E.L.K. Energy Inc.

2027 Cost of Service Rate Application

Exhibit 4

Operating Expenses

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4.1 Overview

E.L.K. provides an overview of its operating, maintenance and administration ("OM&A") costs in this Exhibit. The OM&A costs represent the required expenditures necessary to:

- Safely operate and maintain E.L.K.'s distribution system assets;
- Conduct metering, billing and collecting activities;
- Implement and carry out government mandated initiatives; and
- Maintain a quality of service expected by customers and required per the Distribution System Code and other regulatory requirements.

In brief, these are the on-going costs associated with providing distribution services in alignment with regulatory requirements, business environment changes and customers' expectations.

4.1.1 2027 Test Year OM&A Summary

E.L.K.'s 2027 Test Year total OM&A expenses are summarized in the Table below.[1] The total OM&A included in the 2027 Test Year revenue requirement is $4,882,170, inclusive of the Low-Income Energy Assistance Program ("LEAP") funding amounts and Property Taxes. In this Exhibit, information is provided on key aspects of E.L.K.'s proposed OM&A spending, trends and business environment factors impacting this spending, and material year-over-year variances. Details on staffing and compensation costs, as well as details on shared services, are also provided as per the OEB's Chapter 2 filing requirements.

Table 1 - E.L.K. 2027 Test Year OM&A Expenses

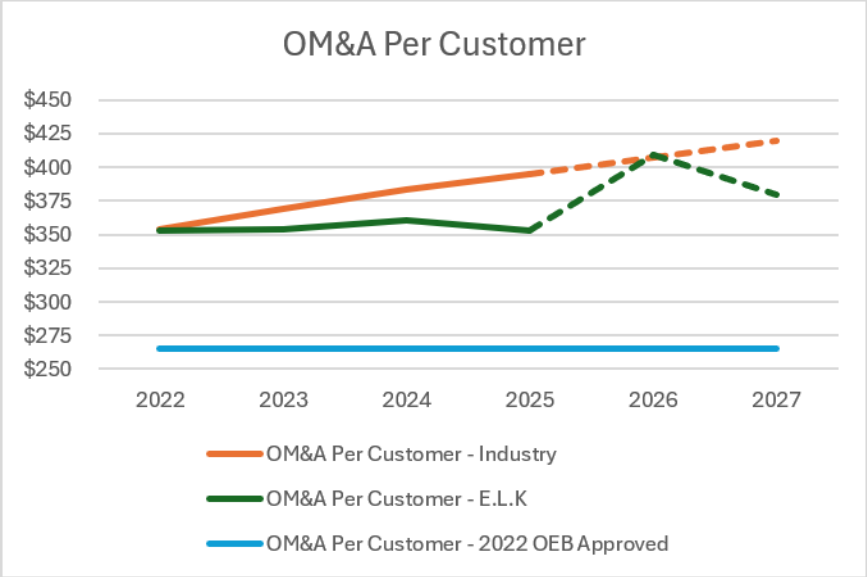
Particulars	2027 Test
Operations	$ 477,524
Maintenance	$ 1,366,862
Billing and Collecting	$ 1,185,755
Administrative & General	$ 1,821,429
LEAP	$ 8,800
Property Tax	$ 21,800
Total	**$ 4,882,170**

[1] Table 1 presents total OM&A including Property Taxes. Throughout the remainder of this Exhibit, total OM&A is presented excluding of Property Taxes to remain consistent with the presentation in the OEB's Chapter 2 Appendices.

E.L.K. has been experiencing increasing OM&A cost pressures in recent years, as the requirements of an evolving and rapidly changing industry have greatly exceeded the OM&A costs that were embedded in E.L.K.'s 2022 Cost of Service distribution rates by approximately 30%. This low level of OM&A costs from the 2022 Cost of Service are reflected in E.L.K.'s current distribution rates, which are the lowest in the province.[2] While E.L.K. customers have benefited for a number of years from these very low distribution rates, E.L.K. has now reached a point where it needs to start bringing its operations up to a sustainable level. Otherwise, E.L.K. risks the continued viability and safe operation of its distribution system.

E.L.K.'s 2022 OEB-approved OM&A per customer was significantly below the provincial average, and even with cost increases in recent years, E.L.K. has still remained at or below the provincial average for the 2022 – 2024 period, which is forecast to continue over the course of the 2025 – 2027 period. This is demonstrated in the figure below.

Figure 1 - E.L.K. OM&A Per Customer

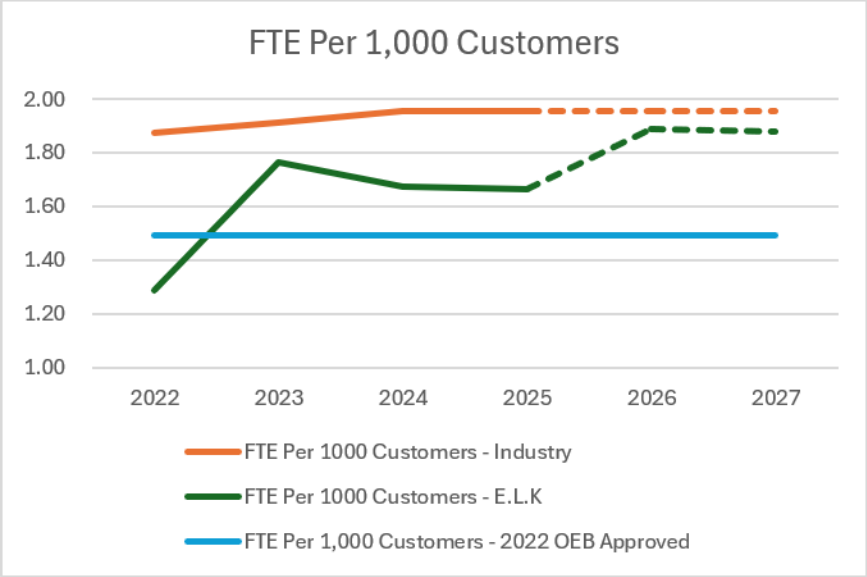


Source: OEB Annual PEG Benchmarking Model and Chapter 2 Appendix 2-L.

[2] For example, E.L.K.'s current Residential monthly Fixed Service Charge is approximately 43% below the average of other Ontario LDCs (E.L.K.'s current 2026 Residential Fixed Service Charge of $21.20; Estimated 2026 LDC average of $37.05).

E.L.K. has historically also had a lean workforce, serving more customers per FTE compared to the provincial average. This is expected to continue into the 2027 Test year, as is demonstrated in the Figure below.

Figure 2 - FTE Per 1,000 Customers



Source: OEB Open Data and Chapter 2 Appendix 2-L and 2-K.

Despite the cost pressures outlined in this Exhibit, E.L.K. intends to maintain its position as a strong cost performer and remain directly mindful of the impact of the stated OM&A cost pressures on customers. E.L.K. notes that the cost pressures it faces are consistent with broader trends affecting the electricity distribution sector in Ontario, in addition to the need to alter its operating philosophy to a more sustainable approach moving forward.

Further details on the reason for these cost changes and their drivers are detailed in the sections below. The level of OM&A proposed in this Application is essential and required to continue to prudently and safely operate E.L.K.'s distribution system in a manner consistent and commensurate with other well-performing utilities.

4.1.2 OM&A Budgeting Process

In the past, E.L.K.'s budgeting process was based on a review of historical actuals, layering on additional inflationary assumptions where necessary, in addition to the known impact of incremental new projects or discrete additional spending. This "hybrid" approach was sufficient for a "steady state" utility, where one of the stated legacy core

objectives for the utility was to "establish the lowest rates possible" without jeopardizing the financial integrity of the corporation.[3] Escalating the annual budget in a manner that mimicked the annual inflationary rate increases approved by the OEB was a method to ensure that rates remained as low as possible and costs were tightly controlled. However, this approach has proved challenging in recent years, where the latter aspect of this objective (maintaining financial viability) has been jeopardized, as additional necessary spending has outpaced the budgeted levels included in rates, with existing resources stretched thin to accomplish necessary tasks. The financial viability of the utility has been jeopardized, as is reflected in E.L.K.'s 2022 – 2025 financial results, where a negative return on equity ("ROE") has been achieved in each year, and debt levels have increased.

Therefore, for purposes of preparing the budget for this Application, Management undertook a more in-depth and iterative approach. This was anchored by drafting the new E.L.K. business plan, which reflects the renewed vision for the utility over the upcoming immediate planning period, encompassing E.L.K.'s new ownership and operational plans moving forward. A focus was put on addressing near-term essentials (reliability, safety and compliance), which is reflective of customer feedback and reflects the hallmarks of prudent utility operation. Near-term and immediate priorities were granted particular attention, while the need to maintain value-based rates and affordability were kept at the forefront. The 2026 – 2028 Business Plan is attached as Attachment 1-A to Exhibit 1 of this Application.

Concurrently, Management reviewed historical spending levels and layered on necessary inflationary increases and known contractual increases for required services. Staffing levels and capacity required to maintain basic ongoing operations were also assessed, with required incremental roles incorporated into the proposed budget. Incremental projects and spending that were deemed necessary to accomplish the basic business plan objectives that were not previously included in the spending plan, such as cybersecurity enhancements, were then added into the proposed budget. Areas of potential savings were also assessed, including not filling certain vacant positions. However, as outlined in the EB-2025-0172 proceeding, very modest productivity savings relative to the status quo were available, as E.L.K. had already been operating at a level where its existing approved revenue requirement was not nearly sufficient to fund ongoing operations.[4]

[3] See EB-2021-0016, Exhibit 1, Tab 2, p.14.
[4] See for example response to Interrogatory OEB Staff 7 in EB-2025-0172.

The proposed budget was then reviewed by the executive team and ultimately proposed and approved by the E.L.K. Board of Directors in May 2026. The approved budget encompassed the 2026 Bridge Year and 2027 Test Year.

4.1.3 Associated Cost Drivers and Significant Changes

E.L.K.'s OM&A budget has been developed to ensure that it is able to provide reliable, efficient, and safe electricity distribution service to its customers, reflecting core requirements of prudent utility operations. E.L.K.'s proposed OM&A budget reflects an appropriate and moderated level of OM&A that is needed to operate the utility over the upcoming 5-year rate period, remaining mindful of the impact on customers and the need to pace the level of necessary spending to transition E.L.K. into a sustainable utility. The 2027 Test Year forecast was informed using a number of factors, including operational needs (e.g., requirements relating to capital investment; operations and maintenance; and staffing), legislative and regulatory compliance obligations, and reflecting ongoing feedback from customers, remaining cognizant of overall bill impacts and affordability.

As shown in the Table below, E.L.K. has increased its OM&A spending from the 2022 OEB Approved amount to the 2027 Test Year amounts by $1,571,831 over the 5-year period, or compound annual growth ("CAGR") of 8% per year.

Table 2 - 2027 Test Year vs. 2022 Board Approved

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%**

The OM&A costs in the 2027 Test Year reflect the resourcing mix and work activities required to meet customer expectations, growth, and broader public policy requirements. The primary drivers for the increase compared to the 2022 Board approved amount are:

- 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.

A more detailed review of these cost drivers, and a comparison to historical actuals, is provided in the sections that follow.

4.1.4 Inflation and Business Environment Changes

One of E.L.K.'s objectives is to maintain safe and reliable operations with due regard for cost, customer service expectations and value-based rates.

For purposes of forecasting the 2026 Bridge and 2027 Test year OM&A expenses, E.L.K. incorporated expectations for increases in unionized labour in accordance with its most recent collective agreements. Executive and Management labour increases were budgeted based on existing compensation policies, and the shared services agreement with ENWIN (see Section 4.5 for further discussion).

E.L.K. has calculated the inflation on non-labour items for 2026 based on an assumed inflation factor of 2.5%. For 2027, E.L.K. assumed inflation for budgeting purposes of 2% to forecast inflationary increases in line with available economic forecasts at the time of preparing the Test Year forecast. E.L.K.'s inflation assumption used the average of the Canadian Imperial Bank of Commerce and Royal Bank of Canada's economic forecasts for the 2027 fiscal year. E.L.K. notes this forecast inflation rate is generally conservative relative to recent inflation levels experienced and OEB approved levels, in addition to the headwinds from the economic environment.[5]

It is well known that the energy landscape continues to evolve significantly. Since E.L.K.'s last rebasing in 2022, there have been significant business environment changes that impact the operating costs that are required to continue to conduct efficient and reliable operations in the manner customers expect. Local distribution companies ("LDCs") such as E.L.K. need to adapt and evolve to keep pace with the changing landscape of the industry and ensure that increasing government expectations are able to be met. As such, the evolution of the sector has, and will continue to have, significant impacts on distribution system operations.

[5] The OEB's inflation rate, released June 11, 2026, for purposes of 2027 electricity distribution rate applications is 3.0%.

It is no longer sufficient for E.L.K. to attempt to operate year-to-year with a sole mandate of keeping costs as low as possible and attempting to maintain only basic levels of electricity distribution service, as the evolution of sector will continue to occur, and the result is that E.L.K. will continue to fall further and further behind its peers absent a concerted effort to keep up and embrace the pace of change. This is what has happened to E.L.K. historically, and it is critical at this juncture that a balance be struck to chart a plan to be able to keep up with an evolving sector, while continuing to be mindful of costs. The prospect of E.L.K. continuing to operate under a mindset that it can accomplish all necessary obligations[6] consistent with other well performing Ontario utilities using a funding envelope that is 30%-40% lower than any of its peers is untenable moving forward.

This section highlights some of the key business environment factors that have, and will continue to, impact E.L.K.'s operating costs, in addition to ongoing need to focus on catching up with the evolutions E.L.K.'s peers have already made.

Global Inflation

E.L.K.'s 2022 Cost of Service was completed in the midst of the COVID-19 pandemic. A confluence of factors, such as constrained supply chains and various forms of government assistance and reduced interest rates, caused annual inflation rates to increase significantly, with the Canada Consumer Price Index ("CPI") peaking at a high of 8.1% in 2022.[7] While the annual increase in the CPI has slowed in recent years, these inflationary increases have caused significant cost increases on certain materials, goods, and services related to E.L.K.'s capital and operating costs, some far in excess of the OEB's deemed rate of inflation.

Some examples of costs that have significantly increased in the period since E.L.K.'s last Cost of Service include:

- OEB cost assessments: ~80% increase
- Wood poles: ~68% increase
- Transformers: ~57% increase
- Postage: ~35% increase
- Fuel Costs: ~33% increase

[6] See Exhibit 1, Section 1.2.3 for overview of past compliance concerns.
[7] June 2022 Total CPI per Bank of Canada available at: https://www.bankofcanada.ca/rates/price-indexes/cpi/.

While E.L.K. has attempted to manage and absorb these increases to the extent possible, the overall level of increases ultimately cannot be addressed by annual inflationary rate increases and must be factored into base distribution rates.

These inflationary impacts are largely outside the ability of E.L.K to control, however mitigation strategies are being employed to reduce the impact of market volatility, including leveraging larger volume purchasing with ENWIN and participation in group purchasing activities where possible.

Economic Environment

The economic environment in the Windsor-Essex region remains uncertain, with the threat of tariff changes and other factors creating instability in a region that is heavily dominated by automotive manufacturing and the related, interconnected supply chain. While E.L.K.'s service territory is only home to a small number of these manufacturing facilities, many E.L.K. customers, particularly residential customers, are employed in these sectors. Thus, E.L.K. must remain mindful of the state of the regional economy and ensure its operations are able to absorb the impacts from a potential economic downturn in the region.

Workforce and Job Market Changes

The utility sector is experiencing a turnover in staff, and this obstacle as it relates to the current aging workforce and prospective job market is expected to increase. It is forecast that the utility sector across Ontario will see approximately 14%[8] of its employees becoming eligible for retirement over the next 5 years, and as such, succession planning is key for knowledge transfer and dissemination of information and current operating practices. Like the industry generally, E.L.K. has forecast that approximately 15% of its current staff complement will become eligible for retirement over the coming 5-year period.

Historically, jobs in the utility industry have been difficult to fill due to the training / apprenticeship requirements and the institutional knowledge needed to navigate such a complex and technical industry. Onboarding new employees takes several months to years to reach optimal knowledge retention and full certification.

E.L.K. has attempted to identify positions with the highest priority for succession planning – for example, in 2023, E.L.K. added staff to its Customer Service, Billing and administrative areas to address succession planning gaps and increase knowledge transfer opportunities. However, E.L.K. has generally had challenges in recruiting talent

[8] https://ehrc.ca/labour-market-intelligence/electricity-in-demand-labour-market-insights-2023-2028/

to its workforce, as competition for necessary staff has been historically high, and E.L.K. cost pressures are already significant, inhibiting its ability to always offer market competitive compensation rates.

Retaining and recruiting utility skills continues to be a major challenge. In the past years, E.L.K. has experienced turnover in its billing / customer service, engineering, and operations roles, with some positions remaining unfilled for extended periods of time. To support individuals as they transition to new roles, E.L.K. is providing training to employees to enhance their skills up to required standards.

While E.L.K.'s ratio of FTE to metered customers has slightly decreased relative to its 2022 Cost of Service, it still remains below provincial average levels. With the changing landscape of the utility industry, E.L.K. will face even more challenges with needing to recruit new talent. E.L.K. is making every effort to build up its existing workforce by attracting and retaining staff, continuing to develop succession planning for critical/priority positions, and continuing to work on individual employee development plans for specific positions within the organization, in addition to seeking to complement existing roles with shared service support from ENWIN where feasible.

Deteriorating Condition of Distribution Infrastructure

E.L.K. has experienced deteriorating condition of its infrastructure, necessitating additional spending on maintenance activities and ultimately asset replacement. This is detailed further in Exhibit 2 of this Application, and particularly, the Asset Condition Assessment ("ACA") appended to the Distribution System Plan. This need to maintain and replace aging infrastructure is apparent in E.L.K.'s ACA, where a significant number of assets are flagged for action in "poor" or "very poor" condition. This is also evident in E.L.K.'s reliability statistics, with defective equipment being a primary cause of outages in recent years and will be a constant operating environment pressure as the utility attempts to rejuvenate its existing system and plan for enhanced electrification. E.L.K. is planning to allocate additional staff time to maintenance activities over the upcoming planning period to assist with managing asset upkeep requirements and inspections, as well as improve infrastructure record-keeping.

Customer Preferences and Expectations

Across the industry, customers are becoming increasingly aware and knowledgeable of the electricity system and some are transitioning from a traditional consumer of electricity (one-way power flows) to active participants in the grid through both the consumption and supply of electricity (two-way power flows). To enable consumer choice, LDCs must look to evolve their current operations and implement new structures that enable flexibility and the integration of increased distributed energy resources

("DERs") in a way that maximizes value to the customer, while also maintaining reliability and safety. Examples of this can range from multiple forms of electricity pricing options so customers can tailor this to their specific energy consumption patterns, to more involved needs, such as the utility needing to implement DER management systems ("DERMS") or advanced metering infrastructure to increase data availability and increase the utility's ability to actively manage the distribution system.

This is becoming an expectation of LDCs in continuing to offer services customer need and want, rather than an optional form of service offering. Since the LDC is at the point of connection with the consumer, LDCs must be able to respond to their demands by offering more innovative and customer-centric solutions at a price the consumer can afford. E.L.K., through the proposals in this Application, is ensuring it is resourced and funded to begin to build the foundation to enable the deployment of these advanced services customers increasingly need and want moving forward.

Regulatory and Policy Changes

The regulatory landscape has continued to evolve significantly since E.L.K.'s last Cost of Service, with an increase in regulatory and public policy initiatives that utilities are mandated to follow and ultimately implement. E.L.K. has strived to maintain compliance with an ever-increasing and complex regulatory landscape with its limited existing resources; however, E.L.K.'s ability to do so has started to be eclipsed. In E.L.K.'s 2022 Cost of Service, E.L.K. proposed the addition of a Regulatory Analyst to assist in managing these activities. However, this role proved difficult to recruit and train for due to the level of niche experience and expertise required. Employees have increasingly faced pressure to maintain existing duties while attempting to stay informed of new regulatory initiatives and consultations that will ultimately lead to new requirements for LDCs to abide by and implement. This has led to the use of third-party regulatory consulting resources to assist in managing these files, in addition to the more recent use of third-party shared service regulatory resources.

While in the past there may have been a limited amount of new initiatives / consultations in any given year that LDCs had to stay informed of and ultimately implement, this has now evolved to a full annual slate of new policy / consultation efforts, with many items stemming from the Ministry of Energy and Mines annual Letters of Direction to the OEB. This is reflective of the evolving energy landscape and the energy transition, where there is accelerated and increased emphasis on the OEB and LDCs to implement government policy.

These cost pressures of increasing policy expectations correlate to, and are magnified at the LDC level, as majority of these items will ultimately lead to implementation

requirements and ongoing sustainment costs at the LDC after the OEB consultation is completed and final reports are issued. This has also resulted in an increase to E.L.K.'s annual OEB cost assessment, which has increased by more than 80% from the amounts in 2022 rates.

These cost pressures are unavoidable and would appear to now be forming part of the recurring and ongoing regulatory landscape in Ontario that LDCs must plan for each year.

Technological Advancement and Cyber Security

New technologies, such as Advanced Distribution Management Systems ("ADMS") and DERMS, are being integrated into the utility grid, and are becoming increasingly necessary to conduct reliable operations when faced with more dynamic operating conditions, such as 2-way power flows and battery energy storage systems. While E.L.K. is not yet at the maturity of implementing these new systems, it is building the foundation and capability to be able to do so in the future, starting with the backbone investments described in E.L.K.'s Distribution System Plan. These investments will also enable the eventual control of the E.L.K. distribution system from a centralized control room, allowing for greater real-time monitoring and quicker response to outage events.

As such, with the implementation of new and innovative technologies and the rapid change of technological advancement, E.L.K. is becoming more susceptible to cyberattacks, and as the technology portfolio grows, it will become more exposed to these malicious actors. E.L.K. has been building its cyber security readiness and defence posture in compliance with the OEB's Cyber Security Framework and is proposing additional investment in this Application to enhance its stance and further integrate cybersecurity measures into its practices. As E.L.K. must remain aware of the environmental factors impacting the utility industry as it plans its operations, a strong cyber security stance is now an integral part of day-to-day operations.

Increased Occurrence of Adverse Weather

Utilities have been facing increased severity and frequency of adverse weather events, which puts continued strain on the distribution system and the ability to restore service after they occur. Understanding that these storms and adverse events are becoming more frequent, E.L.K. is investing in new technology, such as the installation of additional recloser switches and system automation, to improve its ability to isolate outages and promptly restore services. In addition, E.L.K.'s ACA has identified assets in most urgent need of replacement, and E.L.K, has built a capital plan to prudently address these needs in a measured manner while remaining mindful of overall customer bill impacts. These investments will enable faster outage response and more

timely customer communications moving forward, including the implementation of an outage map to increase the speed and accuracy of customer outage communication. E.L.K. must also ensure its staff compliment is sufficient to respond to more frequent and severe weather events.

The need for continued efforts towards system hardening and identifying the impacts of lost loads are contained within the OEB's new Vulnerability and System Hardening ("VASH") requirements which will inform future E.L.K. system planning processes. As noted in E.L.K.'s EB-2023-0013 proceeding, E.L.K.'s service territory has not been immune to the impacts of severe weather, which will be a constant pressure on LDCs going forward.

Electrification and Energy Transition

Electrification of transportation is anticipated to have a large impact on utilities across Canada, depending on the pace and scale of which this transition unfolds. Government targets for electric vehicle ("EV") adoption have been established, forecasting 75% EV sales by 2035 and 90% by 2040.[9] The scale of this transition, and in particular, the location of where this EV charging occurs on the distribution system is an evolving requirement, as incremental, peak loads can materialize in relatively short time frames in areas where demand has typically been stable. This can require infrastructure enhancements that may not have been anticipated. Conversely, planning efforts can be made to upsize infrastructure in anticipation of this new load occurring, but care must be taken to not overbuild the system in a manner that makes it cost prohibitive for existing customers. Other sources of increased electrification, such as the transition from natural gas to electric heating, can have similar impacts on increasing the overall level of electricity demand compared to historical levels.

Therefore, a careful balancing act must be undertaken when planning for these new, increased loads that may deviate significantly from historical growth levels and is an evolving business environment factor that all utilities must now contend with. E.L.K. is planning the addition of a staff member to its engineering team to ensure its workforce is capable to contend with the increasing volume and complexity of system planning requirements moving forward.

4.2 Summary and Cost Drivers

[9] https://www.canada.ca/en/innovation-science-economic-development/news/2026/02/prime-minister-carney-unveils-canadas-new-automotive-strategy-to-protect-jobs-and-position-our-country-as-a-global-leader-in-next-generation-vehicl.html

4.2.1 Summary of Recoverable OM&A Expense

E.L.K. has followed the OEB's Accounting Procedures Handbook ("APH") in distinguishing work performed between operations and maintenance. E.L.K. distinguishes this work as follows, which is also consistent with the presentation in the OEB Chapter 2 Appendices:

- Operations – USoA 5005 to 5096
- Maintenance – USoA 5105 to 5195

A summary of E.L.K.'s OM&A expenses, including forecast LEAP contributions, for 2022 Board Approved, 2022-2025 Actuals, 2026 Bridge Year and 2027 Test Year is provided in the Table below. A copy of Appendix 2-JA is also included within the filed Excel-based Chapter 2 Appendices.

Table 3 - Summary of Recoverable OM&A Expenses

	2022 Last Rebasing Year OEB Approved	2022 Last Rebasing Year Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
Reporting Basis							
Operations	$ 509,901	$ 451,403	$ 375,873	$ 362,371	$ 322,806	$ 469,222	$ 477,524
Maintenance	$ 911,068	$ 893,214	$ 993,176	$ 998,571	$ 1,511,741	$ 1,335,483	$ 1,366,862
SubTotal	**$ 1,420,968**	**$ 1,344,617**	**$ 1,369,049**	**$ 1,360,942**	**$ 1,834,547**	**$ 1,804,705**	**$ 1,844,386**
%Change (year over year)		36.8%	1.8%	-0.6%	34.8%	-1.6%	2.2%
%Change (Test Year vs Last Rebasing Year - Actual)							29.8%
Billing and Collecting	$ 581,163	$ 782,018	$ 918,680	$ 927,912	$ 1,119,199	$ 1,162,075	$ 1,185,755
Community Relations	$ 3,571	$ 43,107	$ 2,307	$ 3,121	$ 1,450	$ -	$ -
Administrative and General	$ 1,282,837	$ 2,218,396	$ 2,125,707	$ 2,237,241	$ 1,503,947	$ 2,236,318	$ 1,830,229
SubTotal	**$ 1,867,571**	**$ 3,043,520**	**$ 3,046,694**	**$ 3,168,275**	**$ 2,624,596**	**$ 3,398,393**	**$ 3,015,983**
%Change (year over year)		49.2%	0.1%	4.0%	-17.2%	29.5%	-11.3%
%Change (Test Year vs Last Rebasing Year - Actual)							61.5%
Total	**$ 3,288,539**	**$ 4,388,137**	**$ 4,415,743**	**$ 4,529,217**	**$ 4,459,143**	**$ 5,203,098**	**$ 4,860,370**
%Change (year over year)		45.2%	0.6%	2.6%	-1.5%	16.7%	-6.6%

Since 2022 Board-approved, total OM&A costs have increased at a CAGR of approximately 8%. Compared to 2022 Actuals, total OM&A costs have increased at a CAGR of approximately 2%.

4.2.2 Cost Driver Table

E.L.K. has prepared a cost driver summary in the Table below of historical and forecasted OM&A expenses consistent with the OEB Appendix 2-JB. A copy of Board Appendix 2-JB is also included with the filed Excel-based Chapter 2 Appendices filed with this Application.

2027 Test Year OM&A costs of $4,860,370 are $1,571,831 higher than the 2022 OEB Approved level. The Table below provides a summary of the main cost drivers associated with OM&A changes from 2022 OEB Approved levels to the 2027 Test Year.

Table 4 - OM&A Cost Drivers

Particulars	$
2022 OEB Approved OM&A	**$ 3,288,539**
Meter Reading/Customer Billing / Collecting	$ 365,850
Inflation on Services	$ 334,957
Tree Trimming	$ 284,541
Management Services	$ 250,000
Third Party Professional Services	$ 153,786
General Non-Union Payroll & Benefits	$ 161,279
Bad Debt	$ 125,001
Cyber Security	$ 34,586
O/H & U/G Maintenance Expenses	$ (161,875)
Miscellaneous / Other	$ 23,706
2027 Test Year OM&A	**$ 4,860,370**

A summary of the material cost driver variances is provided below:

- Meter Reading, Customer Billing and Collecting
  - Represents the addition of 2.5 Customer Service Representatives and the Meter Technician, and inflation for the wages and benefits of the Customer Service Representatives. Details on the need for these additional roles is provided in Section 4.4 below.
  - This also includes increased postage and third-party billing costs.
- Inflation on Services
  - Inflationary impact on third-party services that has occurred since 2022.
- Tree Trimming

    - Increase in the amount of tree trimming, as historical years of not trimming had led to issues with service quality and power interruptions.
    - Third party quotes were received as part of the vendor selection process to validate that E.L.K. is paying market rates for these services, and E.L.K. is now conducting tree trimming on a 3-year cycle across its territory.
- Management Services
    - Shared services support from ENWIN to support E.L.K. day-to-day operations, in addition to Executive management oversight.
    - This is offset by savings included in General Payroll & Benefits through the reduction of dedicated Executive management at E.L.K and the avoidance of additional dedicated FTEs for day-to-day operations.
- Third Party Professional Services
    - Represents the addition of multiple third-party vendors to assist with ongoing business support, including regulatory, GIS, and IT.
- General Non-Union Payroll and Benefits
    - Addition of Supervisor, Customer Service and Business and Finance Clerk, and inflation on salaries and benefits of other non-union personnel.
- Bad Debt
    - Increase customer write-offs as a result increased aged receivables and challenging economic environment post-COVID-19.
- Overhead / Underground Maintenance Expenses
    - Increases in this area were isolated above into both increases in Inflation on Services and Tree Trimming. The remaining costs represent an overall decrease in costs within this category which is a result of more labour being spent on capital projects instead of operating and maintenance activities.

4.2.3 Recoverable OM&A Per Customer and Full-Time Equivalent

E.L.K. has prepared a summary of the recoverable cost per customer and per FTE, based on historical and forecasted OM&A expenses, consistent with OEB Appendix 2-L, which is summarized in the Table below.

A copy of OEB Appendix 2-L is included with the filed Excel-based Chapter 2 Appendices.

Table 5 - Recoverable Cost Per Customer and FTE

	2022 OEB Approved	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
Reporting Basis							
OM&A Costs							
O&M	$ 1,420,968	$ 1,344,617	$ 1,369,049	$ 1,360,942	$ 1,834,547	$ 1,804,705	$ 1,844,386
Admin Expenses[6]	$ 1,867,571	$ 3,043,520	$ 3,046,694	$ 3,168,275	$ 2,624,596	$ 3,398,393	$ 3,015,983
Total Recoverable OM&A from Appendix 2-JA [5]	$ 3,288,539	$ 4,388,137	$ 4,415,743	$ 4,529,217	$ 4,459,143	$ 5,203,098	$ 4,860,370
Number of Customers [2,4]	12,416	12,439	12,486	12,565	12,629	12,706	12,783
Number of FTEs [3,4]	19	17	22	23	21	24	24
Customers/FTEs	671	732	574	558	616	529	533
OM&A cost per customer							
O&M per customer	$114	$108	$110	$108	$145	$142	$144
Admin per customer	$150	$245	$244	$252	$208	$267	$236
Total OM&A per customer	$265	$353	$354	$360	$353	$409	$380
OM&A cost per FTE							
O&M per FTE	$76,809	$79,095	$62,945	$60,486	$89,490	$75,196	$76,849
Admin per FTE	$100,950	$179,031	$140,078	$140,812	$128,029	$141,600	$125,666
Total OM&A per FTE	$177,759	$258,126	$203,023	$201,299	$217,519	$216,796	$202,515

Total OM&A per FTE and OM&A per customer have increased over the historical period. Total OM&A per customer was $265 and total OM&A per FTE was $177,759 in E.L.K.'s 2022 rebasing application. For the 2027 Test Year, these figures have increased to $380 and $202,515, respectively.

OM&A per customer is $115 or 43% higher for the 2027 Test Year as compared to the 2022 OEB approved level.

At the outset, it must be noted that E.L.K.'s cost per customer has historically been significantly lower compared to virtually every other utility in the province, as shown in Figure 1 above. E.L.K.'s 2022 Board approved OM&A per customer was $265, which was much lower than most other LDCs that rebased in that same year, and 25% lower than the provincial average of $354 in 2022. E.L.K. had historically operated with a core mandate of trying to be the lowest cost LDC, therefore, the level of OM&A embedded in current rates is significantly understated compared to most other LDCs, and is much lower than the level that is necessary to operate the LDC as a going concern moving forward. Therefore, use of the prior 2022 Cost of Service amount for the basis of reasonable comparison should be done with caution, as was outlined in EB-2025-0172.[10] It should be noted though that even with recent cost increases, E.L.K.'s actual OM&A per customer has still trended below the overall provincial average over the 2022 – 2024 time period, and E.L.K. is still expected to remain in Cohort 1 in the OEB's annual Total Cost Benchmarking analysis.

[10] EB-2025-0172, Decision and Order, p.6.

Likewise, OM&A per FTE is $24,756 or 14% higher for the 2027 Test Year as compared to the 2022 OEB approved level. While E.L.K. is proposing to moderately increase the number of FTEs in this Application, the measure of cost per FTE is still increasing based on the same cost factors as described above.

Overall, in the present Application, E.L.K. is proposing to largely continue with the level of OM&A spending that has occurred over the past 4-year period, prudently increasing it only in select areas, as is further detailed in Section 4.3.

4.2.4 Capitalized OM&A

E.L.K.'s proposed 2027 Test Year OM&A reflects the net amount after allocating certain OM&A costs to capital through the application of the overhead capitalization and burden rates. Details on the OM&A amounts included in capitalized overhead, and variances to prior years, are provided in Exhibit 2.

4.3 USoA Variance Analysis

4.3.1 Overview

In accordance with the Chapter 2 Filing Requirements, E.L.K. has completed Appendix 2-JD, which is included in the filed Excel-based Chapter 2 Appendices.

A summary of E.L.K.'s OM&A by USoA is provided in the Table below.

Table 6 - OM&A by USoA

	Particulars	2022 Board Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
5005	Operation Supervision and Engineering	$ 23,203	$ 107,039	$ 128,172	$ 123,115	$ 29,273	$ 202,110	$ 205,030
5010	Load Dispatching	$ 10,208	$ 13,887	$ -	$ 814	$ 1,022	$ -	$ -
5016	Distribution Station Equipment - Operation Labour	$ -	$ 85	$ -	$ -	$ 165	$ -	$ -
5020	Overhead Distribution Lines and Feeders - Operation Labour	$ 48,503	$ 856	$ 7,840	$ 11,834	$ 16,633	$ 16,087	$ 16,535
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$ -	$ 41	$ -	$ 106	$ 7,777	$ -	$ -
5030	Overhead Subtransmission Feeders - Operation	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5035	Overhead Distribution Transformers- Operation	$ 7,095	$ 9,949	$ 7,978	$ 10,455	$ 12,225	$ 13,788	$ 14,173
5040	Underground Distribution Lines and Feeders - Operation Labour	$ 345,557	$ 236,349	$ 154,617	$ 142,947	$ 178,042	$ 157,400	$ 160,500
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	$ -	$ 3,946	$ 232	$ -	$ -	$ -	$ -
5050	Underground Subtransmission Feeders - Operation	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5055	Underground Distribution Transformers - Operation	$ 11,806	$ 17,557	$ 13,344	$ 12,242	$ 14,043	$ 16,087	$ 16,535
5060	Street Lighting and Signal System Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5065	Meter Expense	$ 20,101	$ 19,737	$ 31,022	$ 25,144	$ 49,102	$ 24,750	$ 24,750
5085	Miscellaneous Distribution Expense	$ -	$ 3,800	$ -	$ -	$ -	$ -	$ -
5095	Overhead Distribution Lines and Feeders - Rental Paid	$ 43,428	$ 38,158	$ 32,667	$ 35,716	$ 14,523	$ 39,000	$ 40,000
Total Operations		**$ 509,901**	**$ 451,403**	**$ 375,873**	**$ 362,371**	**$ 322,806**	**$ 469,222**	**$ 477,524**
5120	Maintenance of Poles, Towers and Fixtures	$ 49,632	$ 69,640	$ 54,814	$ 115,451	$ 67,493	$ 108,805	$ 111,130
5125	Maintenance of Overhead Conductors and Devices	$ 187,259	$ 121,348	$ 106,862	$ 208,403	$ 242,198	$ 203,425	$ 208,411
5130	Maintenance of Overhead Services	$ 93,974	$ 82,693	$ 104,631	$ 97,883	$ 181,149	$ 155,740	$ 159,396
5135	Overhead Distribution Lines and Feeders - Right of Way	$ 97,713	$ 260,270	$ 256,891	$ 53,736	$ 351,516	$ 372,678	$ 382,253
5145	Maintenance of Underground Conduit	$ -	$ 576	$ 3,338	$ 350	$ -	$ -	$ -
5150	Maintenance of Underground Conductors and Devices	$ 101,311	$ 52,189	$ 62,451	$ 55,154	$ 93,936	$ 73,538	$ 75,590
5155	Maintenance of Underground Services	$ 99,199	$ 91,302	$ 114,509	$ 133,285	$ 230,430	$ 135,012	$ 138,779
5160	Maintenance of Line Transformers	$ 36,302	$ 21,605	$ 29,496	$ 16,077	$ 15,320	$ 21,832	$ 22,441
5165	Maintenance of Street Lighting and Signal Systems	$ -	$ -	$ 259	$ -	$ 819	$ -	$ -
5170	Sentinel Lights - Labour	$ -	$ 14,378	$ 1,478	$ 6,584	$ 8,008	$ -	$ -
5172	Sentinel Lights - Materials and Expenses	$ -	$ 529	$ 600	$ -	$ -	$ -	$ -
5175	Maintenance of Meters	$ 245,678	$ 178,683	$ 257,848	$ 311,649	$ 320,872	$ 264,452	$ 268,862
Total Maintenance		**$ 911,068**	**$ 893,214**	**$ 993,176**	**$ 998,571**	**$ 1,511,741**	**$ 1,335,483**	**$ 1,366,862**
5305	Supervision	$ 100,956	$ 111,756	$ 101,433	$ 140,915	$ 69,347	$ 149,415	$ 153,610
5310	Meter Reading Expense	$ 49,226	$ 64,228	$ 52,877	$ 54,749	$ 44,486	$ 48,202	$ 49,512
5315	Customer Billing	$ 280,703	$ 284,407	$ 471,985	$ 687,528	$ 669,921	$ 674,559	$ 690,497
5320	Collecting	$ 97,079	$ 133,512	$ 4,525	$ 38,570	$ 76,857	$ 114,899	$ 117,136
5325	Collecting- Cash Over and Short	$ 40	$ 53	$ -	$ -	$ -	$ -	$ -
5330	Collection Charges	$ 3,160	$ 710	$ -	$ -	$ -	$ -	$ -
5335	Bad Debt Expense	$ 50,000	$ 187,351	$ 287,860	$ 5,423	$ 252,674	$ 175,000	$ 175,000
Total Billing and Collecting		**$ 581,163**	**$ 782,018**	**$ 918,680**	**$ 927,912**	**$ 1,119,199**	**$ 1,162,075**	**$ 1,185,755**
5410	Community Relations - Sundry	$ 3,571	$ 43,107	$ 2,307	$ 3,121	$ 1,450	$ -	$ -
Total Community Relations		**$ 3,571**	**$ 43,107**	**$ 2,307**	**$ 3,121**	**$ 1,450**	**$ -**	**$ -**
5515	Advertising Expense	$ 1,034	$ 2,210	$ 35	$ 627	$ 5,304	$ -	$ -
5605	Executive Salaries and Expenses	$ 24,720	$ 498,423	$ 97,458	-$ 21,315	$ 83,700	$ 93,252	$ 95,117
5610	Management Salaries and Expenses	$ 636,838	$ 573,672	$ 377,686	$ 258,406	$ 143,829	$ 251,525	$ 258,640
5615	General Administrative Salaries and Expenses	$ 69,673	$ 52,218	$ 238,924	$ 313,319	$ 199,921	$ 329,799	$ 334,271
5620	Office Supplies and Expenses	$ 82,852	$ 87,931	$ 302,737	$ 298,175	$ 188,322	$ 155,400	$ 154,900
5630	Outside Services Employed	$ 146,130	$ 392,347	$ 358,895	$ 454,627	$ 431,751	$ 678,863	$ 436,600
5635	Property Insurance	$ 36,764	$ -	$ 83,693	$ 34,401	$ 38,439	$ 57,300	$ 58,400
5640	Injuries and Damages	$ 50,681	$ 86,467	$ 181,750	$ 225,806	$ 119,349	$ -	$ -
5645	OMERS Pensions and Benefits		-$ 44,804	-$ 12,490	$ 46	$ -	$ -	$ -
5655	Regulatory Expenses	$ 160,460	$ 422,589	$ 73,104	$ 211,904	$ 175,388	$ 323,500	$ 142,000
5660	General Advertising Expenses		$ 4,365	$ 3,635	$ 16,960	$ -	$ 10,000	$ 10,000
5665	Miscellaneous General Expenses	$ 5,500	$ 35,591	$ 189,966	$ 305,742	$ 21,584	$ 250,000	$ 250,000
5675	Maintenance of General Plant	$ 57,550	$ 107,386	$ 230,313	$ 138,543	$ 96,360	$ 75,000	$ 75,000
5680	Electrical Safety Authority Fees	$ 6,390	$ -	$ -	$ -	$ -	$ 6,400	$ 6,500
6205	LEAP-Funding	$ 4,245	$ -	$ -	$ -	$ -	$ 5,280	$ 8,800
Total Administrative and General		**$ 1,282,837**	**$ 2,218,396**	**$ 2,125,707**	**$ 2,237,241**	**$ 1,503,947**	**$ 2,236,319**	**$ 1,830,228**
Total OM&A		**$ 3,288,539**	**$ 4,388,137**	**$ 4,415,743**	**$ 4,529,217**	**$ 4,459,143**	**$ 5,203,098**	**$ 4,860,370**

Below, in accordance with Chapter 2 Filing Requirements, E.L.K. has provided explanations for variances in excess of its $50,000 materiality threshold.

The variances provided are as follows:

- Test Year (2027) vs. Historical OEB-Approved (2022)
- Historical OEB-Approved (2022) vs. Historical Actuals for the most recent Historical OEB-Approved year (2022)
- Test Year (2027) vs. most recent Historical Actuals (2025)

4.3.2 Operations

Operations reflect the costs necessary to safely operate the electricity distribution system. These costs primarily reflect the cost of field staff time spent on operational activities, in addition to direct supervision.

Table 7 – Operations Variance Analysis

Particulars		2022 Board Approved	2022 Actual	2025 Actual	2027 Test	Variance ($) 2022 Actual vs. 2022 Board Approved	Variance ($) 2027 Test vs. 2022 Board Approved	Varaince ($) 2027 Test vs. 2025 Actual
5005	Operation Supervision and Engineering	$ 23,203	$ 107,039	$ 29,273	$ 205,030	$ 83,836	$ 181,827	$ 175,757
5010	Load Dispatching	$ 10,208	$ 13,887	$ 1,022	$ -	$ 3,679	$ (10,208)	$ (1,022)
5016	Distribution Station Equipment - Operation Labour	$ -	$ 85	$ 165	$ -	$ 85	$ -	$ (165)
5020	Overhead Distribution Lines and Feeders - Operation Labour	$ 48,503	$ 856	$ 16,633	$ 16,535	$ (47,647)	$ (31,968)	$ (98)
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$ -	$ 41	$ 7,777	$ -	$ 41	$ -	$ (7,777)
5035	Overhead Distribution Transformers- Operation	$ 7,095	$ 9,949	$ 12,225	$ 14,173	$ 2,855	$ 7,078	$ 1,948
5040	Underground Distribution Lines and Feeders - Operation Labour	$ 345,557	$ 236,349	$ 178,042	$ 160,500	$ (109,208)	$ (185,057)	$ (17,542)
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	$ -	$ 3,946	$ -	$ -	$ 3,946	$ -	$ -
5055	Underground Distribution Transformers - Operation	$ 11,806	$ 17,557	$ 14,043	$ 16,535	$ 5,751	$ 4,730	$ 2,492
5065	Meter Expense	$ 20,101	$ 19,737	$ 49,102	$ 24,750	$ (364)	$ 4,649	$ (24,352)
5085	Miscellaneous Distribution Expense	$ -	$ 3,800	$ -	$ -	$ 3,800	$ -	$ -
5095	Overhead Distribution Lines and Feeders - Rental Paid	$ 43,428	$ 38,158	$ 14,523	$ 40,000	$ (5,270)	$ (3,428)	$ 25,477
Total Operations		**$ 509,901**	**$ 451,403**	**$ 322,806**	**$ 477,524**	**$ (58,497)**	**$ (32,377)**	**$ 154,718**

- Historical OEB-Approved (2022) vs. Historical Actuals for the most recent Historical OEB-Approved year (2022) - the decrease of $(58,497) or (11)% was driven by:
    - Variations in labour allocation amongst operational activities, including a decrease in Operations Labour compared to the 2022 OEB-approved amounts, partially offset by an increase in Operations Supervision and Engineering labour, as the Supervisor, Asset Management role was filled in late 2021.
- Test Year (2027) vs. Historical OEB-Approved (2022) – the decrease of $(32,377) or (6)% is below materiality.
- Test Year (2027) vs. most recent Historical Actuals (2025) - the increase of $154,718 or 48% is driven by:
    - The proposed addition of an Engineer role, as described further in Section 4.4 below, in addition to the allocation of the System Planning Engineer costs primarily to USoA 5005 in the 2027 Test Year. This role was temporarily the Acting General Manager in 2025, thus only a portion of the role's costs were allocated to Operations in that year.

Overall, E.L.K. is proposing to largely maintain its level of overall Operations spending in the 2027 Test Year compared to 2022 Board Approved amounts.

4.3.3 Maintenance

Maintenance reflects the costs necessary to maintain the electricity distribution system to ensure the longevity of assets and reliability of service. These costs primarily reflect the cost of field staff and vehicle time spent on maintenance activities, vegetation management and meter maintenance costs.

Table 8 – Maintenance Variance Analysis

	Particulars	2022 Board Approved	2022 Actual	2025 Actual	2027 Test	Variance ($) 2022 Actual vs. 2022 Board Approved	Variance ($) 2027 Test vs. 2022 Board Approved	Varaince ($) 2027 Test vs. 2025 Actual
5120	Maintenance of Poles, Towers and Fixtures	$ 49,632	$ 69,640	$ 67,493	$ 111,130	$ 20,008	$ 61,498	$ 43,637
5125	Maintenance of Overhead Conductors and Devices	$ 187,259	$ 121,348	$ 242,198	$ 208,411	$ (65,911)	$ 21,152	$ (33,787)
5130	Maintenance of Overhead Services	$ 93,974	$ 82,693	$ 181,149	$ 159,396	$ (11,281)	$ 65,422	$ (21,754)
5135	Overhead Distribution Lines and Feeders - Right of Way	$ 97,713	$ 260,270	$ 351,516	$ 382,253	$ 162,557	$ 284,540	$ 30,737
5145	Maintenance of Underground Conduit	$ -	$ 576	$ -	$ -	$ 576	$ -	$ -
5150	Maintenance of Underground Conductors and Devices	$ 101,311	$ 52,189	$ 93,936	$ 75,590	$ (49,122)	$ (25,720)	$ (18,346)
5155	Maintenance of Underground Services	$ 99,199	$ 91,302	$ 230,430	$ 138,779	$ (7,896)	$ 39,581	$ (91,651)
5160	Maintenance of Line Transformers	$ 36,302	$ 21,605	$ 15,320	$ 22,441	$ (14,696)	$ (13,861)	$ 7,121
5165	Maintenance of Street Lighting and Signal Systems	$ -	$ -	$ 819	$ -	$ -	$ -	$ (819)
5170	Sentinel Lights - Labour	$ -	$ 14,378	$ 8,008	$ -	$ 14,378	$ -	$ (8,008)
5172	Sentinel Lights - Materials and Expenses	$ -	$ 529	$ -	$ -	$ 529	$ -	$ -
5175	Maintenance of Meters	$ 245,678	$ 178,683	$ 320,872	$ 268,862	$ (66,995)	$ 23,183	$ (52,010)
Total Maintenance		**$ 911,068**	**$ 893,214**	**$ 1,511,741**	**$ 1,366,862**	**$ (17,854)**	**$ 455,795**	**$ (144,878)**

- Historical OEB-Approved (2022) vs. Historical Actuals for the most recent Historical OEB-Approved year (2022) - the decrease of $(17,854) or (2)% was below materiality.
- Test Year (2027) vs. Historical OEB-Approved (2022) – the increase of $455,795 or 50% is driven by:
    - Increased labour allocation to preventative maintenance activities, including increased labour hours intended to be spent on pole, device and overhead / underground maintenance to proactively maintain these assets.
    - Continued increased vegetation management costs, maintaining the pace and success over the recent years in proactively trimming one third of the service area each year, rather than a primarily reactive approach. This approach has proven beneficial in reducing outages caused by tree contacts in recent years.
- Test Year (2027) vs. most recent Historical Actuals (2025) - the decrease of $(144,878) or (10)% is driven by:

- Less costs for maintenance of underground services compared to 2025, as 2025 Actuals included costs for some incremental underground service repairs which are not forecast to reoccur in the 2027 Test Year.
- A decrease in third party meter service costs as outstanding meter verifications are assumed to be completed by the 2027 Test Year.

Overall, E.L.K. is proposing to increase its Maintenance spending in the 2027 Test Year compared to 2022 Board Approved amounts to continue to proactively address its aging infrastructure and maintain reliability.

4.3.4 Billing and Collecting

Billing and Collecting encompasses the costs necessary to accurately bill E.L.K.'s nearly 13,000 customers, including staff time, meter reading expenses, postage, and third-party service provider costs. E.L.K. has allocated additional resources to this program in recent years to improve the accuracy and efficiency of this critical customer-facing process, as this key part of the "meter-to-cash" process is central to the financial viability of the utility.

Table 9 –Billing and Collecting Variance Analysis

	Particulars	2022 Board Approved	2022 Actual	2025 Actual	2027 Test	Variance ($) 2022 Actual vs. 2022 Board Approved	Variance ($) 2027 Test vs. 2022 Board Approved	Varaince ($) 2027 Test vs. 2025 Actual
5305	Supervision	$ 100,956	$ 111,756	$ 69,347	$ 153,610	$ 10,800	$ 52,655	$ 84,264
5310	Meter Reading Expense	$ 49,226	$ 64,228	$ 44,486	$ 49,512	$ 15,002	$ 285	$ 5,026
5315	Customer Billing	$ 280,703	$ 284,407	$ 669,921	$ 690,497	$ 3,704	$ 409,794	$ 20,576
5320	Collecting	$ 97,079	$ 133,512	$ 76,857	$ 117,136	$ 36,434	$ 20,057	$ 40,279
5325	Collecting- Cash Over and Short	$ 40	$ 53	$ -	$ -	$ 14	$ (40)	$ -
5330	Collection Charges	$ 3,160	$ 710	$ -	$ -	$ (2,450)	$ (3,160)	$ -
5335	Bad Debt Expense	$ 50,000	$ 187,351	$ 252,674	$ 175,000	$ 137,351	$ 125,000	$ (77,674)
5340	Miscellaneous Customer Accounts Expenses	$ -	$ -	$ 5,915	$ -	$ -	$ -	$ (5,915)
Total Billing and Collecting		**$ 581,163**	**$ 782,018**	**$ 1,119,199**	**$ 1,185,755**	**$ 200,854**	**$ 604,592**	**$ 66,556**

- Historical OEB-Approved (2022) vs. Historical Actuals for the most recent Historical OEB-Approved year (2022) - the increase of $200,854 or 35% was primarily driven by:
  - Increased bad debt expenses as a result of increased account write-offs above historical levels, as the impacts of the COVID-19 pandemic were apparent in increased aged accounts receivable balances. E.L.K. made concerted efforts to enhance collections efforts and bring aged accounts receivable more current over this period.
- Test Year (2027) vs. Historical OEB-Approved (2022) – the increase of $604,592 or 104% is driven by:
  - Increased Customer Billing costs associated with the outsourcing of billing services to assist in managing workload and increasing bill timeliness and

accuracy. Third party billing services were primarily focused on meter reading and billing for interval metered customers and other complex billing (including rate configurations and testing) which exceeded the capability of existing E.L.K. staff to handle in house.

- Additional Customer Service Representatives ("CSRs") were also hired to manage workload and provide enhanced customer service and other administrative support. E.L.K. had experienced turnover of senior CSR staff in 2022 / 2023 that caused knowledge gaps, higher error occurrence and increased workloads which needed to be addressed, as further described in Section 4.4 below.
- Increased forecast of bad debt expenses to account for higher write-offs over recent year actuals. However, the bad debt forecast for the Test Year is still forecast below historical levels.

- Test Year (2027) vs. most recent Historical Actuals (2025) - the increase of $66,556 or 6% is driven by:
  - The filling of a vacant supervisory position which was partially vacant during 2025, and a slight increase in collections costs, partially offset by decreased bad debt expenses, as 2027 expenses have been forecast below the 2025 amounts.

4.3.5 Community Relations

Table 10 – Community Relations Variance Analysis

Particulars		2022 Board Approved	2022 Actual	2025 Actual	2027 Test	Variance ($) 2022 Actual vs. 2022 Board Approved	Variance ($) 2027 Test vs. 2022 Board Approved	Varaince ($) 2027 Test vs. 2025 Actual
5405	Supervision	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5410	Community Relations - Sundry	$ 3,571	$ 43,107	$ 1,450	$ -	$ 39,536	$ (3,571)	$ (1,450)
5415	Energy Conservation	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5420	Community Safety Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5425	Miscellaneous Customer Service and Informational Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Community Relations		**$ 3,571**	**$ 43,107**	**$ 1,450**	**$ -**	**$ 39,536**	**$ (3,571)**	**$ (1,450)**

There were no material variances in the Community Relations expenses.

4.3.6 Administration and General

Administration and General includes all other costs necessary to run the day-to-day activities of E.L.K. not included in a different program outlined above. This includes costs associated with management salaries and expenses, general administration,

information technology, third-party services, compliance and other shared services received from ENWIN.

Table 11 – Administration and General Variance Analysis

	Particulars	2022 Board Approved	2022 Actual	2025 Actual	2027 Test	Variance ($) 2022 Actual vs. 2022 Board Approved	Variance ($) 2027 Test vs. 2022 Board Approved	Variance ($) 2027 Test vs. 2025 Actual
5515	Advertising Expense	$ 1,034	$ 2,210	$ 5,304	$ -	$ 1,176	$ (1,034)	$ (5,304)
5605	Executive Salaries and Expenses	$ 24,720	$ 498,423	$ 83,700	$ 95,117	$ 473,703	$ 70,397	$ 11,417
5610	Management Salaries and Expenses	$ 636,838	$ 573,672	$ 143,829	$ 258,640	$ (63,166)	$ (378,198)	$ 114,811
5615	General Administrative Salaries and Expenses	$ 69,673	$ 52,218	$ 199,921	$ 334,271	$ (17,454)	$ 264,598	$ 134,350
5620	Office Supplies and Expenses	$ 82,852	$ 87,931	$ 188,322	$ 154,900	$ 5,079	$ 72,048	$ (33,422)
5630	Outside Services Employed	$ 146,130	$ 392,347	$ 431,751	$ 436,600	$ 246,217	$ 290,470	$ 4,849
5635	Property Insurance	$ 36,764	$ -	$ 38,439	$ 58,400	$ (36,764)	$ 21,636	$ 19,961
5640	Injuries and Damages	$ 50,681	$ 86,467	$ 119,349	$ -	$ 35,785	$ (50,681)	$ (119,349)
5645	OMERS Pensions and Benefits	$ -	$ (44,804)	$ -	$ -	$ (44,804)	$ -	$ -
5655	Regulatory Expenses	$ 160,460	$ 422,589	$ 175,388	$ 142,000	$ 262,130	$ (18,460)	$ (33,388)
5660	General Advertising Expenses	$ -	$ 4,365	$ -	$ 10,000	$ 4,365	$ 10,000	$ 10,000
5665	Miscellaneous General Expenses	$ 5,500	$ 35,591	$ 21,584	$ 250,000	$ 30,091	$ 244,500	$ 228,416
5675	Maintenance of General Plant	$ 57,550	$ 107,386	$ 96,360	$ 75,000	$ 49,836	$ 17,450	$ (21,360)
5680	Electrical Safety Authority Fees	$ 6,390	$ -	$ -	$ 6,500	$ (6,390)	$ 110	$ 6,500
6205	LEAP-Funding	$ 4,245	$ -	$ -	$ 8,800	$ (4,245)	$ 4,555	$ 8,800
Total Administrative and General		**$ 1,282,837**	**$ 2,218,396**	**$ 1,503,947**	**$ 1,830,228**	**$ 935,559**	**$ 547,392**	**$ 326,282**

- Historical OEB-Approved (2022) vs. Historical Actuals for the most recent Historical OEB-Approved year (2022) - the increase of $935,559 or 73% was primarily driven by:
    - Increased Executive Salaries due to a salary continuance agreement that was not forecast in 2022 Board Approved. This is a one-time cost that would not be expected to continue and is not forecast for the 2027 Test Year.
    - An increase in Outside Services employed due to costs associated with the requirement to complete regulatory audits pursuant to previous OEB direction.[11]
    - Higher Regulatory expenses as a result of the 2022 Cost of Service process, as the 2022 Test Year had 1/5 of total Application costs included pursuant to the OEB's methodology for including these costs in rates, while 2022 would reflect actual costs incurred in the year.
- Test Year (2027) vs. Historical OEB-Approved (2022) – the increase of $547,392 or 43% is driven by:
    - Increase in Board of Directors costs for E.L.K.'s new eight-member board.
    - Increase in General and Administrative salaries to account for expected labour cost increases.
    - An increase in Outside Service employed relative to 2022 Board approved, including IT support costs, website / customer portal, regulatory support, and additional ongoing GIS costs.

[11] Regulatory Accounting audit, the results of which were presented in EB-2024-0015.

- Higher Regulatory expenses as a result of OEB Cost Assessment increases since 2022.
- These increases in expenditures are partially offset by a reduction in Management Salaries, as E.L.K. executive leadership team has been reduced, with a partial offset in shared services provided by ENWIN, as further explained in Section 4.5 below. In addition, continuing management costs are now allocated on a forecast basis at a more granular level to multiple USoA based on the nature of work being overseen, rather than remaining unallocated in General Administrative costs.
- A decrease in Injuries and Damages as these costs are not included in the Test Year forecast.

- Test Year (2027) vs. most recent Historical Actuals (2025) - the increase of $326,282 or 22% is driven by:
  - Increased Management Salaries due to the forecast filling of positions that were partially vacant during 2025.
  - An increase in General and Administrative salaries to account for expected labour cost increases and more granular allocation of time.
  - Forecast costs associated with shared services provided by ENWIN, as discussed above.
  - These increases are partially offset by reduced office supply and expenses due to membership cancellations to pursue cost savings, reallocation of certain IT costs to USoA 5630, as well as the exclusion of Injuries and Damages from the Test Year forecast.

4.4 Workforce Planning and Employee Compensation

4.4.1 Overview

~~E.L.K.'s o~~ Overall compensation for E.L.K.-dedicated employees is designed to be market competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for attracting skilled resources. The compensation package includes a base wage and benefits. ~~E.L.K.'s~~ The E.L.K.-dedicated workforce is comprised of both unionized and non-unionized management employees.

Since the purchase of E.L.K. by WCUL, ENWIN Management has conducted an initial assessment of E.L.K.'s workforce composition and compensation structure. ENWIN has

determined that the current workforce composition remains lean but adequate to maintain the essential day to day activities of E.L.K. Only essential roles are proposed in this Application, while this lean workforce will otherwise be supplemented with ENWIN shared services where required. This resourcing strategy is an efficient means to provide E.L.K. the support it needs during the coming years.

The following near team changes have been made to E.L.K.'s historical workforce plan and compensation approach:

- Management employees of E.L.K. have transitioned to become employees of ENWIN – however, their activities are solely focused on E.L.K. activities, and their costs are fully allocated to E.L.K. pursuant to a Managed Services Agreement (for further discussion, see Section 4.5.3).
- These employees are therefore included in the E.L.K. FTE count described in this Application.
- ~~Unionized employees remain employees of E.L.K. – collective bargaining remains ongoing at the time of filing this Application.~~
- Unionized employees have transitioned effective September 24, 2026 to become employees of ENWIN – however, their activities remain dedicated to E.L.K. activities, and their costs are fully allocated to E.L.K. pursuant to a Managed Services Agreement (for further details, see Section 4.5.3).
- These employees are therefore also included in the E.L.K. FTE count described in this Application.
- Compensation practices ~~are being further~~ have been reviewed and aligned where appropriate to ensure internal equity, market competitiveness, and consistency with governance, accountability, and compliance expectations.

The above-listed changes to E.L.K.'s historical workforce plan and compensation approach are rooted in efficiency, consistency, pay equity and employee retention now that both utilities are under common ownership. A primary driver for the workforce plan is ensuring equitable treatment of both legacy-E.L.K. and existing ENWIN staff under a consistent set of rules, procedures and collective agreements, where all employees can be managed by a centralized Human Resources team. This structure allows for administrative simplification and limited incremental cost impacts, while still allowing staff to continue providing dedicated service to their legacy service areas as they had historically.

Attachment 4-E provides a summary of the key changes as a result of the recent conclusion of collective bargaining. E.L.K. and ENWIN will adhere to the requirements of the OEB's *Affiliate Relationships Code for Electricity Distributors and Transmitters*

under this staffing structure, ensuring both the proper allocation of costs pursuant to a Managed Services Agreement and ENWIN's robust corporate cost allocation model, and adherence to confidentiality requirements.

~~E.L.K.'s~~ The compensation program for E.L.K.-dedicated employees includes both base salary and a comprehensive benefits package. To support informed, consistent, and market-based decision-making, ~~E.L.K.~~ ENWIN subscribes to the MEARIE Management Salary Survey, which is used as a key reference for compensation analysis and benchmarking in the sector. Management and non-union positions are matched to relevant survey roles based on job duties and scope of responsibility. Compensation adjustments are evaluated using multiple factors, including comparisons across Ontario LDCs, gross revenues, geographic region, customer base, workforce size, CPI, forecasted operational requirements, and prevailing union wage adjustments. Salary decisions are reviewed through established governance processes to ensure consistency, fairness, and fiscal responsibility.

Many roles within the electricity distribution sector are highly specialized and require significant training and experience to ensure work is carried out safely, efficiently, and in compliance with regulatory and technical standards. E.L.K. continues to benefit from a skilled and experienced workforce that has attempted to the extent possible to absorb increased workloads, implement operational efficiencies, and support service reliability without disproportionate increases in staffing levels.

While overall staffing levels have remained relatively stable, changes in compensation-related costs have been influenced by negotiated union wage adjustments, market-based increases for non-union staff, and broader economic factors. Union wage increases remain consistent with industry trends, while non-union compensation adjustments consider inflationary pressures, union comparators, and external market data, including MEARIE benchmarks.

Benefit cost increases over the period are driven primarily by higher OMERS contribution requirements and other benefit related cost pressures. These impacts are reflected in employee compensation, incentive plan expenses, and pension costs.

Collectively, these factors contribute to changes in total salaries, wages, and benefits charged to operations and maintenance activities. E.L.K.'s ability to operate a safe, reliable, and efficient distribution system is directly dependent on the expertise, commitment, and performance of its employees, and E.L.K.'s compensation practices are structured to appropriately recognize this contribution.

4.4.2 FTE and Employee Costs

Consistent with OEB Appendix 2-K, E.L.K. has summarized its employee complement by FTE, compensation, and benefits in the Table below. E.L.K. has included historical years from 2022 through 2025 as well as the 2026 Bridge and 2027 Test Years. A completed copy of Board Appendix 2-K is also in the filed Excel-based Chapter 2 Appendices.

Table 12 – Employee Costs

	2022 OEB Approved	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
Number of Employees (FTEs including Part-Time)[1]							
Management (including executive)	5	5.5	6	5.5	3.5	4	4
Non-Management (union and non-union)	13.5	12	16	17	17	20	20
Total	19	17	22	23	21	24	24
Total Salary and Wages including ovetime and incentive pay							
Management (including executive)	$ 742,111	$ 823,974	$ 884,488	$ 865,471	$ 549,501	$ 504,104	$ 516,227
Non-Management (union and non-union)	$ 1,163,216	$ 1,094,222	$ 1,200,448	$ 1,396,431	$ 1,587,182	$ 1,850,587	$ 1,899,667
Total	$ 1,905,327	$ 1,918,196	$ 2,084,936	$ 2,261,902	$ 2,136,683	$ 2,354,692	$ 2,415,894
Total Benefits (Current + Accrued)							
Management (including executive)	$ 122,619	$ 118,817	$ 117,349	$ 118,442	$ 85,187	$ 77,227	$ 78,256
Non-Management (union and non-union)	$ 190,182	$ 248,436	$ 308,041	$ 366,093	$ 413,766	$ 386,137	$ 391,278
Total	$ 312,801	$ 367,253	$ 425,391	$ 484,535	$ 498,953	$ 463,364	$ 469,534
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ 864,730	$ 942,791	$ 1,001,837	$ 983,913	$ 634,688	$ 581,332	$ 594,483
Non-Management (union and non-union)	$ 1,353,398	$ 1,342,658	$ 1,508,489	$ 1,762,523	$ 2,000,947	$ 2,236,724	$ 2,290,945
Total	$ 2,218,128	$ 2,285,448	$ 2,510,326	$ 2,746,437	$ 2,635,635	$ 2,818,056	$ 2,885,428
Total Compensation Breakdown (Capital, OM&A)							
OM&A	$ 1,825,519	$ 1,896,725	$ 2,178,376	$ 2,169,216	$ 2,130,294	$ 2,315,352	$ 2,368,696
Capital	$ 392,609	$ 388,724	$ 331,950	$ 577,220	$ 505,341	$ 502,704	$ 516,732
Total	$ 2,218,128	$ 2,285,448	$ 2,510,326	$ 2,746,437	$ 2,635,635	$ 2,818,056	$ 2,885,428

E.L.K. has been understaffed for a number of years and despite best efforts, has been unable to keep up with the requirements of an evolving industry, along with the increasing demands being placed on LDCs. Certain roles have experienced turnover or remained vacant for extended periods of time. These prolonged vacancies have required remaining staff to operate in compressed roles, increased overtime, and limited succession depth. While this approach has enabled continued operations, it has not been sustainable in the context of increasing regulatory scrutiny, engineering and asset management requirements, and customer service expectations.

E.L.K.'s 2012 Cost of Service, completed nearly 15 years ago, encompassed a total of 20 FTEs; in recent years, E.L.K. has modestly increased its FTE count, and is proposing an FTE count of 24 in this Application. Acknowledging the degree to which the industry and LDC requirements have changed over the past decade and a half, this only equates to the addition of approximately 0.25 FTE per year since 2012.

E.L.K.'s significant understaffing is rooted in E.L.K.'s prior extraordinary cost consciousness and attempting to satisfy only the most basic requirements of utility operations – E.L.K.'s track record reflects some of the risks and issues which have manifest as a result of this approach, such as:

- Multiple OEB / Ministry compliance inspections and Assurances of Voluntary compliance to address non-compliances found.

- Significant issues with Regulatory accounting and IESO settlement activities, such as those documented in E.L.K.'s 2025 IRM (EB-2024-0013) proceeding.
- Metering reverifications being overdue and a corrective action plan being put in place with Measurement Canada to remedy.
- Electrical Safety Authority Audit findings and failure to perform required asset inspections in 2025.
- The failed 2017 Cost of Service Application attempt, where E.L.K. was unable to produce evidence to substantiate its rate application requests.
- Requirements for an operations review and further commitments in E.L.K.'s 2022 Cost of Service Application to commit to service quality improvements and modernization.

E.L.K. is proposing a measured adjustment to its FTE count in this Application to remedy gaps where absolutely necessary. E.L.K.'s FTE / customer served is still expected to remain among the mid-point of comparator LDCs, as shown in the Table below, despite significant incremental work required to bring E.L.K.'s operations up to industry standards. E.L.K. believes this represents a balanced approach to addressing immediate needs, delivering responsive service customers expect, meeting modernization demands, while still maintaining reasonable costs.

Table 13 – Customers Served per FTE

LDC	Reference	Year	FTEs	Customers	Customer Served Per FTE
Essex Powerlines	OEB Open Data- 2.1.5	2024	43	31,547	734
Oshawa PUC	EB-2025-0014	2026	90	64,552	717
Orangeville Hydro Limited	OEB Open Data- 2.1.5	2024	20	13,021	651
Milton Hydro	OEB Open Data- 2.1.5	2024	70	44,067	630
Burlington Hydro	EB-2025-0051	2026	113	70,042	620
Grandbridge Energy	OEB Open Data- 2.1.5	2024	189	115,328	610
ERTH Power Corporation	OEB Open Data- 2.1.5	2024	41	24,962	609
London Hydro	OEB Open Data- 2.1.5	2024	302	168,224	557
E.L.K. Energy - Proposed	**EB-2026-0032**	**2027**	**24**	**12,783**	**533**
NPEI	OEB Open Data- 2.1.5	2024	115	59,172	515
Enova Power	OEB Open Data- 2.1.5	2024	321	163,411	509
Entegrus Powerlines	EB-2025-0044	2026	128	64,764	505
Niagara-on-the-Lake Hydro Inc.	OEB Open Data- 2.1.5	2024	20	10,083	504
ENWIN Utilities	OEB Open Data- 2.1.5	2024	183	92,004	503
Halton Hills Hydro Inc.	OEB Open Data- 2.1.5	2024	47	23,128	492
Festival Hydro	OEB Open Data- 2.1.5	2024	47	22,581	480
Centre Wellington Hydro Ltd.	OEB Open Data- 2.1.5	2024	16	7,553	472
Tillsonburg Hydro Inc	OEB Open Data- 2.1.5	2024	19	8,553	450
Innpower Corporation	OEB Open Data- 2.1.5	2024	61	23,506	385
Bluewater Power	OEB Open Data- 2.1.5	2024	106	37,404	353

A summary breakdown of the proposed FTE roles by function is provided below:

Table 14 – FTE by Function

Particulars	2027 Test
Operations	12
Engineering	2
Customer Service / Billing / Administration	7
Finance / Regulatory	3
Total	**24**

As is clear from the above, E.L.K. does not have FTEs for many traditional departments of high-performing LDCs – for example, Human Resources, Healthy & Safety, Information Technology, Executive Management, Procurement, Project Management, etc. These other key functions will be supported through shared services provided by ENWIN and other third-party services where applicable, ensuring E.L.K. remains lean and efficient while still considering that these key functions are required to support day-to-day operations. This is a significant value-add as a result of the purchase of E.L.K. by WCUL which would have otherwise not been available to E.L.K. under its prior ownership structure.

The changes from the FTE count of 18.5 approved in the 2022 Cost of Service are described below.

Additions:

- Customer Service Representative (2.5 FTEs)
    - Additional customer service staff to better manage workload and provide quality customer service. The need for these staff was identified by the prior MSA service provider, noting understaffing in this area and the lack of dedicated experience and expertise in specific functions. The addition of staff has allowed for appropriate succession planning and expertise development in these critical functions.
        - Since this staffing change, E.L.K. has experienced a noticeable reduction in customer service complaints and higher quality work, as staff have been able to focus on specific functions and increase their level of expertise – overall, this critical business function has been stabilized.
    - These staff are also responsible for many other activities in addition to traditional customer service work, including billing, appointment scheduling, collections and cashiering.
    - Further, these roles also provide field service support functions not typically part of traditional CSR roles, including:

        - Metering Services: Metering investigations, meter change orders, estimates, and customer re-classifications.
        - Technical Services: New connections requests, reconnects / disconnects, maintenance work order scheduling, and cost estimating for recoverable services.
        - Other: Compliance reporting (RRR, ESA), third-party communications (LEAP, contractors, ESA) and customer outage troubleshooting.
    - In summary, these roles are multi-faceted and assist E.L.K. in managing day-to-day requirements and workload fluctuations by combining what are often separate, dedicated roles at many LDCs into a single, multi-purpose role.
- Supervisor, Customer Service & Business (1 FTE)
    - This role was added to provide dedicated supervisory oversight to the CSR and Billing group, in addition to assisting with all other administrative and business functions of E.L.K.
    - This re-allocation allowed the other existing E.L.K. Supervisor to focus on critical finance and regulatory functions.
- Finance Clerk (1 FTE)
    - Additional junior staff to assist with day-to-day Finance department work, including accounts receivable, accounts payable, financial reporting, etc.
    - This role was deemed a better fit to complement the existing Finance department work – the Finance department still maintains a complement of two (Supervisor and Clerk) to perform all financial functions of E.L.K., in addition to other administrative duties, consistent with the 2022 Cost of Service.[12]
- Meter Technician (1 FTE)
    - Additional dedicated staff to directly support E.L.K.'s metering program, including meter installation, testing and reverification. The dedication of a staff member to metering was deemed necessary to assist E.L.K. in fulfilling its Measurement Canada metering obligations and ensure accurate customer billing.
    - Prior to this role, this work had been completed by powerline technicians.
- Locator (1 FTE)[13]

[12] Note the prior CFO & Director Stakeholder Relations role included in the 2022 Cost of Service has been absorbed into other roles and shared services from ENWIN.
[13] Future models for providing locate services in-house or via a third party are presently being evaluated.

    - Additional staff to directly support E.L.K.'s locate requirements to ensure compliance with Ontario Regulation 22/04 – the timelines to complete locates have been tightened since E.L.K.'s prior Cost of Service, and a penalty regime now exists if locates are performed late. This position directly assists with ensuring protection of underground assets and damage prevention.
    - Prior to this role, this work had been completed by powerline technicians.
- Apprentice Powerline Technician (1 FTE)
    - Additional apprentice role to satisfy operational requirements and contribute towards E.L.K.'s succession planning needs due to an aging workforce.
    - E.L.K.'s powerline technicians also perform a number of ancillary functions, including inventory management, disconnects / reconnects, and metering work, therefore the addition of this role was necessary to support ongoing workload management and balance operational crews.
- Engineer (1 FTE)
    - Additional mid-level staff to assist with day-to-day Engineering department work, incremental to the prior E.L.K. resource allocation to this area.
        - This function is necessary to support the increasing complexity of distribution system planning, evolving regulatory requirements, and the need for evidence-based investment decision-making.
        - This role will complement the existing System Planning Engineer role.
    - The scope of this role will include:
        - Conduct core system planning capabilities, including load forecasting, system modeling, and identification of capacity constraints.
        - Ensure that system reliability, safety, and performance are maintained through the identification of system risks and development of appropriate mitigation strategies. The role also supports improved reliability outcomes by analyzing system performance data and recommending targeted infrastructure enhancements.
        - Support the development and prioritization of capital investments by identifying system needs, performing preliminary technical and cost assessments, and aligning proposed projects with risk and performance objectives, supporting the increased scale of the proposed capital program outlined in the Exhibit 2 DSP.

Reductions:

- CEO (1 FTE)
  - Executive oversight now being provided through ENWIN shared services.
- CFO and Director Stakeholder Relations (1 FTE)
  - Executive oversight now being provided through ENWIN shared services.
- Administrative Assistant (0.5 FTE)
  - Administrative support now re-allocated to be encompassed within other roles, primarily the CSRs.
- Master Electrician (0.5 FTE)
  - This role was not directly replaced following a retirement.

Role Changes:

- Supervisor, Finance and Regulatory
  - The former Supervisor Finance and Customer Service role was split to ensure dedicated focus could be maintained on each of these critical functional areas, as well ensure adequate supervision of the departmental staff.
  - A supervisory role was created specifically to oversee the Finance and Regulatory functions of E.L.K.
- Manager Engineering and Operations
  - This role transitioned to the Supervisor of Operations, providing dedicated operational oversight to E.L.K.'s field staff.
  - The Engineering oversight work is now contained within the proposed two engineering department roles, in addition to shared service support and oversight from ENWIN.
- Supervisor Engineering and Asset Management
  - This role transitioned to the System Planning Engineer role, providing enhanced dedicated focus to the engineering work required at E.L.K.

The overall FTE complement reflects a deliberate investment to address long-standing resource gaps and elevate E.L.K.'s operating model to meet current regulatory, compliance, and governance expectations, as well as build sustainable capacity, succession planning, and appropriate internal controls in essential areas. All roles contained in this Application will be required to continue to deliver services required within the E.L.K. service territory and support safe and reliable operations.

4.4.3 FTEs, Wages and Benefits Variance Analysis

The salary and wage costs described below include all salaries and wages paid, including incentive pay, overtime, vacation, holidays, sick leave, bereavement, and other miscellaneous paid leave. Further, the benefit costs include E.L.K.'s portion of all statutory benefits including CPP, EI, EHT, WSIB, OMERS, LTD insurance, life insurance, health benefits and other miscellaneous benefits.

Further details relating to paid benefits are summarized in the sections below.

Consistent with OEB Appendix 2-K, E.L.K. has included the Table below which outlines year-over-year variances of E.L.K.'s FTEs and wages & benefits. E.L.K. has included the 2022 OEB Approved amounts, historical years 2022 through 2025 and the 2026 Bridge and 2027 Test years.

Table 15 – FTEs, Wages and Benefits Variance Analysis

Particulars	2022 Actual vs. 2022 Board Approved	2023 vs. 2022 Actual	2024 vs. 2023 Actual	2025 vs. 2024 Actual	2026 Bridge vs. 2025 Actual	2027 Test vs. 2026 Bridge	2027 Test vs. 2022 Board Approved
Number of FTEs							
Management (including executive)	0.50	0.50	(0.50)	(2.00)	0.50	0.00	(1.00)
Non-Management (union and non-union)	(2.00)	4.25	1.25	0.00	3.00	0.00	6.50
Total	**(1.50)**	**4.75**	**0.75**	**(2.00)**	**3.50**	**0.00**	**5.50**
Total Salary and Wages including ovetime and incentive							
Management (including executive)	$ 81,863	$ 60,514	$ (19,017)	$ (315,970)	$ (45,397)	$ 12,123	$ (225,884)
Non-Management (union and non-union)	$ (68,994)	$ 106,226	$ 195,983	$ 190,751	$ 263,406	$ 49,079	$ 736,451
Total	**$ 12,869**	**$ 166,740**	**$ 176,966**	**$ (125,219)**	**$ 218,009**	**$ 61,203**	**$ 510,567**
Total Benefits (Current + Accrued)							
Management (including executive)	$ (3,802)	$ (1,468)	$ 1,093	$ (33,255)	$ (7,960)	$ 1,028	$ (44,363)
Non-Management (union and non-union)	$ 58,254	$ 59,606	$ 58,051	$ 47,673	$ (27,629)	$ 5,142	$ 201,096
Total	**$ 54,452**	**$ 58,138**	**$ 59,144**	**$ 14,418**	**$ (35,589)**	**$ 6,170**	**$ 156,733**
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ 78,061	$ 59,046	$ (17,924)	$ (349,225)	$ (53,356)	$ 13,151	$ (270,247)
Non-Management (union and non-union)	$ (10,740)	$ 165,831	$ 254,034	$ 238,424	$ 235,777	$ 54,221	$ 937,547
Total	**$ 67,320**	**$ 224,878**	**$ 236,110**	**$ (110,801)**	**$ 182,420**	**$ 67,373**	**$ 667,300**
Total Compensation Breakdown (Capital, OM&A)							
OM&A	$ 71,205	$ 281,652	$ (9,160)	$ (38,922)	$ 185,058	$ 53,344	$ 543,177
Capital	$ (3,885)	$ (56,774)	$ 245,270	$ (71,879)	$ (2,637)	$ 14,028	$ 124,123
Total	**$ 67,320**	**$ 224,878**	**$ 236,110**	**$ (110,801)**	**$ 182,420**	**$ 67,373**	**$ 667,300**

The variances during the period 2022 – 2025 are primarily driven by vacancies / filling of positions relative to the prior year and the related impacts on salaries, wages and benefits.

The 2026 Bridge Year assumes the FTE changes described above are implemented.

The 2027 Test Year vs. 2022 Board Approved variances are primarily driven by the FTE changes described above. Management FTEs have been reduced, while the essential non-management roles described above have been added. The related increases on salaries, wages and benefits are primarily due to these roles, in addition to annual inflationary adjustments.

4.4.4 Employee Benefit Programs

ENWIN offers E.L.K.-dedicated employees ~~offers~~ the following statutory benefits summarized below:

- Canada Pension Plan ("CPP");
- Employment Insurance ("EI");
- Employer Health Tax ("EHT");
- Workplace Safety Insurance Board ("WSIB");

ENWIN also offers E.L.K.-dedicated employees ~~also offers~~ the following company benefits summarized below:

- Ontario Municipal Employee Retirement Savings ("OMERS");
- Long Term Disability ("LTD")
- Life Insurance
- Health Care Benefits – includes dental, vision, medical
- Employee Assistance Program ("EAP")
- Safety Equipment Allowance Program

The Table below outlines E.L.K.'s Benefit Expenses by category. As evidenced below, year-over-year increases are related to increases in Statutory deductions, which have increased approximately 49% between 2022 Board Approved and the 2027 Test Year due to statutory benefit rate increases, wage increases and FTE increases. Company benefits have increased approximately 51% over the same period, driven primarily by the cost of OMERS, healthcare benefits and FTE increases.

Table 16 - E.L.K. Benefit Expenses

Particulars	2022 Board Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
Statutory							
CPP - Employer Portion	$ 49,024	$ 61,432	$ 75,415	$ 91,368	$ 89,945	$ 91,413	$ 91,413
EI - Employer Portion	$ 20,629	$ 23,861	$ 28,570	$ 34,168	$ 31,528	$ 24,416	$ 24,416
Employer Health Tax	$ 33,448	$ 38,018	$ 44,115	$ 45,764	$ 41,628	$ 41,731	$ 42,925
WSIB	$ 15,731	$ 15,149	$ 16,466	$ 14,105	$ 11,413	$ 17,763	$ 18,271
Total Statutory	**$ 118,832**	**$ 138,460**	**$ 164,567**	**$ 185,404**	**$ 174,513**	**$ 175,322**	**$ 177,024**
Company							
OMERS	$ 193,969	$ 94,752	$ 107,629	$ 111,439	$ 104,944	$ 110,641	$ 115,109
LTD Insurance		$ 20,908	$ 24,576	$ 27,547	$ 32,434	$ 35,500	$ 35,500
Life Insurance		$ 10,122	$ 9,982	$ 10,722	$ 12,576	$ 9,900	$ 9,900
Health and Dental Benefits		$ 103,011	$ 118,638	$ 149,422	$ 174,487	$ 132,000	$ 132,000
Sub-Total Company	**$ 193,969**	**$ 228,793**	**$ 260,824**	**$ 299,130**	**$ 324,440**	**$ 288,041**	**$ 292,509**
Total Benefits Prior to Employee Future Benefits	**$ 312,801**	**$ 367,253**	**$ 425,391**	**$ 484,534**	**$ 498,953**	**$ 463,364**	**$ 469,533**
Employee Future Benefits	$ 14,142	$ 15,130	$ 20,314	$ 16,771	$ 18,270	$ 18,270	$ 18,270
Total Company	**$ 326,943**	**$ 382,383**	**$ 445,705**	**$ 501,305**	**$ 517,223**	**$ 481,634**	**$ 487,803**

4.4.5 Post-Employment Retiree Benefits

E.L.K. 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. Re-measurements 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 ("OCI"). 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.

These costs are recorded on an accrual basis and not on a cash basis, as cash activity is applied against the actuarial determined liabilities. No change is being proposed for this Application and the forecasted employee future benefit is assumed to be constant with the 2025 actual obligation for purposes of the 2026 Bridge and 2027 Test years.

All current employees as of April 1, 2000, who retire on or after April 1, 2003, and have attained the age of 55 and have 15 years of Board Service Credit or retire with an unreduced pension under the OMERS Type 7 Plan will have their health care benefits as outlined in Article 15 of the collective agreement provided to age 65 or until said retirees qualify for the government health plan, whichever occurs first. Please note that prior to the original amalgamation of E.L.K. in the early 2000s, the predecessor utilities and their staff members negotiated post-retirement benefits on a case-by-case basis. Those arrangements with respect to post retirement benefits remained in place following the creation of E.L.K. The accrued expense is based on an actuarial valuation.

The latest copy of the valuation has been provided as Attachment 4-A to this Exhibit 4.

E.L.K. also pays certain health, dental, and life insurance benefits on behalf of its retired employees.

4.5 Shared Services and Corporate Cost Allocation

4.5.1 Overview

E.L.K. has historically provided services to an affiliate company, E.L.K. Solutions ("Solutions") and the Town of Essex. E.L.K. also now receives services from affiliate, ENWIN. These services are further detailed in the sections below.

4.5.2 Shared Services to Affiliates

E.L.K. provides the following services to affiliates:

Hot Water Heater Services

E.L.K. has historically entered into a services agreement with Solutions where staff were made available by E.L.K. to Solutions and work was performed under the supervision of Solutions. This included billing, collecting and other customer service support for hot water heater rentals for approximately 130 customers. The intention is for Solutions to sell the business in late 2026 or early 2027. As a result, no revenue or costs related to this activity is anticipated in 2027 and thus is not included in the 2027 Test Year.

Streetlight and Sentinel Light Services

E.L.K. had historically entered into a services agreement with Solutions for maintenance services for streetlights and sentinel lights. Staff were made available by E.L.K. to Solutions and work was performed under the supervision of Solutions. This service was provided on a fully-allocated cost basis with costs determined based on employee time at fully burdened rates, as well as truck and material expenses at fully burdened costs.

In 2024, Solutions changed their streetlighting maintenance service provider from E.L.K. to a third-party contractor. Therefore, in 2024 and thereafter, E.L.K. no longer provides those services and as a result no cost or charges are incurred or billed for those streetlighting maintenance services.

Billing services provided by E.L.K. to Solutions for both Streetlighting maintenance and Sentinel lighting are provided and are expected to continue. Please see Attachment 4-B for a copy of the services agreement related to these ongoing services.

Water & Sewer Billing Services

E.L.K. formerly provided the Town of Essex water and sewer billing services. The revenue earned from these services was included in E.L.K.'s 2022 Board approved revenue requirement. However, the Town of Essex ceased this arrangement effective January 1, 2024 and thus E.L.K. no longer performs or receives revenue from these services.

The revenue earned from affiliate services are summarized below in the Table below.

Table 17 - Affiliate Revenue by Service Type

Service Provided		2022 Board Approved	2022	2023	2024	2025	2026 Bridge	2027 Test
By	To							
E.L.K. Energy	E.L.K. Solutions	$ 184,800	$ 24,466	$ 30,619	$ 1,240	$ 1,275	$ 8,775	$ 7,275
E.L.K. Energy	Town of Essex	$ 367,200	$ 347,170	$ 405,994	$ -	$ -	$ -	$ -

The primary driver of the variance in revenue from affiliate services was the loss of the Town of Essex water billing contract starting in 2024. Services provided to Solutions have also largely ended with the outsourcing of the services provided to Solutions from E.L.K., other than the ongoing administrative support outlined above.

These revenues reconcile with Appendix 2-N and are included in Other Revenue for purposes of this Application.

4.5.3 Shared Services from Affiliates

E.L.K. receives the following services from its affiliates:

Management Services

Starting in 2026, E.L.K. has entered into a services agreement with ENWIN (see Attachment 4-C) where ENWIN staff provide the following shared services to E.L.K.:

- Corporate Services, including:
  - Executive and Management Services
  - Procurement Services
  - Human Resources Services
  - Information Technology
  - Communications and Public Affairs
  - Financial Services
  - Regulatory Services

The sharing of these services with ENWIN allows E.L.K. to benefit from the expertise of ENWIN across these various functions, without needing to hire and dedicate additional staff solely to these areas. This allows E.L.K. to remain nimble and efficient and maintain cost effectiveness.

The pricing for these services is based on ENWIN's existing corporate cost allocation framework (most recently approved in EB-2019-0032), which utilizes cost drivers to allocate costs and comply with the transfer pricing requirements of the OEB Affiliate Relationships Code for Electricity Distributors and Transmitters ("ARC"). The fully-

allocated cost includes a return on the utility's invested capital, which is no less than the utility's approved weighted average cost of capital.

The table below describes the methodology and cost driver for each service provided by ENWIN to E.L.K.:

Table 18 - Affiliate Cost Allocation and Cost Drivers

Service Provided	Allocation Methodology
Executive and Management Services	Shared costs within this category include Executive Office and Senior Management. The drivers used to determine the allocation are based on Executive time.
Procurement Services	Shared costs within this category include Purchasing and Stores costs. Purchasing costs are allocated based on PO's issued by entity. Stores costs are allocated based on number of stockroom issuance and returns to warehouse.
Human Resources Services	Shared costs within this category include Human Resources and Health & Safety . Human Resource and Health and Safety services are allocated amongst the affiliates based on actual FTE.
Information Technology Services	IT costs are allocated amongst the affiliates based on technical support such as the number of computers, printers and software required. As well IT costs are allocated based on IT development costs that is related to IT's labour time allocation.
Communications and Public Affairs	These services are allocated amongst the affiliates based on the weighted average of labour costs and time allocation amongst the affiliates.
Financial Services	Financial services are allocated amongst the affiliates based on the weighted average of finance labour costs and time allocation amongst the affiliates.
Regulatory Services	Regulatory services are allocated amongst the affiliates based on the weighted average of regulatory labour costs and time allocation amongst the affiliates.

In addition to the shared corporate services costs described above, the cost of employees 100% dedicated to E.L.K. work are directly charged to E.L.K. and reflected in E.L.K.'s proposed O&M expenses. These employees are also included in the FTE count described earlier in this Exhibit 4.

The forecast of cost to be incurred for affiliate shared services are summarized below in the Table below.

Table 19 - Affiliate Expenses by Service Type

Service Provided		2022 Board Approved	2022	2023	2024	2025	2026 Bridge	2027 Test
By	To							
ENWIN Utilities Ltd.	E.L.K. Energy	$ -	$ -	$ -	$ -	$ -	$ 250,000	$ 250,000

The primary driver of the variance in expenses from affiliate services was the start of the ENWIN Management Services contract in 2026. Previous to this, E.L.K. had received management support services from Entegrus Inc. until the end of 2024 – however, Entegrus Inc. was not affiliated with E.L.K.

4.5.4 Corporate Cost Allocation

All Corporate Costs that are allocated or received are detailed in the sections above.

4.6 Purchases of Non-Affiliate Services

E.L.K. purchases many services and products from third parties. These purchases are governed by E.L.K.'s Procurement Policy which is attached as Attachment 4-D. Purchases in support of the 2027 operating and capital work programs will continue to be based on the E.L.K.'s Procurement Policy, leveraging any purchasing efficiencies with ENWIN where appropriate. E.L.K. confirms that it is not aware of any material transactions that were not in compliance with the Procurement Policy.

Full transition of E.L.K.'s Procurement Policy to more closely align with ENWIN's processes will occur over time as part of future integration planning activities.

4.7 Regulatory One-Time Costs

E.L.K. has completed Board Appendix 2-M for purposes of detailing the one-time regulatory costs associated with this Application, in addition to a summary of those included in E.L.K.'s previous Cost of Service Application. A summary of this information is provided in the Table below.

Table 20 – One-Time Regulatory Costs

Particulars	2022 Board Approved	Actual 2022 Cost of Service	2027 Cost of Service		
			2025 Actual	2026 Bridge	2027 Test
Cost Incurred	$ 539,799	$ 730,331	$ 19,799	$ 436,201	$ 254,000
1/5 Amortized for Test Year Revenue Requirement					$ 142,000

The Table above outlines E.L.K.'s cost associated with the creation and expected adjudication of this Application which are currently estimated at $710,000. These costs include legal, consulting, administrative, and expected OEB and intervenor costs. Consulting costs include costs for customer engagement, Asset Condition Assessment, the Distribution System Plan, load forecast, and third-party application support and review. The overall portfolio of Application development costs are expected to be similar to those incurred with the 2022 Cost of Service Application.

E.L.K. proposes to recover the amount of $710,000 in distribution rates over five (5) years. As a result, E.L.K. has included $142,000 (one fifth of the total) in 2027 Test Year OM&A costs.

E.L.K. notes that its ongoing regulatory costs, such as the quarterly OEB cost assessments, are included in its overall OM&A expenses and not reflected in the one-time costs outlined above.

4.8 Low Income Energy Assistance Programs

The Low Income Energy Assistance Program ("LEAP") provides assistance to eligible low-income consumers towards paying their electricity bills. LEAP helps those customers in need and the funds are distributed to customers that meet the set criteria to qualify for assistance. The LEAP funding is provided by all customers through its inclusion in the utility's distribution rates.

The default level of funding is based on the greater of 0.12% of a distributor's OEB-approved distribution revenue requirement or $2,000. As a result of recent OEB policy changes, where the maximum level of LEAP contributions provided in a given year is no longer capped, the OEB has also established a LEAP deferral account to capture LEAP assistance amounts in excess of the amounts included in rates.

Given E.L.K.'s history that it has not exceeded its default level of LEAP funding in a given year, E.L.K. has utilized the default approach to determine the level of LEAP funding to include in this Application. The LEAP funding amount is determined in the Table below.

Table 21 – LEAP Calculation

Particulars	2027 Test Year
Service Revenue Requirement	$ 7,387,622
% of Service Revenue Requirement	0.12%
LEAP Funding - Calculated	$ 8,865
LEAP Funding Included in OM&A (Rounded)	$ 8,800

E.L.K. has partnered with the Unemployed Help Centre to assist in the LEAP program and the funds are intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears to E.L.K.

E.L.K. understands that this value may change based on the final approved Service Revenue Requirement resulting from this Application.

4.9 Charitable and Political Donations

E.L.K. confirms that there are no charitable donations included in the 2027 Test Year revenue requirement. E.L.K. does not make any political donations.

4.10 Costs of Non-Wires Solutions and Conservation and Demand Management

4.10.1 Overview

E.L.K.'s last Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") claim was approved as part of its 2022 Cost of Service and the account currently has a zero balance. E.L.K. confirms that no CDM or eDSM costs are included in its test year revenue requirement

4.10.2 Funding Options for Future Non-Wires Solutions

E.L.K. is not proposing any funding requirements for non-wires solutions in this Application.

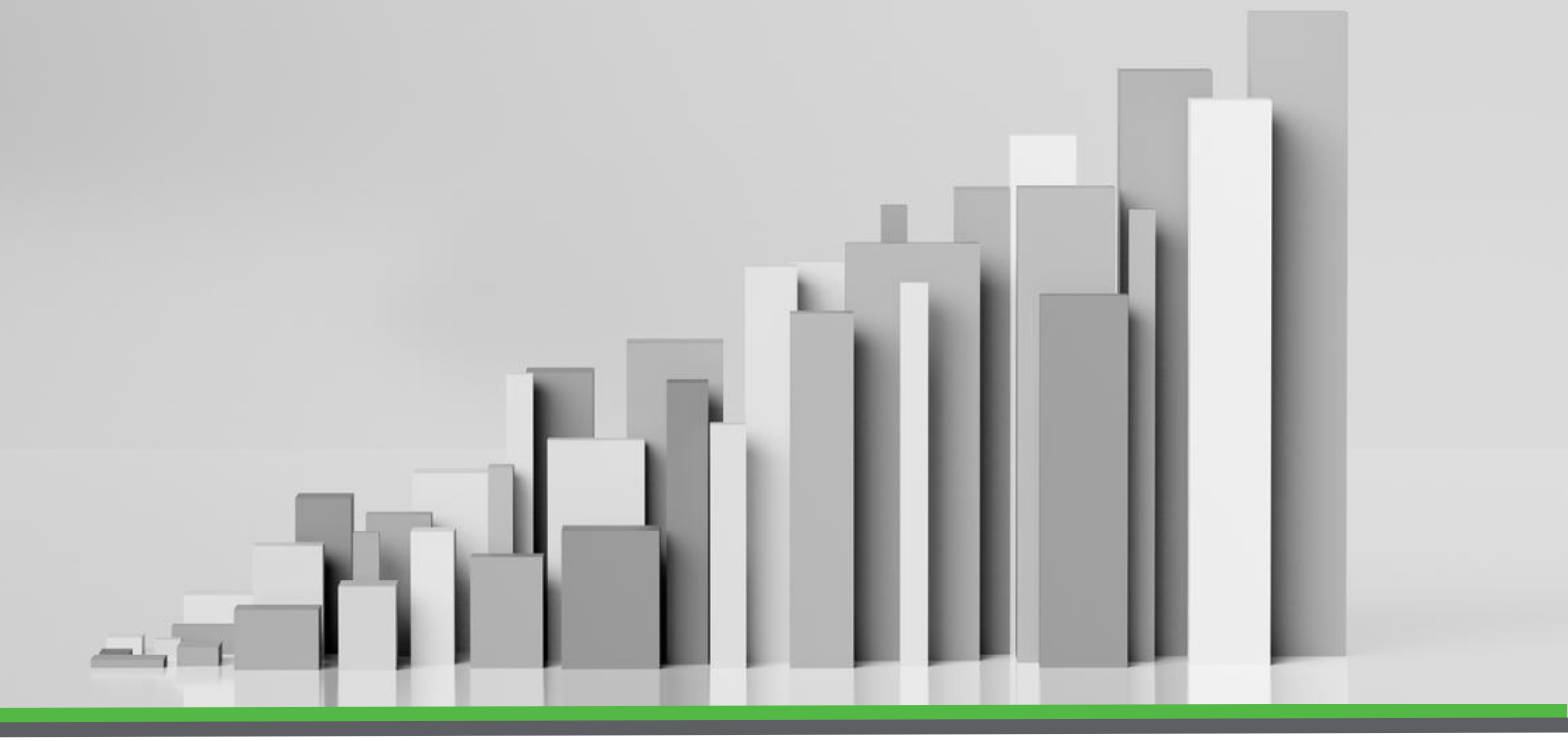
Exhibit 4

Attachment 4-A

E.L.K. Energy Post-Employment Benefits Actuary Report

E.L.K ENERGY POST-EMPLOYMENT BENEFITS ACCOUNTING

Effective December 31, 2025



Completed January 16, 2026

MONDELIS

550 Bingemans Centre Drive, Suite 200, Kitchener ON N2B 3X9

INTRODUCTION

E.L.K. Energy Inc. has retained the services of Mondelis Corporation to perform a valuation of post-employment benefits for the fiscal period ending December 31, 2025. The results have been prepared in accordance with our understanding of the International Financial Reporting Standards (IFRS).

A full valuation has been prepared effective December 31, 2024 and results have been extrapolated to December 31, 2025. This document contains the accounting results to be disclosed in the December 31, 2025 financial statements. The attached table provides the exhibits showing disclosure information for the fiscal year ending December 31, 2025 and the prior fiscal year.

INSURANCE PLAN

Benefits are payable to future retirees provided they retire from active service and have at least 15 years of service with the company. New employees do not get the post-employment benefits after retirement

Life insurance benefits are provided to four current retirees; future retirees will not be provided with life insurance benefits.

The health insurance program provides extended health insurance, dental insurance, and vision benefits; various deductibles are applicable. Current retirees are covered for various periods and coverages (some for life). For future retirees, extended health insurance benefits will cease at age 65; survivor's benefits are provided with respect to one currently retired employee.

PREMIUM RATES

Monthly premiums at January 1, 2025 have been provided by E.L.K. Energy and used in the full valuation. The table below shows the monthly premiums, excluding provincial sales taxes. The prior valuation premiums are shown for comparison.

	Class 1, 10, and 13 (actives)				Class 2 and 11 (retirees)			
	Health		Dental		Health		Dental	
	Single	Family	Single	Family	Single	Family	Single	Family
Premiums at Jan 1, 2022	78.96	202.23	48.63	171.73	78.95	208.30	46.75	170.05
Premiums at Jan 1, 2025	116.58	298.57	65.51	231.34	120.07	307.54	64.86	229.07

MEMBERSHIP DATA

The data used for the valuation effective December 31, 2024 is summarized in the following tables. New employees are not added as they do not get the post-employment benefits after retirement.

Age Group	M	F	Total	Average Service (Years)
		Active Employees		
50-54	1	0	1	32.692
55 & over	1	0	1	27.789
Totals	2	0	2	30.240

Age Group	M	F	Total	Average Life Ins.
		Retirees		
55-59	4	0	4	0
60-64	2	2	4	0
80-84	1	1	2	10,002
85-89	1	0	1	15,938
Totals	8	3	11	3,267

Notes: One retiree is entitled to life insurance only. Two retirees have reached age 65 and ceased benefits.

CONFIRMATIONS

We have been engaged to prepare actuarial valuations for E.L.K Energy's post-employment benefits plan. We confirm that:

- The valuation regarding the recognition of employee future benefit obligation through December 31, 2025 is in accordance with IFRS.
- The valuation has been performed in accordance with the Canadian Institute of Actuaries (CIA) standards of practice.
- The valuation has been performed using the discount rate determined in accordance with IFRS and best estimate assumptions determined by management in consultation with our office.
- We have used a materiality level of $25,000 in dealing with errors or changes in principle and the application thereof.
- Our calculations include all employee future benefit plans of the Company required to be included in the calculations for which we have been retained. No changes in plan provisions have been brought to our attention that have occurred in the period from the valuation date up to the date of this report that would have a material impact on the results of this report.
- The valuation is accurate and properly reflects the effect of all events and changes that have been brought to our attention by management.
- No matters have come to our attention which occurred in the period from the effective date of the report (December 31, 2025) to the date of the completion of this report which would have a material effect on our calculations.

ASSUMPTIONS/METHODS

The significant actuarial assumptions used in the calculations are as follows:

- The date of all calculations is December 31, 2025.
- A 3.90% discount rate is used to determine the obligation at December 31, 2025; a rate of 4.40% was used at December 31, 2024 and for extrapolation during 2025. The discount rate of 3.90% at December 31, 2025 represents the equivalent annual yield derived from use of the Fiera Capital Canadian Institute of Actuaries Method Accounting Discount Rate Curve at December 31, 2025, rounded to the nearest 0.10%.
- No assets have or are expected to be accumulated for the plan.
- Salary growth is not anticipated, as benefits are not salary related.
- No employee contributions are to be made to the plan; the value of benefits funded by plan members is excluded from the calculated liabilities (i.e. only the employer's share of the cost of benefits is considered).
- The Canadian Pensioners' Mortality Table (Composite) projected on a generational basis using CPM Improvement Scale B is used for the current valuation.
- Termination of employment is based on the Ontario Light Scale, with no termination after age 54.
- Retirement is assumed to be at the later of age 57 and the age at which benefits become available under the plan; previously retirement was assumed to be at the later of age 60 and the age at which benefits become available under the plan.
- Inflation of 2.25% per year is assumed.
- Health care trend rates are assumed to be 5.50% starting in 2024, reducing by 0.10% per year until an ultimate rate of inflation plus 1.75% (i.e. 4.00%) is attained.
- Dental care trend rate of 4% per year.
- A life insurance settlement expense of $500 per policy is assumed.
- The value of projected benefits is prorated over the attribution period to determine the amount of expense to charge to various periods. The accrued obligation represents the present value of benefits assigned to periods prior to the valuation date.
- Amortizations: Gains/losses are immediately recognized in the Balance Sheet Asset.
- The attribution method is based on prorating benefits over each employee's period of service to the age at which the employee is eligible for post-employment benefits.
- It is assumed that current marital status will be in place at each active employee's retirement; spouse is assumed to have same age as employee.

CALCULATIONS

On the basis of the assumptions and methods noted above, we have determined the present value of benefit obligations related to service through 2025. The attached tables show the calculated obligation amounts at the fiscal year end dates as requested.

Please contact us should you require additional information.

Sincerely,



Harish Pawagi
harish.pawagi@mondelis.com
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries

Att.

EXHIBITS

E.L.K. Energy Post-Employment Benefits		
Fiscal period	**2024**	**2025**
Discount Rate		
At start of period	**4.50%**	**4.40%**
At end of period	**4.40%**	**3.90%**
Interest rate on assets	N/A	N/A
Salary Growth assumption	N/A	N/A
YMPE Growth assumption	N/A	N/A
CPI increase assumption	2.25%	2.25%
Termination rates used	Yes	Yes
Retirement Age	57/15yos	57/15yos
Trend Rates (starting at most recent valuation)		
Health Care Initial Trend Rate	5.5%	5.5%
Ultimate Trend Rate/Dental Trend Rate	4.0%	4.0%
Period (years) to Ultimate	15	15
EARSL Period	N/A	N/A
Number of active employees	2	2
Number of retirees	11	9
Reconcile Obligation		
Obligation at start of period	359,006	454,545
Change in obligation on revaluation	0	0
Plan improvements in period	0	0
Current service accrual cost	1,844	0
Member contributions	0	0
Benefit payments	(56,450)	(78,644)
Interest on obligation	14,927	18,270
Obligation at end of period	319,327	394,171
Actual obligation at end of period	454,545	401,127
Total (Gains) & Losses	135,218	6,956
Reconcile Plan Funds		
Fund at start of period	0	0
Company contributions	56,450	78,644
Benefit payments	(56,450)	(78,644)
Interest on fund	0	0
Expected fund at end of period	0	0
Actual fund at end of period	0	0
(Gains) & Losses	0	0

E.L.K. Energy Post-Employment Benefits **Fiscal period**	**2024**	**2025**
Expense		
Current service cost	1,844	0
Interest on obligation	14,927	18,270
Interest on assets	0	0
Amortize transition amount	0	0
Amortize plan improvements	0	0
Amortize (gains) and losses	0	0
Expense	16,771	18,270
Unamortized (Gains) & Losses		
Unamortized (gain)/loss at start of period	0	0
Restatement of Liability	0	0
(Gain)/Loss in period	135,218	6,956
Amortization in period	135,218	6,956
Unamortized (gain)/loss at end of period	0	0
Balance Sheet Asset (Liability)		
Asset/(Liability) at start of period	(359,006)	(454,545)
Restatement of Pension Liability	0	0
Income/(Expense) in period	(16,771)	(18,270)
Company contributions	56,450	78,644
Recognize gains/(losses)	(135,218)	(6,956)
Asset/(Liability) at end of period	(454,545)	(401,127)
Reconcile Balance Sheet Asset to Funded Status		
Funded status	(454,545)	(401,127)
Unamortized transition amount	0	0
Unamortized prior service costs	0	0
Unamortized gains & (losses)	0	0
Balance Sheet Asset/(Liability)	(454,545)	(401,127)
Impact of 1% change in health insurance trend rates		
Change in obligation for 1% increase in trend rates		11,000
Change in obligation for 1% decrease in trend rates		(11,000)

E.L.K. Energy Post-Employment Benefits **Fiscal period**	**2024**	**2025**
Sources of (Gains) & Losses		
Change in Financial Assumptions		6,956
Change in Demographic Assumptions		0
Revaluation		0
Change in Premiums and Trend Rates		0
Total (Gains) & Losses		6,956

Exhibit 4

Attachment 4-B

E.L.K. Energy and E.L.K. Solutions Services Agreement

Docusign Envelope ID: 5227462E-8835-4269-92B0-ED44236BD14D

SERVICES AGREEMENT

THIS AGREEMENT made as of the 1st day of January, 2026.

B E T W E E N:

E.L.K. SOLUTIONS INC.

(hereinafter called "**Solutions**")

OF THE FIRST PART;

- and –

E.L.K. ENERGY INC.

(hereinafter called "**Energy**")

OF THE SECOND PART.

WHEREAS Energy is a licensed distributor of electricity pursuant to the *Ontario Energy Board Act*, 1998;

AND WHEREAS Solutions is an affiliate of Energy, as such term is used and defined in the *Affiliates Relationships Code for Electricity Distributors and Transmitters* promulgated by the Ontario Energy Board on April 1, 1999 (revised March 15, 2010);

AND WHEREAS Solutions is engaged in, or proposes to be engaged in, some of all of the activities which an affiliate of an electricity distributor is permitted to engage in pursuant to Section 71 of the *Ontario Energy Board Act*, 1998;

AND WHEREAS, in order to carry on such activities, Solutions wishes to contract with Energy on the terms and conditions hereinafter set forth for the provision by Energy to Solutions of certain of Energy's resources and the services of certain of Energy's employees;

NOW THEREFORE, the parties agree as follows:

Article I
INTERPRETATION

1.1 Where used in this Agreement, the following expressions shall have the following respective meanings.

Docusign Envelope ID: 5227462E-8835-4269-92B0-ED44236BD14D

(a) "**Act**" means the Ontario Energy Board Act, 1998;

(b) "**Agreement**" means this Agreement and all schedules hereto, as the same may be amended from time to time;

(c) "**Business**" means the business activities now or hereafter carried on by Solutions, being some or all of the activities referred to in Section 71 of the Act;

(d) "**Business Day**" means every day except Saturdays, Sundays and days observed as statutory holidays in the Province of Ontario;

(e) "**Code**" means the *Affiliates Relationships Code for Electricity Distributors and Transmitters*, as revised effective May 15, 2010 by the Ontario Energy Board;

(f) "**Designated Employees**" means the Chief Executive Officer, the Supervisor, Finance and the Operations Manager of Energy, as well as the members of Energy's outside crews;

(g) "**Facilities**" means the office space, office supplies, office furniture and equipment located in Energy's premises at 172 Forest Avenue, Essex, Ontario;

(h) "**Prime Rate**" means the rate of interest per annum announced by the Royal Bank of Canada from time to time as its "prime rate".

(i) "**Services**" means the services of the Designated Employees in the following areas:

(i) general ledger and bookkeeping;

(ii) budgeting;

(iii) tax return preparation and filing;

(iv) governmental liaison and filings;

(v) outdoor installation and maintenance work in connection with activities permitted to be conducted by Solutions under Section 73 of the *Ontario Energy Board Act*,

and the use by such Designated Employees of the Facilities in the course of providing such services;

(j) "**Term**" shall have the meaning ascribed thereto in Section 6.1 of this Agreement.

1.2 Time shall be of the essence in the performance of the parties' respective obligations.

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1.3 Words denoting the singular include the plural and vice-versa and words denoting any gender include all genders.

1.4 The use of heading is for convenience of reference only and shall not affect the construction of this Agreement.

Article II
OBLIGATIONS OF ENERGY

2.1 From time to time, and at the request of the Chief Executive Officer of Solutions, one or more of the Designated Employees will be made available by Energy to Solutions to provide Services in relation to the Business. All such Services will be performed under the supervision of Solutions, and Energy will have no responsibility for the supervision of Designated Employees while performing such Services, or for ensuring that they achieve any particular result in performing such Services. Solutions may request the Services of each Designated Employee for up to a maximum of twenty (20) hours per week.

2.2 Designated Employees, in the course of performing Services in relation to the Business under Section 2.1, will have full access to, and use of, the Facilities.

2.3 Energy and Solutions agree that if Solutions at any time during the Term becomes an "**energy service provider**" (as such term is used and defined in the Code), any Designated Employee directly involved in collecting, or having access to, "**confidential information**" (as such term is used and defined in the Code) shall cease, from and after such time, to be available to provide services to Solutions hereunder and will cease to be a Designated Employee hereunder.

Article III
CONFIDENTIALITY

3.1 All information relating to the Business to which Energy may become privy by virtue of this Agreement, is proprietary to Solutions and shall be considered confidential information for the purposes of this Agreement and shall be kept confidential by Energy. All information relating to any aspect of Energy's business is proprietary to Energy and, except as may be required in order to comply with Section 8.1 and enable Solutions to verify the charges it is required to pay pursuant to Section 5.1, shall not be disclosed to Solutions. All such information which is disclosed to Solutions shall be kept confidential by Solutions. Both parties shall exercise the same standard of care with respect to the other party's confidential information as it would exercise with its own confidential information of similar value and kind. Neither party shall disclose or divulge the

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contents of same to any third party without the prior written consent of the other party, provided that:

(a) either party may disclose any such information which has been publicly disclosed (other than by a party in breach of its obligations hereunder), or which has rightfully come into its possession (other than from the other party); and

(b) to the extent that the party may be compelled by legal or regulatory requirements to disclose any of such information, such party may disclose such information if it shall have used all reasonable efforts to obtain, and shall have afforded the other party the opportunity to obtain, an appropriate protective order, or other satisfactory assurance of confidential treatment for the information compelled to be disclosed.

The parties will satisfy their obligations hereunder by taking appropriate action, by agreement or otherwise, with respect to its employees, including all Designated Employees and other persons capable of accessing the information. Such action shall include, without limitation, diligently applying the available protections, informing personnel of applicable restrictions, and using reasonable care to prevent unauthorized use and disclosure of the information.

3.2 Solutions shall not use Energy's confidential information for any purpose whatsoever, other than verifying the charges it is required to pay pursuant to Section 5.1. Energy shall not use Solution's confidential information for any purpose, except in connection with and to the extent necessary for the provision of the Services pursuant to this Agreement.

3.3 The provisions of Sections 3.1 and 3.2 shall survive any termination of this Agreement.

Article IV
SERVICE LEVELS

4.1 Energy agrees to use all commercially reasonable efforts to ensure that the Designated Employees are available to provide Services in connection with the Business to Solutions as and when requested by Solutions pursuant to Section 2.1, and to use commercially reasonable efforts to ensure that such Designated Employees perform such Services conscientiously and diligently, but other than as provided in this Section 4.1 and Section 4.3, makes no representation or warranty concerning the Services.

4.2 Solutions shall have the right to direct the job functions of the Designated Employees while (and only while) they are providing Services, but nothing in this clause shall be deemed to disturb the

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direct employment relationship between Energy and the Designated Employees, and nothing in this clause shall be deemed to create an employment relationship between the Designated Employees and Solutions.

4.3 Energy agrees that the Facilities (or replacement facilities of a similar quality) will be kept available for the use by Designated Employees in the course of their performance of Services for Solutions to the same extent that such Facilities are available to such Designated Employees in the course of their rendering services for and on behalf of Energy.

Article V
OBLIGATIONS OF SOLUTIONS

5.1 On the final Business Day of each month during the term of this Agreement, Solutions will pay Energy a fee in respect of each Designated Employee who renders Services hereunder during the immediately prior month, which fee will be composed of the following elements:

(a) The aggregate salary payable by Energy to such Designated Employee in or in respect of such month, divided by the number of hours in such month the Designated Employee is required to work (without taking into account overtime), (the "**Aggregate Business Hours**") multiplied by the number of hours such Designated Employee was involved in rendering Services hereunder during such month (the "**DE Hours Worked**"); and

(b) A 40% mark-up on the amount referred to in clause (a) above, representing an allocation of the costs of providing employee benefits to such Designated Employee; and

(c) The Applicable Fraction of the sum obtained by dividing the number of Aggregate Business Hours in such month by the number of DE Hours Worked by such Designated Employee in such month, and multiplying the result by the total amount paid by Energy in respect of rent, electricity, heating and similar occupancy charges in respect of the Facilities in such month;

(d) The Applicable Fraction of the sum obtained by multiplying Monthly Depreciation by a fraction, the numerator of which is the number of DE Hours Worked by such Designated Employee, and the denominator of which is the Aggregate Business Hours for such month, where "**Monthly Depreciation**" means the sum obtained by multiplying the undepreciated capital cost of all capital equipment comprised within the Facilities by a monthly depreciation charge equal to one-twelfth ($1/12^{th}$) of the annual depreciation reflected in Energy's books and records in respect of such capital equipment; and

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(e) A percentage mark-up on the aggregate of the amounts referred to in clauses (a) to (d) inclusive equal to the higher of, at such time, Energy's annual weighted average cost of capital which has been approved by the Ontario Energy Board in respect of Energy's operations as at such time, divided by 12.

As used above, the term "**Applicable Fraction**" means a fraction having as its numerator the number one, and having as its denominator the total number of employees of Energy using and occupying the Facilities.

The aggregate charges payable by Solutions in respect of all Designated Employees as set out above will be calculated by Energy and set out in a detailed invoice rendered by Energy to Solutions on or before the tenth (10th) day following the completion of each month during the Term.

Article VI
TERM

6.1 The term of this Agreement shall commence as at the date hereof and shall terminate on December 31, 2026.

Article VII
TERMINATION

7.1 This Agreement shall not be terminated except by expiry at the end of the Term or by operation of law, or by mutual agreement of the parties.

Article VIII
ACCESS, AUDIT AND INSPECTION

8.1 Energy agrees to provide Solutions with full and complete written details and materials as may, from time to time, be required by Solutions in support of any invoice rendered by Energy pursuant to Section 5.1, including, without limitation, payroll records and the like.

Article IX
COMPLIANCE WITH LAW

9.1 Energy and Solutions shall maintain compliance with all federal, provincial legislation, rules, regulations and the like during the Term, including, without limitation:

(a) all workplace health and safety legislation;

(b) all human rights and equity compliance obligations;

(c) all contractual obligations relating to benefits, wages and the like;

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(d) all manpower confidentiality, safety and security responsibilities; and

(e) the Code and the Act.

Article X
LIMITATION OF LIABILITY

10.1 The parties agrees that there are no warranties, express or implied, except those expressly stated in this Agreement relating to the provision of the Services by Energy and the use of the Services by Solutions. Energy shall not be liable for any indirect, special or consequential damages, such as, but not limited to, loss of anticipated profits or savings or other economic loss in connection with or arising out of the Services. Energy's aggregate liability hereunder for damages, however caused, shall not exceed the total amount actually paid for the Services by Solutions. The parties agree that the Services are provided on the basis of an independent services contract between Solutions and Energy and that no employee of Energy is or shall be deemed to be an employee of Solutions by virtue of the fact that the employee provides Services under this Agreement. The parties further agree that Energy shall continue to be responsible for the employment of all Designated Employees and shall be responsible for all statutory withholdings, payments and levies applicable to such continued employment.

Article XI
DISPUTE RESOLUTION

11.1 Upon written notice by either party to the other (a "**Notice of Arbitration**"), any dispute hereunder (a "Dispute") shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act* (Ontario) (the "**Arbitration Act**"), subject to the following:

(a) The arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the parties, or in the event of failure to agree within 10 Business Days following delivery of the Notice of Arbitration, any party may apply to a judge of the Superior Court of Justice (Ontario) to appoint an arbitrator. The arbitrator shall be qualified by education, training and industry experience to rule upon the particular matter to be decided;

(b) The arbitrator shall be instructed that time is of the essence in the arbitration proceeding and, in any event, the arbitration award must be made within 90 days of the submission of the Dispute to arbitration and within 15 days of the conclusion of any hearing, or, if none, written submissions.

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(c) After written notice is given to refer any Dispute to arbitration, the parties will meet within 10 Business Days of delivery of the notice and will negotiate in good faith any changes in these arbitration provisions or the rules of arbitration which are herein adopted, in an effort to expedite the process and otherwise ensure that the process is appropriate given the nature of the Dispute and the values at risk;

(d) The arbitration shall take place in Windsor, Ontario and shall be conducted in the English language;

(e) The arbitration award shall be given in writing and shall be final and binding on the parties, and there shall be no appeal therefrom (including on a question of law). The award shall give reasons and shall deal with the question of costs of arbitration and all related matters;

(f) Judgment upon any award may be entered in any Court having jurisdiction or application may be made to the Court for a judicial recognition of the award or an order of enforcement, as the case may be;

(g) All Disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws rules, tort claims and interest claims) shall be governed by the substantive law of Ontario; and

(h) The parties agree that the arbitration shall be kept confidential and that the existence of the proceeding and any element of it (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions and any awards) shall not be disclosed beyond the arbitrator, the parties, their counsel and any person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration or otherwise.

Article XII
GOVERNING LAW

12.1 The laws of the Province of Ontario and the federal laws of Canada applicable therein shall govern this Agreement.

Article XIII
ASSIGNMENT

13.1 Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

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Article XIV
NOTICES

14.1 Notices hereunder may be delivered personally or telecopied to the party at the address shown below. The addresses of the parties for notices are as follows:

(a) Solutions: 172 Forest Avenue,
Essex, Ontario
N8M 2E4

Attention: Chief Executive Officer

(b) Energy: 172 Forest Avenue,
Essex, Ontario
N8M 2E4

Attention: Board Chairperson

Article XV
MODIFICATION OF THIS AGREEMENT

15.1 This Agreement may not be modified except by an instrument in writing signed by both parties.

Article XVI
FORCE MAJEURE

16.1 Except as provided herein, Energy shall not be liable for failure to furnish the Services if due to causes or conditions reasonably beyond the control of Energy. Such causes shall include, but not be limited to, labour, unrest, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, earthquakes, floods or other disasters. The performance of any obligations shall be delayed to the extent, and for the period of time that Energy is prevent from performing it by reason of the above-mentioned causes.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective on the day and year written above.

E.L.K. SOLUTIONS INC.

Per: Signed by: Matt Carlini
D6777195B9874F8...
Matt Carlini

Director

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E.L.K. ENERGY INC.

Per: DocuSigned by: Garry Rossi A5E756E50235431...

Garry Rossi

President and CEO

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Exhibit 4

Attachment 4-C

E.L.K. Energy and ENWIN Services Agreement

(Updated)

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Execution Version

MANAGEMENT SERVICES AGREEMENT

ENWIN UTILITIES LTD.

- and -

E.L.K. ENERGY INC.

November 28, 2025

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MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement made to take effect as and from the 28th day of November, 2025 (the "**Effective Date**")

BETWEEN:

ENWIN UTILITIES LTD.
(hereinafter referred to as "**Enwin**")

- and -

E.L.K. ENERGY INC.
(hereinafter referred to as "**ELK**")

RECITALS

1. Enwin distributes electricity to customers in the City of Windsor, is regulated by the Ontario Energy Board (the "**OEB**"), and must comply with the terms of its Electricity Distribution Licence (ED-2002-0527) issued by the OEB.

2. ELK distributes electricity to customers in the Towns of Essex, Lakeshore and Kingsville, is regulated by the OEB, and must comply with the terms of its Electricity Distribution Licence (ED-2003-0015) issued by the OEB.

3. Enwin and ELK are both wholly owned subsidiaries of Windsor Canada Utilities Ltd. and are Affiliates for purposes of the Affiliate Relationships Code, and therefore any service provided by Enwin to ELK, or by ELK to Enwin (and any terms and conditions related thereto) must be provided and received in accordance with the Affiliate Relationships Code.

4. The Parties wish to enter into this Agreement to establish the general terms and conditions that shall apply to Service Schedules for the performance of certain services, as set out in Service Schedules, by: (a) Enwin for the benefit of ELK; and (b) ELK for the benefit of Enwin.

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

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ARTICLE 1
INTERPRETATION

1.01 DEFINITIONS

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

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

"**Affiliate**" has the meaning ascribed to such term in the Affiliate Relationships Code;

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

"**Agreement**" means this Management Services Agreement between Enwin and ELK, including all Service Schedules executed by the Parties in connection herewith;

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

"**Business Day**" means any day other than a Saturday or Sunday or a statutory or bank holiday in the Province of Ontario or a date observed by either of ELK or Enwin as a holiday;

"**Claims**" has the meaning ascribed to such term in Section 7.01;

"**Confidential Information**" has the meaning ascribed to such term in Section 11.01;

"**Cost Recovery Methodology**" has the meaning ascribed to such term in Section 5.03;

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

"**Dispute**" has the meaning ascribed to such term in Section 13.01;

"**Dispute Notice**" has the meaning ascribed to such term in Section 3.02(b);

"**Effective Date**" has the meaning ascribed to such term in the Preamble;

"**ELK**" has the meaning ascribed to such term in the Preamble;

"**Enwin**" has the meaning ascribed to such term in the Preamble;

"**Event of Default**" has the meaning ascribed to such term in Section 9.01;

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"**Fees**" has the meaning ascribed to such term in Section 5.01;

"**Force Majeure Event**" has the meaning ascribed to such term in Section 12.01;

"**Fully-Allocated Cost**" has the meaning given to sch term in the Affiliate Relationships Code;

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

"**Governmental Authority**" means, subject to Section 6.03, any court or governmental ministry, department, tribunal, commission, board, bureau, agency, or instrumentality of Canada, or of any province, territory, county, municipality, city, town or other political jurisdiction whether domestic or foreign and whether now or in the future constituted or existing having or purporting to have jurisdiction over the Services or over any Party to this Agreement, including, for greater certainty, the OEB, the IESO, the Privacy Commissioner of Canada, and the Information and Privacy Commissioner of Ontario, and their successors and any person acting under the authority of a Governmental Authority;

"**IESO**" means the Independent Electricity System Operator for Ontario;

"**Indemnified Party**" has the meaning ascribed to such term in Section 7.01;

"**Indemnifying Party**" has the meaning ascribed to such term in Section 7.01;

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

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

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

"**OEB**" has the meaning ascribed to such term in the Recitals and includes any successor thereto;

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

"**Parties**" means Enwin and ELK and any reference to a Party includes its successors and permitted assigns; and "**Party**" means either of Enwin or ELK;

"**Personal Information**" has the meaning ascribed to such term in the MFIPPA;

"**Prime Rate**" means a rate of interest of 1.50% per month (being an effective annual rate of 19.56% and a daily compounded rate of 0.04896%);

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

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

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

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

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

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

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

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

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

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

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

1.02 CONSTRUCTION OF AGREEMENT

In this Agreement:

(a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;

(b) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated there under, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;

(c) "**includes**" or "**including**" shall mean includes (or as applicable, including) without limitation;

(d) any reference to a specific executive position or an internal division or department of a Party shall include any successor positions, divisions or departments having substantially the same responsibilities or performing substantially the same functions;

(e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; and if the last day of such period is not a Business Day, the period shall end on the next Business Day;

(f) all dollar amounts are expressed in Canadian dollars;

(g) the division of this Agreement into separate Articles, Sections, Subsections and Schedule(s), the provision of a table of contents and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(h) the terms and conditions hereof are the result of negotiations between the Parties and the Parties therefore agree that this Agreement shall not be construed in favour of or against any Party by reason of the extent to which any Party or its professional advisors participated in the preparation of this Agreement; and

(i) The order of priority of the various documents or portions thereof which comprise this Agreement is as follows, in descending order of priority unless otherwise expressly stated:

(i) the body of this Agreement;

(ii) each Service Schedule; and

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(iii) any addendums, amendments, attachments or exhibits to the Service Schedule expressly agreed upon in writing by the Parties and referenced in the Service Schedule.

1.03 SCHEDULES OF SERVICES

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

Schedule	Description
A	Form of Service Schedule

1.04 PURPOSE OF AGREEMENT

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

ARTICLE 2
TERM

2.01 TERM

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

2.02 TERMINATION OF PRIOR AGREEMENTS

ELK acknowledges and agrees that the Consulting Agreement dated March 26, 2025 between ELK and Windsor Canada Utilities Ltd. was terminated as of the Effective Date.

ARTICLE 3
SERVICES

3.01 SERVICES

(a) Subject to the terms, covenants and conditions contained in this Agreement, each Party shall provide or cause to be provided, the services, products, resources and use of assets to be provided by such Party as described in a Services Schedule (collectively, the "**Services**").

(b) Either Party may, from time to time during the Term, deliver a written request to the other Party for the Parties to negotiate a Services Schedule substantially in the

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form attached hereto as Schedule A that is populated with the applicable scope of services, the proposed Fee (which shall be in accordance with the Affiliate Relationship Code) and other such relevant information determined by the delivering Party. Such notice shall include an initial draft of the Services Schedule. The Parties shall negotiate a Services Schedule in good faith and shall use commercially reasonable efforts to agree upon the Cost Recovery Methodology. No Party shall be under any obligation to execute a Services Schedule.

(c) Unless the Parties agree expressly in writing to waive or modify any of the terms and conditions of this Agreement, each Service Schedule shall incorporate the provisions of this Agreement by reference.

(d) This Agreement and all Service Schedules are intended to be construed as a single unified and harmonious instrument.

3.02 PROVISION OF SERVICES

(a) Each Party shall be responsible for the provision of the applicable Services to be provided thereby pursuant to and as described in an executed Service Schedule and for the methods employed in providing the same. Each Party covenants and agrees to provide the Services in a diligent, competent, and professional manner to commercially reasonable standards and in accordance with Applicable Law and Good Utility Practices.

(b) Upon the Service Provider notifying the Service Recipient in writing that Services under a Service Schedule have been completed, the Service Recipient shall confirm in writing that completion has been achieved with respect to the Services within 10 Business Days of the date that the written notice is received by the Service Recipient, unless the Service Recipient (acting reasonably and in good faith) otherwise provides written notice within such 10 Business Day period to the Service Provider of its failure to achieve completion of the appliable Services (including appropriate details and, if applicable, documentary evidence, supporting same) (a "**Dispute Notice**"). If the Service Recipient provides a Dispute Notice within such period, the Service Provider and the Service Recipient shall work together, acting reasonably and in good faith, to agree on the additional items are required and the Service Provider shall complete such additional items. If no Dispute Notice is provided within the time period described above, the Services under such Service Schedule shall be deemed to be completed. Any Dispute respecting the achievement of completion will be dealt with in accordance with the dispute resolution provisions set out in ARTICLE 13.

(c) During the Warranty Period, if either Party discovers any defect or deficiency relating to the Services, which defect or deficiency renders such Services to be not compliant with the applicable Services Schedule, such Party shall promptly notify the other Party in writing of the nature of such defect or deficiency and the Services affected. Upon such notice, the Service Provider shall, to the extent such

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defect or deficiency is caused by or affects the Services it performs under this Agreement, propose to the Service Recipient a reasonably detailed schedule and remedial plan describing the remedial work to be performed by the Service Provider (including, for clarity, re-performance of the Services as reasonably necessary to address such defect or deficiency) and, upon the Service Recipient providing its consent (which shall not be unreasonably withheld or delayed), perform the remedial work at its sole cost and expense.

3.03 RELATIONSHIP

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

3.04 MODIFICATIONS TO THE SERVICES

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

ARTICLE 4
RESPONSIBILITIES

4.01 RECORDS MAINTENANCE & AUDIT RIGHTS

(a) Each Party shall maintain all relevant records relating to the performance of the Services for the Minimum Retention Period commencing on the applicable Actual Completion Date, or such longer period of time as may be required under Applicable Law. Each Party shall provide those records to the other Party upon request and without delay, including as and when a Party requires the records for purposes of complying with Applicable Law or for purpose of responding to a request from or in a proceeding under the authority of a Governmental Authority.

(b) Each Party shall provide the other Party with the information reasonably required to enable the other Party to perform any business case study to assess or justify prospective or provided Services, subject always to Applicable Law, including MFIPPA.

(c) Service Provider shall, upon request by the Service Recipient, provide a detailed breakdown of the Service Provider's Fully-Allocated Cost of providing the Services.

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(d) Either Party may, from time to time at its own expense, conduct an inspection or audit of the Services, including but not limited to: (i) the quality of the Services provided, (ii) Fees charged for the Services, (iii) the application of the cost allocation methodology supporting the Fees charged and (iv) all documents reasonably requested by a Party in connection with the calculation of the Fees. Each Party agrees to grant reasonable access by the other Party to its records and documents in connection with any such inspection or audit, including providing copies of documents and records reasonably requested by such Party.

4.02 CO-OPERATION

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

4.03 NOTIFICATION OF CHANGES OF CIRCUMSTANCES

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

4.04 NOTICE OF PROCEEDINGS

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

4.05 PERMITS

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

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4.06 INSURANCE

(a) Insurance. Neither Party nor any of its subcontractors shall commence the performance of Services until such Party has obtained, at its own expense, the following minimum insurance coverage which it shall maintain in full force and effect for the duration of the Term:

(i) Commercial General Liability insurance with limits of at least $10,000,000.00 per occurrence involving bodily injury, personal injury, death, or property damage, with the other Party listed as an additional insured and including a cross-liability provision, and coverage for completed operations, non-owned auto, tenant's legal liability, coverage for hazardous operations, and contractual liability;

(ii) Professional Liability/Errors and Omissions Insurance that has limits of not less than $5,000,000 per claim. The policy must be in place continuously from the commencement of the Agreement until two (2) years after the expiration of the Term;

(iii) Workers' Compensation Insurance applicable in the Province of Ontario for the Services or any portion of the Services is to be performed. The applicable Party shall ensure that all subcontractors, suppliers, agents, and invitees also qualify and carry such required insurance before providing Services. In the event that a subcontractor is exempt from workers compensation laws or requirements, (1) a letter to this effect must be written and signed by the workers compensation authority or applicable board for the jurisdiction in which the Services is to be performed, and delivered to the Parties prior to commencement of any Services by such subcontractor and (2) the Commercial General Liability insurance required under Section 4.06(a)(i) is to include Employer's Liability coverage.

(iv) Automobile Liability Insurance in compliance with any and all statutory motor vehicle liability requirements, for all owned, hired and non-owned vehicles in a Party's care, custody & control, with a Combined Single Limit of $2,000,000 Bodily Injury Liability and Property Damage Liability per occurrence; and

(v) Umbrella/Excess Liability Insurance may be in place to satisfy the insurance requirements set out in Section 4.06(a), where applicable

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

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(b) Proof and Standard of Insurance. Proof of all insurance must be satisfactory in form and content to: (i) the Chief Risk Officer of Enwin; and (ii) the Chief Financial Officer of ELK, as applicable, each acting reasonably. All insurance must be placed with carriers holding a minimum financial rating of A- or better with A.M. Best and with insurers licensed to underwrite insurance in Canada. No requirement above shall impose on either Party a duty or obligation to verify the existence or adequacy of the insurance coverage maintained by the other Party, nor shall either Party be responsible for any representations or warranties made by the other Party to any insurance company or underwriter. All insurance shall be primary over and non-contributing with, and not in excess of, any other insurance held or obtained by the other Party.

(c) Deductibles. Each Party shall be responsible for the deductible amounts owing under its insurance policies.

4.07 ACCESS BY SERVICE RECIPIENT AND HEALTH & SAFETY

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

ARTICLE 5
FEES AND PAYMENTS

5.01 FEES

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

5.02 PAYMENT

(a) Unless a more frequent payment schedule is provided for in the applicable Service Schedule, Enwin shall prepare and deliver an "incurred cost allocation" on a monthly basis to each of Enwin and ELK setting forth the aggregate Fees due by the applicable Service Recipient in respect of each current Service Schedule for the period covered thereby. Such cost allocation shall be prepared in accordance with Enwin's corporate cost allocation model, as such model may be updated from time to time.

(b) The Service Recipient shall, within 30 days of the date after receipt of its incurred cost allocation referred to in Section 5.02(a), notify the Service Provider in

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writing of any amounts therein which the Service Recipient reasonably considers not properly due to the Service Provider along with reasonable supporting descriptions of the reason(s) for the dispute, and the Service Recipient shall not be required to pay such disputed amounts until 30 days after such dispute is resolved. Any such dispute shall be settled in accordance with ARTICLE 13.

(c) Subject to Section 5.02(b), the Service Recipient shall pay the amounts set out in its incurred cost allocation referred to in Section 5.02(a) to the Service Provider within 30 days of the date of delivery of the incurred cost allocation (unless otherwise agreed in writing by the Service Provider and the Service Recipient).

5.03 FULL COST RECOVERY

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

5.04 ANNUAL REVIEW & ADJUSTMENT TO FEES

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

(a) implementation of processes contemplated by this Agreement;

(b) issues relating to performance of Services under this Agreement;

(c) any changes in the cost in connection with a Party's compliance with Applicable Law affecting the provision of Services;

(d) any changes to the nature or scope of the Services;

(e) any decision by the OEB as it relates to Services provided or received pursuant to this Agreement;

(f) the Affiliate relationship and the requirements under the Affiliate Relationships Code for Services to be provided by Enwin to its ELK or received by Enwin from

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ELK on the basis of the Fully-Allocated Cost to provide the Services so as to avoid cross-subsidization between the Parties and any other matters relating to compliance with Affiliate Relationships Code requirements; and

(g) the Affiliate relationship and the requirements under the Affiliate Relationships Code for Services to be provided by ELK to its Enwin or received by ELK from Enwin on the basis of the Fully-Allocated Cost to provide the Services so as to avoid cross-subsidization between the Parties and any other matters relating to compliance with Affiliate Relationships Code requirements.

5.05 TAXES

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

5.06 LATE PAYMENT

If either Party fails to pay any amounts payable hereunder when due (for clarity, excluding amounts in dispute pursuant to Section 5.02(b)), such unpaid amounts shall bear interest from the due date thereof to the date of payment at a rate equal to the Prime Rate.

ARTICLE 6
REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENT

6.01 REPRESENTATIONS AND WARRANTIES OF ENWIN

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

(a) Enwin is a corporation, duly incorporated, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;

(b) the execution, delivery and performance of this Agreement by Enwin has been duly authorized by all necessary corporate action;

(c) this Agreement has been duly executed and delivered by Enwin and constitutes a legal, valid and binding obligation of Enwin, enforceable against Enwin by ELK in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium or other similar Applicable Laws relating to or affecting the rights of creditors generally, or by general equitable principles; and

(d) Enwin has received, reviewed and approved for the purposes set out in this Agreement, ELK's Cost Recovery Methodology.

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6.02 REPRESENTATIONS AND WARRANTIES OF ELK

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

(a) ELK is a corporation, duly incorporated, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;

(b) the execution, delivery and performance of this Agreement by ELK has been duly authorized by all necessary corporate action;

(c) this Agreement has been duly executed and delivered by ELK and constitutes a legal, valid and binding obligation of ELK, enforceable against ELK by Enwin in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium or other similar Applicable Laws relating to or affecting the rights of creditors generally, or by general equitable principles; and

(d) ELK has received, reviewed and approved for the purposes set out in this Agreement, Enwin's Cost Recovery Methodology.

6.03 ACKNOWLEDGMENT BY THE PARTIES

Each Party acknowledges and agrees that this Agreement is subject to all Applicable Laws, including all municipal bylaws of general application, except bylaws which have the effect of amending this Agreement.

ARTICLE 7
INDEMNIFICATION

7.01 INDEMNIFICATION

(a) Each Party ("**Indemnifying Party**") agrees to indemnify and hold harmless the other Party, its directors, officers, employees, agents, successors, and assigns ("**Indemnified Party**"), for, from and against any and all claims, demands, suits, losses, damages, liabilities, penalties, obligations, payments, costs and expenses and accrued interest thereon (including the costs and expenses of, and accrued interest on, any and all actions, suits, proceedings for personal injury (including death) or property damage, assessments, judgments, settlements and compromises relating thereto and reasonable lawyers' fees and reasonable disbursements in connection therewith) (collectively, "**Claims**") arising out of or related to: (i) breaches of the Indemnifying Party's obligations contained in this Agreement, including but not limited to the disclosure of Confidential Information and/or Personal Information in contravention of Section 11.03; (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Indemnifying Party under this Agreement; and (iii) the

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negligent acts, negligent omissions, or wilful misconduct of the Indemnifying Party in connection with the performance of its obligations under this Agreement.

(b) The Indemnified Party shall give prompt written notice to the Indemnifying Party upon becoming aware of a potential Claim for indemnification under this Agreement. provided that failing to do so shall not relieve the Indemnifying Party of its indemnification obligations under Section 7.01(a) except and only to the extent that the Indemnifying Party is actually and materially prejudiced thereby. The Indemnifying Party, at its option, may defend or settle such claim provided that the Indemnified Party may participate in such defense if the Indemnifying Party and the Indemnified Party's interest are divergent. The Indemnifying Party may not settle a Claim without consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed. The Indemnified Party shall cooperate with the Indemnifying Party, including by furnishing in a timely manner all requested and necessary information and assistance.

(c) In the event that a Claim is the result of the contributory negligence of the Parties, the loss, liability and costs (including legal fees) associated with the defence and settlement of the Claim shall be borne by each Party in proportion to its negligence.

ARTICLE 8
LIMITATION OF LIABILITY

8.01 LIMITATION OF LIABILITY

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

8.02 CONSEQUENTIAL DAMAGES

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

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8.03 EXCEPTIONS TO LIMITATION

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

ARTICLE 9
DEFAULT

9.01 DEFAULT

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

(a) if a Service Recipient fails to pay any Fees set out in an incurred cost allocation delivered pursuant to ARTICLE 5 and such default shall continue without being cured within 30 days following notice thereof to the Service Recipient by the Service Provider; and

(b) breach of any material representation or warranty or failure to perform or observe any material covenant or obligation under this Agreement if such failure is not cured within 30 days following notice thereof (giving particulars of the failure in reasonable detail) from the non-defaulting Party or such longer period as may be reasonably necessary to cure such failure, provided that:

(i) the defaulting Party proceeds with all due diligence to cure or cause to be cured such failure; and

(ii) the failure can be reasonably expected to be cured or caused to be cured within a reasonable time frame acceptable to the non-defaulting Party, acting reasonably;

(c) any assignment in contravention of Section 14.01; or

(d) any Party ceasing to be wholly owned, directly or indirectly, by Windsor Canada Utilities Ltd.

ARTICLE 10
TERMINATION RIGHTS

10.01 TERMINATION ON DEFAULT

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

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10.02 TERMINATION ON NOTICE OR AMALGAMATION

(a) Either Party may terminate this Agreement at any time during the Term by delivering written notice to the other Party no less than 180 days in advance of the stated termination date set out in the notice.

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

(c) This Agreement and each Service Schedule shall terminate immediately and automatically upon an amalgamation of ELK and Enwin.

10.03 CONSEQUENCES OF TERMINATION

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

(a) the relevant provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for any billings, adjustments and payments related to the period prior to termination;

(b) with respect to termination of a Service, Services or this Agreement in accordance with Section 10.02 only, the Party exercising its termination rights under Section 10.02 shall pay to the other Party a sum equal to: (i) such other Party's actual, reasonable and demonstrable demobilization costs and/or deposits paid to its subcontractors, as demonstrated by documentation reasonably requested by the Party exercising its rights under Section 10.02; *less* (ii) any recordable deposits paid to such other Party's subcontractors.

(c) the termination shall not affect any rights or obligations which may have accrued prior to such termination or any other rights which the terminating Party may have arising out of the termination or the event giving rise to the termination and shall not affect the continuing obligations of either Parties under this Agreement which are expressed to continue after termination of this Agreement; and

(d) except as provided in Sections 10.03(a) and 10.03(c), the terminating Party shall have no liability whatsoever to the other Party arising from such termination. For greater certainty, the terminating Party shall have no liability whosoever to the other Party for any special, incidental, indirect or consequential damages, lost business revenue, loss of profits, failure to realize expected profits or savings, or any damages or losses, whether based on breach of contract or tort (including negligence) or otherwise, even if the Party causing such loss or damages has been

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advised of the possibility of same, which the other Party may incur as a result of the termination.

ARTICLE 11
CONFIDENTIALITY AND INTELLECTUAL PROPERTY

11.01 CONFIDENTIAL INFORMATION

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

(a) is in the public domain at the time of its disclosure to the Receiving Party or which thereafter enters the public domain otherwise than by any breach of this Agreement;

(b) is already known to or in the possession of the Receiving Party at the time of its disclosure by the Disclosing Party as evidenced by the Receiving Party's records;

(c) is lawfully acquired at any time by the Receiving Party without restrictions from a third party without breach of confidentiality by such third party; or

(d) required to be disclosed under Applicable Law, judicial decision or by order, decree, rule, regulation or requirement of any Governmental Authority,

provided no "**Confidential Information**" may be disclosed if it consists of information that is "confidential information" of Enwin or ELK for purposes of the Affiliate Relationships Code, except as permitted under the Affiliate Relationships Code.

11.02 PERMITTED DISCLOSURE

Notwithstanding Section 11.01,

(a) the Parties hereby acknowledge and agree that each Party may be obligated to disclose Confidential Information relating to this Agreement to the OEB and any other Governmental Authority to which such Party may be required to report in connection with filing a rate application with the OEB, under the Affiliate Relationships Code, the Reporting and Record Keeping Requirements or in accordance with any other Applicable Law;

(b) the Parties hereby acknowledge that each Party is subject to MFIPPA and that as a result either Party may be required to disclose Confidential Information concerning this Agreement or the other Party in accordance with the provisions of

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MFIPPA. Each Party shall, and shall cause its Representatives to, strictly comply with the requirements of MFIPPA and all other Applicable Laws as it relates to any Confidential Information received;

(c) in the event that a Receiving Party is required by law to disclose any Confidential Information to a Governmental Authority, or any other person, including, without limitation, any disclosure required pursuant to a request under MFIPPA, such Party may so disclose; provided that it shall, to the extent permitted by Applicable Law, first inform the Disclosing Party of the request or requirement for disclosure to allow an opportunity for the Disclosing Party to apply for an order to prohibit or restrict such disclosure;

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

11.03 LIABILITY FOR BREACH

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

11.04 RETURN OF CONFIDENTIAL INFORMATION

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

11.05 INTELLECTUAL PROPERTY

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(a) As between the Service Provider and the Service Recipient, (i) the Service Provider shall own all Service Provider Background IP, and the Service Recipient acknowledges that it does not have and will not acquire any right, title or interest in or to any Service Provider Background IP under this Agreement; and (ii) the Service Recipient shall own all Service Recipient Background IP, and the Service Provider acknowledges that it does not have and will not acquire any right, title or interest in or to any Service Recipient Background IP under this Agreement.

(b) With respect to any particular Services and as between the Service Provider and the Service Recipient, the Service Recipient shall own the Service Results and IP. The Service Provider agrees to assign, to the Service Recipient any and all right, title and interest in the Service Results and IP, and shall execute such documents and do all other acts and things as may be reasonably deemed necessary by the Service Recipient to effectuate all such right, title and interest. The Service Recipient will not take any action inconsistent with such right, title and interest.

(c) To the extent that Service Provider Background IP is incorporated into the Service Results and IP, Service Provider grants to Service Recipient a fully paid, non-exclusive, irrevocable, royalty-free worldwide license, with a right of sublicense, to use such Service Provider Background IP to the extent necessary for Service Recipient to enjoy full benefit of its rights to the Service Results and IP.

(d) During the Term, Service Recipient grants to Service Provider a non-exclusive license to use the Service Recipient Background IP and any Service Results and IP solely for the performance of the Services or to otherwise perform its obligations under this Agreement.

ARTICLE 12
FORCE MAJEURE

12.01 FORCE MAJEURE

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

12.02 NOTICE OF FORCE MAJEURE

Once a Party becomes subject to an event of Force Majeure, it shall promptly, but in no circumstance later than five (5) Business Days after the commencement of a Force Majeure Event, notify the other Party of its inability to perform, or of any delay in performing, its obligations under this Agreement due to a Force Majeure Event and shall provide an estimate, as soon as practicable, as to when the obligation will be performed. The Party subject to the Force Majeure Event shall also continue to furnish timely reports to the other Party with respect to the

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

12.03 EXCLUSIONS

(a) A Party shall not be entitled to invoke force majeure under this ARTICLE 12, nor shall it be relieved of its obligations hereunder in any of the following circumstances:

(i) if and to the extent the Party seeking to invoke Force Majeure has caused the applicable Force Majeure Event by its fault or negligence;

(ii) if and to the extent the Party seeking to invoke force majeure has failed to use reasonable efforts to prevent or remedy the Force Majeure Event and remove, so far as possible and within a reasonable time period, the Force Majeure Event (except in the case of strikes, lockouts and other labour disturbances, the settlement of which shall be wholly within the discretion of the Party involved);

(iii) if and to the extent that the Party seeking to invoke force majeure because of arrest or restraint by a Governmental Authority, such arrest or restraint was the result of a breach by such Party of Applicable Laws;

(iv) if the Force Majeure Event was caused by economic hardship, a lack of funds or other financial cause of a Party;

(v) if the Party invoking force majeure fails to comply with the notice provisions in Section 12.02, unless no undue prejudice is experienced by the Party being notified; or

(vi) if the failure to perform or comply with any of the covenants or obligations herein imposed upon a Party was caused by the acts or omissions of third Persons for which the Party is responsible, including any Affiliate of a Party, or any direct or indirect vendor, supplier or contractor of a Party, unless such acts or omissions are themselves caused by reason of a Force Majeure Event.

(b) Notwithstanding Sections 12.01 and 12.02, the settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a Force Majeure Event shall be within the sole discretion of the Party involved in such strike,

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lockout, restrictive work practice or other labour disturbance and nothing in Sections 12.01 and 12.02 shall require the said Party to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.

ARTICLE 13
DISPUTE RESOLUTION

13.01 DISPUTES

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

13.02 NOTICE OF DISPUTE

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

13.03 APPOINTMENT OF ARBITRATOR

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

13.04 ARBITRATION PROVISIONS & DIRECTIONS

The arbitration shall be conducted in accordance with the provisions of the *Arbitration Act, 1991* (Ontario). The arbitration shall be conducted in the City of Windsor, Ontario unless the Parties agree otherwise. The decisions of the arbitrator shall be made in writing and shall be final and binding on the Parties as to the questions submitted and the Parties shall have no right of appeal therefrom. All costs and expenses relating to a Dispute which is finally determined or settled by arbitration, including reasonable legal fees, will be borne by the Party determined by the Arbitrator to be liable in respect of such Dispute; provided, however, that if complete liability is not assessed against only one Party, the Parties will share the total costs in proportion to their respective amounts of liability so determined by the Arbitrator. Notwithstanding the provisions to arbitrate any Dispute hereunder, either Party may seek from a court any equitable relief

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(including, without limitation, injunctive relief) that may be necessary to protect such Party's rights.

ARTICLE 14
GENERAL

14.01 ASSIGNMENT

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

14.02 NOTICES

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

(a) if to Enwin:

4545 Rhodes Drive
P.O. Box 1625, Station "A"
Windsor, Ontario N8W 5T1
Attention: Corporate Secretary

e-mail: secretary@enwin.com

(b) if to ELK:

E.L.K. Energy Inc.
172 Forest Ave
Essex, ON
N8M 3E4

e-mail: secretary@elkenergy.com

and may be delivered to the other Party's address by e-mail, registered express mail or courier with the capacity to verify receipt of delivery. Any Party may change its address for notification purposes by giving the other Party notice of the new address and the date upon which it will become effective in accordance with the terms of this Section 14.02.

14.03 SEVERABILITY

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

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remaining applicability of this Agreement shall be valid and enforceable to the extent permitted by law.

14.04 WAIVER

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

14.05 ENTIRE AGREEMENT

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

14.06 AMENDMENTS

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

14.07 GOVERNING LAW

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

14.08 SURVIVAL

Section 4.01, Section 4.02, Section 4.06(b), ARTICLE 5, ARTICLE 7, ARTICLE 8, Section 10.03, ARTICLE 11, ARTICLE 13, and Section 14.07 shall survive termination of this Agreement and shall remain in full force and effect.

14.09 THIRD PARTY BENEFICIARIES

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

14.10 COVENANT OF FURTHER ASSURANCES

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

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14.11 COUNTERPARTS

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

[Remainder of this page left intentionally blank.]

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

E.L.K. ENERGY INC.

By: Signed by: Matt Carlini D6777405D0874F8... 1/26/2026

Name: Matt Carlini
Title: Chief Financial Officer

By: DocuSigned by: Garry Rossi A5E756E50235431... 1/26/2026

Name: Garry Rossi
Title: President & Chief Executive Officer

ENWIN UTILITIES LTD.

By: Signed by: Paul Gleason D4EDAE27916749F... 1/22/2026

Name: Paul Gleason
Title: Chief Risk Officer & Corporate Secretary

By: Signed by: Michelle Bonnici 592E101A8DDB485... 1/25/2026

Name: Michelle Bonnici
Title: Chief People Officer

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MASTER SERVICES AGREEMENT
SECOND AMENDED SERVICE SCHEDULE NUMBER 1

ENWIN UTILITIES LTD.

and

E.L.K. ENERGY INC.

This Second Amended Service Schedule Number 1 (the "**Service Schedule**") effective as of September 23, 2026 amends and replaces First Amended Service Schedule Number 1 which was in effect from August 1, 2026, and is issued pursuant to, and subject to all the terms and conditions of the Management Services Agreement dated November 28, 2025 (the "**Agreement**") between ENWIN Utilities Ltd. and E.L.K. Energy Inc. The issuer of this Service Schedule and the Service recipient is E.L.K. Energy Inc. (the "**Recipient**") and the Service provider is ENWIN Utilities Ltd. (the "**Provider**"). The Parties agree that, except as otherwise expressly stated in this Service Schedule, this Service Schedule is governed by, and subject to all the terms and conditions of the Agreement.

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

1. Description of Services

   The Provider shall deliver the following Services to the Recipient:

   - Shared Corporate Services (as such term is defined in the OEB's Affiliate Relationships Code for Electricity Distributors and Transmitters), which for greater certainty shall include Finance Supervision, Customer Service/Billing Supervision and eDSM Services Administration;
   - Hydro Operations Supervision;
   - Hydro Operations;
   - Hydro Engineering;
   - Metering;
   - Customer Service and Billing

   (collectively, the "**Scope of Services**").

2. Schedule

   Commencement Date for Service Schedule Number 1: November 28, 2025.

   Commencement Date for First Amended Service Schedule Number 1: August 1, 2026.

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Commencement Date for Second Amended Service Schedule Number 1: September 23, 2026

Anticipated Completion Date, if applicable: This Service Schedule will remain in effect for the initial term of the Agreement, and it will be automatically renewed and in effect thereafter for the same successive one (1) year terms as the Agreement, until or unless (i) the Agreement terminates or (ii) either party delivers written notice of its intention to terminate this Service Schedule in accordance with the Termination Notice Period set out below in Article 10.

3. Fees

Fees will be determined in accordance with the Cost Recovery Methodology agreed to between the Parties and set out in Section 5 of the Agreement.

The Cost Recovery Methodology utilizes cost drivers to determine how to allocate shared costs between different entities. The cost drivers chosen are objective, verifiable, and based on the nature of the activity and the type of expense being allocated. The Provider will review cost drivers on a quarterly basis, and it will update them as required. The Parties will exchange documents setting out any changes to the Cost Recovery Methodology upon request.

4. Representatives

All correspondence shall be directed to the following:

The Provider's representative for the Scope of Services is:

Chief Risk Officer
ENWIN Utilities Ltd.
P.O. Box 1625, Station "A"
Windsor, Ontario, N8W 5T1
Telephone: 519-255-2727
Email: secretary@enwin.com.

The Recipient's representative for the Scope of Services is:

Chief Financial Officer
E.L.K. Energy Inc.
172 Forest Ave.
Essex, Ontario N8M 3E4
Telephone: 519-776-5291
Email: secretary@elkenergy.com

5. Annual Review

The Services described in Section 1 above shall be subject to an annual review to be held by the Parties on or about each anniversary of the Commencement Date for Second Amended

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Service Schedule Number 1 on the basis of relevant and measurable performance metrics agreed upon prior to the annual review by both Parties acting reasonably.

6. Termination Notice Period

Either Party may terminate this Service Schedule at any time and for any reason, whatsoever, by delivering written notice of its intention to terminate at least 120 days prior to the termination of this Service Schedule. However, the applicable Party will provide as much advance notice to the other Party as reasonably possible (and no less than 120 days) if it intends to terminate this Service Schedule.

7. Waiver of Specific Terms and Conditions of the Agreement

The Provider will not notify the Recipient in writing each time that the Scope of Services have been completed as set out in Article 3.02(b) of the Agreement. Rather, the Provider will notify the Recipient of any failure to achieve completion, in which case the applicable procedure set out in Article 3.02(b) will govern.

8. Other Terms

(a) Either Party may from time to time request an amendment to this Services Schedule. If the Parties are able to mutually agree on such amendment, the Parties must formalize the amendment in writing and signed by authorized representatives of each Party.

(b) The Parties acknowledge that, for eDSM Services Administration, the Recipient shall only pay the Provider from funds received by Recipient from the Independent Electricity System Operator ("IESO") through the IESO's Electricity Demand Side Management Framework and not from funds received by the Recipient from distribution rate revenues. Accordingly, the Parties shall account for any Fees and Payments in respect of eDSM Services Administration in a manner that allows for such amounts to be clearly distinguished from amounts associated with the remaining Scope of Services.

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

ENWIN UTILITIES LTD.

By: Signed by: Paul Gleason D4EDAE27916749F...

Name: Paul Gleason
Title: Chief Risk Officer & Corporate Secretary

By: Signed by: Michelle Bonnici 1BB0004F082149A...

Name: Michelle Bonnici
Title: Chief People Officer

Date: October 14, 2026

E.L.K. ENERGY INC.

By: Signed by: Matt Carlini D6777195B9874F8...

Name: Matt Carlini
Title: Chief Financial Officer

By: DocuSigned by: Garry Rossi A5E756E50235431...

Name: Garry Rossi
Title: President & Chief Executive Officer

Date: October 14, 2026

Exhibit 4

Attachment 4-D

E.L.K. Purchasing Policy

Subject: Purchasing Policy		Department: Human Resources/Corporate
Document No: 2 Revision No: 3	Owner: Jim Hogan, MSA Lead	
Effective Date: 9/16/2024	Date to be Reviewed: 9/16/2025	Approved: Jim Hogan, MSA Lead

1 POLICY

The policies and procedures prescribed in this policy shall be followed for the purchasing of all *goods* and/or *service*s by *E.L.K.* or any of its officers, servants or employees.

E.L.K. purchasing principles shall comply with the "FAIRNESS IS A TWO WAY STREET ACT (Construction, Labour/Mobility)" which was adopted by the Ontario Legislature (June 7th, 1999) as amended. The Act prohibits the Ontario Government, prescribed agencies, boards commissions, Crown Corporations and broader public sector entities (including municipalities) from *award*ing *construction contract*s to contractors from a designated jurisdiction. Quebec is the jurisdiction designated by regulation under the act.

2 PURPOSE

2.01 The goals and objectives of the Purchasing Policy and each of the methods of purchasing authorized herein are:

(1) To provide the basic minimum requirements to ensure that *quotation*s are obtained, *competitive purchasing* is adhered to and continue to ensure that *E.L.K.* obtains the *best value* of *goods* and/or *service*s at the most economical cost.

(2) To the extent possible, ensure efficiency, openness, *accountability* and transparency in the administration of the purchasing function while protecting the financial interest of *E.L.K.* and respecting the competitive interests of those participating in the purchasing process.

(3) To ensure an uninterrupted flow of *goods* and/or *service*s by obtaining the right product, at the *best value*, with delivery at the right time.

(4) To attempt to reduce the amount of solid waste requiring *disposal* arising from the procurement of environmentally responsible *goods* and/or *service*s.

(5) To ensure proper policies and procedures are in place to support the achievement of *Board*/Corporate goals and objectives.

(6) In the policy where it refers to CEO and CFO it also includes their designate.

3 SCOPE

The Purchasing Policy applies to the Company.

Subject: Purchasing Policy		Department: Human Resources/Corporate
Document No: 2 Revision No: 3	Owner: Jim Hogan, MSA Lead	
Effective Date: 9/16/2024	Date to be Reviewed: 9/16/2025	Approved: Jim Hogan, MSA Lead

4 RESPONSIBILITY

4.01 Managers have the responsibility of overseeing all purchasing activities within their department(s) and are accountable for achieving *best value* while following the purchasing principles of this Policy.

4.02 The Chief Executive Officer and the *Chief Financial Officer* have the responsibility and authority to:

(a) Provide purchasing advice to departments,
(b) Monitor adherence to the provisions of this Policy,
(c) Notify Managers, in advance, if possible, of non-compliance,
(d) Inform The *Board* that non-compliance with this Policy has occurred,
(e) Provide ongoing training and educational programs relating to this Policy,
(f) Ensure the issuance of *purchase order*s on a timely and efficient manner,
(g) Continuously monitor and evaluate the efficiency and effectiveness of purchasing procedures and implement opportunities for improvement,
(h) Sell and dispose surplus and/or obsolete material and equipment and
(i) *Purchase* all *goods* and *service* upon authority of a resolution of the *Board* and/or a written and properly authorized *requisition*, within the limits and conditions set out.

4.03 The *C.E.O.* or *Chief Financial Officer* have the authority to instruct Managers not to approve *requisition contract*s and to submit recommendations to the *Board* for *approval* and may provide additional restrictions concerning purchasing where such action is considered necessary and in the best interest of *E.L.K.*

4.04 The *C.E.O.* and the *Chief Financial Officer* from time to time, at his/her discretion, may make recommendations regarding the rescinding, remaking or amending this policy or any provision.

4.05 The Manager given *acquisition* authority under this policy is accountable and responsible to ensure that proper budgets exist and *purchase*s do not violate any *E.L.K.* legal or statutory policy. Those responsible for *requisition*ing and purchasing *goods* and/or *service*s will be held accountable for their decisions.

4.06 The Manager is responsible to ensure that the requirements of this Policy have been met before creating and releasing any *purchase order*.

4.07 *Approval* authorities of this Policy are to be in accordance with Table “B”. Sales taxes, excise taxes, *goods* and *service* taxes and duties shall be included in determining the price of a *contract* for the supply of *goods* or *service*s for the purpose of the relationship of the price to the Preauthorized Expenditure Limit.

Subject: Purchasing Policy		Department: Human Resources/Corporate
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4.08 A *Board* report recommending *award* of a *tender* or *proposal* is required as set forth in Table "B". *Board approval* may be required in cases where, in the opinion of the *C.E.O.* or *Chief Financial Officer*, it is felt *purchase*s in excess of budgetary allotments should be reviewed by the **Board**, in which case a report to the *Board* will need to be prepared.

4.09 The prescribed sections of this Policy maintain the integrity of the *bid solicitation* processes including protecting the interests of *E.L.K.*, the public and persons participating in a purchasing process.

4.10 The Ontario Public Buyers Association (OPBA) "Code of Ethics for public purchasers is based upon the following tenets and members of the OPBA attempt to consistently practice their profession and deal with their day-to-day responsibilities according to these principles. Members are encouraged to display this statement in their departments as well as other locations in their agencies."

(1) "Open and Honest Dealings with Everyone Who is Involved in the Purchasing Process." This includes all businesses with which *E.L.K. contract*s or from which it *purchase*s *goods* and/or *service*s.

(2) "Fair and Impartial *Award* Recommendations for All Contracts and Tenders." This means that *E.L.K.* does not extend preferential treatment to any vendors, including local companies. Not only is it against the law, it is not good business practice, since it limits fair and open competition for all vendors and is therefore a detriment to obtaining the best possible value for each tax dollar.

(3) "An Irreproachable Standard of Personal Integrity on the Part of All Those Designated as Purchasing Agents for this Agency." Absolutely no gifts or favours are accepted by the staff associated with the purchasing agents of *E.L.K.* in return for business or the consideration of business. *E.L.K.* does not publicly endorse one company in order to give that company an advantage over others.

4.11

E.L.K. is committed to the development and implementation of a vendor performance measurement system which will include, but may not be limited to, the following elements:

(a) Effectiveness,
(b) Objectivity,
(c) Fairness,
(d) Openness and Transparency,
(e) *Accountability* and
(f) Efficiency

Subject: Purchasing Policy		Department: Human Resources/Corporate
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5 DEFINITIONS

5.01 To establish the definition of any other purchasing term not herein included, reference shall be made to the latest edition of the National Institute of Governmental Purchasing Guide.

"*Acceptance*" means *E.L.K.* shall be under no obligation to accept the lowest or any *tender*, *proposal* or *expression of interest*. *E.L.K.* shall have the right to accept any submission that it may consider to be in its best interest, or reject any or all submissions. The grounds for rejecting a submission include but are not limited to, past performance with *E.L.K.* or with other clients.

"*Accountability*" means having responsibility to account for ones conduct in an explicable and understandable manner.

"*Acquisition*" means the act of acquiring *goods* and *service*s.

"*Advertising*" means the publication of projects (*tender*s, *proposal*s, expressions of interest) in appropriate newspapers, journals, the *E.L.K.* website, or electronic bulletin boards.

"*Agreement*" means a formal written legal agreement or *contract* for the supply of *goods*, *service*s, equipment or *construction*.

"*Approval*" a requirement to obtain necessary *approval*s according to predefined dollar limits.

"*Approved Budget*" means a budget approved by the *E.L.K. Board* for the current fiscal year.

"*Asset*" means a non-consumable item valued over $1,000 with a useful life of over one year.

"*Award*" means authorization to proceed with the *purchase* of *goods* and/or *service*s.

"*Best Value*" means the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan. *Best value* may include a time horizon that reflects the overall life cycle of a given *asset*.

"*Bid*" means an offer or submission from a supplier in response to a *bid solicitation*.

Subject: Purchasing Policy		Department: Human Resources/Corporate
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"*Bid Bond*" means the form of security provided by a bonding agency licenced in the Province of Ontario required by the terms and conditions of *Bid Solicitation* documentation to guarantee that the successful bidder enters into a *contract* with *E.L.K.*

"*Bid Irregularity*" means a deviation between the requirements (terms, conditions, *specification*s, special instructions) of a *bid* request and the information provided in *bid* response. For the purpose of this policy, *bid* irregularities are further classified as "major irregularities" or "minor irregularities":

(a) Major Irregularity: a deviation from the *bid* request which affects the price, quality, quantity or delivery and is material to the *award*. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. *E.L.K.* must reject any *bid* which contains a major irregularity.
(b) Minor Irregularity: a deviation from the *bid* request which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the *award*. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors. *E.L.K.* may permit the bidder to correct a minor irregularity.

"*Bid Solicitation*" means a request for *bid*s that may be in the form of a Request for *Quotation*, *Request for Pre-Qualification*s, Request for *Tender* or Request for *Proposal*.

"*Bid Deposit*" means currencies, certified cheques, bank draft, bond surety issued by a surety company or other form of negotiable instrument to ensure the successful bidder will enter into an Agreement.

"*Blanket Purchase Order*" is document used to formalize a purchasing transaction requiring the vendor to hold firm the quoted prices for a designated period of time and is one that has been issued to a supplier for specific item(s) over a specified period of time. It is only applicable in cases where *goods* and *service*s are used by one or more departments repetitively throughout a given year. Comparative pricing for *blanket purchase order*s must be obtained on an annual basis.

"*Board*" means the *E.L.K. Board* of Directors and known as "*Board*" throughout the document.

"*C.E.O*." means the Chief Executive Officer of *E.L.K.* or in his absence the most senior official designated by the *Board*.

"*Certificate of Clearance*" from the Workplace Safety and Insurance Board means a certificate issued by an authorized official of the Workplace Safety and Insurance Board certifying that the Board waives its rights under subsection 9 (3) of the Workers' Compensation Act, R.S.O. 1990, Chapter W.11.

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"*Competitive Purchasing*" means an *acquisition* method whereby vendors/manufacturers are given an equal opportunity to compete for *E.L.K.* business.

"*Conflict of Interest*" means a situation in which private interests or personal considerations may affect a director's or an employee's judgment in acting in the best interest of *E.L.K.* It includes using a director's or an employee's position, confidential information or corporate time, material or facilities for private gain or advancement or the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the director's or employee's family, friends, or business associates.

"*Construction*" means a *construction*, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, soil investigation, the supply of products and materials and the supply of equipment and machinery if they are included in and incidental to the *construction* and the installation and repair of fixtures of a building, structure or other civil engineering design or architectural work, but does not include professional *service*s related to the *construction contract* unless they are included in the *specification*s.

"*Consulting and Professional Services*" means those *service*s requiring the skills of a professional for a defined *service* and may include, but not limited to, architects, engineers, designers, surveyors, planners, accountants, auditors, management professionals, marketing professionals, software and information technology experts, financial consultants, insurance consultants, lawyers, law firms, real estate agents and brokers, planners, environmental planners and engineers, hydro geologists, transportation planners and engineers, communications consultants and any other professional *service*s which may be required by *E.L.K.*

"*Contract*" means a legally binding agreement between two or more parties. Such agreements will consist in the form of a:

(a) *Purchase Order*, or
(b) *Purchase Order* incorporating a formal agreement, or
(c) Formal agreement between two or more parties that creates an obligation to provide defined *goods* and/or perform defined *service*s.

"*Contract Order*" means a document used to formalize a purchasing transaction which is a binding agreement for a vendor to supply *goods* and/or *service*s to *E.L.K.*

"*Disposal*" means the transfer of ownership from *E.L.K.* by sale, trade-in, alternative use or destruction which are deemed surplus.

"*Director*" means an individual appointed to the *E.L.K. Board* of Directors.

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"*Chief Financial Officer*" means the *Chief Financial Officer* for *E.L.K.*

"*E.L.K.*" means *E.L.K.* Energy Inc.

"*Emergency*" means a situation where the *purchase* of *goods* and *services* requires immediate action in the following situations:

(a) An imminent or actual danger to the life, health or safety of an official, the public, or an employee while acting on the behalf of *E.L.K.*;
(b) An imminent or actual danger of injury to or destruction of real or personal property belonging to *E.L.K.*, for which *E.L.K.* would be liable;
(c) An unexpected interruption or threat of an interruption of an essential public service;
(d) An *emergency* as defined by the Emergency Management Act and the Emergency Response Plan formulated by *E.L.K.*;
(e) A spill of a pollutant as contemplated by the Environmental Protection Act.

"*Evaluation Committee*" shall be composed of a minimum of two persons, namely one of C.E.O, Operations Manager or *Chief Financial Officer*. The committee shall review all *proposal*s against established criteria and reach consensus on the final rating results.

"*Evaluation Criteria*" to be applied in *award*ing the *Contract* and the role of an *evaluation committee* are stated clearly in the solicitation document. Criteria used to identify the *proposal* that best meets the needs of *E.L.K.* may include, but are not limited to, cost, quality, service, compatibility, product reliability, operating efficiency and expansion potential, proponent qualification and experience.

"*Execute*" means to legally bind *E.L.K.* to the terms and conditions defined within the agreement.

"*Executed Agreement*" means a form of agreement, either incorporated in the *bid* documents or prepared by *E.L.K.* or its agents, which has been *execute*d by the successful bidder and *E.L.K.*

"*Expression of Interest*" means a situation where vendor(s) approach *E.L.K.* or are solicited by *E.L.K.* to advise *E.L.K.* of their ability or desire to undertake, *E.L.K.* requirements and/or provide certain *goods* or *services*.

"*Fair Market Value*" means that price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not under any compulsion to transact.

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"*Goods*" includes supplies, materials and equipment of every kind required to be used to carry on the operation of *E.L.K.*

"*Holdback*" means an amount withheld under the terms of the *contract* to be used as security and to ensure the complete performance of the *contract* and to avoid overpayment in relation to progress of work.

"*Irregularities Contained in Bids*" is defined in Appendix "C" and includes the appropriate response to those irregularities.

"Irrevocable Letter of Credit" means an irrevocable letter from a financial institution containing a request that the party to who it is addressed pay the bearer or a person named therein money as a result of failure to perform or fulfill all the covenants, undertakings, terms, conditions and agreements contained in a *contract*.

"*Labour and Materials Payment Bond*" means a bond issued by a surety company licensed in the Province of Ontario to ensure that the contractor has paid his/her suppliers and thereby protects *E.L.K.* against liens which might be granted to suppliers should the contractor not make proper payments.

"*Letter of Agreement to Bond*" means a letter or other form issued by a bonding agency licensed to operate by Government of Canada or the Province of Ontario advising that if the bidder is successful the bonding agency will issue the required bonds.

"*Lowest Compliant Bid*" means the *bid* that would provide *E.L.K.* with the desired *goods* and/or *services* at the lowest per unit or overall cost, meets all the *specification*s and contains no major irregularity or qualifications.

"*Manager*" means an individual responsible for a department and who reports directly to the *C.E.O.*

"*Negotiation*" means the action or process of conferring with one or more vendors leading to an agreement on the *acquisition* of the required *goods* and *services* under the conditions outlined in this Policy.

"*No Bid Response*" means a supplier was solicited to provide a *quotation*, but did not provide a quote.

"*Performance Bond*" means a bond issued by a surety company *executed* in connection with a *contract* and which secures the performance and fulfillment of the undertakings, covenants, terms, conditions and agreements contained in the *contract*.

"*Progress Payment*" means a payment made under the terms of a *contract* during its terms and before its completion.

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"*Proposal*" means a competitive offer, binding on the proponent and submitted in response to a *Request for Proposal* where *proposal* evaluation and *contract award* is based on criteria such as but not limited to proponent qualifications and experience, product features and characteristics, service quality and efficiency and conformance with *specification*s and requirements contained in the *Request for Proposal*. Price may be an *evaluation criterion* for *proposal*s but will not necessarily be the predominant basis for *contract award*. *Proposal*s will not have public openings.

"*Purchase*" means to acquire by *purchase*, rental or lease of *goods* and *services*.

"*Purchase Order*" means a written offer to *purchase goods* and *services* or a written *acceptance* of an offer where such offer has been made on forms prescribed by *E.L.K.* (See Appendix "E").

"*Quotation*" means a bid received as a result of a written or verbal (via telephone or in person) request by *E.L.K.* for the supply of *goods* and/or *services*.

"*Request for Pre-Qualification*" means a request for the detailed submission of the experience, financial strength, education, background and personnel of persons, firms or corporations who may, from time to time, qualify to supply *goods* and/or *services* to *E.L.K.*

"*Request for Proposal*" (RFP) means a process where a need is identified, but the method by which it will be achieved is unknown or flexible at the outset. This process allows vendors to propose solutions or methods to arrive at the desired result. The solicitation of written, competitive *proposal*s, or offers to be used as a basis for entering into a *contract* when *specification* and price will not necessarily be the predominant *award* criteria.

"*Request for Quotation*" (RFQ) means a *bid solicitation* where written quotes are obtained from suppliers without formal *advertising* or receipt of *sealed bid*s.

"*Requisition*" means a written or electronically produced request in an *approval* format and duly authorized to obtain *goods* and/or *services*.

"*Sealed Bid"* means a formal sealed response received as a part of a *quotation*, *tender* or *proposal*.

"*Service*" means all professional, consulting, *construction* or maintenance *service*s including the delivery, installation, repair, restoration, demolition or removal of personal property and real property.

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"*Sole Source*" means the *purchase* of a good and/or *service* where there is only one available supplier of that good and/or *service* that meets the needs or requirements of *E.L.K.* (See Appendix "A").

"*Specification*" means any description of the physical or functional characteristics, or of the nature of a supply, *service*, equipment or *construction* item. It may include a description of any requirement for inspecting, testing, or preparing a supply, *service*, equipment or *construction* item for delivery. It may also include drawings or samples.

"*Tender*" means an offer received from a supplier of *goods* and/or *service*s in response to an advertisement requesting sealed *tender*s.

6 REFERENCES

Table "A" Methods of Purchasing
Table "B" Circumstances For Purchasing Method – *Competitive Purchasing*
Table "C" Circumstances For Purchasing Method – Non-*Competitive Purchasing*
Appendix "A" *Sole Source* Procurement
Appendix "B" "Two Envelope Approach" to Requests for *Proposal*
Appendix "C" Response to *Irregularities Contained in Bids*
Appendix "D" Exemption From Purchasing Policy
Appendix "E" Sample *Purchase Order*
Appendix "F" Index

7 PURCHASING PROCEDURES

7.01 The circumstances for the use of purchasing methods for *E.L.K.* shall be as set forth in Table "A" attached hereto.

7.02 The *competitive purchasing* process for *E.L.K.* shall be as set forth in the Table "B" attached hereto.

7.03 **Informal low value purchasing** general conditions:

i. The solicitation of *quotation*s shall be fair, such that not to allow any bidder be given an unfair advantage.

ii. The *competitive purchasing* process undertaken shall be based on clear definition of the product or *service* and a clear outline of the review and criteria to be undertaken.

iii. A minimum of three written or verbal *quotation*s shall be required for *purchase*s over $10,000.00. For *purchase*s under $10,000, *quotation*s are at the discretion of the Manager. Managers may lower the $10,000 limit for their department. Approved *Purchase order*s are required if the *purchase* exceeds $5,000.00. Table "B" sets forth when written or verbal quotes are required.

iv. A *no bid response* is not be considered as a valid bid unless approved by the

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C.E.O. or *Chief Financial Officer*.
v. Written *quotation*s shall be forwarded to the *Chief Financial Officer* with a *purchase order* and shall be retained in the department files in accordance to Section 10.3 of this Policy.
vi. Sufficient funds are available to pay for the *contract*.
vii. The Manager may delegate his/her authority to a designate provided the designate follow the requirements of this Policy.

Upon request, the *C.E.O.* or *Chief Financial Officer* shall assist in reviewing *requisition*s and the *quotation*s obtained by departments. Where appropriate, the *C.E.O.* or *Chief Financial Officer* may solicit additional quotes.

7.03.01 Petty cash funds shall be maintained to expedite small *purchase*s and acquired *goods*/*service*s where immediate payment is required upon receipt of *goods*. The value of the *goods*/*service*s shall not exceed $300.

7.04 ***Request for quotation*****:** general conditions:
(a) Manager shall:
i. Prepare the *specification*s, terms and conditions relevant to the *acquisition* of *goods* and/or *service*s or provide other information as appropriate,
ii. Give notice of the *request for quotation* by requesting submissions from suppliers who appear best qualified to meet the provisions of the *quotation*, and at the discretion of the Manager advertise in a newspaper.
iii. Consider any irregularities and act in accordance with Appendix “C” and Section 8.07 of this Policy.
(b) The *purchase* of *goods* and/or *service*s in this section shall be made through the issuance of a *purchase order* up to the amount approved in the budget.
(c) *E.L.K.* reserves the right to accept or reject any submission.

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7.05 **Request for *tender*s** are required for *purchase*s exceeding $50,000.

7.05.01 A Request for *Tender* shall be used for *purchase*s exceeding $50,000.00 where all of the following criteria apply:

(a) Two or more sources are considered capable of supplying the requirement,
(b) The requirement is adequately defined to permit the evaluation of *tender*s against clearly defined criteria,
(c) The market conditions are such that *tender*s can be submitted on a common pricing basis and
(d) *Best value* for *E.L.K.* can be achieved by an *award* selection made on the basis of the lowest bid meets *specification*.

7.05.02 At the discretion of the Manager, all such *tender*s shall either be placed on *E.L.K.* internet website or advertised in a newspaper. The onus is on interested vendors to review *E.L.K.* website and newspapers from time to time for competitions that may be of interest to them.

7.05.03 The Manager or designate shall provide a *tender* call form in writing or electronically containing the relevant *specification*s, budget, authorization signature(s), *approval* authority and terms and conditions for the *purchase* of *goods* and/or *service*s.

7.05.04 The Manager shall prepare a summary of the bids and recommend the *award* of *contract* to the lowest responsive bidder. Work shall be *award*ed based on the lowest bid that meets the required terms, conditions and *specification*s outlined in the bid document, unless otherwise approved by the *Board*.

7.05.05 Sealed *tender*s may be required in accordance with Section 8.15 of this Policy. *Performance bond* and *labour and materials payment bond* are required for all *purchase*s over $150,000. *Purchase*s of lesser value may include bonding requirements as determined by the Manager or designate if it is deemed in the best interest of *E.L.K.* When *performance bond* and *labour and materials payment bond* are required, the amount of each bond shall be 50 percent of the amount of the *tender* bid.

7.05.06 The Manager or designate shall be responsible for arranging for opening of *tender* bids at the time and date specified by the *tender* call. There must be in attendance at that time: *C.E.O.* or designate.

There may be in attendance at that time the Consultant or Engineer or designate. It shall be the responsibility of the Manager or designate to notify those persons noted above.

All *tender*s will be opened in full view and at a reasonable time following the close of bidding. Total *tender*ed prices shall be read out at the meeting. Unless otherwise stated, the opening of bids shall commence at 11:45 a.m. on the designate date.

7.05.07 With respect to all reports initiated for *tender*s, there shall be a disclosure on the sources of financing, allocation of revenue and other financial commentary as considered appropriate by the *Chief Financial Officer*.

7.05.08 The Manager or designate shall follow the provisions of Section 8.16 of this Policy regarding the *award* of *contract* using a *purchase order* or *contract*.

7.05.09 Except as otherwise provided, no work may commence or commitment to the *purchase* of *goods* and/or *service*s shall be entered into, until such time as a *purchase order* has been issued or a *contract* signed and all necessary documents and *approval*s received.

7.05.10 *E.L.K.* reserves the right to accept or reject any submission.

7.05.11 The *award* of any *tender* requires *Board approval*.

7.06 A ***Request for proposal*** may be called when the requirements for *goods* and/or *service*s needed cannot be definitely specified and where such *proposal*s could result in specific offers by the bidders to fulfill the requirements, *service*s or function at a particular price. A *request for proposal* should be used where one or more of the criteria for issuing a request for *tender* cannot be met, such as:

(a) Owing to the nature of the requirement, suppliers are invited to propose a solution to a problem, requirement or objective and the selection of the suppliers is based on the effectiveness of the proposed solution rather than on price alone, or

(b) It is expected that *negotiation*s with one or more bidders may be required with respect to any aspect of the requirement.

7.06.01 The *Manager* and *C.E.O.* may jointly select a supplier without competition where;

(a) The estimated total cost does not exceed $50,000 and

(b) The cost of preparing a detailed *proposal* would deter suppliers from submitting *proposal*s.

7.06.02 If estimated value is greater than $50,000, the *Manager* shall issue a request for *proposal* in the same manner as a request for *tender*.

7.06.03 Where in the opinion of the *Manager* in consultation with the *C.E.O.* the requirement is not straightforward or an excessive workload would be required to evaluate *proposal*s, either due to their complexity, length, number or any combination thereof, a multi-step procedure may be used that would include a pre-qualification stage to ensure the workload is manageable.

7.06.04 The *Manager* shall maintain a list of suggested *evaluation criteria* for assistance in formulating an evaluation process using a *request for proposal*. This may include, but is not limited to, factors such as approach, qualifications, experience, equipment, facilities, strategy, methodology, past performance, scheduling and price.

7.06.05 An *Evaluation Committee* shall review all *proposal*s against the established criteria, reach consensus on the final rating results and ensure that the final rating results, with supporting documents, are kept on file.

7.06.06 With respect to all reports initiated for *request for proposal*, there shall be a disclosure on the sources of financing, allocation of revenue and other financial commentary as considered appropriate by the *Chief Financial Officer*.

7.06.07 The *Manager* shall follow the provisions of Section 8.16 of this Policy regarding the *award* of *contract* using a *purchase order* or *contract*.

7.06.08 *E.L.K.* reserves the right to accept or reject any submission.

7.06.09 The *award* of any *request for proposal* requires *Board approval*.

7.07 A **two-envelope approach** may be used when it is desirable to evaluate the technical and qualitative information of a given *Request for Proposal* without being influenced by pricing information. Appendix "B" outlines the process to be followed in a two-envelope approach.

7.08 The following section is for acquiring *goods* and/or *service*s through the ***negotiation* process.**

7.08.01 The *C.E.O.* shall justify the need to use this policy prior to *E.L.K.* staff entering into any discussions with any vendor. This process may be adopted when any of the following conditions apply:

(a) Due to abnormal market conditions, the *goods* and/or *service*s required are in short supply;
(b) Where there is only one source of supply which would be acceptable and cost effective;
(c) When no bids are received in a *tender* or *quotation* call;
(d) When only one bid is received in a *tender* or *quotation* call;
(e) Where the lowest *tender* or *quotation* meeting *specification*s substantially exceeds the amount budgeted for the *purchase* and it is impractical to recall the *tender* or *quotation*;
(f) When all bids received fail to meet the *specification*s or *tender* terms and conditions and it is impractical to recall the *tender* or *quotation*;
(g) The *goods* and/or *service*s are required as a result of *emergency*, which would not reasonably permit the use of method other than direct *negotiation*; or
(h) Where authorized by the *Board* to do so.

7.08.02 All methods of *negotiation* by *E.L.K.* shall employ fair and ethical practices.

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7.08.03 When the *C.E.O.* in conjunction with the *Manager* deems *negotiation*s to be necessary, they shall be carried out jointly in co-operation subject to the conditions of this Policy. Any negotiated *purchase* exceeding $50,000 is subject to *Board approval*.

7.09 The following section shall be followed for **leasing and financing *service*s**.

7.09.01 *Manager*s wishing to acquire or use *goods* or *service*s via an **external third party financing lease** must receive the *approval* of the *Board* prior to requesting to undertake any competitive bidding process.

7.09.02 Before entering into a lease or financing arrangement, the *Chief Financial Officer* shall prepare a report to the *Board* with a recommendation, assessing, in the opinion of the *Chief Financial Officer* the costs and financial and other risks associated with the proposed lease or financing arrangement, include but not limited to:

(a) A comparison between the fixed and estimated costs and the risks associated with the proposed financing lease and those associated with other methods of financing;

(b) A statement summarizing the effective rate or rates of financing for the financing lease, the ability for lease payment amount to vary and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the financing lease;

(c) A statement summarizing any contingent payment obligations under the financing lease that in the opinion of the *Chief Financial Officer* would result in a material impact for *E.L.K.*, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities;

(d) An opinion about whether the costs of the financing for the proposed financing lease are lower than other methods of financing available to *E.L.K.* and whether the risks associated with the financing lease are reasonable;

(e) A summary of assumptions applicable to any possible variations in the financing lease payment and contingent payment obligations and

(f) Any other matters the *Chief Financial Officer* or the *Board* considers advisable.

7.09.03 All purchasing activity including *request for proposal*s for financing are to require that submissions include original equipment cost, length of lease, effective rate of interest, residual value and terms and date of payment.

7.10 A ***blanket purchase*** *order* may be utilized where *goods* and *service*s ordered will not be used within a 3 month period and where:

(a) One or more departments repetitively order the same *goods* and/or *service*s and the actual demand is not known in advance, or

(b) A need is anticipated for a range of *goods* and/or *service*s for a specific purpose, but the actual demand is not known at the outset and delivery is made when a requirement arises.

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7.10.01 In utilizing a *blanket purchase order*, the expected quantity of the specified *goods* or *service*s to be *purchase*d over the time period of the *agreement* shall be as accurate an estimate as practical and be based to the extent possible on previous usage adjusted for any known factors that may change usage.

7.10.02 *Blanket purchase order*s are not to exceed a one-year period to ensure that comparative pricing is obtained on a regular basis, unless it can be demonstrated that a supply/*service agreement* beyond one year will provide financial benefits to *E.L.K.*

7.10.03 The Finance Department shall establish and maintain *blanket purchase order* lists that define source and price with selected suppliers. Where purchasing action is initiated by departments for frequently used *goods* and/or *service*s, it is to be made with the supplier or suppliers listed in the *blanket purchase order*.

7.10.04 Vendors are only authorized to fulfill their commitment by receipt of a *purchase order* or *blanket purchase order*.

7.11 The following section will be used for ***emergency purchase*s**:

7.11.01 "*Emergency*" is defined but not limited to:
(a) An imminent or actual danger to the life, health or safety of an official, the public or an employee while acting on *E.L.K.*'s behalf;
(b) An imminent or actual danger of injury to or destruction of real or personal property belonging to *E.L.K.* for which *E.L.K.* would be liable;
(c) An unexpected interruption or threat of an interruption of an essential public *service*;
(d) An *emergency* as defined by the Emergency Management Act, and the Emergency Response Plan formulated there under by *E.L.K.* and
(e) A spill of a pollutant as contemplated by the Environmental Protection Act.

7.11.02 When purchasing *goods* or *service*s as a result of an *emergency* situation, the following policies apply:
(a) *Purchase*s over $5,000.00 but under $10,000.00
A *Manager* may initiate or approve *purchase*s under $10,000.00 in an *emergency* situation. Immediately following such *purchase*, the *Manager* will notify the *C.E.O./Chief Financial Officer* in writing of the *purchase* with full details concerning the circumstances under which the *purchase* was made. *Purchase*s of this nature will require that a *purchase order* be prepared and that as many comparative quotes as practicable under the circumstances are obtained.
(b) *Purchase*s over $10,000.00
The initiating *Manager* must obtain the prior *approval* of the *C.E.O.* or, in the absence of the *C.E.O.*, the *Chief Financial Officer* in consultation with the Chair or Vice-Chair for *E.L.K.*. As soon as reasonably possible following the *purchase*, the *Manager* will issue an information report to the *C.E.O.* and when the *purchase* was made.

*Purchase*s of this nature will require that a *purchase order* be prepared and that as many comparative quotes as practicable under the circumstances are obtained.

7.11.03 All *emergency purchase*s made under this section shall be confirmed by the issuance of a *purchase order* or *contract* as *requisitione*d by the initiating *Manager* immediately or as soon as practicable following the commitment.

7.12 This section applies to the *purchase* of ***consulting and professional services*** unless the *purchase* has been exempt from this Policy. The *acquisition* process described in this section is restricted to *acquisition*s that are predominantly or exclusively for *consulting and professional services*. *Acquisition* of *consulting and professional services* is defined in Section 5 and in accordance with this Policy.

7.12.01 *Consulting and Professional Services* shall be acquired in accordance with the general *acquisition* process where informal/formal *quotation*s or *tender*s/*proposal*s (Section 7.03 to 7.06) are required.

7.12.02 The department shall endeavor to see that individuals and firms providing *consulting and professional services* have fair access to *E.L.K.* assignments.

7.12.03 The department shall attempt to provide sufficient detail to outline the objective, type and scope of work to be conducted.

7.12.04 The *Board* upon the written recommendation of a *Manager* may waive the requirement for *quotation*s or *proposal*s when:

(a) The works are the continuation of a previous project
(b) The firm has demonstrated unique qualifications to undertake the project such as:
  (i) in house expertise
  (ii) historical data on *E.L.K.*
(c) Time constraints are such that to seek *quotation*s or *tender*s will result in:
  (i) increased costs
  (ii) loss of provincial or federal funding

8.0 BID AND CONTRACT REQUIREMENTS

8.01 ***Construction contract*s** shall comply with the requirements of this Policy with the provision that *contract*s shall be endorsed in either a *purchase order* and/or formal *contract* in a form satisfactory to *E.L.K.*

8.01.01 The successful bidder for a *construction* project shall submit the following documentation in a form satisfactory to *E.L.K.* within seven (7) working days after being notified in writing to do so by *E.L.K.* or its designate:

(a) *Execute*d *performance bond*s and labour and material payment bond(s),
(b) *Execute*d *agreement*,
(c) Insurance documents in compliance with the *tender* documents,

(d) Declarations respecting the Workplace Safety & Insurance Act,
(e) *Certificate of Clearance* from the Workplace Safety & Insurance Board and
(f) *Executed performance bond*.

8.02 The following conditions apply to all **bid submissions:**

8.02.01 Bid documents shall be submitted and received in the manner as specified in the bid document.

8.02.02 Unless otherwise stated, the closing time for receiving bid documents shall be 11:30 a.m. on the date designated by the *Manager*.

8.02.03 Unless otherwise stated, the opening of the bids shall commence at 11:45 a.m. on the closing date.

8.02.04 Fax submissions will not be accepted.

8.02.05 Bid documents received by *E.L.K.* later than the specified closing time shall be returned unopened to the bidder.

8.02.06 A bidder who has already submitted a bid document may submit a further bid document at any time up to the official closing time. The last bid document received shall supersede and invalidate all bids previously submitted by that bidder.

8.02.07 A bidder may withdraw his or her bid document at any time up to official closing time, provided that the withdrawal is made in writing, is on company letterhead and is signed by an authorized signatory of the bidder. All bid documents submitted are irrevocable after the official closing time.

8.02.08 All bidders may be requested to supply a list of all subcontractors to be employed on a project. The *Manager* or designate responsible for the project thereto must approve any deletions or additions made to the list of subcontractors after the opening of the bid in question.

8.02.9 The bid documents shall clearly specify what action shall be taken with respect to informal or unbalanced bids and what penalties shall be imposed if the bidder fails to submit the appropriate documents in the manner specified and the *Manager* under whose jurisdiction the bid will be administered shall report such failures to the *Board* with appropriate recommendations.

8.02.10 *E.L.K.* reserves the right to accept or reject any bid document.

8.03 A *Manager* or designate with the concurrence of the *C.E.O.* may request the **cancellation of a *bid solicitation*** at any time up to *contract award*.

8.03.01 The *Manager* or designate and the *C.E.O.* shall ensure that the confidentiality of any bid submitted is maintained in accordance with the provisions of the Protection of Privacy Act, as amended.

8.04 Where bids are received in response to a *bid solicitation* but, in the opinion of the *Manager* under whose jurisdiction the bid will be administered acting together with the *C.E.O.* or *Chief Financial Officer* exceed budget, are not responsive to the requirement or do not represent *Fair Market Value* a **revised solicitation** shall be issued in an effort to obtain an acceptable bid unless Section 8.04.01 applies.

8.04.01 The *Manager* or designate and the *C.E.O.* or *Chief Financial Officer* jointly may waive the need for a revised *bid solicitation* and enter *negotiation*s with the lowest responsive bidder or the highest responsive bidder for a revenue-driven bid selection emanating from a *bid solicitation* under the following circumstances and shall be done in accordance with Section 7.08 of this Policy:

(a) The total cost of the lowest responsive bid is in excess of the funds appropriated by the *Board* for the project or the highest responsive bid revenue is less than that made in appropriate accounts in the *Board approved budget* and

(b) The *Manager* or designate and the *C.E.O.* or *Chief Financial Officer* agree that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the *bid solicitation*.

8.04.02 In the case of building *construction contract*s, where the total cost of the lowest responsive bid is in excess of the budget approved by the *Board*, *negotiation*s shall be made in accordance with Section 7.08.

8.04.03 *E.L.K.* has the right to cease *negotiation*s and reject any offer.

8.05 In the event **only one bid is received** in response to a request for *tender*, the *Manager* may return the unopened bid to the bidder when, in the opinion of the department or designate and the *C.E.O.* or *Chief Financial Officer* additional bids could be secured. In returning the unopened bid the *Manager* shall inform the bidder that *E.L.K.* may be recalling the *tender*s at a later date.

8.05.01 In the event that only one bid is received in response to a request for *tender*s, the bid may be opened and evaluated in accordance with *E.L.K.* usual procedures when, in the opinion of the *Manager* or designate and the *C.E.O.* or *Chief Financial Officer* , the bid should be considered by *E.L.K.* If, after evaluation by the *Manager* or designate and the *C.E.O.* or *Chief Financial Officer*, the bid is not found to be acceptable, the procedures set out in Section 8.04 shall be followed.

8.06 If **two equal bids** are received the *Manager* will offer an opportunity for bidders to re-bid.

8.06.01 Should a tie persist, the *Manager* under whose jurisdiction the bid will be administered acting together with the *C.E.O.* shall evaluate the two tied bids giving consideration to several factors, including but not limited to the following:

(a) Whether a prompt payment discount is being made available to *E.L.K.* and in what amount;

(b) When delivery is an important factor, which bidder can offer the best delivery date;

(c) The sales *service* record of both bidders and which bidder is, in the opinion of *E.L.K.*, in a better position to offer the best sales *service*; and

d) The overall performance record of both bidders relative to their past business dealings, if any, with *E.L.K.*;

8.06.02 If, after a consideration of the factors set out above the respective *Manager* acting together with the *C.E.O.* or *Chief Financial Officer* cannot make a determination that will break the tie, then the names of the tied bidders shall be written on paper and placed into a container and one piece of paper shall be drawn randomly from the container by the *Manager* and the *tender* shall be *award*ed to the bidder whose name appears on the piece of paper drawn.

8.06.03 The *Manager* shall set the time and location of the draw and the bidders shall be advised in writing in order that they may be present. Bidders must provide written confirmation that they have received notification of the draw date/time either by fax or email. The following shall be present at the draw: the *C.E.O.* or *Chief Financial Officer* and the *Manager* in charge of the *bid solicitation* or their designate(s), any of the bidders, or their authorized representatives. Should any bidder elect not to be represented at the draw, the draw will proceed regardless.

8.07 The process for administering and responding to **bid irregularities** contained in any and all *contract*s shall be set out in Appendix “C” attached hereto.

8.07.01 *E.L.K.* reserves the right to waive minor irregularities at its sole discretion.

8.08 **Analyzing of bid responses** shall be as follows. Request for *tender*s, *request for proposal*s and bid response shall be tabulated and analyzed by the *Manager* or designate with a recommendation forwarded to the *C.E.O.* for review.

8.09 *E.L.K.* does not encourage **in-house bidding** as part of its procurement process.

8.10 The circumstances for ***sole source* purchasing** for *E.L.K.* shall be as set forth in Appendix “A” attached hereto.

8.11 Departments whose budget provides for the *acquisition* of *goods* and/or *service*s shall be responsible for the preparation of ***specification*s** for a quote, *tender* or *proposal* call.

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8.11.01 The *C.E.O.* or *Chief Financial Officer* shall have the authority to review and recommend improvements to the *specification*s and resulting changes to *specification*s shall be made with the co-operation of the *Manager* or designate concerned.

8.11.02 *Specification*s should be detailed but not brand specific to leave room for potential vendors to provide alternatives in the event an equal or better-proven product or method is available and shall not deter a competitive process.

8.11.03 In cases where the *specification* will result in a *sole source purchase*, it shall be at the discretion of the *C.E.O.* or *Chief Financial Officer* to require the department to bring forward a report for *Board approval*.

8.11.04 Vendors or potential vendors shall not be requested to expend time, money or effort on design or in developing *specification*s or to otherwise help define a requirement beyond the normal level of *service* expected from vendors. When such *service*s are required:
(a) The *C.E.O.* or *Chief Financial Officer* shall be advised,
(b) The *contract*ed vendor will be considered as a consultant and unable to make an offer for the supply of the *goods* and/or *service*s,
(c) A fee may be paid to the *contract*ed vendor; and
(d) The detailed *specification*s shall become the property of *E.L.K.* for use in obtaining competitive bids.

8.11.05 Where, in the opinion of the respective *Manager* acting together with the *C.E.O.* or *Chief Financial Officer* it is not possible to prepare precise *specification*s in order to issue a request for *tender* for the provision of *goods* and/or *service*s, a *request for proposal*s shall be issued. The *Manager* shall prepare *evaluation criteria* and weightings for the criteria. The document shall clearly distinguish those requirements that are deemed mandatory or non-mandatory and shall clearly outline how these items will be evaluated.

8.11.06 At the discretion of the *Manager* a refundable or non-refundable fee may be charged for *tender*s, *proposal*s, *expression of interest* and *specification* packages.

8.12 The **total project cost or *contract*** amount shall be sum of all costs to be paid to the vendor/supplier under the *contract*, plus all taxes and less any rebate.

8.13 The initiating department is responsible to ensure that those vendors providing *service*s to *E.L.K.* meet the necessary **Workplace Safety and Insurance Board** requirements as set out in Subsections of 18.13 and 18.14 of this Policy. The insurance policy shall be in a form satisfactory to *E.L.K.* prior to the commencement of any work being performed, for no less than the minimum amounts stated in Section 8.13.01 and in force for the entire *contract* period and subsequent maintenance period.

8.13.01 The minimum insurance requirements required by *E.L.K.* in Canadian dollars, shall be
(a) Subdivision

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- $5 million General Liability
- $5 million Environmental Pollution Liability
- $2 million Auto Liability

(b) Consultants
- $2 million General Liability
- $2 million Professional Errors or Omissions Liability

(c) *Contract*s
- $2 million General Liability

(d) Tenants
- $2 million General Liability
- $300,000 Tenant Legal Liability

(e) Other Types of *Contract*s

At the direction of the *Board* acting on the recommendation of the *Manager*, the *Manager* or designate may determine any other risk requiring coverage.

8.13.02 *E.L.K.* shall be:

(a) Named as an additional insured in the policy of insurance and the policy shall contain a cross-liability/separation clause;

(b) Indemnified from any and all claims, demands, losses, costs or damages resulting from the performance of a bidder's obligation under *contract*.

8.13.03 Vendor insurance policies shall not be altered, cancelled or allowed to lapse without thirty (30) days prior written notice to *E.L.K.* If the insurance policy is cancelled or changed in any manner that would affect *E.L.K.* as outlined in coverage specified in the policy for any reason, thirty (30) days prior notice by registered mail shall be given by the insurer to *E.L.K.* The contractor shall deliver the insurance policy or certificate prior to commencing any work pursuant to any *contract*s.

8.13.04 The contractor shall maintain such fire and theft insurance, including dishonesty of any employees or agents hired by the contractor, as well provide coverage for loss by burglary, fire or theft of any stock or equipment of the contactor's upon city premises.

8.13.05 Prior to payment to a supplier or vendor, a *certificate of clearance* from the Workplace Safety and Insurance *Board* shall be provided by the vendor to *E.L.K.* evidencing the payment of all required premiums or levies to the Workplace Safety and Insurance *Board* to the date of payment by *E.L.K.* to the vendor.

8.13.06 All bid documents shall clearly indicate requirements to be provided by the successful bidder.

8.13.07 *Manager* or designate shall be contacted for assistance where insurance requirements are unclear and where insurance requirements are waived. The *C.E.O.* in conjunction with *E.L.K.*'s insurer shall have the authority to waive any and/or all insurance requirements of this section.

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8.14 The *Manager* or designate shall be satisfied that the contractor who accepts a *purchase order* and/or *contract* is fully knowledgeable of all terms and conditions of the **Occupational Health and Safety Act**, including the regulations applying to an employer, deemed or otherwise, of a sub-contractor.

8.14.01 The contractor shall strictly comply with all aspects of the Occupational Health and Safety Act and regulations there under.

8.14.02 The contractor shall agree to indemnify and hold harmless *E.L.K.* and its employees for all matters and claims pertaining or relating to the work to be performed by the contractor and/or its sub-contractors.

8.14.03 The contractor shall assume responsibility for any and all breaches of health and safety requirements, including the cost of legal defense on a solicitor and own client basis should *E.L.K.* or any of its employees be charged with violating said Act or Regulations. In the event that *E.L.K.* or any of its employees thereof are convicted and fined for any such offence as having been a deemed employer or otherwise vicariously or definitively liable, the contractor shall forth with pay any such fine on behalf of such defendant.

8.14.04 The contractor shall deliver a *Certificate of Clearance* from the Workplace Safety and Insurance Board prior to commencing any work pursuant to any *contract*s ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board to the date of payment.

8.15 The *Manager* or designate may require that a bid be accompanied by a ***Bid Bond*** or other similar security to guarantee entry into a *contract*.

8.15.01 In addition to the security referred to in Section 8.15, the successful bidder may be required to provide,

(a) A *performance bond* to guarantee the faithful performance of the *contract*, and
(b) A *Labour and Materials Payment Bond* to guarantee the payment for labour and materials to be supplied in connection with a *contract*.

8.15.02 The *Manager*, *C.E.O.* and *Chief Financial Officer* shall select the appropriate means to guarantee execution and performance of the *contract*. Means may include one or more of but are not limited to:

(a) Financial bonds for *contract* performance;
(b) Certified cheque, bank draft or money order drawn on any bank named in Schedule I or II to the Bank Act (Canada), any trust or loan company registered under the Loan and Trust Company Act (Ontario), the Province of Ontario Savings Office, or a credit union as defined in the Credit Unions and Caisses Populaires Act (Ontario),
(c) An *Irrevocable Letter of Credit* naming *E.L.K.* as the beneficiary,
(d) A *Bid Bond* issued by an approved guarantee company properly licensed in the Province of Ontario, on bond forms acceptable to *E.L.K.*,

(e) Canadian currency and
(f) Other forms of security deposits, provisions for liquidated damages, *progress payment*s and *holdback*s.

8.15.03 A *bid deposit* shall be required to accompany and be included in an envelope containing the bid documents in the following circumstances:
(a) All bids for *construction* projects;
(b) Special maintenance *contract*s, except for those *contract*s whose price in the opinion of the *Manager* is disproportionate to the cost of the contractor of obtaining a *bid bond*;
(c) All demolition *contract*s;
(d) In circumstances not mentioned in Section 8.15.03 (a) through (c) the *Manager* or designate in consultation with the *C.E.O.* or *Chief Financial Officer* shall be authorized to determine whether or not a *bid deposit* is required prior to calling of *sealed bid*s.

8.15.04 When a *bid bond* is required, the *Manager*, in conjunction with the *Chief Financial Officer*, shall determine the amount of the *bid deposit*.

8.15.05 When a *Performance Bond* or Labour and Material Payment Bond is required, the amount of the bond shall be 50% of the amount of the *tender* bid, unless the *Manager* recommends and the *Board* approves a higher level of bonding.

8.15.06 The *Manager* and the *Chief Financial Officer* shall ensure that the guarantee means selected will:
(a) Not be excessive but will be sufficient to cover any financial risk to *E.L.K.*
(b) Provide flexibility in applying leverage on a supplier so that the penalty is proportional to any *contract* deficiencies and
(c) Comply with provincial statutes and regulations

8.15.07 All bidders shall include in the *tender*/*sealed bid* envelope the following:
(a) The *tender*/bid form issued by *E.L.K.* or its agents and
(b) The satisfactory declaration if applicable

8.15.08 If, in the opinion of the *Manager* or designate the risk to *E.L.K.* is not adequately limited by the *progress payment* provisions of the *contract*, an additional minimum payment *holdback* of 10% may be required.

8.15.09 The *Manager* or designate may release the *holdback* funds on *construction contract*s upon:
(a) The *contract*or submitting a statutory declaration that all accounts have been paid and all documents have been received for all damage claims,
(b) Receipt of clearance from the Workplace Safety and Insurance Board for any arrears of Workplace Safety and Insurance Board assessment,
(c) All the requirements of the Construction Liens Act being satisfied,

(d) Receipt of certification from *E.L.K.*'s Solicitor, where applicable, that liens have not been registered and
(e) Certification from the *Manager*, under whom the work has been performed that the conditions of the *contract* have been satisfied.

8.15.10 The conditions for release of *holdback* funds provided in Section 8.15.11 apply to other *goods* and/or *service*s *contract*s with necessary modifications.

8.15.11 The *tender* documents shall clearly specify what action shall be taken with respect to informal or unbalanced bids and what penalties shall be imposed if the bidder fails to submit the appropriate documents in the manner specified and the *Manager* under whose jurisdiction the bid will be administered shall report such failures in consultation with the *C.E.O.* to the *Board* with appropriate recommendations.

8.15.12 In all circumstances with respect to *tender*s the *Manager* or designate in consultation with the *Chief Financial Officer* is authorized to determine whether or not a *Letter of Agreement to bond* is to be submitted with the bids. When the requirements of a *Letter of Agreement to bond* have been determined, the failure of a bidder to provide said *Letter of Agreement to bond* shall result in the bid being rejected.

8.15.13 A *tender* and/or *proposal* requiring an appropriate *bid deposit* shall be void if such security is not received in the manner specified in Section 8.15.02 or if the value of the *bid deposit* is less than required. The *Chief Financial Officer* is authorized to cash and deposit any *bid bond*s and/or cheques in *E.L.K.*'s possession that are forfeited as a result of non-compliance with terms, conditions and/or *specification*s of a *sealed bid*.

8.15.14 The successful bidder for maintenance *contract*s, demolition *contract*s, *proposal*s for the sale and/or removal of *E.L.K.* owned buildings, or structures and *tender*s shall submit the following documentation in a form satisfactory to *E.L.K.* within seven (7) working days after being notified in writing to do so by *E.L.K.*:
(a) *Execute*d *Performance Bond*,
(b) *Execute*d *Agreement* and *Labour and Materials Payment Bond*(s),
(c) Insurance Documents in compliance with *tender* documents
(d) *Certificate of Clearance* from the Workers' Safety Insurance Board and
(e) Declarations respecting the Worker's Compensation

8.16 The ***award* of a *contract*** may be made by way of:
(a) *Purchase Order*/*Contract Order*
(b) Formal *Agreement*

8.16.01 A *Purchase Order* or *Contract Order* is to be used when the resulting *contract* is in the opinion of the *Manager* or designate, straightforward and will contain *E.L.K.*'s standard terms and conditions and is a binding *agreement* with the *contract*ed vendor.

8.16.02 A Formal *Agreement* is to be used when the resulting *contract* is, in the opinion of the *Manager* or designate, complex and will contain terms and conditions other than *E.L.K.*'s standard terms and conditions.

8.16.03 It shall be the responsibility of the *Manager* initiating the *bid solicitation*, with the *Chief Financial Officer* and/or Solicitor, to determine if it is in the best interest of *E.L.K.* to establish a formal *agreement* with the supplier.

8.16.04 Where it is determined that Section 8.16.03 applies, the formal *agreement* shall be reviewed and approved for execution by *E.L.K.*'s Solicitor or designate.

8.16.05 Where a Formal *Agreement* is required, as a result of the *award* of the *contract* by delegated authority, the Chair and *C.E.O.* shall *execute* the *agreement* in the name of *E.L.K.*

8.16.06 Where a Formal *Agreement* is issued, the *Manager* or designate shall issue a *purchase order* or *contract order* incorporating the terms and conditions relevant to the *award* of a *contract*.

8.16.07 Where a Formal *Agreement* is not required, the *Manager* or designate shall issue a *purchase order* or *contract order* incorporating the terms and conditions relevant to the *award* of a *contract*.

8.16.08 *Requisition*s or *purchase order*s shall not be arbitrarily structured to alter the relationship of the price to the preauthorized expenditure limit.

8.16.09 For an approved form of *agreement* for major *purchase*s of *goods* and/or *service*s, a form of *agreement* prepared or approved by *E.L.K.*'s Solicitor shall be used at the discretion of the *Chief Financial Officer*, when deemed advisable in *E.L.K.*'s best interest.

8.17 Where a *contract* contains an **option for renewal**, the *Manager* may authorize such option provided that all of the following apply:

(a) The supplier's performance in supplying the *goods* and/or *service*s is, in the opinion of the respective *Manager* acting together with the *C.E.O.* or *Chief Financial Officer*, considered to have met the requirements of the *contract*,
(b) The *Manager* or designate provides the *Chief Financial Officer* with a written explanation as to why the renewal is in the best interest of *E.L.K.*
(c) The *Manager* and the *Chief Financial Officer* agree that the exercise of the option is in the best interest of *E.L.K.* and
(d) Funds are available in appropriate accounts within the *Board approved budget* including authorized revisions to meet the proposed expenditure

Notwithstanding the foregoing options that exceed $50,000.00 require *Board approval* in the same manner as was required in the original *contract*.

8.18 No **amendment or revision** to a *contract* shall be made unless the amendment, in the opinion of the *Board*, is in the best interest of *E.L.K.*

8.18.01 No amendment that changes the price of a *contract* shall be agreed to without a corresponding change in requirement or scope of work and where applicable, *Board approval* is required.

8.18.02 Managers or designate may recommend amendments to *contract*s.

8.18.03 Where expenditures for the proposed amendment combined with the price of the original *contract* exceeds the *Board approved budget* for the project, a report prepared by the Manager shall be submitted to the *Board* recommending the amendment and proposing the source of financing.

8.19 Where a requirement exists to initiate a project for which *goods* and/or *service*s are required and **funds are not contained within the the *Board approved budget* to** meet the proposed expenditure, the Manager shall, prior to commencement of the purchasing process, submit a report to the *Board* containing:
(a) Information surrounding the requirement to *contract*,
(b) Information on the availability of the funds within existing budgets, which were originally approved by the *Board* for other purposes, or on the requirement of additional funds.

9 MATERIAL AND VENDOR MANAGEMENT

9.01 The Manager or designate shall be responsible for monitoring the prices of the *goods* required in **inventory** and establishing the necessary *purchase order*s and *blanket purchase order* so that staff can *requisition* their requirements in order to replenish the stock as needed.

9.01.01 Upon receipt of an authorized *requisition*, the Manager or designate shall proceed to contact suppliers in order to fulfill the inventory requirement.

9.01.02 The Manager or designate may from time to time alter the source or method of supply when it is, in his/her opinion, beneficial to do so.

9.01.03 Managers or designate shall ensure a physical inventory of stock items be taken on a periodic basis and an adequate allowance of inventory obsolescence be maintained.

9.01.04 Physical inventories can be taken periodically as designated by the Manager, but must be taken on December 31st of every year, or within 2 working days of December 31st and submitted to the Finance Department. All inventories should be kept only to the extent that they meet requirements within a 3-month period.

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9.02 The Manager or designate shall,
(a) Arrange for the prompt **inspection of *goods* on receipt** to confirm conformance with the terms of the *purchase* or *blanket purchase order* and
(b) Inform the *C.E.O.* and *Chief Financial Officer* of discrepancies immediately.
(c) Delivery receipts must be signed off by the Manager or designate and promptly forwarded to the Finance Department.

9.02.01 The *C.E.O.* or *Chief Financial Officer* shall co-ordinate an appropriate course of action with the Manager or designate for any non-performance or discrepancies.

9.03 *Disposal* of **surplus and obsolete material and equipment** shall be done in accordance with this section.

9.03.01 Each Manager or designate shall submit an annual report to the *C.E.O.* identifying all furniture, vehicles, equipment and surplus stock, which are no longer used or which have become obsolete, worn out, or incapable of being used.

9.03.02 The *C.E.O.* shall have the authority to sell, exchange, or otherwise dispose of material declared surplus or obsolete to the needs of *E.L.K.* and where it is cost effective and in the best interest of *E.L.K.* to do so.

9.03.03 The Manager shall be responsible for ascertaining if the items can be of use to other departments rather than disposed of.

9.03.04 The *C.E.O.* shall have the authority to sell or dispose of the material by the most effective of following methods:
(a) Offered to other departments at no cost ;
(b) Offered for sale to public agencies;
(c) Sold by external advertisement, including *tender*, *quotation*, public auction, or on-line auction;
(d) Sold or traded to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than following other procedures;
(e) Donated to a charitable organization;
(f) Recycled;
(g) Other methods as deemed appropriate;

9.03.05 In the event that all other efforts to dispose of material by sale are unsuccessful, these items may be scrapped.

9.03.06 Where it is deemed appropriate, the *C.E.O.* and/or the initiating department, may set a reserve price for an article that is to be sold and
(a) In case of *disposal* by *tender*, the reserve price shall be published and disclosed; or
(b) In case of public auction, on-line auction or *quotation*, the reserve price shall be used as an internal estimate and not disclosed.

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9.03.07 The revenue generated from the sale of surplus and obsolete material shall be credited to the appropriate general ledger account.

9.03.08 Departments are responsible for the *disposal* of hazardous material. Where *disposal* prices must be obtained, the *C.E.O.* shall be notified of the necessary information regarding the hazardous material.

9.03.09 No employee, elected official, or immediate member of their families, shall be permitted to receive surplus and obsolete material except by *purchase* at a public auction or on-line auction.

9.04 Managers in conjunction with the *C.E.O.* and *Chief Financial Officer* shall institute a **vendor performance management** program for *E.L.K.*

9.04.01 A performance evaluation shall rate the performance of the vendor on criteria determined by the Manager to be appropriate in determining if *E.L.K.* has obtained a satisfactory level of performance by the vendor.

9.04.02 Documented poor performance or non-performance may be used to determine the eligibility of a bidder to participate in future *E.L.K. contract*s in accordance with Section 9.06.

9.05 *E.L.K.* may, in its absolute discretion, **reject a *tender*** or *proposal* submitted by the bidder, if the bidder, or any officer or director of the bidder is or has been engaged, either directly or indirectly through another corporation, in a legal action against *E.L.K.* its elected or appointed officers and employees in relation to:

(a) Any other *contract* or *service*; or

(b) Any matter arising from *E.L.K.*'s exercise of its powers, duties, or functions.

9.05.01 In determining whether or not to reject a *quotation*, *tender* or *proposal* under this clause, *E.L.K.* will consider whether the litigation is likely to affect the bidder's ability to work with *E.L.K.*, its consultants and representatives and whether *E.L.K.*'s experience with the bidder indicates that *E.L.K.* is likely to incur increased staff and legal costs in the administration of the *contract* if it is *award*ed to the bidder.

9.06 The Manager or designate shall document evidence and advise the *C.E.O.* and *Chief Financial Officer* in writing where the **performance of a supplier** has been unsatisfactory is terms of failure to meet *specification*s, terms and conditions or for health and safety violations.

9.06.01 The *Chief Financial Officer* may, in consultation with the Solicitor, prohibit an unsatisfactory supplier from bidding on future *contract*s for a period of up to three years.

9.06.02 Any supplier being excluded from a bidding process due to poor performance will be reported to the *Board* and will be notified in writing of their exclusion.

9.06.03 The supplier shall have the opportunity to respond to the *Board* regarding a notification sent pursuant to Section 9.06.02. The decision of the *Board* regarding the exclusion of a supplier shall be final.

9.07 This section shall be followed in situations where it is deemed by the Manager or designate to be necessary to **pre-qualify bidders** prior to the commencement of the competitive *sealed bid* process. The purpose of the pre-qualification is to ensure that each bidder can demonstrate they have ability to provide the necessary expertise and resources to satisfactorily complete the work required. Pre-qualification shall only be considered in the following circumstances:

(a) The work involves complex, multi-disciplinary activities; specialized expertise, equipment, materials, or financial requirements,
(b) The work is such that *contract* administration costs (work inspection, follow-up, extra fee *negotiation*s) could result in a substantial cost to *E.L.K.* if the work is not satisfactorily performed the first time,
(c) The *goods* or equipment to be *purchase*d must meet national safety standards, or if no standard has been established, has required a demonstrated acceptable level of performance, or
(d) The work is considered “high risk” with respect to regulations governed under Occupational Health and Safety.

9.07.01 This is a two-step process, where either a competitive *sealed bid* or a *proposal* call will follow. Pre-qualification is the first step and would set out criteria requiring bidders to provide information such as, but not limited to:

(a) Experience on similar work
(b) References provided from other customers for similar work
(c) Verification of applicable licenses and certificates
(d) Health and safety policies and staff training, and
(e) Financial capability

9.07.02 Appropriate staff, at the direction of the *C.E.O.* and *Chief Financial Officer* will evaluate and rank the submissions and then recommend a short list of acceptable bidders who will be invited to participate in the subsequent request for *tender* call.

9.07.03 Alternatively, *E.L.K.* may issue a request for information. A request for information can be used to build supplier interest and to see who the interested parties are to justify a full *request for proposal* competition. The request for information may request detailed information such as, but not limited to, company background, who the interested parties are, what they can offer and what they can do for *E.L.K.* Any resulting bid document will be advertised and will be open to vendors who wish to participate.

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10 GENERAL ADMINISTRATIVE PROCEDURES

10.01 The procedures in this section shall be used to **resolve any question involving the meaning or application of this Policy**. *E.L.K.* encourages the most open, competitive bidding process for the *purchase* of *goods* and/or *service*s and the equitable treatment of all vendors. In the event that disputes arise during the administration of a *contract* that cannot be easily resolved, the vendor shall:

(1) Request a meeting with the *C.E.O.* and *Chief Financial Officer*. This request shall be in writing and shall provide a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents and shall identify the form of relief requested.

(2) If, after the meeting, the vendor is satisfied that their concerns have been addressed and that the process has been fair and equitable, no further action shall be required.

(3) If, after the meeting, the *C.E.O.* and *Chief Financial Officer* are convinced that there was an error or oversight on the part of the purchasing process, a report shall be issued to the *Board* for *approval*. The report shall set out the course of action recommended by the *C.E.O.* and *Chief Financial Officer*.

(4) The *Board* will provide a final resolution to the conflict, subject to any litigation proceedings which may be commenced.

10.02 The public and the business community must have confidence in the integrity of *E.L.K.* officers and employees. Any officer, or employee who intentionally and knowingly **fails to act in accordance with this Policy** shall be subject to appropriate disciplinary action up to and including termination of employment.

10.02.01 Any bidder and existing suppliers who intentionally and knowingly fail to act in accordance with the purchasing Policy may be prohibited from bidding on future *contract*s for a period of three years in accordance with Section 9.06.

10.02.02 No *acquisition* of *goods* and/or *service*s or *disposal* of surplus *goods*, or equipment shall be made where the quantity or delivery is divided or in any manner arranged so that the price or value of the *goods* and/or *service*s to be acquired or disposed of is artificially reduced to circumvent the prescribed purchasing process.

10.02.03 No officer or employee or any relative of that officer, or employee shall be permitted to *purchase* any surplus *goods* to be disposed of except by successfully bidding on the

same at a public auction or by *sealed bid* but in no case if the duties of that officer, or employee include making decisions regarding the *disposal* of such *goods* or activities relating to the conduct of the *disposal* process.

10.02.04 Officers and employees shall not knowingly cause or permit anything to be done or communicated to anyone which is likely to cause any potential vendor to have an unfair advantage or disadvantage in obtaining a *contract* for the supply of *goods* and/or *service*s to *E.L.K.*

10.03 In order to contribute to waste reduction and to increase the development and awareness of **environmentally sound purchasing**, *acquisition*s of *goods* and/or *service*s will ensure that wherever possible, *specification*s are amended to provide for expanded use of durable products, reusable products and products (including those used in *service*s) that contain the maximum level of post-consumer waste and/or recyclable content, without significant affecting the intended use of the product or *service*.

10.03.01 It is recognized that cost analysis is required in order to ensure that the products are made available at competitive prices.

10.04 All officers and employees of *E.L.K.* shall provide their **best efforts** to comply with the terms and conditions of this Policy.

10.05 All officers and employees of *E.L.K.* shall not have a **pecuniary interest**, either directly or indirectly, in any *contract* with *E.L.K.* or with any person acting for *E.L.K.* in any *contract* for the supply of *goods* and/or *service*s for which *E.L.K.* pays or is liable, directly or indirectly to pay.

10.05.01 All staff and others participating in the evaluation of *proposal*s shall disclose any *conflict of interest* prior to the evaluation process.

10.05.02 All consultants *award*ed a *contract* by *E.L.K.* shall disclose to *E.L.K.* prior to accepting an assignment, any potential *conflict of interest*. If such a *conflict of interest* exists, *E.L.K.* as directed by the *C.E.O.* may, at its discretion, withhold the assignment from the consultant until the matter is resolved. And furthermore, if during the conduct of an *E.L.K.* assignment, a consultant is retained by another client giving rise to a potential *conflict of interest*, then the consultant shall so inform *E.L.K.*

10.06 The Province of Ontario's Discriminatory Business Practices Act (R.S.O. 1990) was established to prevent **discrimination** in Ontario on the grounds of race, creed, colour, nationality, ancestry, place or origin, sex or geographical location of persons employed or engaged in business. As such, granting **preference to local suppliers** to provide *goods* and/or *service*s to *E.L.K.* cannot be undertaken.

10.07 Where a *contract* may extend beyond the **term of the *Board***, the *contract* shall contain provisions to minimize the financial liability of *E.L.K.* should the subsequent *Board* not approve sufficient funds to complete the *contract* and *E.L.K.* may terminate the *contract*.

10.08 The **disclosure of information** received relevant to the issue of *bid solicitation*s or the *award* of *contract*s emanating from *bid solicitation*s shall be made by the appropriate officers in accordance with the provisions of the Protection of Privacy Act, as amended.

10.08.01 All **records and information** pertaining to *tender*s, *proposal*s and other *sealed bid*s, which reveal a trade secret or scientific, unit process, technical, commercial, financial or other labour relations information, supplied in confidence implicitly or explicitly shall remain confidential if the disclosure could reasonably be expected to:

(a) Prejudice significantly the competitive position or interfere significantly with the contractual or other *negotiation*s of a person, group of persons, organizations;
(b) Result in similar information no longer being supplied to *E.L.K.* where it is in the public interest that similar information continue to be so supplied;
(c) Result in undue loss or gain to any person, group, committee or financial institution or agency; or
(d) Result in information whose disclosure could reasonably be expected to be injurious to the financial and/or security interests of *E.L.K.*

10.09 Managers shall be authorized to co-operate with local municipalities, *board*s and commissions of such other organizations performing *service*s for or on behalf of *E.L.K.* with respect to co-operative or **bulk purchasing** of *goods* and with respect to providing general advice, information or assistance pursuant to such requests.

10.10 Where, in the opinion of the Manager or designate it would be effective, *tender*s and *proposal*s shall be placed on *E.L.K.* internet website and if *E.L.K.* so desires, in the local press.

10.10.01 Advertisements, where applicable, must appear with sufficient time between *advertising* and *tender* closing to permit a contractor to examine the advertisement, obtain the *tender* documents, complete and submit his/her *proposal*.

10.10.02 Tender and *proposal*s may be advertised on other government operated and/or purchasing association internet websites, where practicable, to attract competent bidders.

10.11 The purpose of this policy is to determine **how effective the Purchasing Policy has been** in achieving the objectives set out in Section 3 of the Policy.

10.11.01 The Purchasing Policy shall be reviewed within eighteen (18) months of passage.

10.11.02 The Purchasing Policy shall be reviewed subsequently thereafter prior to the end

of each *Board* term.

10.12 All background information, information submitted by vendors, analysis, *purchase order* and other relevant information involved in obtaining prices for *goods* and/or *service*s shall be **retained** in compliance with *E.L.K.*'s Retention By-Law.

10.13 In the absence of the Manager or designate the *C.E.O.* or *Chief Financial Officer* shall act as the **department purchasing agent**.

10.13.01 Any commitments being made where it is recommended that a *contract* be *execute*d by the Chair or *C.E.O.* must first be approved by the *Board* where the expenditure is over $5,000.00 or *contract*s not terminable on 30 days' notice.

10.13.02 No employee or elected official shall *purchase* or offer to *purchase*, on behalf of *E.L.K.*, any *goods* and/or *service*s, except in accordance with this Policy.

10.13.03 The Tables "A" , "B" & "C", Appendix "A", "B", "C" , "D" and "E" attached hereto may be amended from time to time with report to the *Board*. Such amendments do not invalidate any other portion of this Policy.

10.13.04 The Manager or *Chief Financial Officer* may randomly review departments purchasing related files on an on-going basis to review the effectiveness and integrity of the process and policy adherence.

10.13.05 The Manager in conjunction with the *Chief Financial Officer* shall establish procedures consistent with the purposes, goals and objectives and be used as guidelines and for information on purchasing *goods* and/or *service*s in compliance with this Policy.

10.13.06 The *Chief Financial Officer* shall initiate and submit the recommendation with respect to the *award* for group benefits, auditors, banking and professional *service*s to the *Board* with the assistance and consultation of the departments.

10.13.07 The *C.E.O.* shall initiate and submit the recommendation to the *Board* with respect to the sale of *E.L.K.* owned real property.

10.13.08 The *Chief Financial Officer* shall initiate and submit the recommendation with respect to general insurance to the *Board*.

10.13.09 Managers shall review unsolicited *proposal*s received by *E.L.K.* Any purchasing activity resulting from the receipt of an unsolicited *proposal* shall comply with the provisions of this Policy.

10.13.10 To ensure standardization of corporate equipment and software, prior *approval*

shall be required from the Manager and the *Chief Financial Officer* for computer equipment.

10.14 Information to be included in ***purchase order*s** is as follows:

(a) Documentation of comparative pricing obtained (either written or verbal) or a copy of the RFQ, RFP or RFT submitted by the successful bidder and a summary of the criteria used to rate the bid

(b) Information concerning the vendor (name, address, telephone/fax number)

(c) Ship To/Bill To Information

(d) Details concerning the *goods* or *service*s *purchase*d and pricing, including estimated shipping charges, if extra payment terms

(e) Account to be charged

(f) Authorization for the *purchase* according to the requirements set out in Table "B"; where *Board* authorization is obtained, reference to the resolution is to be noted on the *purchase order*.

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Table A – Methods of Purchasing

Method	Definition	Goals
Request for Proposal (RFP)	Process for obtaining unique *proposal*s designed to meet broad outcomes to a complex problem or need for which there is no clear or single solution. Solicitation of requests for *proposal* may be by invitation and/or by *advertising* (website/newspapers) and may include a "two envelope" approach. (See appendix B)	To implement an objective, fair, open, transparent, accountable and efficient process. *Proposal*s to be selected on the basis of 1) the highest score and 2) that the *proposal* meets the requirements specified in the competition, based on qualitative, technical and pricing considerations.
Request for *Tender* (RFT)	Process of obtaining competitive bids based on precisely defined requirements for which a clear or single solution exits. Bid solution performed on the basis of an advertisement (website, newspaper(s) and/or trade magazines.	To implement an effective, objective, fair, open, transparent, accountable and efficient competitive bids. *Tender*s to be accepted on the basis of the lowest bid that meets all of the requirements specified in the competition.
Request for Quotation (RFQ)	Same as Request for *Tender*, except that *bid solicitation* is done on an invitational basis from a pre-determined list of bidders that may be supplemented with public *advertising* at the discretion of management.	To implement an effective, objective, fair, open, transparent, accountable and efficient process for obtaining competitive bids. Quotes to be accepted on the basis of the lowest bid that meets all of the requirements specified in the competition.
Informal, Low Value Purchasing	Process for obtaining competitive pricing for *goods* and *service*s through phone, fax, email, vendor advertisements or catalogues.	To obtain competitive pricing in an expeditious and cost effective manner.
Sole Source Procurement	Process for obtaining *goods* and *service*s without seeking competitive pricing. Refer to Appendix A for full details of when this process may be used.	To allow for purchasing in an efficient and timely manner.

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Table B: Circumstances for Purchasing Methods – *Competitive Purchasing*

Estimated Value of *Goods* or *Service*	Method of Purchasing Required	Purchasing Paperwork Required	Authorization Required
$0 to $5,000	Informal Low Value Purchasing *Comparative pricing may be obtained at the discretion of purchaser; the requirement for comparative pricing at purchasing values less than $10,000 may be required on a departmental basis at the discretion of the Manager.*	Purchase Order	Manager; Chief Financial Officer and CEO have the option to reduce maximum purchasing $ levels requiring *approval* by Manager at their discretion.
$5,001 to $10,000	Informal Low Value Purchasing	Purchase Order	Manager and *Chief Financial Officer* or *C.E.O.* (up to the amount in *approved Budget*)
Greater than $10,001	Informal Low Value Purchasing *Three comparative quotes required.*	Purchase Order with three verbal quotes noted on P.O. or three written quotes attached to P.O.	Manager and *Chief Financial Officer* or *C.E.O.* (up to the amount in *approved Budget*)
$10,001 to $50,000 where requirements can be definitively specified or defined	*Request for Quotation*	*Purchase Order*	Manager and *Chief Financial Officer* or *C.E.O.* (up to the amount in *approved Budget*)
$10,001 to $50,000 where requirements cannot be definitively specified or defined	*Request for Proposal*	*Purchase Order*	Manager and *Chief Financial Officer* or *C.E.O.* (up to the amount in *approved Budget*)
Greater than $50,000 where requirements can be	Request for *Tender*	*Purchase Order* or *Contract*	*Board* on recommendations of Manager/*C.E.O.*

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definitively specified or defined			
Greater than $50,000 where requirements cannot be definitively specified or defined	*Request for Proposal*	*Purchase Order* or *Contract*	*Board* on recommendations of Manager/*C.E.O.*

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Table C : Circumstances for Purchasing Methods – Non-*Competitive Purchasing*

Estimated Value of *Goods* or *Service*	Method of Purchasing Required	Purchasing Paperwork Required	Authorization Required
$0 to $5,000	Non-*competitive purchasing*	Purchase Order	Manager
~~$~~5,001 to $10,001	Non-*competitive purchasing*	*Purchase Order*	Manager and *Chief Financial Officer* or *C.E.O.* (up to the amount in *approved Budget*)
Greater than $10,001	Non-*competitive purchasing*	*Purchase Order* or *Contract*	*Board* on recommendations of Manager/*C.E.O.*

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Appendix A – Non-Competitive (*Sole Source)* Purchasing

Non-competitive purchasing is deemed acceptable by *E.L.K.* in the following circumstances:

a) Where a statutory or market-based monopoly exists for the item(s) to be *purchase*d;
b) Where no bids were received in a competitive process;
c) Where an item is required by an exclusive right such as patent, copyright or exclusive license;
d) Where it is necessary to ensure compatibility with existing products to avoid violating warranty/guarantee requirements when *service* is required;
e) Where, in the opinion of the responsible Manager acting in conjunction with the *Chief Financial Officer* or *C.E.O.*, the compatibility of a *purchase* with existing equipment, facilities or *service*s is a paramount consideration;
f) Where *goods* are *purchase*d for testing or trial use;
g) Where *goods* or *service*s are in short supply due to market conditions;
h) Where *E.L.K. purchase*s *goods* for resale;
i) Where *E.L.K.* has a rental *contract* with a *purchase* option and such *purchase* option is beneficial to *E.L.K.*;
j) When competitive procurement is impractical for certain items such as meal allowances, incidental travel expenses and training and education expenses;
k) Where compatibility between existing products is necessary to maintain consistency within the organization (ie software);
l) Where the sources of supply are restricted to the extent that there is not effective price competition, or consideration of substitutes is precluded due to any of the following:
    i) Components or replacement parts for which there is no substitute;
    ii) Compatibility with an existing product, facility or *service*s is required;
    iii) Specific standards authorized by the *Board* or other regulatory body with which compliance is required.
m) When only one bid/*proposal* is received through the procurement process and it is impractical to proceed with another call for *quotation*s/*proposal*.
n) Where the cost of competitive purchasing exceeds the benefits. For example: in the case where transformers would need to be shipped to three vendors to obtain quotes and the shipping costs are significant to the anticipated cost of repair.

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Appendix B: Two-Envelope Approach" to Requests for *Proposal*

A "two-envelope" approach may be used by *E.L.K.* when *E.L.K.* wishes to evaluate the technical and qualitative information of a given *proposal* without being influenced by pricing information. The Chief Executive Officer of *E.L.K.* will determine and approve instances when a "Two-Envelope Approach" should be used in a *Request for Proposal* process.

The following summarizes the key aspects of a "Two-Envelope Approach" for Requests for *Proposal*:

(1) Each proponent must submit qualitative and technical information in a sealed envelope ("Envelope One") and pricing information is a second sealed envelope ("Envelope Two").

(2) The contents of Envelope One for each company submitting a bid shall be opened and evaluated by the Manager in conjunction with the *C.E.O.* in terms of technical and qualitative *service*s.

(3) After reviewing the contents of Envelope One for all bidders, the Manager will open and evaluate "Envelope Two" for only those bids that meet the *specification*s for the *Request for Proposal* in terms of technical and qualitative *service*s.

(4) In the event that a *proposal* is not eligible to proceed to price evaluation, the proponent shall be disqualified from further consideration and the second envelope will be returned to the proponent unopened, along with the contents of the first envelope.

(5) A higher point rating of a top proponent is not deemed to be sufficient evidence for the decision to open one pricing envelope. The decision to open only one pricing envelope must be made after determination that only one proponent is qualified and capable of performing the project or *service*. This would only be expected to occur in unique situations where artistic merit, proven design capability or other unique, non-quantifiable characteristics exist.

(6) Where only one pricing envelope is opened, the pricing envelopes of other proponents shall remain sealed and retained until such time as the *Board* has reviewed and approved the *award* of the *contract*, after which time any sealed envelopes will be returned the proponents unopened.

(7) In the event that the process identified above results in two or more bidders satisfying *E.L.K.*'s requirements in terms of qualitative and technical information and pricing, *E.L.K.* reserves the right to accept or reject any submission.

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Appendix C – Responses to Irregularities Contained in Bids

The following irregularities result in **automatic rejection and returned to the bidder:**

1. Bid or *proposal* received after the closing date/time.
2. Bid envelope received unsealed.
3. A bid is received by an excluded bidder.

The following irregularities result in **automatic rejection:**

1. The bid does not contain sufficient financial security as defined in the bid document prepared by *E.L.K.*
2. The bid has been completed and/or signed in an erasable medium (i.e. pencil).
3. The bid has been completed and is not legible.
4. Failure to *execute Agreement* to Bond or Bonding company's corporate seal or signature missing from *Agreement* to Bond.
5. Corporate seal or signature of the bidder missing; the signatory does not have the authority to bind the corporation and the signature is missing.
6. The bid documents do not acknowledge the necessary addendums which have a financial implication
7. The cheque has not been certified,
8. Failure to attend mandatory site visit.
9. Failure to insert the *Tender*er's business name in the Form of *Tender*.
10. Pricing page missing.
11. The bid documents contain changes to the bid document that have not been initialed and unit prices in the schedule of prices have been changed but not initialed and the *contract* totals are not consistent with the amended unit prices.

The following irregularities result in **automatic rejection unless**, in the opinion of the *C.E.O.* in cooperation with the applicable Manager, the incomplete information is deemed to be trivial or not significant**:**

1. All required sections of the Bid documents have not been completed
2. The bid is qualified or restricted.
3. Bids received on documents other than those provided by *E.L.K.*

	Description of Irregularity	Response to Irregularity
	Corporate seal or signature of the bidder is missing; the signatory does not have the authority to bind the corporation or the signature is missing.	Bidder permitted 48 hours to obtain missing corporate seal or signature or obtain the signature of a person authorized to bind the corporation
	The bid documents contain changes to the bid document that have not been initialed: a) Changes to information other than unit prices and *contract* totals	a) 48 hours to initial changes, as determined by the *C.E.O.*, in cooperation with the Manager

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	b) Unit prices in the schedule of prices have been changed but not initialed and the *contract* totals are consistent with the amended unit prices	b) 48 hours to initial changes as determined by the *C.E.O.* with the Manager
	The bid contains mathematical errors which are not consistent with the unit prices	48 hours to make and initial corrections, unit prices will govern.
	Part bids (all items not bid)	Acceptable unless complete bid has been specified in the request.
	Bids containing minor clerical errors	48 hours to correct initial errors. *E.L.K.* reserves the right to waive initialing and accept bid.
	Other mathematical errors	a) If both the unit price and the total price are left blank, then both shall be considered as zero b) If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity c) If the total price is left blank for a lump sum item, it shall be considered as zero d) If the *tender* contains an error in addition and/or subtraction and/or transcription in the approved *tender* documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected total *contract* price shall govern
	Bid documents which suggest that the bidder has made a major mistake in calculations or bid	Consultation with a Solicitor on a case-by-case basis.
	Any other irregularity	The *C.E.O.* in cooperation with the Manager and acting in consensus, shall have the authority to waive other irregularities or grant 48 hours to initial such other irregularities which jointly the *C.E.O.* and Manager consider to be of a minor nature.

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Appendix D: Exemptions from the Purchasing Policy

While *purchase*s identified below are exempt from the policy, such *purchase*s must be within the spending limits provided in the budget approved by the *Board*.

The *acquisition* methods described in this policy do not apply to the following items:

1) *Purchase*s made through petty cash.

2) Training and Education, including:
   a) Conferences, conventions, courses and seminars
   b) Magazines, books, periodicals and subscriptions
   c) Memberships including licensing
   d) Staff training and development/workshops/relations

3) Reimbursable *Board* and Employee Expenses as permitted by the Travel Policy
   a) Advances and meal allowances
   b) Travel
   c) Hotel accommodation and mileage
   d) Miscellaneous, non-travel expenses

4) General Expenses
   a) Payroll deduction remittances, medical and insurance premiums (group benefits), tax remittances and any other payment for employment
   b) Licenses (vehicles, equipment, etc.), certificates, and other *approval*s required
   c) Postage
   d) Replenishment of petty cash funds
   e) Insurance claims, legal settlements and arbitration *award*s or other payment of damages
   f) Charges to and from other government bodies, including Federal, Provincial or Municipal

5) Professional & Other *Service*s
   a) Legal fees for expert or professional legal *service*s
   b) Insurance premiums
   c) Payments to Health agencies that are subject to *service agreement*s
   d) Ongoing maintenance for existing computer hardware and software

6) Real Estate
   a) Including land, building, leasehold interest, easements, encroachments, licenses etc.
   b) Realty *service*s regarding the lease, *acquisition*, demolition, sale of land and appraisal of land

7) Utilities
   a) Water and sewer
   b) Electricity

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c) Natural gas
d) Telephone *service*s
e) Internet charges
f) *Advertising service* required by *E.L.K.* on or in but not limited to radio, television, newspaper and magazines
g) Consulting *service*s
h) Additional non-recurring accounting and auditing *service*s
i) Bank *service*s where covered by *agreement*s
j) Postage

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Appendix E: Sample Purchase Order

Vendor:

Telephone No.:
Fax No.:

Ship to:
E.L.K. Energy Inc.
172 Forest Ave, Essex ON N8M 3E4

Invoice to:
E.L.K. Energy Inc.
172 Forest Ave, Essex ON N8M 3E4

Description of Item(s)/Services Purchased:

Date of P.O.: **Vendor Terms:**

Deliver by:

Stock No.	Qty	Description	G/L Account	Unit price	Total
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -

Shipping charges *(indicate one)* :

☐ Included
☐ Extra

If quoted, please provide the cost of shipping ⇒

Sub-total	$ -
GST @ 6%	$ -
PST @ 8%	$ -
Total	$ -

Buyer: _____

Approved By: _____
Manager (purchases less than $5,000)

Approved By: _____
Chief Financial Officer/C.E.O./Board Resolution Number

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General Purchasing Policies:
The Purchasing Policy sets out the policies and procedures to be followed when purchasing goods and services for E.L.K. Energy. Purchase Orders for goods and services exceeding $10,000 must include information concerning comparative quotes obtained or a copy of the Request for Proposal, Request for Quotation or Invitation to Tender from the successful bidder, along with any documentation summarizing the evaluation process for such bids. Proper authorization must be obtained prior to purchasing as follows:

$0 to $5,000	Manager *(up to the amount in approved budget)*
$5,001 to $50,000	Manager and Chief Financial Officer or C.E.O. *(up to the amount in approved budget)*
Greater than $50,001	Board, on recommendation of Manager and C.E.O.

Purchase orders should be forwarded to accounts payable upon completion/

Supporting Documentation for Comparative Quotes:

Supplier Name	Item Description/Stock No.	Price/Unit	Total Price

Notes:

Purchase Order Numbers:
The sequential numbering system for Purchase Orders will consist of the purchaser's initials, followed by a 2-digit number signifying the year and a 3-digit sequential number (for example, SS-06-001). Purchasers must maintain a log of Purchase Order Numbers used during any given calendar year. Following the end of the calendar year, the sequential log must be submitted to the Finance Department for audit purposes.

Packing Slips & Invoices;
Al invoices from suppliers must be forwarded to Accounts Payable. Packing slips received by the department upon receipt of the goods or services must be signed off as received and submitted to the Finance Department where they will be matched with the appropriated Purchase Order and invoice for payment.

Appendix F: Index

ADMINISTRATIVE POLICIES & PROCEDURES

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Table A Methods of Purchasing
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Table C Circumstances for purchasing Method – Non *Competitive Purchasing*
Appendix A *Sole Source* Procurement
Appendix B Two envelope approach to *request for proposal*
Appendix C Responses to *irregularities contained in bids*
Appendix D Exemptions from the Purchasing Policy
Appendix E Sample PO
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Exhibit 4

Attachment 4-E

E.L.K. Unionized Employee Changes Summary

Work Location and Familiarization

- Primary Work Location
  - E.L.K. operations staff continue to primarily report and work in the E.L.K. service territory.
  - E.L.K. Customer Service Representatives ("CSRs") will continue to primarily report to the E.L.K. head office and continue their current duties and functions.
  - These conditions apply up to the expiry of the respective collective agreements.
- Familiarization / Emergencies
  - E.L.K. staff may be directed to ENWIN facilities for familiarization or training.
  - Employees may work outside their home service territory in emergencies or other unplanned situations.

Scheduling

- E.L.K. operations staff – former E.L.K. call-out, standby, overtime and on-call practices generally continue; updates to start time and on-call rotation schedule, no change to total hours of work.
- CSRs – transition to 40-hour work week effective November 1, 2026.

Administration

- Collective Agreement Application
  - ENWIN IBEW Hydro or Services collective agreement terms apply, subject to stated exceptions.[1]
  - Former E.L.K. collective agreement is otherwise superseded.
- Classification and Pay
  - Employees moved to ENWIN job classifications while generally retaining existing duties; applicable ENWIN wage schedules apply[2]; any wage increases retroactive to April 1, 2026.
- Seniority and Postings
  - Seniority lists combined, administered via relevant posting language and established rules.
- Leave Administration
  - Existing sick leave balances are grandfathered.

[1] ENWIN/IBEW Hydro Collective Agreement expires March 31, 2027; ENWIN/IBEW Services Collective Agreement expires December 31, 2027.
[2] Any instance where prior E.L.K. wage schedule for a particular role exceeded ENWIN's will be grandfathered for impacted employees.

    - Future accrual and administration to follow ENWIN terms.
- Vacation Administration
    - E.L.K. employees remain a distinct vacation scheduling cohort in the E.L.K. territory.
    - Legacy vacation benefits that exceed ENWIN's grandfathered; ENWIN rules apply going forward.
- Equipment and Lieu Time
    - ENWIN allowance provisions apply, less 2026 amounts already paid.
    - Payout of any excess lieu time amounts upon ratification.

Benefits / Allowances

- Benefits transition to ENWIN plan / provider effective November 1, 2026.
- Equipment / clothing allowance per ENWIN plan.
- Meal periods to be taken "in field" going forward.