Appendix C

Consolidated Financial Statements of

OAKVILLE ENTERPRISES CORPORATION

And Independent Auditor’s Report thereon

Year ended December 31, 2024
(Expressed in thousands of dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Oakville Enterprises Corporation

Opinion

We have audited the consolidated financial statements of Oakville Enterprises Corporation (the "Entity"), which comprise:

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

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

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

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards adopted by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

April 3, 2025

OAKVILLE ENTERPRISES CORPORATION

Consolidated Statement of Financial Position

As at December 31, 2024, with comparative information for 2023
(in thousands of dollars)

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	6	$ 69,320	$ 54,902
Accounts receivable	7	180,848	185,800
Income taxes receivable		2,501	493
Materials and supplies	8	16,493	14,886
Prepaid expenses		6,755	5,759
Assets held for sale	9	7,613	–
Total current assets		283,530	261,840
Non-current assets			
Right-of-use assets	10	31,797	27,777
Property, plant, and equipment	11	371,534	340,728
Intangible assets	12	70,381	79,825
Goodwill	12	52,392	53,272
Derivative assets	17	2,424	5,076
Deferred tax asset	14	17,160	18,053
Total non-current assets		545,688	524,731
Total assets		829,218	786,571
Regulatory balances	15	20,287	15,182
Total assets and regulatory balances		$ 849,505	$ 801,753

See accompanying notes to the consolidated financial statements.

OAKVILLE ENTERPRISES CORPORATION

Consolidated Statement of Financial Position

As at December 31, 2024, with comparative information for 2023
(in thousands of dollars)

	Note		2024		2023
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	16	$	100,766	$	107,284
Income taxes payable			1,594		3,105
Long-term debt due within one year	17		20,168		31,776
Finance lease obligation	10		8,215		5,306
Customer deposits			13,644		15,130
Deferred revenue	13		11,678		6,881
Liabilities held for sale	9		3,984		–
			160,049		169,482
Long-term debt under renewal	17		–		63,539
Total current liabilities			160,049		233,021
Non-current liabilities					
Long-term debt	17		232,368		163,001
Finance lease obligation	10		28,305		27,899
Post-employment benefits	18		7,388		7,359
Deferred revenue	13		98,062		79,006
Deferred tax liabilities	14		53,537		54,194
Total non-current liabilities			419,660		331,459
Class B common shares	20		36,750		33,750
Total liabilities			616,459		598,230
Equity					
Share capital	19		63,024		63,024
Retained earnings			151,687		127,604
Accumulated other comprehensive income	21		3,210		5,268
Total equity			217,921		195,896
Total liabilities and equity			834,380		794,126
Regulatory balances	15		15,125		7,627
Total liabilities, equity and regulatory balances		$	849,505	$	801,753

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Director

Director

OAKVILLE ENTERPRISES CORPORATION

Consolidated Statement of Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023
(in thousands of dollars)

	Note	2024	2023
Revenue			
Sale of energy		$ 241,917	$ 216,309
Distribution revenue		50,231	48,086
Other revenue		380,504	410,803
	22	672,652	675,198
Other income	23	1,185	6,261
		673,837	681,459
Operating expenses			
Cost of power purchased		229,476	204,223
Employee salaries and benefits	24	221,986	212,895
Operating expenses	25	127,054	160,529
Depreciation and amortization	10,11,12	35,309	32,472
		613,825	610,119
Income from operating activities		60,012	71,340
Finance income	26	2,959	1,867
Finance costs	26	(13,282)	(13,335)
Income before the undernoted		49,689	59,872
Impairment of goodwill	12	–	(3,723)
Loss on derecognition of brand	12	(650)	–
Remeasurement of put liability	20	(3,000)	(10,000)
Income before income taxes		46,039	46,149
Income tax expense	14	12,672	14,360
Net income for the year from continuing operations		33,367	31,789
Net (loss) income from discontinued operations, net of tax	9	(742)	60
		32,625	31,849
Net movement in regulatory balances		(5,018)	(3,863)
Tax on net movement		2,625	2,796
		(2,393)	(1,067)
Net income for the year and net movement in regulatory balances		30,232	30,782
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	18	(148)	1,767
Tax on remeasurements	14	39	(468)
		(109)	1,299
Items that will be reclassified to profit or loss:			
Remeasurements of cash flow hedge	17	(2,652)	(2,450)
Tax on remeasurements	14	703	649
		(1,949)	(1,801)
Other comprehensive loss for the year		(2,058)	(502)
Total comprehensive income for the year		$ 28,174	$ 30,280

See accompanying notes to the consolidated financial statements.

OAKVILLE ENTERPRISES CORPORATION

Consolidated Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023
(in thousands of dollars)

	Share capital	Retained earnings	Accumulated other comprehensive income	Total
Balance at January 1, 2023	$ 63,024	$ 102,968	$ 5,770	$ 171,762
Net income for the year and net movement in regulatory balances	–	30,782	–	30,782
Other comprehensive loss	–	–	(502)	(502)
Share issuance costs	–	(46)	–	(46)
Dividends	–	(6,100)	–	(6,100)
Balance at December 31, 2023	$ 63,024	$ 127,604	$ 5,268	$ 195,896
Balance at January 1, 2024	$ 63,024	$ 127,604	$ 5,268	$ 195,896
Net income for the year and net movement in regulatory balances	–	30,232	–	30,232
Other comprehensive loss	–	–	(2,058)	(2,058)
Share issuance costs	–	(49)	–	(49)
Dividends	–	(6,100)	–	(6,100)
Balance at December 31, 2024	$ 63,024	$ 151,687	$ 3,210	$ 217,921

See accompanying notes to the consolidated financial statements.

OAKVILLE ENTERPRISES CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023
(in thousands of dollars)

	2024	2023
Operating activities		
Net income for the year and net movement in regulatory balances	$ 30,232	$ 30,782
Adjustments for:		
Depreciation and amortization	35,718	32,758
Amortization of deferred revenue	(2,429)	(1,637)
Post-employment benefits	(119)	65
(Gain) loss on disposal of right-of-use-assets	(26)	14
Gain on disposal of property, plant, and equipment	(608)	(1,146)
Loss on derecognition of brand	650	–
Impairment loss of goodwill	–	3,723
Remeasurement of put liability	3,000	10,000
Recovery of promissory note	(1,185)	(6,261)
Net finance costs	10,767	11,810
Income tax expense	12,409	14,386
	88,409	94,494
Change in non-cash operating working capital:		
Accounts receivable	1,749	(13,997)
Materials and supplies	(2,114)	961
Prepaid expenses	(594)	(188)
Accounts payable and accrued liabilities	(3,842)	851
Customer deposits	(1,486)	3,439
Deferred revenue	5,183	3,715
	(1,104)	(5,219)
Regulatory balances	2,393	1,067
Contributions received from customers	16,340	14,628
Income tax paid	(16,462)	(9,836)
Income tax received	1,474	1,231
Interest paid	(14,728)	(13,825)
Interest received	2,959	1,877
Net cash from operating activities	79,281	84,417
Investing activities		
Purchase of property, plant and equipment	(47,647)	(40,292)
Proceeds on disposal of property, plant and equipment	1,435	4,063
Purchase of intangible assets	(141)	(386)
Cash used in investing activities	(46,353)	(36,615)
Financing activities		
Dividends paid	(6,100)	(6,100)
Proceeds from long-term debt	47,634	9,315
Repayment of long-term debt	(52,229)	(24,788)
Repayment of finance lease obligation	(7,815)	(5,025)
Cash used in financing activities	(18,510)	(26,598)
Change in cash and cash equivalents	14,418	21,204
Cash and cash equivalents, beginning of year	54,902	33,698
Cash and cash equivalents, end of year	$ 69,320	$ 54,902
Non-cash additions to property, plant and equipment	$ (4,759)	$ (3,901)
Non-cash contributions from customers	4,759	3,901

See accompanying notes to the consolidated financial statements.

1. Reporting entity:

Oakville Enterprises Corporation (the “Corporation”) is a holding company which was incorporated on January 28, 2000 under the *Business Corporations Act* (Ontario), in accordance with the *Electricity Act*. The Corporation is owned by The Corporation of the Town of Oakville and Enbridge Sustainable Energy Solutions Inc. ("Enbridge Sustain") and is located in the Town of Oakville. The address of the Corporation’s registered office is 861 Redwood Square, Oakville, Ontario L6L 6R6.

The Corporation, through its wholly and jointly owned subsidiaries, delivers electricity within the Town of Oakville and provides energy and infrastructure services to residential and commercial customers primarily within Ontario. The Corporation’s subsidiaries include:

- Oakville Hydro Electricity Distribution Inc.
    - Distribution of electricity within the Town of Oakville under license and regulations issued by the Ontario Energy Board (“OEB”). Changes to rates and terms of operations require OEB approval. The Corporation and all its subsidiaries are considered affiliates of Oakville Hydro Electricity Distribution Inc. and must adhere to the Affiliate Relationships Code issued by the OEB.
- El-Con Construction Inc.
    - Utility related construction and streetlight maintenance business in the greater Toronto and Hamilton area.
- Teraflex Limited - see note 9.
    - Municipal and utility construction business in the Ottawa area.
- Trans Power Utility Contractors Inc.
    - Integrated utility distribution infrastructure construction services.
- PVS Contractors Inc.
    - Underground utility locating operating in Niagara, southern Ontario and Edmonton area of Alberta.
- G-Tel Engineering Inc.
    - Underground utility locating and gas leak detection and meter reading, primarily in Ontario.
- 1001097208 Ontario Inc.– Limited Partner
    - 1247902 Ontario Inc.– General Partner
    - Carlisle LP
        - Run-of-the-river hydro power generating facility located in Powassan, Ontario.
- UTS Consultants Inc.
    - Engineering utility solutions for municipalities, telecommunication and power utility network owners and operators located in Fergus, Ontario.

1. Reporting entity (continued):

- Planview Utility Services Limited. - see note 5.
    - Provides an integrated approach to managing utility infrastructure through utility engineering, GIS services and sub-surface utility engineering in Canada.
- QSP Geographics Inc.
    - Provides strategic insights in various geospatial, field collection and CAD disciplines.
- EMB Management Ltd.
    - Engineering, project management and construction related services to gas utilities in western Canada.
- OEC Services Inc.
    - Provides administrative and fleet management services for the Corporation and affiliated businesses.
- Oakville Hydro Energy Services Inc.
    - Green energy power generation within the Region of Halton, including rooftop solar, and other services such as water billing services within the Town of Oakville. In 2005, Oakville Hydro Energy Services Inc., obtained an Electricity Generation License from the OEB to allow it to generate electricity.
        - Golden Horseshoe Metering Systems Inc.
            - Retro-fit and new installations of multi-residential buildings to individually metered units and utility billing services within the province of Ontario.
        - OEC Energy Solutions Inc.
            - Holding company
        - 2357118 Ontario Inc.
            - Holding company
        - Sunny Shores Finance Co. Inc. and Sunny Shores GP Inc. and Sunny Shores LP
            - Operation of a 14MW solar farm located in Picton, Ontario
        - OEC Generation Inc.
            - Holding company for electricity generation projects.
        - OEC Kagawong Inc.
            - Run-of-the-river hydro power generating facility located on Manatoulin Island, Ontario.
        - OEC FIT 3 GP Inc. and OEC FIT 3 LP (49%)
            - Rooftop solar generation projects within the Town of Oakville.
        - OEC Geo-Exchange Inc.
            - Holding company for geo-exchange energy projects

1. Reporting entity (continued):

- OEC Geo-Exchange Seasons GP Inc. and OEC Geo-Exchange Seasons LP
  - Geo-exchange for former project, held for future projects.
- OEC Geo-Exchange Eddy GP Inc. and OEC Geo-Exchange Eddy LP
  - Geo-exchange for former project, held for future projects.
- OEC Geo-Exchange Union Lofts GP Inc. and OEC Geo-Exchange Union Lofts LP
  - Geo-exchange project for the “Union Lofts” condo in Ontario.
- OEC Geo-Exchange Ironstone GP Inc. and OEC Geo-Exchange Ironstone LP
  - Geo-exchange project for the “Ironstone” condo in Ontario.
- G O Stella Geo-Exchange GP Inc. and G O Stella Geo-Exchange LP (50%)
  - Geo-exchange project for the “Stella” condominium in Ontario.
- G O Nordic Geo-Exchange GP Inc. and G O Nordic Geo-Exchange LP (50%)
  - Geo-exchange project for the “Nordic” condominium in Ontario.
- G O Green Geo-Exchange GP Inc. and G O Green Geo-Exchange LP (50%)
  - Geo-exchange project for the “Green” condominium in Ontario.
- G O Management Inc. (50%)
  - Joint venture entity supporting geo-exchange projects.

The Corporation’s subsidiaries impacted by amalgamation are as follows: - see note 5

- Planview Utility Services Limited.
- DPM Energy Inc. (“DPM”)
- 2590550 Ontario Inc. – Holding company.
  - 1981104 Ontario Inc. – Holding company.

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

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”).

The financial statements were approved by the Board of Directors on April 3, 2025.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

(i) Assumptions and estimation uncertainty:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

(i) Notes 3 (f), (g), (h), (m), 10, 11, 12 – estimation of useful lives of its property, plant and equipment, intangible assets and right-of-use assets and impairment tests for long-lived assets
(ii) Notes 3 (h) – impairment test on intangible assets and goodwill; key assumptions underlying recoverable amounts, including the recoverability of development costs
(iii) Notes 3 (k), 15 – recognition and measurement of regulatory balances
(iv) Notes 3 (d), 22 – estimate of contract revenue and costs in construction contracts
(v) Notes 3 (l), 18 – measurement of defined benefit obligations: key actuarial assumptions
(vi) Notes 3 (m), 10 – measurement of leases: discount rate
(vii) Notes 3 (j), 29 – recognition and measurement of provisions and contingencies
(viii) Notes 17, 29 – determining the fair value of the promissory notes on the basis of significant unobservable inputs

2. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

(i) Assumptions and estimation uncertainty (continued):

(ix) Notes 20, 29 – determining the fair value of the put option liability on the basis of significant unobservable inputs

(ii) Judgments:

Information about judgments made in applying accounting policies that have the most material effects on the amounts recognized in the financial statements is included in the following notes:

(i) Notes 3 (m), 10 – leases: whether an arrangement contains a lease
(ii) Note 3 (m) – leases: lease term, underlying leased asset value
(iii) Note 3 (d) – determination of the performance obligation for contributions from customers and the related amortization period
(iv) Notes 3 (k), 15 – recognition of regulatory balances
(v) Note 3 (a) – determining the type of joint arrangement with unrelated third parties

(iii) Measurement of fair value:

Certain of the Corporation's accounting policies and disclosures require the measurement of fair values, specifically the put option liability (see note 20). When measuring the fair value of a financial liability, the Corporation uses observable market data where possible. The Corporation regularly reviews unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the liabilities, either directly or indirectly.
- Level 3: inputs for the liability that are not based on observable market data

If inputs used to measure the fair value of the assets or liabilities fall into different levels of the fair value hierarchy, then the fair value measurement is categorized entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring fair values is included in note 29.

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2. Basis of presentation (continued):

(e) Rate regulation:

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

The OEB has a decision and order in place banning LDCs in Ontario from disconnecting homes for non-payment during the winter. This ban is normally in place from November 15 to April 30 each year.

Rate setting:

(i) Distribution rates:

LDCs normally file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating costs, including amortization and income taxes, of providing the regulated electricity distribution service and providing a fair return on the Corporation's rate base. The Corporation estimates electricity usage and the costs to service each customer class in order to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and any registered intervenors. Rates are approved based upon the review of evidence and information, including any revisions resulting from that review.

In 2021, the Corporation moved to the OEB's Annual Incentive Rate-setting Index method ("Annual IR") for requesting approval of rates after deferring the Corporation's COS application for a period of three years, consistent with OEB guidance. Under the Annual IR method, the Corporation is not required to periodically set base rates using a COS mechanism, rather the Corporation requests adjustments to rates consistent with that of the Price Cap Incentive Rate-setting approach.

Each year, the Corporation files an Incentive Regulation Mechanism application ("IRM") under the Annual IR method described above. An IRM Application results in a formulaic adjustment to distribution rates using an industry-specific inflation factor and two productivity factors. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor set by the OEB and a "stretch factor". LDCs filing under the Annual IR method are assigned as a stretch factor of 0.6% by the OEB.

2. Basis of presentation (continued):

(e) Rate regulation (continued):

Rate setting (continued):

(i) Distribution rates (continued):

On August 18, 2023, the Corporation submitted an IRM Application to the OEB requesting approval to change distribution rates effective January 1, 2024. The IRM Application, which provided a mechanistic and formulaic adjustment to distribution rates and charges, was approved by the OEB on December 14, 2023. The GDP IPI-FDD for 2024 is 4.8%, the Corporation's stretch factor is 0.6% and the productivity factor determined by the OEB is 0%, resulting in a net adjustment of 4.2% to the previous year's rates.

(ii) Electricity rates:

The OEB developed an electricity price plan that provides stable and predictable electricity pricing, encourages conservation and ensures the price consumers pay for electricity better reflects the price paid to generators. The Regulated Price Plan (RPP) has been in place since 2005. RPP prices are set based on a forecast of how much it will cost to supply electricity to RPP consumers over the subsequent 12 month period. The OEB sets RPP prices under section 79.16 of the Ontario Energy Board Act, 1998.

Effective January 1, 2022, the OEB implemented an annual RPP price increase effective November 1st of each year. This directive replaced the previous semi-annual price increase structure of May 1st and November 1st. RPP prices were amended for all customers under RPP pricing effective November 1, 2024.

All remaining consumers pay the market price for electricity.

The Corporation is billed for the cost of the electricity that its customers use by the Independent Electricity System Operator and passes this cost on to the customer at cost without a mark-up.

(iii) Retail transmission rates:

These are the costs of delivering electricity from generating stations across the Province to local distribution networks. These charges include the costs to build and maintain the transmission lines, towers and poles and operate provincial transmission systems. Retail transmission rates are passed through to the operators of transmission networks and facilities.

(iv) Wholesale market service rates:

These are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid and include the costs associated with funding Ministry of Energy conservation and renewable energy programs. The Corporation is billed for the cost of the wholesale electricity system by the Independent Electricity System Operator and passes this cost on to the customer at cost without a mark-up.

3. **Material accounting policies:**

These consolidated financial statements have been prepared on a going concern basis. The material accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all of the years presented.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the following corporations and partnerships:

- Oakville Hydro Electricity Distribution Inc. (100%)
- Oakville Hydro Energy Services Inc. (100%)
    - Golden Horseshoe Metering Systems Inc. (100%)
    - OEC Energy Solutions Inc. (100%)
    - 2357118 Ontario Inc. (100%)
    - Sunny Shores Finance Co. Inc. (100%)
        - Sunny Shores GP Inc. (100%)
        - Sunny Shores LP (100%)
    - OEC Geo-Exchange Inc. (100%)
        - OEC Geo-Exchange Seasons GP Inc. (100%)
        - OEC Geo-Exchange Seasons LP (100%)
        - OEC Geo-Exchange Eddy GP Inc. (100%)
        - OEC Geo-Exchange Eddy LP (100%)
        - OEC Geo-Exchange Union Lofts GP Inc. (100%)
        - OEC Geo-Exchange Union Lofts LP (100%)
        - OEC Geo-Exchange Ironstone GP Inc. (100%)
        - OEC Geo-Exchange Ironstone LP (100%)
        - G O Stella Geo-Exchange GP Inc. (50%)
        - G O Stella Geo-Exchange LP (50%)
        - G O Nordic Geo-Exchange GP Inc. (50%)
        - G O Nordic Geo-Exchange LP (50%)
        - G O Green Geo-Exchange GP Inc. (50%)
        - G O Green Geo-Exchange LP (50%)
        - G O Management Inc. (50%)
    - OEC Generation Inc. (100%)
        - OEC Kagawong Inc. (100%)
        - OEC FIT 3 GP Inc. (100%)
        - OEC FIT 3 LP (100%)

(in thousands of dollars)

3. **Material accounting policies (continued):**

(a) Basis of consolidation (continued):

• El-Con Construction Inc.	(100%)
• OEC Services Inc.	(100%)
• PVS Contractors Inc.	(100%)
• G-Tel Engineering Inc.	(100%)
• 1001097208 Ontario Inc.	(100%)
◦ 1247902 Ontario Inc.	(100%)
◦ Carlisle LP	(100%)
• UTS Consultants Inc.	(100%)
• Planview Utility Services Limited	(100%)
• Teraflex Limited	(100%)
• QSP Geographics Inc.	(100%)
• EMB Management Ltd.	(100%)
• Trans Power Utility Contractors Inc.	(100%)

Subsidiaries and partnership interests are entities controlled by the Corporation. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases. OEC FIT 3 LP is (49%) owned by the Corporation and 51% owned by the Town of Oakville. The assets are roof top solar installations on Town of Oakville owned properties. Because control over the operation of OEC FIT 3 LP is through OEC FIT 3 GP Inc. which is 100% owned by the Corporation, it is proportionately consolidated in the financial statements of the Corporation.

G O Stella Geo-Exchange, G O Green Geo-Exchange, G O Nordic Geo-Exchange, limited partnerships and general partnerships, along with G O Management Inc., are a joint arrangement formed with an unrelated party to advance geo-exchange developments throughout the Province of Ontario. Although these entities are legally separated from the parties, the Corporation has classified them as a joint operation. This is on the basis that the partners are legally obliged to take the entire output produced from the operations and will be the only source of funding to settle its liabilities. As such, the Corporation consolidates it share of the assets, liabilities, revenues, and expenses of these operations.

All inter-company accounts and transactions have been eliminated.

(b) Business combinations:

The Corporation accounts for business combinations using the acquisition method when control is transferred to the Corporation. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

3. Material accounting policies (continued):

(b) Business combinations (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(c) Financial instruments:

All financial assets and all financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, with the exception of the put option liability, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(h). The put option liability is measured at fair value.

Adjustments which result from changes in fair value of contingent consideration are recognized as other income in the year when they are not considered measurement period adjustments in accordance with IFRS 3 Business Combinations.

The Corporation holds derivative financial instruments (interest rate swaps) to hedge its interest rate risk exposure arising from long term debt.

On initial designation of the hedge, the Corporation formally documented the relationship between the interest rate swap and term loan, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Corporation makes an assessment, both at the inception of the hedge relationship as well as the ongoing basis, whether the interest rate swap is expected to be “highly effective” in offsetting the changes in the cash flows of the term loan during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

Cash flow hedges:

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized liability, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in unrealized gains/losses on cash flow hedges in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the interest rate swap no longer meets the criteria of hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3. Material accounting policies (continued):

(d) Revenue recognition:

Sale and distribution of electricity:

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

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

Capital contributions:

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of *IFRS 15 Revenue from Contracts with Customers.* Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

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

Other revenue:

Certain of the Corporation’s performance obligations for the provision of services is recognized over time using an input method based on labour hours and resources consumed to measure the satisfaction of the performance obligation. The value of services transferred to the customer is determined based on the agreed-upon price with the customer and represents the amount that the Corporation has the right to bill for services completed to date.

3. Material accounting policies (continued):

(d) Revenue recognition (continued):

Other revenue (continued):

Certain of the Corporation’s performance obligations are recognized over time using an output method based on delivery of services to measure the satisfaction of the performance obligation. The Corporation generally uses the cost-to-cost measure of progress for its contracts because it best reflects the transfer of an asset to the customer which occurs as costs are incurred on the contract. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimate costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionately as costs are incurred. Costs to fulfill contracts may include labour, materials, subcontractor, equipment costs and other direct costs as well as an allocation of indirect costs. The value of services transferred to the customer is determined based on the agreed-upon price with the customer and represents the amount that the Corporation has the right to bill for services completed to the date of billing. Unbilled revenue represents revenue earned in excess of amounts billed on uncompleted contracts. Unbilled revenue typically results from sales under construction contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Unbilled revenue amounts are adjusted for expected credit losses. Deferred revenue represents the excess of amounts billed to customers over revenue earned on uncompleted contracts. Where advance payments are received from customers, the Corporation recognizes these amounts as liabilities and includes them in deferred revenue. Unbilled revenue and deferred revenue are accounted for on a contract by contract basis at the end of each reporting period.

Generally, construction contracts include warranty periods following the completion of a project. These obligations are not deemed to be separate performance obligations and therefore estimated and included in the total cost of the contracts. Where required, amounts are recognized according to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Some contracts offer prospective price discounts after a specified volume has been purchased. The Corporation evaluates these options to determine whether they provide a material right to the customer, representing a separate performance obligation. If the option provides a material right to the customer, revenue is allocated to these rights and deferred; subsequently the revenue is recognized when those future goods or services are transferred, or when the option expires. Some contracts offer volume based rebates or discounts on optional purchases that are applied retrospectively. The Corporation evaluates these options to determine if they are considered variable consideration because the final transaction price is unknown until the customer completes (or fails to complete) the specified volume of purchases.

Other income:

Other income includes amounts recognized from time to time related to the Corporation's acquisitions, including adjustments to vendor promissory notes for contingent consideration.

3. Material accounting policies (continued):

(e) Materials and supplies:

Materials and supplies, the majority of which are consumed by the Corporation in the provision of its services, are valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(f) Property, plant, and equipment:

Items of property, plant, and equipment (“PP&E”) used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the date of transition to IFRS, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation’s borrowings. Qualifying assets are considered to be those that take in excess of nine months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

3. Material accounting policies (continued):

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

The estimated useful lives are as follows:

	Years
Buildings and leasehold improvements	5 - 60
Distribution equipment	15 - 60
Other fixed assets	2 - 20

(g) Intangible assets and goodwill:

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the date of transition to IFRS, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

The estimated useful lives are:

	Years
Computer software	3 - 7
Customer contracts	5 - 25
Contract backlog	1 - 3
Brand	indefinite

Goodwill arising on the acquisition of subsidiaries is subsequently measured at cost less accumulated impairment losses as described in note 3(h)(ii).

(h) Impairment:

(i) Financial assets measured at amortized cost:

Impairment of the Corporation's financial assets is assessed on a forward-looking basis. The Corporation applies the simplified approach to its trade receivables which requires expected lifetime losses to be recognized from initial recognition of the receivables on an ongoing basis. The Corporation assesses all information available in the measurement of the expected credit losses ("ECL") associated with its assets carried at amortized cost.

The measurement of ECLs for trade receivables is based on management's estimates and assumptions. ECL is determined using a provision matrix based on historical observed default rates and incorporates the relevant macroeconomic factors. Trade receivables are written-off against the allowance when they are deemed uncollectible.

3. Material accounting policies (continued):

(h) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. In addition, irrespective of whether there is any indication of impairment, the Corporation is required to test intangible assets with an indefinite life and goodwill for impairment at least annually.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or “CGU”). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a prorated basis, if applicable.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

For the regulated business, the carrying costs of most of the Corporation's non-financial assets are included in rate base (the aggregate of approved investment in PP&E and intangible assets, excluding construction in progress, less accumulated depreciation and amortization and unamortized capital contributions from customers, plus an allowance for working capital) where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable.

3. Material accounting policies (continued):

(i) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on certain customer deposits. Deposits are also received for planned chargeable work. No interest is paid on these deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(j) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Regulatory balances:

The Corporation elected to apply the requirements of IFRS 14, effective December 31, 2015.

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or other comprehensive income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the amounts are returned to the customer at rates approved by the OEB the amounts are recognized as a reduction of revenue.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

3. Material accounting policies (continued):

(l) Post-employment benefits:

(i) Pension plan:

The Corporation provides a pension plan for some of its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan that provides pensions for employees of Ontario municipalities, local boards and public utilities. OMERS is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by investment earnings. To the extent that the plan finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) The Corporation provides a defined contribution pension plan for all eligible employees of certain subsidiaries through a plan administrator. The plan is financed by equal contributions from the subsidiary and its employees, and by the investment earnings of the plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of comprehensive income when they are due. All contributions are settled within twelve months of the reporting date.

(iii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

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. 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.

3. Material accounting policies (continued):

(m) Leased assets:

At inception of a contract, the Corporation assesses whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Material accounting policies (continued):

(n) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents.

Finance costs comprise interest expense on borrowings, finance lease obligations, and net interest expense on post-employment benefits and interest on customer deposits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(o) Assets held-for-sale:

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

(p) Share capital:

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a reduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12, which permits the Corporation to recognize the related tax impact of share issuance costs also within equity.

(q) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk. When one is available, the Corporation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximize the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3 Material accounting policies (continued):

(r) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation and some of its subsidiaries are exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the “Tax Acts”). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (“OEFC”). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Payments in lieu of taxes and payments under the Tax Acts are collectively referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

4. New standards and interpretations not yet effective:

The following new accounting standards/amendments have been published by the International Accounting Standards Board (IASB) but are not effective as at December 31, 2024, and have not been adopted in these financial statements:

Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted, and are related to:

- settling financial liabilities using electronic payments systems; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Corporation is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- entities are required to classify all income and expenses into five categories in the statement of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.

4. New standards and interpretations not yet effective (continued):

- management-defined performance measures (”MPMs”) are disclosed in a single note in the financial statements.
- enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is in the process of assessing the impact of the new standard, particularly with respect to the structure of the Corporation's statement of comprehensive income, statement of cash flows and the additional disclosure required for MPMs. The Corporation is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as ‘other’.

5. Amalgamation:

On December 31, 2024, Planview Utility Services Limited and DPM Energy Inc. were amalgamated to reflect the alignment of their operations. As of the same date, 2590550 Ontario Inc. and 1981104 Ontario Inc. were amalgamated to form 1001097208 Ontario Inc. to reflect efficiencies in the corporate structure. These transactions were recorded at book value with the carrying values of the assets and liabilities of both entities carried forward as if the entities were always amalgamated. Comparative information appropriately reflects the consolidated information of the entities. As a result of the amalgamation, the brand intangible asset for DPM Energy Inc. was derecognized as detailed in note 12.

(in thousands of dollars)

6. Cash and cash equivalents:

	2024	2023
Bank balances	$ 73,694	$ 58,369
Bank overdrafts used for cash management purposes	(4,374)	(3,467)
Cash and cash equivalents	$ 69,320	$ 54,902

7. Accounts receivable:

	2024	2023
Trade receivables	$ 97,907	$ 105,122
Billed energy receivable	19,494	18,441
Unbilled revenue	68,430	68,802
HST receivable	622	807
Less: loss allowance	(5,605)	(7,372)
	$ 180,848	$ 185,800

8. Materials and supplies:

The amount written down due to obsolescence in 2024 was $126 (2023 - $494). The amount of inventories consumed by the Corporation and recognized as an expense during 2024 was $57,973 (2023 - $68,895) and is included in operating expenses.

(in thousands of dollars)

9. Discontinued operation:

During the year, the Corporation committed to a plan to enter into a joint arrangement whereby a subsidiary would issue additional shares to a third party. The planned share issuance will result in the dilution of the Corporation's controlling interest and a loss of control over Teraflex Limited. Consequently, Teraflex Limited has been classified as a discontinued operation held for sale as of December 31, 2024. The transaction closed in January 2025.

To achieve this presentation, intercompany transactions have been eliminated. The comparative consolidated statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations.

(a) Results of discontinued operations:

	2024	2023
Revenue	$ 10,345	$ 15,459
Expenses	(11,350)	(15,373)
Results from operating activities	(1,005)	86
Income tax	263	(26)
Net (loss) income from discontinued operations, net of tax	$ (742)	$ 60

(b) Cash flows from discontinued operation:

	2024	2023
Net cash used in operating activities	$ 90	$ (192)
Net cash used in investing activities	–	(41)
Net cash used in financing activities	(1,993)	(290)
Net cash flows for the year	$ (1,903)	$ (523)

(in thousands of dollars)

9. Discontinued operation (continued):

(c) Assets and liabilities of discontinued operation classified as held for sale:

		2024
Property, plant, and equipment		227
Right-of-use assets		1,551
Intangible assets		482
Goodwill		880
Deferred tax assets		581
Cash and cash equivalents		3
Accounts receivable		3,203
Income taxes receivable		110
Materials and supplies		507
Prepaid expenses		69
Total assets	$	7,613
Finance lease obligation		1,605
Deferred tax liabilities		701
Accounts payable and accrued liabilities		1,678
Total liabilities	$	3,984

Year ended December 31, 2024
(in thousands of dollars)

10. Finance leases:

		Land and buildings		Equipment		Total
Right-of-use assets						
Cost						
Balance at January 1, 2024	$	29,475	$	8,985	$	38,460
Additions		1,341		10,825		12,166
Remeasurements		739		–		739
Transfer to PP&E		–		(48)		(48)
Transfer to assets held for sale		(1,441)		(384)		(1,825)
Disposals/retirements		(658)		(2,078)		(2,736)
Balance at December 31, 2024	$	29,456	$	17,300	$	46,756
Right-of-use assets						
Cost						
Balance at January 1, 2023	$	25,237	$	3,900	$	29,137
Additions		3,323		5,129		8,452
Remeasurements		1,038		–		1,038
Disposals/retirements		(123)		(44)		(167)
Balance at December 31, 2023	$	29,475	$	8,985	$	38,460
Accumulated depreciation						
Balance at January 1, 2024	$	8,230	$	2,453	$	10,683
Depreciation		2,604		4,570		7,174
Transfer to PP&E		–		(48)		(48)
Transfer to assets held for sale		(206)		(68)		(274)
Disposals/retirements		(658)		(1,918)		(2,576)
Balance at December 31, 2024	$	9,970	$	4,989	$	14,959
Accumulated depreciation						
Balance at January 1, 2023	$	6,032	$	654	$	6,686
Depreciation		2,269		1,831		4,100
Disposals/retirements		(71)		(32)		(103)
Balance at December 31, 2023	$	8,230	$	2,453	$	10,683
Carrying amounts						
At December 31, 2024	$	19,486	$	12,311	$	31,797
At December 31, 2023	$	21,245	$	6,532	$	27,777
Finance lease liability						
Balance at January 1, 2024	$	28,692	$	4,513	$	33,205
Additions		1,341		10,825		12,166
Remeasurement		739		–		739
Transfer to liabilities held for sale		(1,277)		(328)		(1,605)
Interest		1,532		510		2,042
Disposals/retirements		(3,826)		(6,201)		(10,027)
Balance at December 31, 2024	$	27,201	$	9,319	$	36,520

(in thousands of dollars)

10. Finance leases (continued):

	Land and buildings	Equipment	Total
Balance at January 1, 2023	$ 26,457	$ 2,332	$ 28,789
Additions	3,323	5,129	8,452
Remeasurement	1,038	–	1,038
Interest	1,355	218	1,573
Disposals/retirements	(3,481)	(3,166)	(6,647)
Balance at December 31, 2023	$ 28,692	$ 4,513	$ 33,205

	Land and buildings	Equipment	Total
Carrying amounts			
At December 31, 2024	$ 27,201	$ 9,319	$ 36,520
At December 31, 2023	$ 28,692	$ 4,513	$ 33,205

Total cash outflows with respect to leasing arrangements during the year was $9,857 (2023 - $6,598) consisting of principal and interest of $7,815 and $2,042, respectively (2023 - $5,025 and $1,573).

The Corporation has lease commitments that expire within 12 months of the commencement date and are considered short-term in nature, and thus not recognized as a right-of-use asset and corresponding finance lease liability. During the year, the Corporation expensed $1,777 (2023 - $4,111) in profit or loss.

The Corporation has several lease commitments for which the underlying asset value has been determined by the Corporation to be less than $5,000 USD. These assets have not been accounted for under IFRS 16 *Leases* due to their low value. As such, the Corporation has expensed $173 (2023 - $125) in profit or loss during the year for these leases.

Certain leases held by the Corporation provide the Corporation with extension options and termination options that may impact the term of the lease which can impact the finance lease liability recognized in the statement of financial position. The Corporation has determined the lease term for all contracts based on all available information as at the reporting date.

(in thousands of dollars)

11. Property, plant, and equipment:

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in-Progress	Total
Cost or deemed cost					
Balance at January 1, 2024	$ 20,661	$ 327,168	$ 117,590	$ 12,112	$ 477,531
Additions	2,098	41,904	11,470	(3,066)	52,406
Transfer from right-of-use assets	–	–	48	–	48
Transfer to assets held for sale	–	–	(703)	–	(703)
Disposals/retirements	–	(341)	(6,687)	(520)	(7,548)
Balance at December 31, 2024	$ 22,759	$ 368,731	$ 121,718	$ 8,526	$ 521,734
Balance at January 1, 2023	$ 19,893	$ 294,909	$ 110,825	$ 11,906	$ 437,533
Additions	768	33,036	8,954	1,435	44,193
Transfers	–	–	1,193	(1,193)	–
Disposals/retirements	–	(777)	(3,382)	(36)	(4,195)
Balance at December 31, 2023	$ 20,661	$ 327,168	$ 117,590	$ 12,112	$ 477,531

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in-Progress	Total
Accumulated depreciation					
Balance at January 1, 2024	$ 5,102	$ 72,928	$ 58,773	$ –	$ 136,803
Depreciation	698	9,728	9,665	–	20,091
Transfer from right-of-use assets	–	–	48	–	48
Transfer to assets held for sale	–	–	(476)	–	(476)
Disposals/retirements	–	(131)	(6,135)	–	(6,266)
Balance at December 31, 2024	$ 5,800	$ 82,525	$ 61,875	$	$ 150,200
Balance at January 1, 2023	$ 4,547	$ 64,510	$ 52,721	$ –	$ 121,778
Depreciation	555	8,740	8,994	–	18,289
Disposals/retirements	–	(322)	(2,942)	–	(3,264)
Balance at December 31, 2023	$ 5,102	$ 72,928	$ 58,773	$ –	$ 136,803
Carrying amounts					
At December 31, 2024	$ 16,959	$ 286,206	$ 59,843	$ 8,526	$ 371,534
At December 31, 2023	$ 15,559	$ 254,240	$ 58,817	$ 12,112	$ 340,728

At December 31, 2024, property, plant and equipment with a carrying amount of $371,534 (2023 - $340,728) are subject to general security agreements within the operating entities.

There were no borrowing costs capitalized as part of the cost of property, plant and equipment in 2023 and 2024.

(in thousands of dollars)

12. Intangible assets:

	Contract backlog	Computer software	Customer contracts	Brand	Total
Cost or deemed cost					
Balance at January 1, 2024	$ 7,000	$ 9,619	$ 97,840	$ 18,713	$ 133,172
Additions	–	141	–	–	141
Transfer to assets held for sale	$ –	$ (121)	$ (885)	$ (128)	(1,134)
Disposals and retirements	–	–	–	(650)	(650)
Balance at December 31, 2024	$ 7,000	$ 9,639	$ 96,955	$ 17,935	$ 131,529
Balance at January 1, 2023	$ 7,000	$ 9,233	$ 97,840	$ 18,713	$ 132,786
Additions	–	386	–	–	386
Balance at December 31, 2023	$ 7,000	$ 9,619	$ 97,840	$ 18,713	$ 133,172
Accumulated amortization					
Balance at January 1, 2024	$ 7,000	$ 8,563	$ 37,784	$ –	$ 53,347
Amortization	–	432	8,021	–	8,453
Transfer to assets held for sale	–	(121)	(531)	–	(652)
Balance at December 31, 2024	$ 7,000	$ 8,874	$ 45,274	$ –	$ 61,148
Balance at January 1, 2023	$ 5,418	$ 8,137	$ 29,423	$ –	$ 42,978
Amortization	1,582	426	8,361	–	10,369
Balance at December 31, 2023	$ 7,000	$ 8,563	$ 37,784	$ –	$ 53,347
Carrying amounts					
At December 31, 2024	$ –	$ 765	$ 51,681	$ 17,935	$ 70,381
At December 31, 2023	$ –	$ 1,056	$ 60,056	$ 18,713	$ 79,825

The Corporation conducted an impairment analysis as at December 31, 2024 based on a value in use premise using a discounted cash flow model. During the year, an impairment loss of $nil (2023 - $3,723) was recognized in profit and loss, and recorded against goodwill of one CGU.

The brand retirement of $650, represents the derecognition of brand as a result of amalgamation of the Corporation's subsidiaries. See note 5 for details.

(in thousands of dollars)

13. Deferred revenue:

	Distribution assets	Construction in-Progress	Other	Total
Cost or deemed cost				
Balance at January 1, 2024	$ 79,555	$ 7,068	$ 6,881	$ 93,504
Additions	24,084	(2,599)	4,797	26,282
Disposals/retirements	–	–	–	–
Balance at December 31, 2024	$ 103,639	$ 4,469	$ 11,678	$ 119,786
Balance at January 1, 2023	$ 60,936	$ 6,848	$ 3,476	$ 71,260
Additions	18,619	220	3,405	22,244
Disposals/retirements	–	–	–	–
Balance at December 31, 2023	$ 79,555	$ 7,068	$ 6,881	$ 93,504
Accumulated depreciation				
Balance at January 1, 2024	$ 7,617	$ –	$ –	$ 7,617
Amortization	2,429	–	–	2,429
Disposals/retirements	–	–	–	–
Balance at December 31, 2024	$ 10,046	$ –	$ –	$ 10,046
Balance at January 1, 2023	$ 5,980	$ –	$ –	$ 5,980
Amortization	1,637	–	–	1,637
Disposals/retirements	–	–	–	–
Balance at December 31, 2023	$ 7,617	$ –	$ –	$ 7,617
Carrying amounts				
At December 31, 2024	$ 93,593	$ 4,469	$ 11,678	$ 109,740
At December 31, 2023	$ 71,938	$ 7,068	$ 6,881	$ 85,887

Deferred revenue relates mainly to capital contributions received from customers and others. The amount of deferred revenue received from customers during the year is $16,340 (2023 - $14,628). Deferred revenue is recognized as revenue on a straight-line basis over the life of the related asset for which the contribution was received. During the year, the Corporation also recognized non-cash contributions in the amount of $4,759 (2023 - $3,901).

14. Income tax expense:

Current tax expense

	2024	2023
Current year	$ 11,467	$ 12,455
Adjustment for prior years	(31)	330
	$ 11,436	$ 12,785

(in thousands of dollars)

14. Income tax expense (continued):

Deferred tax expense

		2024		2023
Origination and reversal of temporary differences	$	1,236	$	1,575
	$	1,236	$	1,575

Income tax recovery of $742 (2023 - $181) has been recognized in other comprehensive income at the Corporation's statutory income tax rate related to remeasurement of the Corporation's cash flow hedges and post-employment benefits.

Reconciliation of effective tax rate

		2024		2023
Income before income taxes	$	46,039	$	46,149
Canada and Ontario statutory income tax rates		26.5%		26.5%
Expected tax provision on income at statutory rates		12,200		12,229
Increase (decrease) in income taxes resulting from:				
Permanent differences		698		302
Prior year adjustments		(19)		(10)
Promissory note		(894)		(1,697)
Remeasurement of put liability		795		2,650
Impairment of goodwill		–		987
Other		(108)		(101)
Income tax expense	$	12,672	$	14,360

Loss carry forwards of $2,476 (2023 - $3,826) expire in years 2032 to 2044.

(in thousands of dollars)

14. Income tax expense (continued):

Components of the Corporation's deferred tax balances

		2024		2023
Deferred tax liabilities:				
Property, plant, equipment and intangibles	$	41,811	$	42,561
Unbilled revenue		10,868		9,910
Promissory note		–		156
Derivative assets		642		1,345
Other tax reserves		216		222
	$	53,537	$	54,194
Deferred tax assets:				
Property, plant, equipment and intangibles	$	206	$	180
Post-employment benefits		1,958		1,950
Loss carry forward		2,343		3,826
Minimum tax carry forward		236		737
Other tax reserves		2,647		2,448
Finance lease obligation		9,770		8,912
	$	17,160	$	18,053

15. Regulatory balances:

The Corporation has determined that certain debit and credit balances arising from rate-regulated activities qualify for regulatory accounting treatment in accordance with IFRS 14 and the OEB's prescribed accounting procedures for electricity distributors.

The regulatory balances are comprised of regulatory debit variances of $20,287 (2023 - $15,182) and regulatory credit balances for $15,125 (2023 - $7,627) for a net regulatory asset of $5,162 (2023 - net regulatory asset of $7,555).

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points, with the exception of the tax balances. In 2024, the rate was 5.49% for the period January to June, 5.20% for the period July to September and 4.40% for the period October to December.

The regulatory balances for the Corporation consist of the following:

(a) Settlement variances:

These accounts include the variances between amounts charged by the Corporation, based on regulated rates, and the corresponding cost of electricity and non-competitive electricity service costs incurred by the Corporation such as commodity charges, retail transmission rates and wholesale market services charges. The Corporation has deferred the variances and related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB. This account also includes variances between the amounts approved for disposition by the OEB and the amounts collected or paid through OEB approved rate riders.

15. Regulatory balances (continued):

(a) Settlement variances (continued):

Settlement variances are reviewed annually as part of a COS or IRM Application submitted to the OEB and a request for disposition is made if the aggregate of the settlement accounts exceeds the OEB's prescribed materiality level.

In the Corporation's 2024 IRM application, submitted in August 2023, the Corporation requested and received OEB approval for the disposition of the 2022 audited balances including projected interest to December 31, 2023, in the amount of $6,555.

(b) Stranded meters:

The stranded meter account relates to the provincial government's directive to install smart meters for all Ontario customers by December 2010. In its 2014 cost of service application, the Corporation received approval from the OEB for the recovery of the stranded meter costs associated with the Province's smart meter initiative over a five-year period beginning on May 1, 2014 and ending on April 30, 2019.

Over the five-year period, Oakville Hydro collected $210 more than that approved by the OEB. This amount will remain in a variance account until the OEB approves the disposition of the balance at which time it will be returned to customers.

(c) Customer liability for deferred taxes:

The customer liability for deferred taxes variance account relates to the expected regulatory liability relating to deferred taxes arising from timing differences in the determination of income taxes.

(d) Lost revenue adjustment mechanism:

This deferral account includes the lost revenue adjustment variances in relation to the conservation and demand management ("CDM") programs or activities undertaken by the Corporation in accordance with OEB prescribed requirements (e.g. licence, codes and guidelines).

(e) Other:

These deferral accounts include the allowable costs associated with the OEB's Green Button initiative, the transition to IFRS, the installation of interval meters for General Service greater than 50 kilowatts, as directed by the OEB, the transition to monthly billing and other miscellaneous regulatory accounts.

(in thousands of dollars)

15. Regulatory balances (continued):

Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory deferral account debit balances	January 1, 2024	Additions/ transfers	Recovery/ reversal	December 31, 2024	Remaining years
Settlement variances	$ 9,102	$ (156)	$ 202	$ 9,148	1-3
Other regulatory accounts	2,875	3,297	–	6,172	2
Customer liability for deferred taxes	3,205	1,762	–	4,967	Note 1
	$ 15,182	$ 4,903	$ 202	$ 20,287	

Regulatory deferral account debit balances	January 1, 2023	Additions/ transfers	Recovery/ reversal	December 31, 2023	Remaining years
Settlement variances	$ 15,407	$ (6,316)	$ 11	$ 9,102	1-3
Lost revenue adjustment mechanism	761	(761)	–	–	2
Other regulatory accounts	3,271	(396)	–	2,875	2
Customer liability for deferred taxes	793	2,412	–	3,205	Note 1
	$ 20,232	$ (5,061)	$ 11	$ 15,182	

Regulatory deferral account credit balances	January 1, 2024	Additions/ transfers	Recovery/ reversal	December 31, 2024	Remaining years
Settlement variances	$ (1,859)	$ (5,088)	$ 765	$ (6,182)	1-3
Lost revenue adjustment mechanism	(174)	(434)	–	(608)	2
Stranded meters	(210)	–	–	(210)	–
Other regulatory liabilities	(2,585)	(3,604)	–	(6,189)	2
Income tax	(2,799)	863	–	(1,936)	Note 1
	$ (7,627)	$ (8,263)	$ 765	$ (15,125)	

Regulatory deferral account credit balances	January 1, 2023	Additions/ transfers	Recovery/ reversal	December 31, 2023	Remaining years
Settlement variances	$ (4,992)	$ 2,859	$ 274	$ (1,859)	1-3
Lost revenue adjustment mechanism	–	761	(935)	(174)	2
Stranded meters	(210)	–	–	(210)	—
Other regulatory liabilities	(3,225)	640	–	(2,585)	2
Income tax	(3,183)	384	–	(2,799)	Note 1
	$ (11,610)	$ 4,644	$ (661)	$ (7,627)	

1. These balances will be recovered over the life of the related capital assets.

The “Additions/Transfers” column consists of new additions to regulatory balances (for both debits and credits). The “Recovery/Reversal” column consists of amounts collected or paid through rate riders or transactions reversing an existing regulatory balance. Recoveries and reversals occur as a result of the approval of an application.

(in thousands of dollars)

16. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable – energy purchases	$ 15,551	$ 14,443
Trade payables	40,793	45,206
Rebate payable	2,500	2,440
Payroll payable	18,063	19,319
Interest payable	5,294	6,474
Water billing	8,699	7,488
HST payable	2,377	6,691
Other	7,489	5,223
	$ 100,766	$ 107,284

17. Long-term debt:

The following table summarizes the debt position of the Corporation for the year ending December 31, 2024:

				Carrying amount		Interest	
	Ref	Interest Rate	Maturity	2024	2023	2024	2023
The Town of Oakville		6.0 %	2030	$ 77,029	$ 77,029	$ 4,622	$ 4,622
Enbridge Sustain		4.6 %	2061	23,750	23,750	1,093	36
Promissory notes - shareholders	(a)			$100,779	$100,779	$ 5,715	$ 4,658
QSP Geographics Inc.		4.0 %	2024	–	1,250	–	–
DPM Energy Inc.		4.0 %	2024	–	780	–	–
Trans Power Utility Contractors Inc.		5.0 %	2024	–	12,011	56	800
Promissory notes - acquisitions	(b)			$ –	$ 14,041	$ 56	$ 800
Oakville Hydro	(i)	CORRA+0.9%	2027	9,469	–	42	–
Oakville Enterprises Corporation	(ii)	2.6%-3.7%	2028	11,507	13,081	305	345
Oakville Enterprises Corporation	(ii)	CORRA+1.3-2.3%	2028	4,338	4,723	209	164
Oakville Enterprises Corporation	(iii)	2.6%-5.7%	2028	57,047	49,597	1,343	1,102
Secured - Revolving facility				$ 82,361	$ 67,401	$ 1,899	$ 1,611
Oakville Hydro	(i)	CORRA+0.9%	2027	16,897	17,568	953	1,021
Oakville Enterprises Corporation	(iv)	2.6-4.6%	2028	24,711	4,341	137	156
Trans Power Utility Contractors Inc.	(v)	3.6-4.6%	2026	–	26,666	778	1,503
Sunny Shores Finance Co. Inc.	(vi)	CORRA+1.0%	2027	21,242	23,478	1,388	1,566
Secured - Non-revolving facility				$ 62,850	$ 72,053	$ 3,256	$ 4,246
Secured Facilities	(c)			$145,211	$139,454	$ 5,155	$ 5,857
Vehicle Loans	(vii)	2.0%-6.1%	'25 -'29	6,546	4,042	248	149
Balance at December 31				$252,536	$258,316	$ 11,174	$ 11,464
Current portion				(20,168)	(95,315)		
Long-term portion				$232,368	$163,001		

(in thousands of dollars)

17. Long-term debt (continued):

(a) Promissory notes - shareholders

The unsecured promissory notes held by The Corporation of the Town of Oakville were renewed for a 10-year term effective February 2020. The notes are subject to an interest rate review every year. The Corporation of the Town of Oakville has the option to change the terms of the promissory note with one-year notice.

The Corporation issued an unsecured convertible promissory note to Enbridge Sustain in December 2023 for a 38-year term. The note is subordinated in favour of the Corporation's lender of the secured credit facilities. The interest rate is to be reviewed in July 2026 and in 5-year intervals thereafter. There are no repayment terms for the principal. The promissory note is convertible at the option of the holder or the Corporation, if certain conditions are met, into 111 Class B common shares.

(b) Promissory notes - acquisitions

The Corporation had issued promissory notes in the favour of the former owners of acquired businesses in accordance with the terms of the relevant Share Purchase Agreements ("SPAs"). The principle portion of such promissory notes, is repayable based upon the annual achievement of specific EBITDA performance thresholds outlined in the SPAs. Such promissory notes form part of the total consideration paid by the Corporation and are treated as contingent consideration. As of December 31, 2024, all acquisition-related promissory notes have been settled by the Corporation.

	QSP	DPM	Trans Power	EMB	Total
Principal Amount	$ 3,750	$ 4,500	$ 30,000	$ 1,400	$ 39,650
Balance at January 1, 2023	2,500	3,280	23,392	700	29,872
Reclassification to accrued interest payable	–	–	(1,414)	–	(1,414)
Repayments	(1,250)	–	(6,906)	–	(8,156)
Amounts recognized as other income	–	(2,500)	(3,061)	(700)	(6,261)
Balance at December 31, 2023	$ 1,250	$ 780	$ 12,011	$ –	$ 14,041
Balance at January 1, 2024	1,250	780	12,011	–	14,041
Repayments	(1,250)	–	(11,606)	–	(12,856)
Amounts recognized as other income	–	(780)	(405)	–	(1,185)
Balance at December 31, 2024	$ –	$ –	$ –	$ –	$ –

17. Long-term debt (continued):

(c) Secured Facilities

The Corporation through its lending agreement, has access to a revolving credit facility and a non revolving credit facility (collectively, the “credit facility”). During the year, the Corporation extended the maturity term of its credit facility until January 2028. The limits for the revolving credit facility and the non revolving credit facility, were increased from $100,000 to $200,000 and from $4,359 to $25,237, respectively. The credit facility is secured by a General Security Agreement over the assets of the Corporation and its subsidiaries, excluding Oakville Hydro Electricity Distribution Inc., Teraflex Limited, OEC Geo-Exchange Inc., OEC Generation Inc., Sunny Shores Finance Co. Inc, and the subsidiaries owned by these corporations.

The Corporation’s subsidiary, Oakville Hydro Electricity Distribution Inc. has access to a revolving and a non-revolving credit facility in the amount of $10,000 and $18,300, respectively. These facilities mature in 2027 with a remaining amortization term until 2044 for the revolving facility, and 2047 for the non revolving facility. The lending agreement is secured by a General Security Agreement over the assets of the subsidiary.

The Corporation’s subsidiary Sunny Shores Finance Co. Inc., has access to a non revolving term loan in the amount of $25,900 which is secured by a General Security Agreement over the assets and share capital of the subsidiary.

During the year, Canadian interest rate reform resulted in the cessation of the Canadian Dollar Offered Rate (“CDOR”) benchmark on June 28, 2024. As a result, the Corporation’ debt under the credit facility, transitioned to the Canadian Overnight Repo Rate Average (“CORRA”). The Corporation has determined that the cost of debt determined using CORRA stays economically equivalent to CDOR.

The Corporation uses variable to fixed interest rate swap contracts to protect from future changes in interest rates. The Corporation applies hedge accounting, and has designated such swap contracts as cash flow hedges. These swap contracts are recorded at fair value and as at December 31, 2024, are in a net favorable position of $2,424 (2023 - $5,076). The Corporation uses a level 1 measurement technique whereby such swap contracts are fair valued using mark-to-market reports provided by the lenders.

The Corporation’s term loans and draws under the credit facility are detailed as follows:

(i) The Corporation’s subsidiary, Oakville Hydro Electricity Distribution Inc. has a revolving and a non-revolving term loan, maturing in 2027. Repayment of such loans is in monthly installments of $101 of principal and interest. The remaining amortization term ranges from 2044 to 2047.

(ii) The Corporation entered into bank loans through its secured revolving facility maturing in 2028. Such loans are repayable in monthly installments of $198 of principal and interest. The remaining amortization term ranges from 2031 to 2032.

(iii) The Corporation entered into bank loans through its secured revolving facility to acquire Trans Power Utility Contractors Inc. Such loans are maturing in 2028 and are repayable in monthly installments of $565 of principal and interest. The remaining amortization term ranges from 2031 to 2034.

(in thousands of dollars)

17. Long-term debt (continued):

(c) Secured Facilities (continued)

(iv) The Corporation entered into bank loans through its non revolving secured facility maturing in 2028. Such loans are repayable in monthly installments of $525 of principal and interest. The remaining amortization term ranges from 2026 to 2036.

(v) During the year, the Corporation has repaid the loan previously drawn by its subsidiary, Trans Power Utility Contractors Inc. through an additional draw on its non-revolving credit facility.

(vi) The Corporation's subsidiary, Sunny Shores Finance Co. Inc. has a non-revolving term loan maturing in 2027. Repayment of such loan is in monthly installments of $186 of principal and interest. The remaining amortization term end in 2034.

(vii) The Corporation's vehicle loans are secured by way of collateral over the related vehicle asset for which financing was provided. The remaining amortization term for such loans ranges from 2025 to 2029.

(d) Repayment of long-term debt:

Repayment of long-term debt for the years ended December 31:

2025	$	20,168
2026		20,193
2027		57,610
2028		53,179
2029		606
Thereafter		100,780
		252,536
Current portion		(20,168)
	$	232,368

18. Post-employment benefits:

(a) OMERS pension plan:

The Corporation provides a pension plan for some of its full-time employees through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the employer and its employees. In 2024, the Corporation made employer contributions of $1,344 to OMERS (2023 - $1,184) which has been recognized in profit or loss. The Corporation estimates that a contribution of $1,398 to OMERS will be made during the next fiscal year.

(b) The Corporation provides a defined contribution pension plan for employees of certain subsidiaries with equal contributions by the employer and its employees. In 2024, the Corporation made contributions of $3,100 (2023 - $2,784).

(in thousands of dollars)

18. Post-employment benefits (continued):

(c) Post-employment benefits other than pension:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and re-measurements recognized for post-employment benefit plans.

Reconciliation of the obligation		2024		2023
Defined benefit obligation, beginning of year	$	7,359	$	9,061
Included in profit or loss				
Current service cost		59		93
Interest expense		344		468
		7,762		9,622
Included in OCI				
Actuarial (gains) losses arising from:				
Changes in experience		148		(378)
Changes in financial assumptions		–		(1,389)
		7,910		7,855
Benefits paid		(522)		(496)
Defined benefit obligation, end of year	$	7,388	$	7,359

Actuarial assumptions	2024	2023
Discount (interest) rate	4.80%	4.80%
Salary levels	3.00%	3.00%
Medical Costs	5.58%	5.72%
Dental Costs	4.00%	4.00%

Medical costs are estimated to increase at a rate which declines over time from 5.60% per annum in 2024 to 4.00% by 2040.

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by $827. A 1% decrease in the assumed discount rate would result in an increase of $1,016 to the defined benefit obligation.

(in thousands of dollars)

19. Share capital:

	2024	2023
Authorized		
Unlimited Class A common shares		
Unlimited Class B common shares		
Issued:		
2,000 Class A common shares	$ 63,024	$ 63,024
111 Class B common shares	–	–

In August 2022, the Corporation reclassified existing common shares to Class A common shares and increased the authorized capital of the Corporation by creating an additional class, Class B, of common shares. Class B common shares were authorized with the same rights and privileges as Class A common shares.

Class B common shares are classified within total liabilities. Further information is disclosed in note 20.

As a result of the share issuance in 2022, the Corporation recognized share issuance costs in the amount of $925 directly in equity, net of tax of $179 for a net adjustment in retained earnings of $746.

In August 2022, the Corporation's shareholder approved the issuance of 222 Class B common shares at a price of $213.96 per share for total proceeds from share issuance of $47,500.

On December 20, 2023, 222 Class B were cancelled and replaced with 111 new Class B shares and a Convertible Promissory Note in the amount of $23,750 were issued (see note 17). The new Class B shares have the same rights and privileges as the Class A common shares other than the declaration of dividends when the Convertible Promissory Note is outstanding.

Dividends

The holders of both classes of common shares are entitled to receive dividends from time to time. Dividends declared can be different between the Class A and Class B shares when the Convertible Promissory Note is outstanding.

The Corporation paid aggregate dividends during the year on the Class A common shares at $3.05 (2023 - $3.05) per share, which amount to total dividends paid in the year of $6,100 (2023 - $6,100).

(in thousands of dollars)

20. Class B Common Shares:

As part of the terms of the Unanimous Shareholders Agreement, the Corporation provided the subscribed 111 Class B common shares a right to put the shares back to the Corporation in exchange for fair market value no earlier than August 2027. This right does not expire until such time that the subscriber of the 111 Class B common shares has either increased their investment in the Corporation beyond 10% or upon delivering three put notices. As the convertible promissory note is convertible into Class B shares, the Company has evaluated the right of both financial instruments. As at December 31, 2024, the Corporation has valued the right at $60,500 (2023 - $57,500) and has recorded an obligation accordingly in non-current liabilities with $36,750 in Class B common share and $23,750 in long-term debt in the consolidated statement of financial position (see note 29).

21. Accumulated other comprehensive income:

	Remeasurements of post-employment benefits	Remeasurement of cash flow hedge	Total
Balance at January 1, 2023	237	5,533	5,770
Remeasurement of post-employment benefits, net of tax	1,299	–	1,299
Remeasurement of cash flow hedge, net of tax	–	(1,801)	(1,801)
Balance at December 31, 2023	$ 1,536	$ 3,732	$ 5,268
Balance at January 1, 2024	1,536	3,732	5,268
Remeasurement of post-employment benefits, net of tax	(109)	–	(109)
Remeasurement of cash flow hedge, net of tax	–	(1,949)	(1,949)
Balance at December 31, 2024	$ 1,427	$ 1,783	$ 3,210

(in thousands of dollars)

22. Revenue from contracts with customers and other sources:

	Note	2024	2023
Revenue from contracts with customers:			
Energy sales		$ 241,917	$ 216,309
Locating and leak survey		110,226	124,530
Electricity distribution		50,231	48,086
Construction and design services		250,195	268,246
Streetlight maintenance		660	583
Region water billing		2,648	2,444
Meter services		11,236	10,067
Other		1,939	2,096
		669,052	672,361
Revenue from other sources:			
Amortization of deferred revenue		2,429	1,637
Other		1,171	1,200
		$ 672,652	$ 675,198

The following table disaggregates revenues from contracts with customers by type of customer for energy sales and distribution revenue:

	2024	2023
Revenue from contracts with customers:		
Residential	$ 124,236	$ 107,385
Commercial	120,947	110,316
Large users	22,558	20,590
Embedded	13,307	14,386
Other	11,100	11,718
	$ 292,148	$ 264,395

23. Other income:

During the year, the Corporation recognized other income in the amount of $1,185 (2023 - $6,261) related to reductions in vendor promissory notes. The reductions in vendor promissory notes are a result of annual EBITDA threshold adjustments and reduce the annual repayment amounts to vendors (see note 17). These vendor promissory notes form part of the total consideration paid by the Corporation and are treated as contingent consideration. Subsequent adjustments to contingent consideration are recognized in the year they are realized in the consolidated statement of comprehensive income.

(in thousands of dollars)

23. Other income (continued):

A summary of reductions in vendor promissory notes by acquisition is as follows:

	2024	2023
Trans Power Utility Contractors Inc.	$ 405	$ 3,061
DPM Energy Inc.	780	2,500
EMB Management Ltd.	–	700
	$ 1,185	$ 6,261

24. Employee salaries and benefits:

	2024	2023
Salaries, wages and benefits	$ 208,917	$ 200,686
CPP and EI remittances	8,566	8,148
Contributions to OMERS	1,344	1,184
Contribution to pension plans	3,100	2,784
Post employment benefits	59	93
	$ 221,986	$ 212,895

25. Operating expenses:

	2024	2023
Contract/consulting	$ 49,686	$ 61,522
Materials and supplies	55,651	66,582
Vehicles	11,352	15,584
Write down of material and supplies	126	494
Loss allowance (recovery)	(477)	2,886
Property and occupancy	4,363	3,962
Travel and accomodations	3,543	3,039
Other	2,810	6,460
	$ 127,054	$ 160,529

(in thousands of dollars)

26. Finance income and costs:

		2024		2023
Finance income				
Interest income on bank deposits	$	2,527	$	1,867
Interest income on regulatory		432		–
		2,959		1,867
Finance costs				
Interest expense on long-term debt		10,795		10,323
Interest expense on finance lease obligations		1,921		1,562
Accretion expense on promissory note		56		800
Interest expense on customer deposits		166		168
Net interest expense on post-employment benefits		344		468
Other		–		14
		13,282		13,335
Net finance costs recognized in profit or loss	$	10,323	$	11,468

27. Commitments and contingencies:

Contractual Obligations

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation’s financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance

The Corporation and its subsidiaries are members of the Municipal Electric Association Reciprocal Insurance Exchange (“MEARIE”). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2024, no assessments have been made.

(in thousands of dollars)

28. Related party transactions:

(a) Transactions with majority shareholder:

The majority shareholder of the Corporation is The Corporation of the Town of Oakville. The Town of Oakville produces consolidated financial statements that are available for public use.

The following summarizes the Corporation's related party transactions recorded at the exchange amount and balances with the Town of Oakville for the year ended December 31:

	2024	2023
Amounts due to:		
Promissory notes	$ 77,029	$ 77,029
Finance lease	17,743	17,742
Interest on promissory notes	4,622	4,622
Accounts payable	170	52
Amounts due from:		
Energy receivable	640	476
Accounts receivable	1,995	1,023
Transactions:		
Revenue:		
Energy sales	6,871	6,521
Construction/locating	2,627	1,883
Rent	122	158
Streetlight maintenance	557	363
Expenses:		
Interest on promissory notes	4,622	4,622
Interest on finance lease	1,006	1,004
Garage services	363	408
Property taxes	595	574
Tree trimming	404	489
Other	9	13

The Corporation delivers electricity to The Corporation of the Town of Oakville throughout the year for the electricity needs of the Town and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Town, including streetlight maintenance services, construction, locating and sentinel lights.

(in thousands of dollars)

28. Related party transactions (continued)

(b) Transactions with minority shareholder

The Corporation's minority shareholder, Enbridge Sustain, is a wholly owned subsidiary of Enbridge Inc. (collectively, "Enbridge"). The Corporation regularly provides services to Enbridge in the normal course of business for various services provided by the Corporation and the Corporation's subsidiaries.

The following summarizes the Corporation's related party transactions recorded at the exchange amount and balances with Enbridge for the year ended December 31:

	2024	2023
Amounts due from:		
Accounts receivable	$ 11,167	$ 11,612
Amounts due to:		
Accounts payable	1,237	1,223
Transactions:		
Revenue:		
Construction	7,286	7,733
Locating services	54,686	50,031
Engineering and design	7,511	9,577
Expenses:		
Debt placement fee	–	384
Interest on promissory note	1,093	36
Other	122	89

Enbridge also delivers natural gas services to the Corporation and its subsidiaries throughout the year for utility needs. Charges from Enbridge to the Corporation are at prices and under terms approved by the OEB.

(c) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid or payable is as follows:

	2024	2023
Directors' fees	$ 240	$ 223
Salaries, bonuses and other short-term benefits	6,786	4,284
	$ 7,026	$ 4,507

29. Financial instruments and risk management:

Fair value disclosure

The carrying values of cash and cash equivalents, accounts receivable, unbilled revenue, and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

Fair value of the secured bank loans approximates their cost since they bear interest at a variable rate.

The fair value of the notes payable to the Town of Oakville held by the Corporation's regulated subsidiary is estimated at $75,718 (2023 - $72,905) using a discount rate of 3.83% (2023 - 4.75%). The fair value of notes payable to the Town of Oakville held by the Corporation is estimated at $9,675 (2023 - $9,732) using a discount rate of 4.73% (2023 - 4.90%). These discount rates are determined using indicative quoted rates for instruments with approximately the same terms and credit risk.

As at December 31, 2024, the promissory note relating to the acquisition of Trans Power Utility Contractors Inc., has been fully settled. In 2023, the Corporation utilized a Level 3 measurement technique to value the promissory note. This approach involved a discounted cash flow method, considering the present value of expected payments, and using a risk-adjusted discount rate. Significant unobservable inputs included the expected future cash flows and the risk-adjusted discount rate of 9.5%. The fair value of the promissory note, including interest, was estimated at $13,535 as of December 31, 2023.

The put option on the issued Class B common shares requires a Level 3 measurement technique. The Corporation uses a market approach to value the overall corporation. The regulated subsidiary has been valued using a rate-base multiple approach, while the non-regulated entities have been valued on a combined basis, using an EBITDA multiple approach. Net-debt is then deducted from the resulting enterprise value of the consolidated corporation, to arrive at a consolidated equity value. Significant unobservable inputs include the market EBITDA multiple for the non-regulated entities, and the market rate-base multiple for the regulated entity, which is based on comparable data for similar sized companies to the Corporation's regulated and non-regulated entities.

The Corporation also considers ranges based on appropriate multiples for similar industry transactions and market knowledge. The Corporation uses a multiple on the regulated subsidiary ranging from 1.65x - 1.85x calculated rate base, which is an industry approved calculation for regulatory purposes. The Corporation uses a multiple on EBITDA ranging from 7.5x - 8.5x based on recent market data for sales and acquisitions.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk and liquidity risk, as well as related mitigation strategies are discussed below.

29. Financial instruments and risk management (continued):

Financial risks (continued)

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Province of Ontario. No single customer accounts for a balance in excess of 10% of total accounts receivable. The Corporation's credit risk associated with accounts receivable is primarily related to payments from its customers for services rendered.

(a) Credit risk (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for estimated credit losses and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2024 is $5,711 (2023 - $7,372). An impairment reversal of $526 (2023 - loss of $2,886) was recognized during the year.

The Corporation's credit risk associated with accounts receivable through its regulated subsidiary, Oakville Hydro Electricity Distribution Inc., is primarily related to payments from distribution customers. As at December 31, 2024, approximately $2,205 (2023 - $3,018) is considered 60 days past due with an allowance for impairment of $2,071 (2023 - $2,133). The Corporation has over 77 thousand customers, the majority of whom are residential. Credit risk for electricity distribution is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2024, the Corporation holds security deposits in the amount of $13,644 (2023 - $15,130). Other businesses manage credit risk through a variety of methods including credit check, active credit collection and where possible direct withdrawals from accounts. Accounts receivable relating to these businesses is $135,235 (2023 - $129,653) with an allowance for impairment of $3,640 (2023 - $5,239).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

The Corporation is exposed to fluctuations in the interest rate on its floating rate loans. The Corporation manages interest rate risk by maintaining a mix of fixed and floating rate instruments and taking action as necessary to maintain an appropriate balance.

The Corporation has entered into interest rate swap arrangements (see note 17) with its lender that exchanges the floating interest rate for a fixed interest rate for the entire term of its contract in order to hedge its exposure to interest rate risk.

The Corporation estimates that a 1% increase in interest rates, with all other variables held constant, would result in an increase of approximately $1,518 (2023 - $1,575) to annual finance costs.

29. Financial instruments and risk management (continued):

Financial risks (continued)

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a revolving credit facility totaling $200,000 and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2024, $72,892 (2023 - $67,401) had been drawn under the Corporation's $200,000 revolving credit facility.

The Corporations's wholly owned subsidiary Oakville Hydro Electricity Distribution Inc. has access to a $45,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due.

As at December 31, 2024, $9,469 (2023 - $nil) had been drawn under the Corporation's $45,000 credit facility.

Oakville Hydro Electricity Distribution Inc. also has a facility for $16,000 (the “LC” facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $13,750 (2023 - $13,765) has been drawn.

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, to comply with covenants related to its credit facilities, to prudently manage its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation’s definition of capital includes shareholder’s equity, finance leases and long-term debt. As at December 31, 2024, shareholder’s equity amounts to $217,921 (2023 - $195,896) and finance leases and long-term debt amounts to $325,806 (2023 - $325,271).

30. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year. There is no impact to profit or loss or equity as result of reclassification.

31. Subsequent events:

In February 2025, the Corporation acquired 70% of the shares of Primary Engineering and Construction Inc. for a purchase price of $63,208. The total consideration for the acquired shares comprises of an initial payment of $53,898 to the vendor on the Closing Date, and a vendor promissory note (contingent consideration) of $9,310, payable based on meeting the annual EBITDA thresholds. The Corporation is in the process of determining the fair value of the assets and liabilities, including the fair value of the contingent consideration.