of the lands we live on and the waters we drink. We are grateful for the opportunity to live and work on this land and remain committed to moving forward respectfully with all First Nations, Inuit, and Métis.



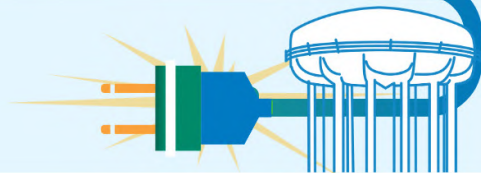
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Mission, Vision and Values



ENWIN Utilities Ltd. Strategic Goals and Initiatives



A people driven learning organization.

Drive organizational excellence and learning through attracting, retaining, developing, and engaging passionate and diverse people.



Our community's leader for the energy evolution.

Articulate and pursue regulated and unregulated business opportunities that will position ENWIN at the forefront of the energy evolution.



Our customers' trusted partner.

Maintain a strong focus on delivering exceptional value to our customers as a trusted advisor that helps them navigate and choose solutions for their energy needs.

STEWARDSHIP



EXCELLENCE



MISSION

We guide, innovate, and grow our customers' access to safe, reliable energy and water resources.



AGILITY

VISION

Connecting communities through clean energy and water solutions.



TRUST



PURPOSEFUL

Corporate Structure



Windsor Canada Utilities Ltd.

Windsor Canada Utilities Ltd. (WCU) is 100 per cent owned by The Corporation of the City of Windsor. It is a private company, registered under the Ontario Business Corporations Act, and overseen by a Board of Directors consisting of six members appointed by City Council; four of these are elected members of City Council. WCU owns and operates three subsidiary companies. The core businesses of the Corporation, through its regulated and unregulated affiliates, are electricity and water distribution and other utility services. In 2025, WCU continued to expand its electricity distribution footprint through the acquisition of E.L.K. Energy, extending service to Essex, Lakeshore, and Kingsville. A multi-year integration is underway, with full integration planned through 2028.



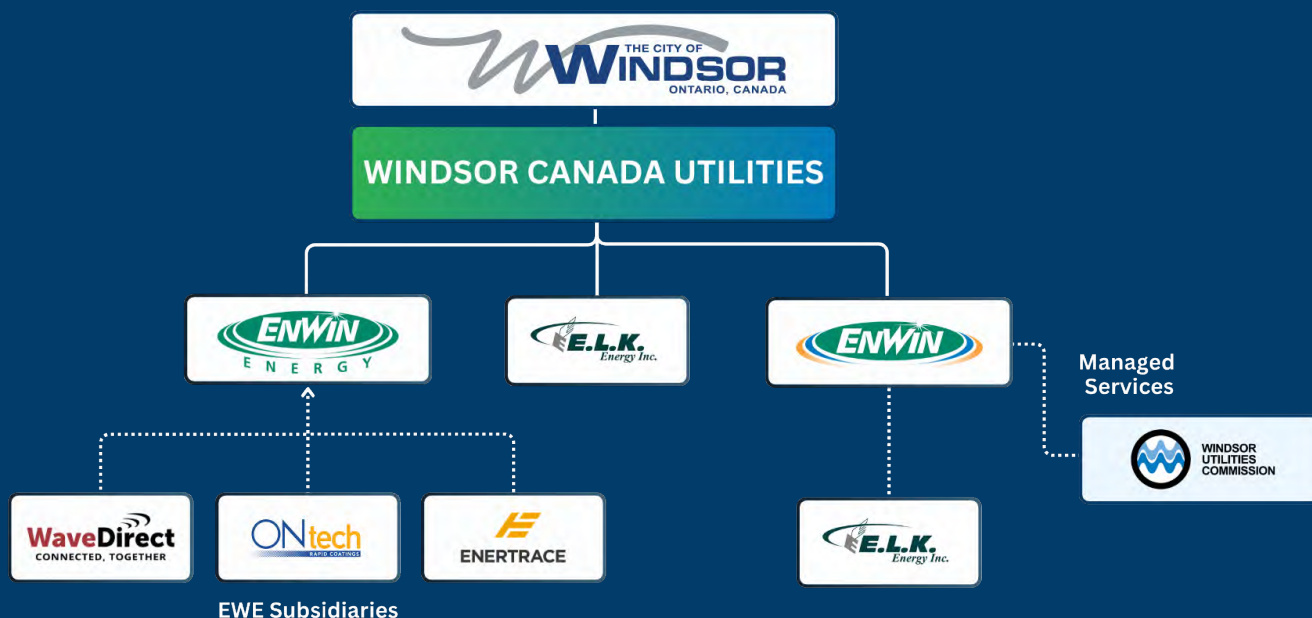
ENWIN Utilities Ltd.

ENWIN Utilities Ltd. (ENWIN or EWU), is a regulated electricity Local Distribution Company (LDC) serving customers in the City of Windsor, and is responsible for the local distribution of electricity and the service and maintenance of the local electricity distribution infrastructure. ENWIN is overseen by a Board of Directors consisting of six members appointed by its shareholder; including two elected members of City Council. ENWIN also maintains a contract of service with Windsor Utilities Commission (WUC) to operate and maintain the WUC owned water system that serves customers in Windsor, Tecumseh and LaSalle.

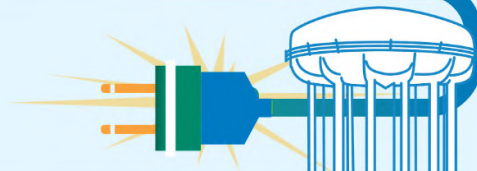


ENWIN Energy Ltd.

ENWIN Energy Ltd. (EWE), is the unregulated affiliate company that aims to find unregulated opportunities in the Ontario energy market. It is overseen by a Board of Directors consisting of six members appointed by the City Council; including four elected members of City Council. EWE's core business includes streetlighting and sentinel lighting, suite metering, and corrosion protection through its affiliate, Ontech Rapid Coatings Inc. The company also provides locating services through Enertrace Services Ltd., a joint venture with Essex Energy, and telecommunications services through WaveDirect, a locally owned internet service provider serving communities across southwestern Ontario.



Message from the Board Chair and President and Chief Executive Officer



As Windsor-Essex continues to grow, Windsor Canada Utilities (WCU) Ltd. is focused on building resilient energy and water systems that meet evolving community needs. Our work in 2025 was guided by our strategic pillars: A People-Driven Learning Organization; Our Customers' Trusted Partner; and Our Community's Leader for the Energy Evolution. This focus drove strengthened asset planning, improved service delivery, and responsible investment in safe, reliable, and sustainable services for today and the future.

Throughout the year, strong financial results, targeted infrastructure investment, and continued progress across the ENWIN Group of Companies demonstrated our commitment to responsible stewardship. Collectively, these efforts reinforce Windsor Canada Utilities' position as a trusted partner supporting the resilience, prosperity, and long-term growth of the communities we serve.

Operational excellence stood as a defining achievement this year. ENWIN Utilities Ltd. (ENWIN) was recognized with the Performance Excellence Award from the Electricity Distributors Association (EDA), one of Ontario's highest distinctions for a local distribution company. This recognition reflects leadership in customer service, safety, system performance, and community engagement, and reinforces a strong culture of accountability and continuous improvement.

Targeted investments across the distribution system strengthened capacity and overall performance. Outages were restored in an average of 28 minutes, reflecting a strong focus on responsive operations. To support system reliability and growth, more than 350 distribution poles and 240 transformers were installed. Total investment in the electrical system reached \$26.1 million, supporting both short-term performance and long-term system strength.

In 2025, WCU also advanced growth through the acquisition of E.L.K. Energy Inc., expanding ENWIN's presence to Essex, Lakeshore, and Kingsville. This transaction strengthens ENWIN's ability to enhance E.L.K.'s existing operations and infrastructure across its service area. A multi year integration approach supports continuity of service while positioning the organization for long term value creation and regional stability.

People and safety remained essential to organizational success. In 2025, ENWIN implemented a people-driven learning approach, expanded workplace and public safety programs, and strengthened talent partnerships with local educational institutions. Together, these initiatives support critical skill development, leadership capacity, and organizational capability, reinforcing ENWIN's position as both a trusted energy distributor and an employer of choice.

WCU also played a key role in advancing regional water infrastructure through ENWIN's Water Operations. Progress continued the organization's largest capital program to date, including major feedermain construction, further development of a new water tower, and completed the decommissioning of the 1926 Water Treatment Plant (WTP). These investments expand system capacity, strengthen service reliability, and protect long-term service quality for customers across the region.

Looking ahead, WCU remains focused on disciplined investment, operational excellence, and prudent growth. Grounded in our core values of trust, stewardship, agility, excellence, and purposeful action, we continue to deliver reliable and affordable energy and water services while preparing thoughtfully for future demand, supporting the wellbeing and long-term sustainability of the communities we serve today and into the future.

Garry Rossi,
President and CEO
ENWIN Utilities Ltd.

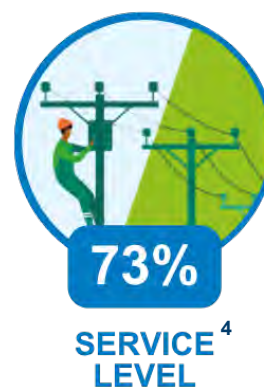
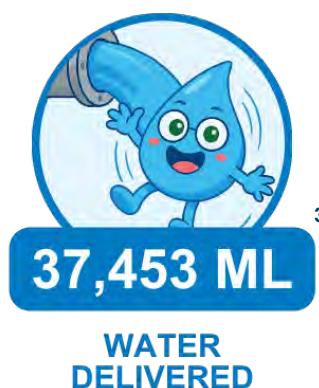
Mayor Drew Dilkens,
Board Chair
EWU and WCU



Success By the Numbers



2025 Fast Facts



1. Limited to ENWIN Utilities Ltd. only, E.L.K. Energy is not included in this figure

2. TWh is a terawatt-hour = 1,000,000,000 kWh

3. ML is the volume in megalitres (ML)

4. Percentage of calls answered in under 30 seconds for all ENWIN queues





ENWIN AT OPEN STREETS WINDSOR 2025

Board of Directors



ENWIN ENERGY LTD. (EWE) AND WINDSOR CANADA UTILITIES LTD. (WCU)



Drew Dilkens

(Chair)
Mayor, City of Windsor
DBA, MBA, LLB, CHRL



Jo-Anne Gignac

(Vice-Chair)
Councillor, City of
Windsor, Ward 6



Kevin Laforet

Regional President
(Canada), Caesars
Entertainment
CPA, CA, BComm



Jim Morrison

Councillor, City of
Windsor, Ward 10
PFP



Ed Sleiman

Councillor, City of
Windsor, Ward 5



Jerry Udell

Senior Counsel,
Miller Canfield
LLB, BA, CS

ENWIN UTILITIES LTD. (EWU)



Andrea Orr

(Chair, since July 1, 2025)
Licensed Insolvency Trustee
LLM, CGA, CPA, CIRP, LIT, C.Dir



Garnet Fenn

(Chair, until June 30, 2025)
Retired Global Assistant
Treasurer, Daimler Chrysler
Counsel Doher & Co. Chartered
Professional Accountants
MBA, FCPA, FCA, IUC.D, CPA
(Michigan)



Leo Muzzatti

(Vice-Chair)
Director of Human Resources
and Strategy Management,
Assisted Living Southwestern
Ontario (Windsor)
LLB, BEd



Drew Dilkens

Mayor, City of Windsor
DBA, MBA, LLB, CHRL



Jo-Anne Gignac

Councillor, City of
Windsor, Ward 6



Gregory Ioanidis

Former Vice President,
ITC Holdings Corp.
MBA, BMath, C.Dir



Benny Riggi

Director of Financial Planning
and Analysis, DTE Energy
MBA, CFA, CPA

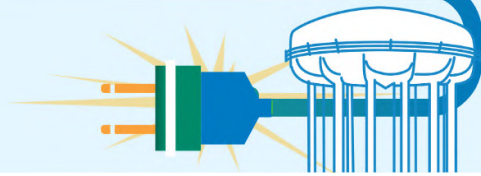


Abe Taqtaq

President, Windsor-
Detroit Tunnel Duty Free
Shop Inc. & PanTaq Inc.
BA, C. Dir



ENWIN Utilities Ltd. Executive Team



Garry Rossi

President and CEO
BASc, P.Eng, C.Dir



Michelle Bonnici

Chief People Officer
LLM, BA, C.Dir



Jim Brown

Chief Operating
Officer - Hydro
BESc, BComm,
P.Eng C.Dir



Matt Carlini

Chief Financial Officer
CPA, CA, MBA, C.Dir



Paul Gleason

Chief Risk Officer
LLM, BA, CSCMP,
C.Dir



Robert Spagnuolo

Chief Operating Officer - Water
MBA, BASc, P.Eng, C.Dir



Kris Taylor

Chief Business
Development Officer
MBA, CEM, C.Dir



Board Attendance



2025 - REGULARLY SCHEDULED MEETINGS

WCU / EWE	Meetings / Year
Drew Dilkens (Chair)	Attended 2 of 5
Jo-Anne Gignac (Vice-Chair)	Attended 3 of 5
Kevin Laforet	Attended 5 of 5
Jim Morrison	Attended 5 of 5
Ed Sleiman (Member until November 2025)	Attended 4 of 4
Jerry Udell	Attended 4 of 5

EWU	Meetings / Year
Andrea Orr (Chair, since July 1, 2025)	Attended 5 of 5
Garnet Fenn (Chair, and member until June 30, 2025)	Attended 2 of 3
Leo Muzzatti (Vice-Chair)	Attended 5 of 5
Drew Dilkens	Attended 3 of 5
Jo-Anne Gignac	Attended 3 of 5
Gregory Ioanidis	Attended 5 of 5
Benny Riggi	Attended 5 of 5
Abe Taqtaq (Since November 2025)	Attended 1 of 1





FRONT EXTERIOR OF ENWIN'S RHODES DRIVE OPERATING FACILITY



ENWIN'S ELECTRICITY DISTRIBUTORS ASSOCIATION (EDA) AWARD

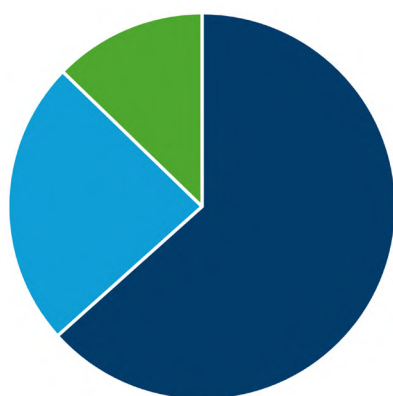
Financial Highlights



(in thousands of dollars)

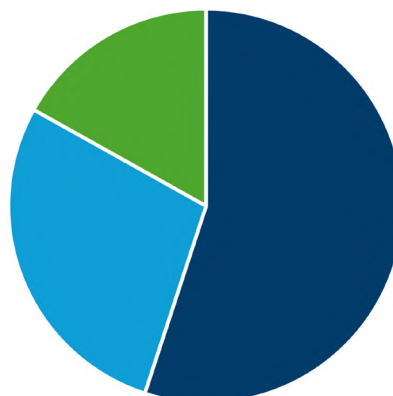
Operations	2025	2024	2023	2022	2021	2020	2019
Total Revenue	370,961	336,132	302,646	308,318	306,402	352,859	332,946
Distribution Revenue	59,586	56,378	53,314	51,726	49,778	49,019	51,400
EBITDA	38,708	26,031	21,819	14,574	19,014	23,566	29,645
Net Income	19,952	10,769	8,137	612	4,969	7,316	12,155
Dividends	5,000	4,000	4,000	4,000	4,000	4,000	4,000
Balance Sheet							
Cash and Investments	37,952	35,641	42,367	46,561	63,457	59,075	50,272
Property, Plant and Equipment & Intangible Assets	311,718	275,149	262,741	254,214	247,269	245,302	242,344
Total Assets	493,904	436,035	424,531	414,097	422,990	428,024	415,609
Long-term Debt	130,875	103,000	103,000	103,000	103,000	103,000	103,000
Equity	222,985	209,298	202,327	200,874	186,931	182,593	183,536
Cash Flows							
Operating	33,435	18,681	18,857	4,954	19,983	24,443	20,621
Investment in Infrastructure	26,082	26,498	22,938	19,274	14,889	16,749	21,630

Revenue by Type ¹



- Distribution Revenue
- Services to WUC
- Other services

Expenses by Type ¹

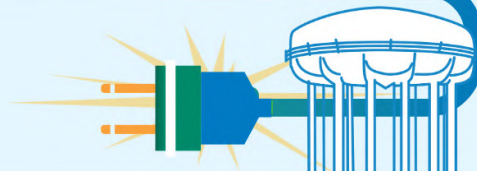


- Operating expenses
- Cost of services provided to WUC
- Depreciation

¹ Excludes the sale of electricity and cost of electricity



Operational Results



WCU's ability to achieve its strategic objectives depends on its assets, expertise, systems, and capital resources, both tangible and intangible.

Assets

WCU's total assets are \$493.9 million as of December 31, 2025.

Electricity Distribution Assets

In 2025, ENWIN continued to operate and maintain its electricity distribution assets while managing challenges related to aging infrastructure and extended equipment lead times. These issues were addressed through disciplined planning, targeted investment, and the consistent delivery of system replacement and expansion programs that support safe, reliable service and evolving customer needs.

ENWIN provides value through its electricity distribution grid, which includes poles, wires, cables, transformers, substations, and meters that deliver power safely and reliably across the city. This infrastructure is supported by ENWIN's technical expertise, operational practices, and long-term planning, with ongoing improvements focused on maintaining system reliability and service quality.

During the year, ENWIN invested \$26.1 million to maintain and expand the distribution system and related infrastructure. In 2025, ENWIN's distribution grid moved 449 MW of peak power which represents 68 per cent of the all-time peak the system established in 2006. Monthly peak demand was approximately three per cent lower than in 2024, reflecting stable overall system loading. While peak loads depend on economic and weather conditions, the ENWIN distribution grid has a reasonable reserve capacity to serve additional loads which may materialize in the future. The distribution system also supported the connection of 614 new customer load services and 16.6 MW of new generation.

Infrastructure renewal activities included the installation of approximately 350 distribution poles and 240 transformers. The newly developed Underground Cable and Submersible Transformer Replacement Program represented ENWIN's most ambitious electric capital initiative in 2025. The program supports ENWIN's objective to eliminate submersible transformers by 2030 due to their lower reliability compared to on-ground minipad transformer alternatives. Through focused efforts by ENWIN crews, all 62 planned submersible transformer units were replaced during the year, along with the associated aging primary cable.

Timely restoration of electrical service remains a key customer priority. In 2025, the average outage duration was 28 minutes, reflecting continued strong reliability performance across the distribution system.

Federal funding received in 2021 supported the implementation of two automated feeder ring systems within the City of Windsor. These self-healing grid investments enhance reliability by reducing outage hours in areas unaffected by the original source of an interruption. The project reached successful completion in 2025. Building on the experience and knowledge gained by the ENWIN team, opportunities will be explored to further expand and improve upon the outcomes achieved.

Unregulated Business Lines

Historically, ENWIN Energy Ltd. (EWE) has overseen and managed sentinel lighting and streetlighting services for a range of customers, including the City of Windsor. In recent years, the organization has taken steps to broaden its portfolio by pursuing strategic partnerships, launching new venture offerings, and participating in government-funded initiatives that support value creation for its shareholder.



A key milestone in this diversification was the formation of Ontech Rapid Coatings in 2018 through a partnership between EWE and Tessonics Inc. Since that time, Ontech has focused on delivering advanced corrosion control and coating solutions within the utility sector. The business has expanded to serve multiple licensed electricity distributors across Ontario. Growth continued through 2025, with a record number of customers served and assets coated across the province. Alongside this progress, Ontech began trialing new graffiti removal services with several Ontario-based clients, providing a foundation for further expansion in 2026.

EWE also established Enertrace Services Ltd. in 2023 as a joint venture with Essex Energy to respond to increasing demand for underground utility locates within Windsor-Essex County. The company's mandate focuses on meeting regional locating needs while supporting damage prevention efforts. Enertrace completed its first full year of operations in 2025, exceeding expectations and maintaining a flawless record of meeting all legislated ticket timelines. Locating and damage prevention work across the region continues.

Further portfolio diversification occurred in February 2025 with the acquisition of WaveDirect Telecommunications Ltd., a long-standing rural and regional internet service provider headquartered in Leamington, Ontario. This acquisition represented a strategic entry into telecommunications for ENWIN Energy, supported by the opportunity to leverage shared infrastructure. WaveDirect identified the partnership as a catalyst for accelerating reliable high-speed internet expansion across Windsor-Essex, reflecting a shared commitment to regional economic development and locally controlled service delivery.

ENWIN Water Operations

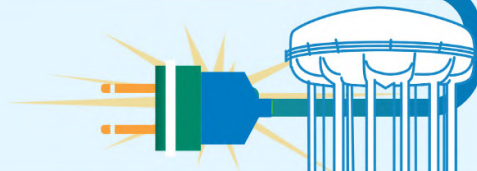
WUC is an independent utility that contracts ENWIN to manage and operate its water system through a Water System Operating Agreement (WSOA). ENWIN delivers operational, maintenance, and capital services on WUC's behalf and is compensated for these services.

In 2025, ENWIN supported WUC in delivering \$56.9 million in total capital investments including linear infrastructure investments focused on asset renewal and system expansion. This work included the installation of 12.02 km of new watermain and associated water services using PVC pipe and polyethylene/copper tubing. In addition, 5.66 km of feedermain were installed, completing Phase II of the Central Corridor Feedermain and strengthening system capacity to support population growth and expanding industrial demand.

At the Albert H. Weeks Water Treatment Plant, ENWIN advanced several key initiatives in 2025, including the initiation of ozone control system upgrades to improve reliability and troubleshooting, the commencement of generator replacement work to strengthen backup power capability, and the decommissioning and demolition of the adjacent 1926 Water Treatment Plant. These activities support the continued delivery of safe and reliable drinking water to Windsor, LaSalle, and Tecumseh.



Financial Results



\$20.0 M & \$14.1 M

Net Income & Modified
Net Income
(regulatory)



9.2% & 10.6%

Return on Equity &
Regulated Return on
Equity



\$311.7 M

Property, Plant,
Equipment and
Intangible Assets



\$60.0 M

Distribution
Revenue



\$65.1 M

Operating Expenses
(Excluding Depreciation)

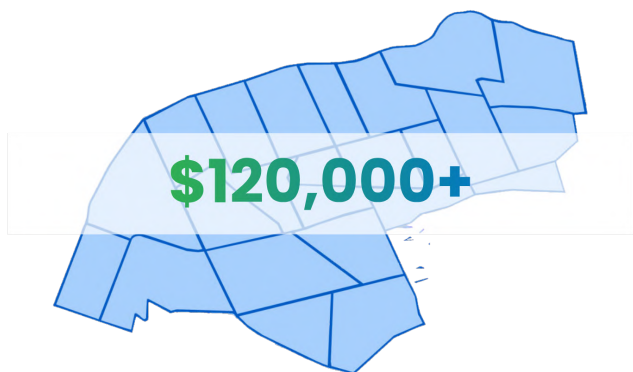


\$493.9 M

Total Consolidated
Assets



ENWIN in the Community



Awarded locally through ENWIN's Community Support Program, employee-led Grassroots Initiatives, Post-Secondary Scholarships and Corporate Sponsorships



Employee Fundraising: United Way's Backpacks for Success and Summer Eats for Kids (**\$930 raised**), Big Brothers Big Sisters Bowl for Kids' Sake (**\$2,180 donated**), Customer Service Elves (**\$900 donated** to Goodfellows), S'Well Chili Cook-off fundraiser for Transition 2 Betterness (**\$1,010 donated**), and United Way Campaign (**\$26,704.95 raised**).

Employee Volunteering: Essex Region Conservation Authority (ERCA) Earth Day Tree planting (**2000+ trees planted**), Meet a Machine (**approximately 10,000 attendees**), Hydro crews Riverside Banner Initiative (**raised 48 veteran banners**), Safety Village Trick-or-Treat in the Village (**1500+ attendees**), City of Windsor Open Streets, and Essex Fun Fest.

ENWIN Supporting Students: ENWIN provided **\$2000 scholarships** to each of a University and College student. In addition, ENWIN provided four Equity, Diversity, Inclusion and Accessibility (EDIA) **scholarships of \$1000 each** for under-represented students in STEM fields entering post-secondary.

Events: International Women's Day Panels and Networking Sessions; Bright Lights Windsor; the City of Windsor Santa Clause Parade, Leamington Santa Claus Parade and Essex Santa Claus Parade; World Water Day; Windsor Spitfires Home Opener; Customer Care Access Initiative at Devonshire Mall, Aquatic Centre, and the Newcomer Centre.

Some of the Charitable Organizations ENWIN Supported in 2025





MEET A MACHINE 2025



Appendix A:

Consolidated Financial Statements and Independent Auditor's Report



Consolidated Financial Statements of

WINDSOR CANADA UTILITIES LTD.

And Independent Auditors' Report thereon

Year Ended December 31, 2025



WINDSOR CANADA UTILITIES LTD.

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Year ended December 31, 2025

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WINDSOR CANADA UTILITIES LTD.

Consolidated Balance Sheet
(In thousands of Canadian dollars)

December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 15,728	\$ 16,073
Accounts receivable	5	66,480	57,519
Due from related parties	24	5,736	3,926
Inventory	6	10,368	8,191
Other assets		3,108	1,989
		101,420	87,698
Non-current assets:			
Property, plant and equipment	7	310,277	273,747
Intangible assets	8	1,441	1,402
Investments	9	126	-
Investment, sinking fund	9	22,098	19,568
Investment in joint ventures	25	308	233
Due from related parties - debenture	24	52,000	52,000
Deferred income taxes	17	-	1,387
Goodwill	10	6,234	-
		392,484	348,337
Total assets		\$ 493,904	\$ 436,035
Liabilities			
Current liabilities:			
Accounts payable and accruals	11	\$ 40,318	\$ 31,912
Payments in lieu of income taxes payable	17	1,581	2,749
Due to related parties	24	11,384	10,787
Current portion of customer deposits	12	2,296	1,591
Deferred revenue		81	-
		55,660	47,039
Non-current liabilities:			
Customer deposits	12	5,287	7,155
Deferred revenue - customer contributions	13	25,681	21,109
Long-term debt	14	130,875	102,558
Employee future benefits	15	51,843	48,876
Deferred income taxes	17	1,573	-
		215,259	179,698
Total liabilities		270,919	226,737
Equity			
Common shares	18	81,842	81,842
Contributed surplus		516	516
Retained earnings		126,917	111,965
Accumulated other comprehensive income		13,710	14,975
		222,985	209,298
Commitments and contingencies	27		
Total liabilities and equity		\$ 493,904	\$ 436,035

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, 2025, with comparative information for 2024

	Notes	2025	2024
Revenue from sale of electricity:			
Sale of electricity		\$ 276,923	\$ 252,515
Distribution revenue	19	59,586	56,378
		336,509	308,893
Cost of electricity purchased		267,129	253,409
Gross profit		69,380	55,484
Other revenue:			
Services provided to Windsor Utilities Commission	24	22,473	20,752
Other income	20	11,979	6,386
		34,452	27,138
Operating expenses:			
Operating and distribution expenses	21	42,331	36,777
Billing, collecting and administrative expenses	21	22,793	19,814
Depreciation and amortization	7, 8	13,203	12,603
		78,327	69,194
Income from operating activities		25,505	13,428
Finance expense (income):			
Finance income	22	(4,382)	(5,697)
Finance expense	22	4,679	4,468
		297	(1,229)
Income before tax		25,208	14,657
Income taxes:			
Provision for payments in lieu of corporate taxes	17	1,576	2,671
Deferred income taxes	17	3,680	1,217
		5,256	3,888
Income for the year		\$ 19,952	\$ 10,769

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, 2025, with comparative information for 2024

	Notes	2025	2024
Income for the year		\$ 19,952	\$ 10,769
Other comprehensive (loss) income:			
Items that will not be reclassified to the statement of income:			
Remeasurement of employee future benefits (loss) income	15	(1,721)	275
Related tax	17	456	(73)
Other comprehensive (loss) income		(1,265)	202
Total comprehensive income for the year		\$ 18,687	\$ 10,971

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, 2025, with comparative information for 2024

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2024	\$ 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
Income for the year	-	-	19,952	-	19,952
Dividends declared	-	-	(5,000)	-	(5,000)
Other comprehensive loss	-	-	-	(1,265)	(1,265)
Balance at December 31, 2025	\$ 81,842	\$ 516	\$ 126,917	\$ 13,710	\$ 222,985

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, 2025, with comparative information for 2024

	Notes	2025	2024
Operating activities:			
Total comprehensive income for the year		\$ 18,687	\$ 10,971
Adjustments for:			
Depreciation and amortization	7,8	13,203	12,603
Amortization of deferred revenue customer contributions		(639)	(565)
Remeasurement of employee future benefits	15	1,721	(275)
Gain on investments	9	(1,334)	(1,975)
Loss on sale of property, plant and equipment	20	437	670
Amortization of debt issuance costs		17	16
Share in joint venture's net (income) loss		(75)	(17)
Income tax expense	17	1,576	2,671
Changes in non-cash operating working capital	23	2,980	(5,281)
Interest paid		(4,662)	(4,452)
Interest received		4,382	5,697
Income taxes paid		(2,858)	(1,382)
		33,435	18,681
Investing activities:			
Acquisition of property, plant, equipment and intangible assets	7, 8	(26,082)	(26,498)
Acquisition of investments	9, 10	(27,853)	(1,200)
Deferred revenue - customer contributions		959	2,526
Proceeds from investment		-	3,740
Proceeds on sale of property, plant & equipment		563	590
		(52,413)	(20,842)
Financing activities:			
Acquisition of long-term debt	4	28,300	-
Settlement of long-term debt of subsidiary		(6,907)	-
Cash obtained on acquisition of subsidiary		2,240	-
Dividends paid		(5,000)	(4,000)
		18,633	(4,000)
Net change in cash and cash equivalents		(345)	(6,161)
Cash and cash equivalents at January 1		16,073	22,234
Cash and cash equivalents at December 31		\$ 15,728	\$ 16,073

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



WINDSOR CANADA UTILITIES LTD.

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WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

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, ENWIN Energy Ltd. ("EWE"), a non-regulated service company, and E.L.K. Energy Inc. ("ELK"), a rate-regulated distribution 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. WCUL, through its wholly-owned subsidiary, ELK, is also responsible for the ownership and operation of the electricity distribution grid delivering electricity and related energy services to residential and commercial customers in the towns of Essex, Harrow, Belle River, Comber, Kingsville and Cottam.

These financial statements are presented on a consolidated basis and include the following subsidiaries: EWU, EWE and ELK. Hereafter, for purposes of these notes, unless specifically referenced, any and all references to the "Corporation" refer to WCUL and its subsidiaries EWU, EWE and ELK.

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 WaveDirect Telecommunications Corporation ("WaveDirect"), which provides telecommunication services to customers in Ontario.

Through its wholly-owned subsidiary, ELK, the Corporation is also the sole shareholder of E.L.K. Solutions Inc. ("ESI"), which provides street lighting maintenance and other services.

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, 2025

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 22, 2026.

(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, 2025

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(j) – 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 10 – Goodwill: impairment test on goodwill;
- (v) Note 15 – Employee future benefits: measurement of the defined benefit obligation;
- (vi) Note 26 – 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 and ELK are 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 and ELK, 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, 2025

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 for EWU or WCU and, as a result, these regulatory assets and liabilities have not been recorded in these consolidated IFRS financial statements. ELK adopted IFRS at a different time than EWU and has the ability to record regulatory assets and liabilities under IFRS, however, for the purposes of consolidation within WUC, these balances have been unwound to retained earnings in order to satisfy the application of uniform accounting policies across all subsidiaries.

(i) Rate setting:

The electricity distribution rates and other regulated charges of an LDC 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 an LDC 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 the LDC's rate base. LDCs estimate 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. ELK last filed a COS application in 2022 for rates effective July 1, 2022.

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 15, 2024, EWU submitted an IRM application to the OEB to change distribution rates effective January 1, 2025. The application was approved by the OEB on December 19, 2024. On October 28,



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(ii) Rate applications (continued):

2024, ELK submitted an IRM application to the OEB to change distribution rates effective May 1, 2025. The application was approved on August 28, 2025 for Phase 1 issues and on December 11, 2025 for Phase 2 issues.

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, 2025

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, 2025

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	4 – 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, 2025

3. Material accounting policies (continued):

(g) Goodwill:

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired, in accordance with IAS 36 *Impairment of Assets*.

(h) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

3. Material accounting policies (continued):

(h) Impairment (continued):

(ii) Non-financial assets (continued):

unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of income and are allocated to reduce the carrying amount of the assets in the cash-generating unit on a pro-rata basis.

(i) Employee future benefits:

(i) Pension plan:

EWU and ELK provide 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 or ELK 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, 2025, the OMERS plan is in a deficit position.

(ii) Employee future benefits:

EWU and ELK pay 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 and ELK are 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 and ELK have reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these consolidated financial statements.



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

3. Material accounting policies (continued):

(i) Employee future benefits (continued):

(ii) Employee future benefits (continued):

EWU and ELK accrue the cost of these employee future benefits over the periods in which the employees earn the benefits. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. The current service cost for a period is equal to the actuarial present value of benefits attributed to that period in which employees rendered their services.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. EWU and ELK determine 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 or settlement of these employee future benefits are recognized immediately in income.

In accordance with the WSOA and the Employee Arrangement Agreement between the Commission and EWU, the Plan was amended such that all active Commission management and union employees were included as part of the Plan, and have their coverage sponsored by EWU. A date of December 31, 2012 was assumed by the actuary to reflect this event in the Plan.

(j) Deferred revenue:

Certain customers 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.

(k) Customer deposits:

For EWU and ELK, customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Deposits are refundable to customers who demonstrate an acceptable level of credit risk, upon termination of their



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

3. Material accounting policies (continued):

(k) Customer deposits (continued):

electricity distribution service or for deposits in excess of unpaid account balances in accordance with OEB requirements. Interest is paid on customer 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.

For EWE, customer deposits include cash deposits from the City for street lighting inventory and from telecommunication customers to guarantee the payment of internet services provided and ensure return of WaveDirect equipment on customers' premises. Deposits relating to telecommunication customers are refundable to customers who demonstrate an acceptable level of credit risk or upon termination of their telecommunications service. Interest is not paid on these customer deposits.

(l) 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 and ELK have 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 and ELK is recognized when EWU and ELK satisfy 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.



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

3. Material accounting policies (continued):

(l) Revenue recognition (continued):

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.

Telecommunications revenue – Through its subsidiary, WaveDirect, telecommunications revenue is recognized in accordance with IFRS 15 when the control of the services is transferred to the customer. WaveDirect provides monthly wireless and hardwired internet services to residential and commercial customers. In addition, WaveDirect provides static IP services and internet protocol television (“IPTV”) services. Revenue from these services is recognized on a straight-line basis over the term of the contract. For telecommunications-related services including internet installation, repair, and other technical support services, revenue is recognized at the point in time when the related services have been completed.

Other income for work orders is recorded on a net basis as the Corporation is acting as an agent for this revenue stream. All other amounts in other income are recorded on a gross basis and are recognized when services are rendered.

(m) Finance costs:

Finance costs comprise interest expense on borrowings and unwinding of the discount rate on provisions.

(n) 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



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

3. Material accounting policies (continued):

(n) Income taxes (continued):

in the consolidated statement of income in the year that includes the date of enactment or substantive enactment.

(o) 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.

(p) Business Combinations:

The Corporation accounts for business combinations using the acquisition method at the date on which control is obtained. The consideration transferred in a business combination is measured at fair value at the acquisition date. Identifiable assets acquired and liabilities assumed are recognized at their acquisition-date fair values.

Goodwill represents the excess of the consideration transferred over the Corporation's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. If the consideration transferred is less than the net fair value of the identifiable assets acquired and liabilities assumed, the resulting gain on a bargain purchase is recognized immediately in profit or loss.

Acquisition-related costs are expensed as incurred except for costs related to the issuance of debt or equity instruments, which are recognized in accordance with the applicable IFRS standards.

(q) New standards and interpretations not yet adopted:

The following standards which are not yet effective for the year ended December 31, 2025, have not been applied in preparing these consolidated financial statements.

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.



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

3. Material accounting policies (continued):

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

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.

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*, which replaces IAS 1 *Presentation of 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, however retrospective application is required for comparative periods.

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, 2025

4. Cash and cash equivalents:

	2025	2024
Cash and cash equivalents	\$ 15,728	\$ 16,073
Cash and cash equivalents	\$ 15,728	\$ 16,073

The Corporation and EWU have a loan agreement with a Canadian chartered bank providing up to \$75,000 (2024 - \$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, 2028. The agreement restricts the availability of the Corporation to lien assets. As of December 31, 2025, the outstanding balance in the line of credit was \$28,300 (2024 - \$nil). Additional information on the amount borrowed is included in Note 14.

5. Accounts receivable:

	2025	2024
Trade receivables	\$ 39,537	\$ 36,075
Unbilled revenue	29,936	23,567
Allowance for doubtful accounts	(2,993)	(2,123)
Accounts receivable	\$ 66,480	\$ 57,519

The Corporation's exposure to credit risk and impairment losses related to trade receivables is disclosed in Note 26.

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 2025 was \$8,655 (2024 - \$7,237).



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

7. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
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
Balance at January 1, 2025	\$ 27,040	\$ 326,430	\$ 42,131	\$ 8,301	\$ 403,902
Additions	713	23,321	3,567	(2,027)	25,574
Additions from acquisition	1,797	26,447	4,907	-	33,151
Disposals/retirements	-	(1,519)	(84)	-	(1,603)
Balance at December 31, 2025	\$ 29,550	\$ 374,679	\$ 50,521	\$ 6,274	\$ 461,024

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
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
Balance at January 1, 2025	\$ 11,267	\$ 91,402	\$ 27,486	\$ -	\$ 130,155
Depreciation charge for the year	796	8,966	2,974	-	12,736
Accumulated depreciation on additions	113	6,650	1,643	-	8,406
Disposals/retirements/transfers	-	(515)	(35)	-	(550)
Balance at December 31, 2025	\$ 12,176	\$ 106,503	\$ 32,068	\$ -	\$ 150,747

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
December 31, 2024	\$ 15,773	\$ 235,028	\$ 14,645	\$ 8,301	\$ 273,747
December 31, 2025	\$ 17,374	\$ 268,176	\$ 18,453	\$ 6,274	\$ 310,277



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

8. Intangible assets:

(a) Cost or deemed cost:

	Computer software
Balance at January 1, 2024	\$ 32,708
Additions	726
Balance at December 31, 2024	\$ 33,434
Balance at January 1, 2025	\$ 33,434
Additions	506
Balance at December 31, 2025	\$ 33,940

(b) Accumulated amortization:

	Computer software
Balance at January 1, 2024	\$ 31,480
Amortization charge for the year	552
Balance at December 31, 2024	\$ 32,032
Balance at January 1, 2025	\$ 32,032
Amortization charge for the year	467
Balance at December 31, 2025	\$ 32,499

(c) Carrying amounts:

	Computer software
December 31, 2024	\$ 1,402
December 31, 2025	\$ 1,441



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

9. Investments:

On the purchase of ELK, the Corporation has acquired investments. The investment in the common shares of Sunlife Financial is recorded at market value.

	2025	2024
Investment in the common shares of Sun Life Financial	\$ 126	\$ -
Investments	\$ 126	\$ -

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, 2025, and is invested in fixed income and equity markets as established by the Corporation's investment policy.

	2025	2024
Investment: Sinking fund	\$ 22,098	\$ 19,568
Investment, sinking fund	\$ 22,098	\$ 19,568



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

10. Acquisition of subsidiaries:

Through its wholly owned subsidiary EWE, on January 31, 2025, WaveDirect acquired the assets and selected liabilities of WaveDirect Telecommunications for cash consideration of \$3,725. The acquisition supports revenue growth and broadens WCUL's service offerings.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of the acquisition.

	Recognized value
Property, plant, and equipment	\$ 1,266
Prepaid expenses	137
Security deposits	(64)
Deferred revenue	(73)
	\$ 1,266

On the acquisition of WaveDirect, the Corporation recognized goodwill as the excess of the consideration transferred over the Corporation's interest in the net fair value of the identifiable assets acquired and liabilities assumed. The acquisition was accounted for using the acquisition method in accordance with IFRS 3, Business Combinations.

Goodwill arising from the acquisition of WaveDirect primarily represents the expected synergies from combining WCUL operations, access to an established customer base, the assembled workforce, and anticipated future economic benefits that do not qualify for separate recognition as identifiable intangible assets. Goodwill recognized on the balance sheet from this transaction amounts to \$2,459.

For the eleven months ended December 31, 2025, WaveDirect contributed revenue of \$3,203 and a net loss of \$473. If the acquisition had occurred on January 1, 2025, management estimates that the consolidated revenue would have been \$336,800 and consolidated net income for the year would have been \$19,909.

On November 28, 2025, the Corporation acquired the shares of ELK from The Town of Essex for consideration of \$22,949. If information emerges within 18 months of the acquisition date regarding facts and circumstances present at that time, which necessitate adjustments to the amounts stated above or reveal additional provisions existing at the acquisition date, the accounting for the acquisition shall be updated accordingly. The acquisition will expand the Corporation'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.



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

10. Acquisition of subsidiaries (continued):

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of the acquisition.

	Recognized value
Property, plant, and equipment	\$ 23,478
Other assets	10,757
Current liabilities	(5,080)
Non-current liabilities	(9,981)
	<u>\$ 19,174</u>

On the acquisition of ELK, the Corporation recognized goodwill as the excess of the consideration transferred over the fair value of the net assets purchased. The acquisition was accounted for using the acquisition method in accordance with IFRS 3, Business Combinations.

Goodwill arising from the acquisition of ELK primarily represents the expected synergies from combining EWU and ELK operations and anticipated future economic benefits that do not qualify for separate recognition as identifiable intangible assets. Goodwill recognized on the balance sheet from this transaction amounts to \$3,775.

The total amount of goodwill recognized on the consolidated balance sheet is \$6,234, comprised of \$2,459 relating to WaveDirect and \$3,775 relating to ELK.

For the one month ended December 31, 2025, ELK contributed revenue of \$3,441 and a net loss of \$180. If the acquisition had occurred on January 1, 2025, management estimates that the consolidated revenue would have been \$371,729 and consolidated net income for the year would have been \$20,069.

11. Accounts payable and accruals:

	2025	2024
Trade payables	\$ 28,798	\$ 21,597
Accrued expenses	11,520	10,315
	<u>\$ 40,318</u>	<u>\$ 31,912</u>

Information about the Corporation's exposure to currency and liquidity risk is included in Note 26.



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

12. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, construction deposits, deposits received from the City for inventory for Street-lighting maintenance, and security deposits received from WaveDirect customers. These deposits are recognized as liabilities until the related obligations are fulfilled or the deposits otherwise applied or refunded.

Customer deposits comprise:

	2025	2024
Customer deposits	\$ 5,608	\$ 4,653
Construction deposits	1,975	4,093
	7,583	8,746
Less: current portion	(2,296)	(1,591)
	\$ 5,287	\$ 7,155

13. Deferred revenue – customer contributions:

Deferred revenue relates to the capital contributions received from EWU and ELK customers and others. The amount of deferred revenue received from customers is \$25,681 (2024 - \$21,109). Deferred revenue is recognized as revenue on a straight-line basis over the life of the asset for which the contribution was received.

14. Long-term borrowings:

Long-term borrowings comprise:

	2025	2024
Debentures payable	\$ 103,000	\$ 103,000
Less: debt issuance costs	(425)	(442)
Long-term bank loan	28,300	-
	\$ 130,875	\$ 102,558

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



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

14. Long-term borrowings (continued):

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 (2024 - \$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.

On November 28, 2025, the Corporation purchased 30,000 common shares of E.L.K. Energy Inc. for a preliminary purchase price of \$22,924 and 10,000 Class B shares of E.L.K. Solutions Inc. for a preliminary purchase price of \$25 from The Corporation of the Town of Essex. The transaction was financed through a combination of cash and the use of the existing credit facility. The amount of \$28,300 was borrowed under the Corporation's existing credit facility. Additional information on the terms of this loan is provided in Note 4.

15. Employee future benefits:

EWU and ELK pay certain health, dental and life insurance benefits on behalf of some of their 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, 2025, with extrapolation to December 31, 2025, has been used to calculate EWU's current obligation. ELK's most recent valuation was completed December 31, 2024 and extrapolated to December 31, 2025. The Corporation's employee future benefit liability consists of the following:

	2025	2024
Defined benefit liability	\$ 51,843	\$ 48,876
Employee future benefits, end of year	\$ 51,843	\$ 48,876



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

15. Employee future benefits (continued):

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

Changes in the present value of the defined benefit liability:

	2025	2024
Defined benefit liability, beginning of year	\$ 48,876	\$ 48,299
Acquisition of ELK defined benefit liability	405	-
Defined benefit expense	3,251	3,105
Actuarial loss/(gain) on liability recognized in other comprehensive income	1,721	(275)
Benefits paid for the year	(2,410)	(2,253)
Defined benefit liability, end of year	\$ 51,843	\$ 48,876

Components of defined benefit expense recognized are as follows:

	2025	2024
Current service cost	\$ 817	\$ 776
Past service cost	172	130
Interest cost	2,262	2,199
Defined benefit expense	\$ 3,251	\$ 3,105

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:

For EWU, the health care cost trend for prescription drugs is estimated to increase at 6.0% in 2026 grading down to 3.8% by 2041. Other health expenses are estimated to increase at 6.0% in 2026 grading down to 3.8% by 2041. Dental expenses are estimated to increase at 3.8% per year. For ELK, the medical trend rate is estimated to increase at 5.5% (2024 – 6.5%) and the dental trend rate is estimated to increase at 4.0% (2024 – 4.0%).

(b) Financial instruments:

For EWU, the liabilities at the period end and the present value of future liabilities were determined using a discount rate of 5% (2024 – 4.7%) representing an estimate of the yield on high quality corporate bonds as at the valuation date. For ELK, the discount rate used in the valuation was 3.9% (2024 – 3.9%).



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

15. Employee future benefits (continued):

(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.

For EWU, 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:

	2025		2024	
	Increase	Decrease	Increase	Decrease
Health care trend rate (1% change)	\$ 6,884	\$ (5,667)	\$ 7,482	\$ (6,013)
Discount rate (1% change)	(6,535)	8,121	(6,168)	7,771
Mortality (1 year)	2,224	(2,123)	1,890	(1,752)

For ELK, a 1% increase in the assumed medical trend rate would result in the defined benefit obligation increasing by \$11. A 1% decrease in the assumed medical trend rate would result in the defined benefits obligation decreasing by \$11.

16. 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% (2024 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2024 - 14.6%) thereafter. During 2025, EWU expensed contributions totalling \$3,637 (2024 - \$3,295) made to OMERS in respect of the employer's required contributions to the plan. ELK expensed contributions totalling \$17 during the 33-day period in 2025 since acquisition. Total estimated contributions for EWU and ELK in 2026 are \$4,153.

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

	2025	2024
Current provision for payments in lieu of corporate tax expense:		
Current year	\$ 1,391	\$ 2,679
Adjustments for prior years	185	(8)
Deferred income tax expense:		
Origination and reversal of temporary differences	2,565	770
Adjustments for prior years	659	520
Tax related to remeasurement of employee future benefits	456	(73)
Total income taxes expense	\$ 5,256	\$ 3,888



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

17. 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:

	2025	2024
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
Change in income tax resulting from:		
Adjustments for prior years	(4.49%)	3.91%
Items not deductible for tax purposes and other	(1.16%)	(3.88%)
Effective rate applied to comprehensive income before income taxes	20.85%	26.53%

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

	2025	2024
Deferred tax assets:		
Employee benefits	\$ 7,965	\$ 7,179
Non-capital loss	1,373	-
Regulatory assets	-	2,059
Share of joint venture's net loss	25	43
Other	818	264
Deferred tax liabilities:		
Property, plant and equipment	(11,486)	(8,092)
Regulatory liabilities	(184)	-
Other	(84)	(66)
Net deferred income tax (liability) asset	\$ (1,573)	\$ 1,387

At December 31, 2025, a deferred tax liability of \$1,573 (2024 – (\$1,387)) has been recorded. This tax liability represents a future income tax payment the Corporation owes but is not required to pay until a later date



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

18. Share capital:

	2025	2024
Authorized:		
Unlimited common shares		
Issued:		
2,000 common shares	\$ 81,842	\$ 81,842

19. Distribution revenue:

EWU and ELK generate revenue primarily from the sale and distribution of electricity to their customers. Other revenue consists of services provided to related parties and other income. Additional information is provided in Note 20 with the components of other income.

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

	2025	2024
Residential	\$ 31,225	\$ 29,791
General service – small distribution	21,757	20,261
General service – large distribution	4,728	4,523
Street lighting distribution	1,876	1,803
Total distribution revenue	\$ 59,586	\$ 56,378

20. Other Income:

Other income comprises:

	2025	2024
Change in occupancy	\$ 336	\$ 337
Late payment and collection charges	844	512
Other operating revenues	1,547	231
Loss on disposal of property, plant and equipment	(437)	(670)
Pole attachment revenue	1,504	1,438
Sale of scrap	153	234
Sewer surcharge billing and collecting	3,186	2,614
Telecommunications revenue	3,203	-
Street lighting maintenance and sentinel light rental	1,568	1,673
Share in joint ventures' net gain	75	17
Total other income	\$ 11,979	\$ 6,386



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

21. Employee benefits:

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

	Note	2025	2024
Salaries and benefits		\$ 46,154	\$ 40,809
Contributions to multi-employer plan	16	3,637	3,295
Expenses related to defined benefit plans	15	3,251	3,105
		\$ 53,042	\$ 47,209

22. Finance expense (income):

	2025	2024
Finance income:		
Interest income on loans to affiliate	\$ (2,150)	\$ (2,150)
Interest income on bank balances	(691)	(1,572)
Income on sinking fund investment	(1,330)	(1,767)
Interest income other	(211)	-
Income on investments	-	(208)
	(4,382)	(5,697)
Finance expense:		
Interest expense on long-term borrowings	4,258	4,258
Interest expense on customer and security deposits	143	193
Amortization of debt issuance costs	17	16
Interest expense other	261	1
	4,679	4,468
Net finance expense (income)	\$ 297	\$ (1,229)



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

23. Changes in non-cash operating working capital:

Changes in non-cash operating working capital comprises:

	2025	2024
Net finance expense	\$ 280	\$ (1,245)
Accounts receivable	(1,785)	(8,611)
Due from related parties	(1,810)	1,081
Inventory	(1,657)	637
Other assets	(1,069)	(203)
Deferred income taxes	3,224	1,291
Accounts payable and accruals	5,736	1,793
PIL of income taxes	501	379
Due to related parties	599	1,396
Deferred revenue	81	(4,118)
Customer deposits	(1,960)	1,467
Employee future benefits	840	852
Total changes in non-cash operating working capital	\$ 2,980	\$ (5,281)

24. 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:

	2025	2024
Salaries and other short-term benefits	\$ 1,833	\$ 1,495
Employee future benefits	19	17
	\$ 1,852	\$ 1,512



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

24. 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, 2025, was \$3,186 (2024 - \$2,614). 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, 2025, relating to waste water billing was \$11,384 (2024 - \$10,787).

EWU has issued a standby letter of credit to the City in the amount of \$300 (2024 - \$300) as an indemnity deposit for municipal consent permits. There was no amount owing on this facility at December 31, 2025.

EWE provides street lighting maintenance services to the City. The total amount charged to the City for the year ended December 31, 2025, relating to street lighting maintenance services was \$1,482 (2024 - \$1,586) 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, 2025, was \$22,473 (2024 - \$20,752).

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

The amounts due from related parties consist of:

	2025	2024
Due from companies under common control:		
Due from Windsor Utilities Commission	\$ 5,225	\$ 3,228
Due from joint ventures:		
Due from ONtech Rapid Coatings Inc.	6	6
Due from Enertrace Services Ltd.	20	-
Due from parent:		
Due from the Corporation of the City of Windsor	485	692
	<u>\$ 5,736</u>	<u>\$ 3,926</u>



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

24. 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:

	2025	2024
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:

	2025	2024
Due to parent:		
Due to the Corporation of the City of Windsor	\$ 11,384	\$ 10,787
	\$ 11,384	\$ 10,787

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

25. 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, 2025

25. Investment in joint ventures (continued):

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.

26. 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	2025			2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Investment, sinking fund	10,578	11,520	22,098	9,026	10,542	19,568
Investment, Sunlife	126	-	126	-	-	-
	\$ 10,704	\$ 11,520	\$ 22,224	\$ 9,026	\$ 10,542	\$ 19,568

The fair value of the investments is \$22,224 (2024 - \$19,568). 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:

	2025	2024
Not past due	\$ 58,527	\$ 45,867
Past due 0 – 30 days	2,806	8,075
Past due 31 – 60 days	1,562	1,710
Greater than 60 days	6,578	3,990
	\$ 69,473	\$ 59,642

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No single customer accounts for greater than 6.0% (2024 – 5.7%) of revenues.



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

26. Financial instruments and risk management (continued):

(i) Credit risk (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the 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, 2025 was \$2,993 (2024 - \$2,123).

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

	2025	2024
Balance, beginning of year	\$ 2,123	\$ 2,045
Accounts receivable balances written off	(712)	(820)
Change in provisions for doubtful accounts	1,582	898
Balance, end of year	\$ 2,993	\$ 2,123

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2025, approximately \$6,637 (2024 - \$3,990) 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, 2025, the Corporation holds security deposits in the amount of \$5,608 (2024 - \$4,653).

(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, 2025

26. 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
2025						
Accounts payable and accruals	\$ 40,318	\$ -	\$ -	\$ -	\$ -	\$ 40,318
Due to related parties	11,384	-	-	-	-	11,384
Customer deposits	1,557	739	1,477	3,810	-	7,583
Long-term borrowings	-	-	28,300	103,000	(425)	130,875
	\$ 53,259	\$ 739	\$ 29,777	\$ 106,810	\$ (425)	\$ 190,160

	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

(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 \$106 (2024 - \$90) 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, 2025

26. 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, 2025, shareholder's equity amounts to \$222,985 (2024 - \$209,298) and long-term debt amounts to \$130,875 (2024 - \$102,558).

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 \$67 (2024 - \$59) 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, 2025

27. 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, 2025, the Corporation has not been made aware of any additional assessments that have not been accrued.

28. Regulatory assets and liabilities:

Under IFRS, there is no recognition of regulatory assets or liabilities, and therefore, the impacts of these transactions are reflected on the consolidated statement of income, as applicable. As a result of not recognizing rate-regulated assets and liabilities, the effect was to increase (decrease) comprehensive income as follows:

	2025	2024
Gross income:		
Retail settlement variance	\$ 6,259	\$ (1,701)
Expenses:		
Property, plant and equipment	21	(4,505)
Future PILS	(3,781)	(1,210)
Regulatory adjustment for IFRS conversion	1	3,252
Disposition and recovery of regulatory balances	3,739	2,089
Pole attachment revenue	(200)	(248)
Interest expense (net of interest revenue)	265	(29)
Incremental cloud computing arrangement implementation	(142)	(1,588)
Low-income Energy Assistance Program (LEAP)	(63)	(70)
OEB Cost Assessment Variance	(58)	-
Other	4	5
Increase (decrease) in comprehensive income	\$ 6,045	\$ (4,005)



WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2025

29. Comparative information:

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.

