

APPENDIX B



WINDSOR CANADA UTILITIES LTD.

2021 ANNUAL REPORT



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ENWIN = Quality of Life

Success by the Numbers



8,337
Distribution
Transformers



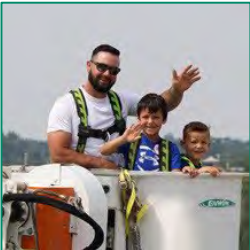
91%
Satisfaction
Rate



\$423 M
Total Assets



680
New Load
Customers



90,819
Hydro
Customers



\$14.9 M
Infrastructure
Investment



680.7 km
Overhead
Circuitry



469.4 km
Underground
Circuitry

Customer Experience by the Numbers

Our annual customer satisfaction survey revealed that customers:



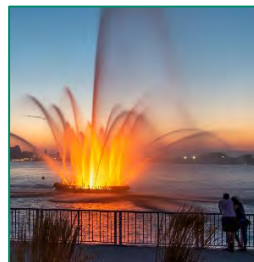
89%
Believe ENWIN
quickly handles
outages



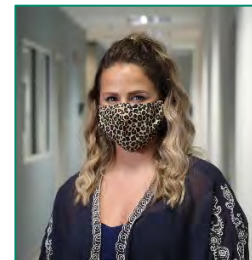
91%
Believe ENWIN
provides
consistent reliable
energy.



87%
Believe ENWIN
delivers on its
service
commitments



89%
Believe ENWIN's
standard of
reliability meets
expectations

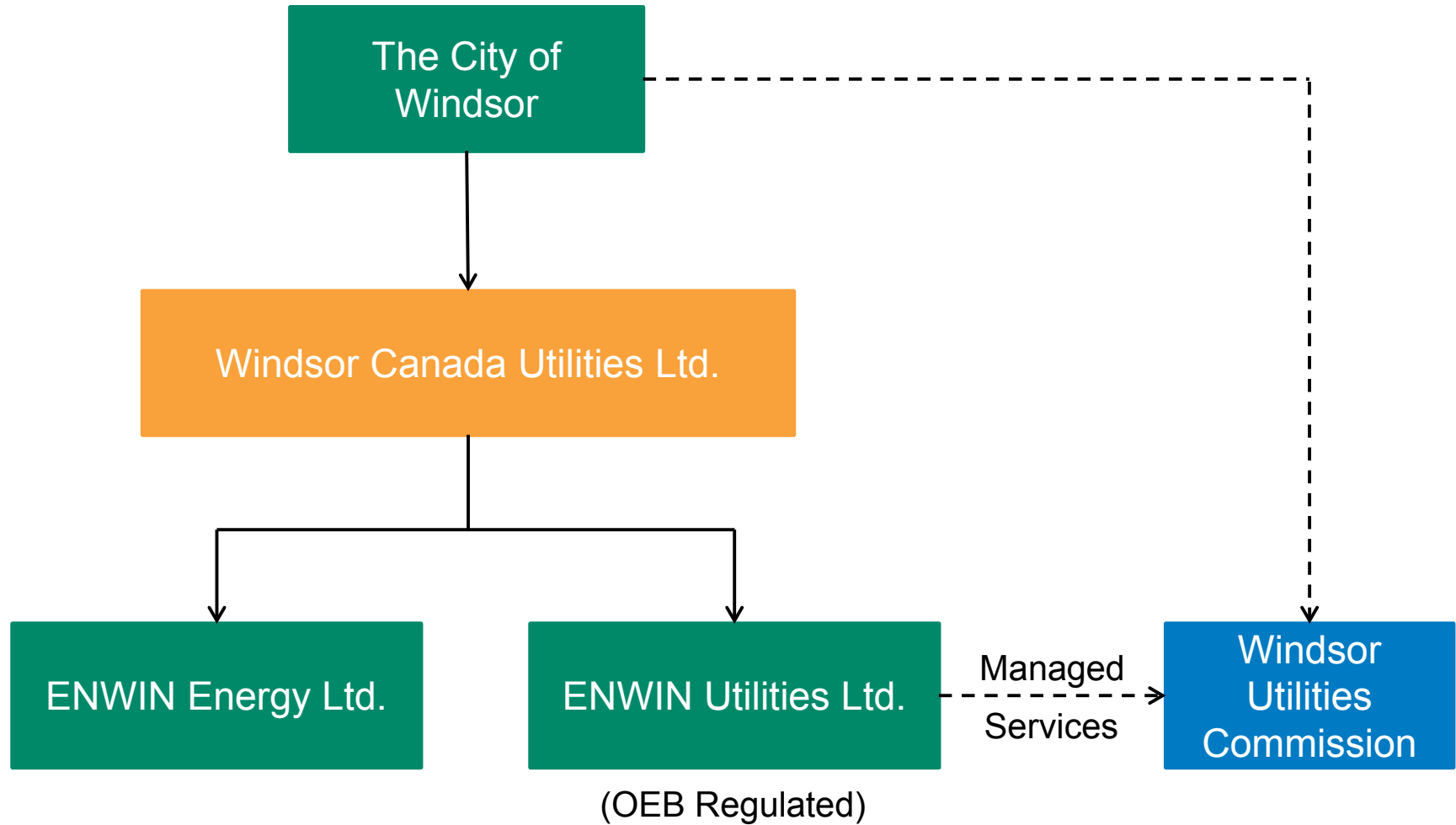


91%
Believe ENWIN is
trusted and
trustworthy

ENWIN = Quality of Life



Success = Structure



Success = Definition

Windsor Canada Utilities Ltd.

Windsor Canada Utilities Ltd. (WCU) is 100 percent owned by The Corporation of the City of Windsor. It is a private company, registered under the Ontario Business Corporations Act, and overseen by a Board of Directors consisting of six (6) members appointed by City Council; four (4) of these are elected members of City Council. The core businesses of the Corporation, through its regulated and unregulated affiliates, are electricity and water distribution and other utility services. The Company owns and operates two subsidiary companies.

ENWIN Utilities Ltd.

ENWIN Utilities Ltd. (ENWIN or EWU), the first of these two subsidiaries, is a regulated electricity Local Distribution Company (LDC) operating in the City of Windsor. ENWIN maintains an electricity distribution system that serves almost 91,000 residential and commercial customers. ENWIN is overseen by a Board of Directors consisting of seven (7) members appointed by its shareholder; two (2) of these are elected members of City Council. ENWIN also maintains a contract of service with the Windsor Utilities Commission (WUC) to manage WUC's administrative and operational functions and to supply water to customers in Windsor and two neighbouring towns.

ENWIN Energy Ltd.

ENWIN Energy Ltd. ("EWE"), the second of these subsidiaries, aims to find opportunities in the unregulated Ontario energy market for the benefit of its customers, community and shareholder. This includes streetlighting and sentinel lighting services, suite metering opportunities, corrosion protection services through its affiliate ONtech Rapid Coatings Inc., as well as other exciting new offerings that continue to emerge as the energy sector in Ontario rapidly evolves.

Success = Strategy

The strategic focus of WCU places the customer at the top of everything we do. We believe that a sharp focus on the value that WCU's subsidiaries provide to customers will generate positive results in all areas of performance. Our priority is people — our customers, our community, our stakeholders and our employees.

ENWIN Utilities Ltd.

- Enhance the Customer Experience
- Invest in People (safety, resourcing, succession planning, training, engagement, and diversity)

Windsor Canada Utilities Ltd.

- Long term fiscal sustainability through capital and debt management
- Increase shareholder dividends through operational efficiency and diversified revenue streams within subsidiaries
- Continuous improvement, cost management, and innovation in recognition of distribution system disruptions

ENWIN Energy Ltd.

- Diversify and grow unregulated revenue from non-ratepayers
- Maintain and sustain existing lines of business

Windsor Utilities Commission

- Security of Water Supply
- Investment in Infrastructure/ in support of community growth
- District Energy (invest/divest)*

* In 2021 District Energy Windsor was sold.

Success = Values

Our progress is guided by our core values of leadership, integrity and accountability.



Photo of ENWIN staff taken prior to COVID-19 pandemic

Leadership

Integrity

Accountability

Success = Direction

Our strategic themes fall into five areas of focus. Together they form a platform for our strategic plan. A compass, based on our key focus areas guides our steps and provides the framework by which we measure our progress towards the plan.



Success = Customer Service Focus



We deliver exceptional value to our customers by:

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



Director of Customer Service &
Privacy Officer,
Robert Spagnuolo
in the customer service center

Success = People & Culture



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

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



Roger Bastiaan (Manager System Control & SAM), with **Sylvia Caruana** (Human Resources Administrator) at the 2021 Employee Appreciation Event

Success = Quality & Innovation



We will achieve operational excellence by:

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



ENWIN crew members maintain lines in snowy weather.

Success = Organizational Sustainability



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

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



Roger Bastiaan (Manager System Control & SAM) in the ENWIN control center

Success = Community & Partnerships



We will support the success of our community by:

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



From left to right:

Robert Spagnuolo (Director of Customer Service & Privacy Officer), **Lynda Ware** (President of WECYAC), **Nila Das** (Interim Executive Director, WECYAC), **Jack Bartlett** (Assistant Manager, Member Services, YNCU)

Success = Progress

WCU's Strategic Direction ensures that the organization, through all companies and services, will continue to build toward achieving its strategic objectives in each of its five areas of focus.



ENWIN provided contributions for the installation of 11 new electric vehicle charging spaces within the City of Windsor.

Boards of Directors



Windsor Canada Utilities Ltd.



Drew Dilkens
(Chair)
LL.B, MBA, DBA, CHRL
Mayor, City of Windsor



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



Fred Francis
BA, MA, B.Ed
Councillor, City of Windsor,
Ward 1



Kevin Laforet
B.Comm, CPA, CA
Regional President (Canada),
Caesars Entertainment



Jim Morrison
PFP
Councillor, City of Windsor,
Ward 10



Jerry Udell
BA, LL.B, C.S.
Senior Counsel, Miller Canfield

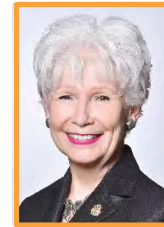
ENWIN Utilities Ltd.



**Drew Dilkens
(Chair)**
LL.B, MBA, DBA, CHRL
Mayor, City of Windsor



**Abe Taqtaq
(Vice-Chair)**
BA
President, CD Ventures &
Consulting Inc.



Jo-Anne Gignac
Councillor, City of Windsor,
Ward 6



Garnet Fenn
MBA, FCPA, FCA, ICD.D, FCG
Accountant and Financial
Consultant



Gregory Ioanidis
BMath, MBA
Former Vice President, ITC Holdings
Corp.



Leo Muzzatti
LL.B, B.Ed
Director of Human Resources and
Strategy Management, Assisted Living
Southwestern Ontario (Windsor)



Andrea Orr
LL.M, CGA, CPA, CIRP, LIT
Licensed Insolvency Trustee



George Wilkki (retired June 2021)
P.Eng, LL.B.
Retired City Solicitor
City of Windsor

ENWIN Energy Ltd.



Drew Dilkens
(Chair)
LL.B, MBA, DBA, CHRL
Mayor, City of Windsor



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



Fred Francis
BA, MA, B.Ed
Councillor, City of Windsor,
Ward 1



Kevin Laforet
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Regional President (Canada),
Caesars Entertainment



Jim Morrison
PFP
Councillor, City of Windsor,
Ward 10



Jerry Udell
BA, LL.B, C.S.
Senior Counsel, Miller Canfield

Board Attendance

Windsor Canada Utilities Ltd.				ENWIN Utilities Ltd.				ENWIN Energy Ltd.			
Director	Attend	Held	%	Director	Attend	Held	%	Director	Attend	Held	%
Drew Dilkens	5	5	100	Drew Dilkens	6	6	100	Drew Dilkens	5	5	100
Jo-Anne Gignac	4	5	80	Abe Taqtaq	6	6	100	Jo-Anne Gignac	4	5	80
Fred Francis	5	5	100	Jo-Anne Gignac	5	6	83	Fred Francis	5	5	100
Kevin Laforet	5	5	100	Garnet Fenn	5	6	83	Kevin Laforet	5	5	100
Jim Morrison	5	5	100	Gregory Ioanidis	6	6	100	Jim Morrison	5	5	100
Jerry Udell	5	5	100	Leo Muzzatti	6	6	100	Jerry Udell	5	5	100
				Andrea Orr	5	6	83				
				George Wilkki*	3	3	100				

*Term ended June 23, 2021

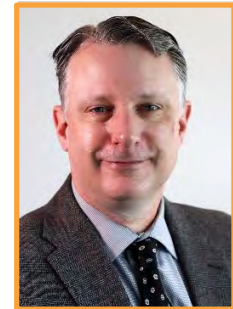
Executive Team



Helga Reidel
President & CEO
FCPA, FCA, ICD.D



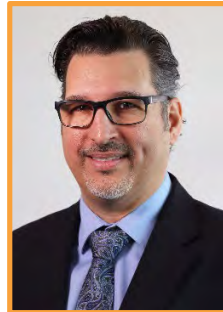
Matt Carlini
Vice President Corporate
Services & CFO
CPA, CA, MBA



Paul Gleason
Vice President Customer Care
and Corporate Operations
BA, LL.M., CSCMP



Jim Brown
Vice President Hydro Operations
P.Eng



Garry Rossi
Vice President Water Operations
P.Eng



Kris Taylor
Vice President Business
Development
MBA, CEM

Message from the Chair of the Board, and President and Chief Executive Officer

On behalf of the Board of Directors of Windsor Canada Ltd., we present to you our 2021 Annual Report.

In 2021, we focused on what matters most: providing our customers with affordable, reliable, and safe electricity and, through our continued investment in the grid ensuring future power to our city.

Despite the challenging year, as the pandemic restraints continued, our employees exemplified passion, determination, and ingenuity in their commitment to all our customers. Our team's tireless efforts kept critical infrastructure operating, and protected the most vulnerable in our community. True to our purpose, we have operated with the goal to supply Windsor Ontario with essential electricity and to be a trusted leader in providing exceptional value and services to our customers.

Our customers are also seeing the benefit of improved performance due to strategic investments in the renewal and modernization of our electricity distribution infrastructure. These investments have improved our system and reduced the average frequency and duration of service interruptions. With plans for continued investment in capital expenditures over the next five years, new and existing customers can continue to expect safe and reliable electricity.

Electric vehicles (EVs) are the future of transportation. In 2021, we partnered with Automobility Enterprises, a key partner of the Canadian Automobility Hub, on a pilot project to convert one of our fleet vehicles to an EV. Moving forward, we're excited about unlocking our potential to further support the City's climate change objectives as we expand our company's use of EVs and related infrastructure.

In our fiduciary and financial responsibilities to our Shareholder (the City of Windsor) Windsor Canada Utilities Ltd. (WCU) achieved its goal and realized its vision in 2021 with a net income of \$5.0 million. WCU paid \$4 million in dividends during the year. Windsor Canada Utilities Ltd. also reaffirmed its A/Stable credit rating by Standard & Poor's. WCU's value is reflective of and, accrues to, our community.

As of 2021, over 20,000 customers have subscribed to paperless billing, with 5,903 subscriptions in 2021 alone. This, together with a 91% customer satisfaction score, as measured by an independent polling company, is evidence that WCU is a customer-focused utility.

Since the start of the COVID-19 pandemic in 2020, we have proudly supported families and small business owners in their time of need and have helped more than 7,000 customers with financial relief programs. We also stayed true to our support of local organizations that are working to keep our community safe and healthy.

On behalf of Windsor Canada Utilities Ltd. and the ENWIN group of companies, we thank our customers and stakeholders for their continued support, as well as our employees for their contributions over the past year. Together, we remain committed as an organization to working tirelessly to serve our customers and face the challenges together now and in the future.



Mayor Drew Dilkens
Board Chair



Helga Reidel
President & CEO

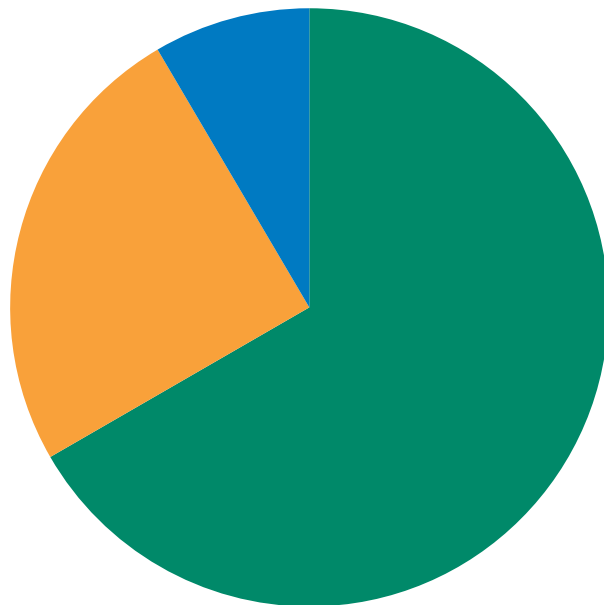
Financial Highlights

(in thousands of dollars)

	2021	2020	2019	2018	2017
Operations					
Total Revenue	306,402	352,859	332,946	328,283	331,160
Distribution Revenue	49,778	49,019	51,400	51,866	49,795
EBITDA	19,014	23,566	29,645	26,930	26,572
Net Income	4,969	7,316	12,155	8,459	7,930
Dividends	4,000	4,000	4,000	4,000	5,000
Balance Sheet					
Cash and Investments	63,457	59,075	50,272	49,688	39,491
Property, Plant and Equipment & Intangible Assets	247,269	245,302	242,344	234,494	229,632
Total Assets	422,990	428,024	415,609	401,187	391,880
Long-term Debt	103,000	103,000	103,000	103,000	103,000
Equity	186,931	182,593	183,536	171,682	161,870
Cash Flows					
Operating	19,983	24,443	20,621	30,487	30,991
Investment in Infrastructure	14,889	16,749	21,630	19,592	15,582

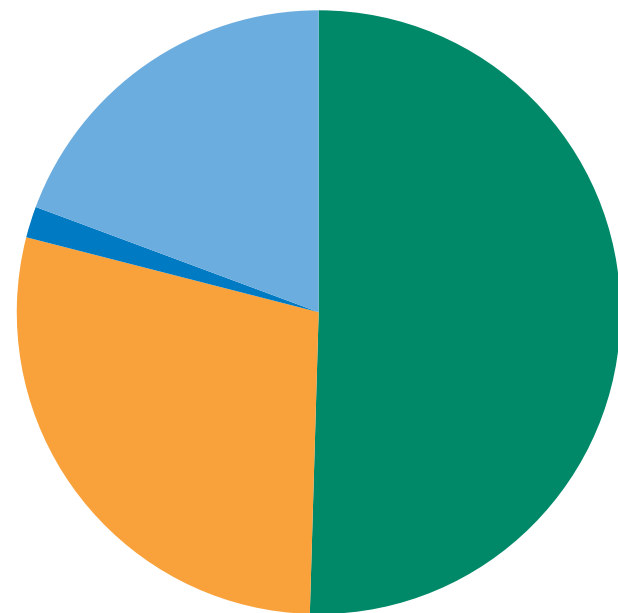
Financial Highlights

Revenue by Type



- Distribution revenue
- Services to WUC
- Other services

Expenses by Type



- Operating expenses
- Cost of services provided to WUC
- Net finance expense
- Depreciation

Operational Results

WCU's capability to achieve the objectives set out in its strategic direction is a function of its assets and expertise, both tangible and intangible, and its systems and capital resources.

Assets

WCU's total assets are \$423.0 million as of December 31, 2021. Its largest subsidiary, EWU, had significant ongoing investment in distribution infrastructure in 2021.

Electricity Distribution Assets

EWU continues to be affected by the pressures from aging infrastructure, which is a factor for many utilities. EWU manages this through increased infrastructure investments and a detailed plan to target distribution system spending where it will have the most benefit.

ENWIN Utilities delivers value to its customers through its electrical distribution grid. That grid consists of assets such as poles, wires, cables, transformers, and meters (among other assets) which are used to deliver electrical power to

customers. ENWIN applies its resources of knowledge, skill, capital (both human and monetary), tools, processes, and procedures to the activities of building, operating and maintaining grid assets. Delivery of value to customers is continually managed, reviewed, and improved. Customers value the distribution grid in terms of its ability to provide sufficient power, safely and reliably, and to move power from points of generation to points of load.

In 2021, \$14.9 million was invested in infrastructure to maintain and expand the distribution system and related infrastructure to meet customer needs.

In 2021 ENWIN's distribution grid moved 436 MW of peak power which represents 66% of the all-time peak the system established in 2006. While peak loads depend on economic and weather conditions, the ENWIN distribution grid has a reasonable reserve capacity to serve additional loads which may materialize in

the future. In addition to this, ENWIN's distribution grid supported the connection of over 800 private generators.

Windsor is the lightning and storm capital of Canada and while a distribution grid will always suffer some outages, customers value a quick restoration of their electrical service. The average outage duration in 2021 was 31 minutes, which was a top decile performance for utilities serving more than 50,000 customers. On average, an ENWIN customer suffered less than 2 outages during the year.

In addition, ENWIN operated a safe distribution system with no reportable electrical contacts or near misses in 2021.

Unregulated Business Lines

Historically, ENWIN Energy Ltd. ("EWE") has been responsible for overseeing and managing Sentinel Lighting and Streetlighting related work for its various customers and shareholder.

Operational Results

In 2018, ONtech Rapid Coatings was formed through EWE's partnership with Tessonics Inc. Since its inception ONtech has focused on deploying its state-of-the-art edge corrosion control and coating solution in the utility sector.

Although the pandemic has slowed its progress, ONtech continues to grow, promoting its services to a variety of Ontario's utilities.

In 2021 ENWIN Energy (EWE) focused its efforts on a series of innovative initiatives.

Early 2021, EWE began its aggressive pursuit and evaluation of potential opportunities within unregulated energy and water sectors. This has resulted in a business case for a suite metering program that has received licensing from the Ontario Energy Board.

This program is designed to accommodate the predicted rise in multi-residential builds and will assist owners and residents to monitor, manage and reduce energy costs.

Moving forward EWE is anticipating a productive 2022, with a focus to identify future opportunities across the energy sector that will benefit its shareholder, customers, and the community it serves.



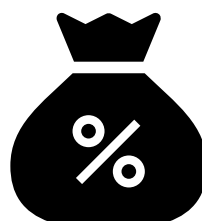
ONtech Rapid Coatings tests dry ice blast cleaning at the Rhodes Operation Centre.

Success = Financial Results

The selected consolidated financial results of WCU, presented below, should be viewed in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021.



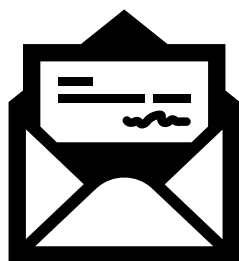
\$5.0 M
Net Income



2.7%
Return on
Equity



\$247.3 M
Property, Plant
and Equipment



\$49.8 M
Distribution
Revenue



\$59.8 M
Operating
Expenses
(including
Depreciation)



\$423.0 M
Total Consolidated
Assets

Report of the Audit and Finance Committee: Management Responsibility for Financial Reporting

The accompanying Consolidated Financial Statements have been prepared by management of Windsor Canada Utilities Ltd. (the 'Corporation'), who are responsible for the integrity, consistency and reliability of the information presented. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards.

The preparation of the Consolidated Financial Statements necessarily involves the use of estimates and assumptions based on management's judgements, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances, with critical analysis of the significant accounting policies followed by the Corporation as described in Note 3 to the Consolidated Financial Statements. The preparation of the Consolidated Financial Statements includes information regarding the estimated impact of future events and transactions. Actual results in the future may differ materially from the present assessment of this information because future events and circumstances may not occur as expected. The Consolidated Financial Statements have been prepared within reasonable limits of materiality in light of information available up to April 27, 2022.

In meeting its responsibility for the reliability of financial information, management maintains and relies on a comprehensive system of internal controls and internal audit, which is designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Corporation's assets are safeguarded and transactions are properly authorized and executed. The system includes formal policies and procedures and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function evaluates the effectiveness of these internal controls and reports its findings to management and the Audit Committee of the Corporation, as required.

The Board of Directors, through its Audit Committee, is responsible for overseeing management in the performance of its financial reporting and internal controls. The Audit Committee meets periodically with management, the internal auditors and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each group has properly discharged its respective responsibility and to review the Consolidated Financial Statements before recommending approval by the Board of Directors. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholder, the appointment of the external auditors. The external auditors have direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

The Consolidated Financial Statements were reviewed by the Audit Committee, and on their recommendation, were approved by the Board of Directors. The Consolidated Financial Statements have been examined by KPMG LLP, independent external auditors appointed by the Corporation's shareholder. The external auditors' responsibility is to express their opinion on whether the Consolidated Financial Statements are fairly presented in accordance with International Financial Reporting Standards. The attached Independent Auditors' Report outlines the scope of their examination and their opinion.

On behalf of Windsor Canada Utilities Ltd.'s Audit & Finance Committee and management:



Kevin Laforet
Chair of Audit and Finance Committee
Regional President (Canada),
Caesars Entertainment
B.Comm, CPA, CA



Matt Carlini
Vice President Corporate
Services & CFO
CPA, CA, MBA

Consolidated Financial Statements of

WINDSOR CANADA UTILITIES LTD.

And Independent Auditors' Report thereon

Year Ended December 31, 2021



KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8
Canada
Tel 519-251-3500
Fax 519-251-3530

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Windsor Canada Utilities Ltd.

Opinion

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

- the consolidated balance sheet as at December 31, 2021
- the consolidated statement of income for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

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

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



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

April 27, 2022

WINDSOR CANADA UTILITIES LTD.

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Year ended December 31, 2021

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WINDSOR CANADA UTILITIES LTD.

Consolidated Balance Sheet
(In thousands of Canadian dollars)

December 31, 2021, with comparative information for 2020

	Notes	2021	2020
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 34,986	\$ 39,838
Investments	9	15,503	8,182
Accounts receivable	5	43,194	53,312
Due from related parties	22	2,270	2,166
Inventory	6	4,854	4,174
Other assets		1,285	2,076
		102,092	109,748
Non-current assets:			
Property, plant and equipment	7	246,016	243,219
Intangible assets	8	1,253	2,083
Investment, sinking fund	9	12,968	11,055
Investment in joint venture	23	184	135
Work in progress		203	255
Due from related parties - debentures and post-retirement	22	52,000	52,411
Deferred income taxes	16	8,274	9,118
		320,898	318,276
Total assets		\$ 422,990	\$ 428,024
Liabilities			
Current liabilities:			
Accounts payable and accruals	10	\$ 29,339	\$ 34,585
Payments in lieu of income taxes payable	16	1,183	428
Due to related parties	22	7,145	6,998
Current portion of customer deposits	11	1,008	988
Deferred revenue		5,203	7,842
		43,878	50,841
Non-current liabilities:			
Customer deposits	11	4,417	3,954
Deferred revenue - customer contributions	12	19,126	18,751
Long-term debt	13	102,511	102,497
Employee future benefits	14	66,127	69,388
		192,181	194,590
Total liabilities		236,059	245,431
Equity			
Common shares	17	81,842	81,842
Contributed surplus		516	516
Retained earnings		104,447	103,478
Accumulated other comprehensive income (loss)		126	(3,243)
		186,931	182,593
Commitments and contingencies	25		
Total liabilities and equity		\$ 422,990	\$ 428,024

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

On behalf of the Board:

Director



Director



WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Income
(In thousands of Canadian dollars)

Year ended December 31, 2021, with comparative information for 2020

	Notes	2021	2020
Revenue from sale of electricity:			
Sale of electricity		\$ 231,733	\$ 276,540
Distribution revenue	18	49,778	49,019
		281,511	325,559
Cost of electricity purchased		239,336	280,260
Gross profit		42,175	45,299
Other revenue:			
Services provided to Windsor Utilities Commission	22	18,569	18,850
Other income	19	6,322	8,450
		24,891	27,300
Operating expenses:			
Operating and distribution expenses	20	33,501	34,395
Billing, collecting and administrative expenses	20	14,551	14,638
Depreciation and amortization	7, 8	11,760	12,219
		59,812	61,252
Income from operating activities		7,254	11,347
Finance expense (income):			
Finance income	21	(3,273)	(3,144)
Finance expense	21	4,291	4,306
		1,018	1,162
Income before tax		6,236	10,185
Income taxes:			
Provision for payments in lieu of corporate taxes	16	1,638	709
Deferred income taxes	16	(371)	2,160
		1,267	2,869
Income for the year		\$ 4,969	\$ 7,316

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

WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Comprehensive Income
(In thousands of Canadian dollars)

Year ended December 31, 2021, with comparative information for 2020

	Notes	2021	2020
Income for the year		\$ 4,969	\$ 7,316
Other comprehensive income (loss):			
Items that will not be reclassified to the statement of income:			
Remeasurement of employee future benefits income (loss)	14	4,584	(5,795)
Related tax	16	(1,215)	1,536
Other comprehensive income (loss)		3,369	(4,259)
Total comprehensive income for the year		\$ 8,338	\$ 3,057

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

WINDSOR CANADA UTILITIES LTD.Consolidated Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2021, with comparative information for 2020

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2020	\$ 81,842	\$ 516	\$ 100,162	\$ 1,016	\$ 183,536
Income for the year	-	-	7,316	-	7,316
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive loss	-	-	-	(4,259)	(4,259)
Balance at December 31, 2020	\$ 81,842	\$ 516	\$ 103,478	\$ (3,243)	\$ 182,593
Income for the year	-	-	4,969	-	4,969
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive income	-	-	-	3,369	3,369
Balance at December 31, 2021	\$ 81,842	\$ 516	\$ 104,447	\$ 126	\$ 186,931

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

WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2021, with comparative information for 2020

	Notes	2021	2020
Cash flows from operating activities:			
Total comprehensive income for the year		\$ 8,338	\$ 3,057
Adjustments for:			
Depreciation and amortization	7,8	11,760	12,219
Amortization of deferred revenue customer contributions		(514)	(493)
Remeasurement of employee future benefits	14	(4,584)	5,795
Gain on investments	9	(784)	(522)
Loss (gain) on sale of property, plant and equipment	19	369	(1,050)
Amortization of debt issuance costs		14	14
Share in joint venture's net loss		51	24
Income tax expense	16	1,638	709
		16,288	19,753
Changes in:			
Net finance expense	21	1,004	1,148
Accounts receivable		10,118	(1,168)
Due from related parties	22	(515)	(1,284)
Inventory		(680)	749
Other assets		791	(427)
Investment in joint venture		(100)	-
Work in progress		52	6
Deferred income taxes		844	624
Accounts payable and accruals		(5,246)	6,852
PIL of income taxes		915	1,542
Due to related parties	22	147	417
Deferred revenue		(2,639)	(563)
Customer deposits		483	204
Employee future benefits		1,323	1,451
		6,497	9,551
Interest paid		(4,277)	(4,292)
Interest received		3,273	3,144
Income taxes paid		(1,798)	(3,713)
		19,983	24,443
Cash flows from investing activities:			
Acquisition of property, plant, equipment and intangible assets	7, 8	(14,889)	(16,749)
Acquisition of investment	9	(11,627)	(2,950)
Deferred revenue - customer contributions		1,017	1,143
Proceeds from investments		3,177	-
Proceeds on sale of property, plant & equipment		665	2,622
		(21,657)	(15,934)
Cash flows from financing activities:			
Decrease in due from related parties	22	822	822
Dividends paid		(4,000)	(4,000)
		(3,178)	(3,178)
Net (decrease) increase in cash and cash equivalents		(4,852)	5,331
Cash and cash equivalents at January 1		39,838	34,507
Cash and cash equivalents at December 31		\$ 34,986	\$ 39,838

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

WINDSOR CANADA UTILITIES LTD.

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(in thousands of Canadian dollars)

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WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

1. Reporting entity:

Windsor Canada Utilities Ltd. ("WCUL" or the "Corporation") is a holding company owned by its sole shareholder, the Corporation of the City of Windsor (the "City"). WCUL was incorporated in December of 1999 under the Business Corporations Act (Ontario). The principal business of WCUL is to provide strategic direction and financing to the operations of ENWIN Utilities Ltd. ("EWU"), a rate-regulated distribution company and ENWIN Energy Ltd. ("EWE"), a non-regulated service company. The address of WCUL's registered office is 4545 Rhodes Drive, Windsor, Ontario, Canada.

The principal activity of WCUL, through its wholly-owned subsidiary, EWU, is the ownership and operation of the electricity distribution grid in the City. WCUL, through its wholly-owned subsidiary, EWE, is also responsible for the provision of sentinel lighting to the businesses of the City and street lighting maintenance services to the City.

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

On November 6, 2012, EWU and the Windsor Utilities Commission (the "Commission") entered into a Water System Operating Agreement ("WSOA"), whereby EWU agreed to provide services to the Commission with respect to operating the water treatment and distribution system. The services include: management, administrative services, construction operations, and maintenance services. EWU is responsible for providing all personnel required to operate the water system. Pursuant to the terms of the WSOA and the associated Employee Arrangement Agreement, also dated November 6, 2012, the Commission transferred all non-unionized employees and all unionized employees of the Commission to EWU. The Commission is a local board of the City.

Through its wholly-owned subsidiary, EWE, the Corporation has a joint venture investment in ONtech Rapid Coatings Inc. ("ONtech"), which is accounted for using the equity method.

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(b) Approval of the consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors on April 27, 2022.

(c) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- (i) Where held, financial instruments at fair value through profit or loss, are measured at fair value.
- (ii) The accrued benefit related to the Corporation's unfunded defined benefit plan is actuarially determined and is measured at the present value of the defined benefit obligation.

(d) Functional and presentation currency:

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

(e) Use of estimates and judgements:

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

2. Basis of preparation (continued):

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, significant areas where upon estimation was required that have the most significant effect on the amounts recognized in these consolidated financial statements, include:

- (i) Note 3(j) – Deferred revenue: determination of the performance obligation for contributions from customers and the related amortization period;
- (ii) Note 5 – Trade accounts receivables: allowance for impairment. Unbilled revenue: measurement of revenues not yet billed;
- (iii) Note 7 – Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment;
- (iv) Note 14 – Employee future benefits: measurement of the defined benefit obligation;
- (v) Note 24 – Financial instruments and risk management: valuation of financial instruments.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, include:

- (i) The Corporation's determination that they are acting as a principal for electricity distribution and therefore have presented the electricity revenues on a gross basis.

(f) Rate regulation:

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

2. Basis of preparation (continued):

(f) Rate regulation (continued):

In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these consolidated IFRS financial statements.

(i) Rate setting:

The electricity distribution rates and other regulated charges of EWU are determined by the OEB. This regulated rate-setting provides LDCs with the opportunity to recover the revenue requirement associated with owning and operating the LDC. The revenue requirement represents the forecasted prudent costs, including the cost of capital, which will be reasonably necessary for the LDC to invest in the electricity grid, operate the electricity grid, and serve customers in its licenced service area.

(ii) Rate applications:

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

In the intervening years between a COS, an Incentive Regulation Mechanism ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand net of a productivity factor set by the OEB and a stretch factor determined by the relative efficiency of an electricity distributor. On August 17, 2020, EWU submitted an IRM application to the OEB to change distribution rates effective January 1, 2021. The application was approved by the OEB on December 10, 2020.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and investments with a maturity of approximately three months or less at the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as an investment.

(b) Financial instruments:

All consolidated financial assets and liabilities of the Corporation are classified into one of the following categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The Corporation has classified its financial instruments as follows:

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

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

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

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(c) Fair value:

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

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly; and

Level 3: inputs for assets and liabilities that are based on observable market data.

(d) Inventory:

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis. Net realizable value is determined on a replacement cost basis.

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's average cost of borrowing.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of income as incurred.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

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

(iii) Depreciation:

Depreciation is recognized in the consolidated statement of income on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 – 50 years
Distribution and metering equipment	8 – 80 years
Other assets	5 – 20 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in the consolidated statement of income.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(f) Intangible assets:

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Amortization:

Amortization is recognized in the consolidated statement of income on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(g) Work in progress:

Work in progress is recorded at cost, with cost being determined based on material purchased services, internal labour and overhead, as applicable.

(h) Impairment:

(i) Financial assets:

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

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

All impairment losses are recognized in the consolidated statement of income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of income.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(h) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventory, work-in-progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(i) Employee future benefits:

(i) Pension plan:

EWU provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable EWU to account for the plan as a defined benefit plan. The plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in income when they are due. At December 31, 2021, the OMERS plan is in a deficit position.

(ii) Employee future benefits:

EWU pays certain health, dental and life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees. These benefits are provided through a group defined benefit plan. EWU is the legal sponsor of the Plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. EWU has reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these consolidated financial statements.

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(i) Employee future benefits (continued):

(ii) Employee future benefits (continued):

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. EWU determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period, taking into account any changes in the net benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of income.

Gains and losses on account of curtailment or settlement of these employee future benefits are recognized immediately in income.

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

(j) Deferred revenue:

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

(k) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Effective January 1, 2011, the OEB required that a customer's deposit be applied to the customer's account prior to the severance process commencing. OEB rules also specify that customer deposits in excess of unpaid account balances must be refunded to customers. Customer deposits are also refundable at EWU's discretion when a customer demonstrates an acceptable level of credit risk. EWU only retains commercial deposits. Customer deposits also include monies received from developers and distribution customers for services that are recorded as construction in progress and, once the assets are put into service, will be accounted for through a capital contribution.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(l) Revenue recognition:

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

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

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

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

Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Revenue is measured at the fair value of the consideration received or receivable, net of any taxes which may be applicable.

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

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

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(m) Finance costs:

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

(n) Income taxes:

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

Under the Electricity Act 1998, the Corporation makes payments in lieu of corporate taxes to Ontario Electricity Financial Corporation. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations. Payments in lieu of taxes ("PILs") are referred to as income taxes.

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of income in the year that includes the date of enactment or substantive enactment.

(o) Set-off and reporting on a net basis:

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. For financial assets and financial liabilities, offsetting is permitted when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

(p) New standards and interpretations not yet adopted:

The following standards which are not yet effective for the year ended December 31, 2021, have not been applied in preparing these consolidated financial statements.

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)

On May 14, 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

The amendments provide guidance on the accounting for sale proceeds and the related production costs for items a company produces and sells in the process of making an item of property, plant and equipment (“PPE”) available for its intended use. Specifically, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*.

The amendments are effective for annual periods beginning on or after January 1, 2022 and apply to contracts existing at the date when the amendments are first applied. Early adoption is permitted.

IAS 37 does not specify which costs are included as a cost of fulfilling a contract when determining whether a contract is onerous. The IASB’s amendments address this issue by clarifying that the ‘costs of fulfilling a contract’ comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of PPE used in fulfilling the contract.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. On July 15, 2020, the IASB issued an amendment to defer the effective date by one year.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

3. Significant accounting policies (continued):

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

unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments introduce a new definition of accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 Making Materiality Judgements)*.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

4. Cash and cash equivalents:

	2021	2020
Cash and cash equivalents	\$ 34,986	\$ 39,838
Cash and cash equivalents	\$ 34,986	\$ 39,838

The Corporation has an agreement with a Canadian chartered bank for an operating line of credit in the amount of \$75,000 (2020 - \$75,000) bearing interest at prime minus 0.25%. The line of credit restricts the availability of the Corporation to lien assets. As of December 31, 2021, the outstanding balance in the line of credit was \$nil (2020 - \$nil).

5. Accounts receivable:

	2021	2020
Trade receivables	\$ 24,531	\$ 26,129
Unbilled revenue	20,123	28,293
Allowance for doubtful accounts	(1,460)	(1,110)
Accounts receivable	\$ 43,194	\$ 53,312

6. Inventory:

Inventory consists of parts and supplies acquired for capital, internal construction, maintenance or recoverable work.

The amount of inventory consumed by the Corporation and recognized as an expense during 2021 was \$3,201 (2020 - \$4,387).

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

7. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2020	\$ 21,474	\$ 264,545	\$ 27,341	\$ 3,552	\$ 316,912
Additions	3,788	10,103	2,477	(38)	16,330
Disposals/retirements	(1,355)	(939)	(208)	-	(2,502)
Balance at December 31, 2020	\$ 23,907	\$ 273,709	\$ 29,610	\$ 3,514	\$ 330,740
Balance at January 1, 2021	\$ 23,907	\$ 273,709	\$ 29,610	\$ 3,514	\$ 330,740
Additions	867	10,645	2,407	795	14,714
Disposals/retirements	-	(1,783)	-	-	(1,783)
Balance at December 31, 2021	\$ 24,774	\$ 282,571	\$ 32,017	\$ 4,309	\$ 343,671

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2020	\$ 7,995	\$ 53,437	\$ 16,417	\$ -	\$ 77,849
Depreciation charge for the year	770	7,592	2,240	-	10,602
Disposals/retirements/transfers	(407)	(316)	(207)	-	(930)
Balance at December 31, 2020	\$ 8,358	\$ 60,713	\$ 18,450	\$ -	\$ 87,521
Balance at January 1, 2021	\$ 8,358	\$ 60,713	\$ 18,450	\$ -	\$ 87,521
Depreciation charge for the year	643	7,834	2,278	-	10,755
Disposals/retirements/transfers	-	(621)	-	-	(621)
Balance at December 31, 2021	\$ 9,001	\$ 67,926	\$ 20,728	\$ -	\$ 97,655

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
December 31, 2020	\$ 15,549	\$ 212,996	\$ 11,160	\$ 3,514	\$ 243,219
December 31, 2021	\$ 15,773	\$ 214,645	\$ 11,289	\$ 4,309	\$ 246,016

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

8. Intangible assets:

(a) Cost or deemed cost:

		Computer software
Balance at January 1, 2020	\$	31,050
Additions		419
Balance at December 31, 2020	\$	31,469
Balance at January 1, 2021	\$	31,469
Additions		175
Balance at December 31, 2021	\$	31,644

(b) Accumulated amortization:

		Computer software
Balance at January 1, 2020	\$	27,769
Amortization charge for the year		1,617
Balance at December 31, 2020	\$	29,386
Balance at January 1, 2021	\$	29,386
Amortization charge for the year		1,005
Balance at December 31, 2021	\$	30,391

(c) Carrying amounts:

		Computer software
December 31, 2020	\$	2,083
December 31, 2021	\$	1,253

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

9. Investments:

EWU and EWE have short-term fixed income investments. EWU has an investment of \$2,200 (2020 - \$1,750), invested in a one-year term deposit at a rate of 1.85% (2020 - 1.3%), compounded annually with a maturity date of December 21, 2022. EWU has another investment of \$10,000 (2020 - \$nil) in a one-year term non-redeemable GIC at a rate of 1.0% compounded annually, with a maturity date of December 15, 2022. EWE has an investment of \$3,290 (2020 - \$3,247), invested in a one-year term deposit at a rate of 1.3% compounded annually with a maturity date of October 26, 2022.

	2021	2020
Investments:		
Term deposit	\$ 15,503	\$ 5,005
High interest savings	-	3,177
Total investments	\$ 15,503	\$ 8,182

In 2014, a sinking fund was established with the intent to ensure sufficient funds are available to settle debentures issued November 6, 2012, with a maturity date of November 6, 2042, in the amount of \$103,000. There are no restrictions with this investment. Annual payments are expected to be completed to satisfy the obligation.

This investment is recorded at fair value as of December 31, 2021, and is invested in fixed income and equity markets as established by the Corporation's investment policy.

	2021	2020
Investment:		
Sinking fund	\$ 12,968	\$ 11,055
Investment, sinking fund	\$ 12,968	\$ 11,055

10. Accounts payable and accruals:

	2021	2020
Trade payables	\$ 19,041	\$ 20,773
Accrued expenses	10,298	13,812
	\$ 29,339	\$ 34,585

See accounting policies in Note 3(b). Information about the Corporation's exposure to currency and liquidity risk is included in Note 24.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

11. Customer deposits:

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

Customer deposits comprise:

	2021	2020
Customer deposits	\$ 3,645	\$ 4,065
Construction deposits	1,780	877
	5,425	4,942
Less: current portion	(1,008)	(988)
	\$ 4,417	\$ 3,954

12. Deferred revenue – customer contributions:

Deferred revenue relates to the capital contributions received from customers and others. The amount of deferred revenue received from customers is \$19,126 (2020 - \$18,751). Deferred revenue is recognized as revenue on a straight-line basis over the life of the asset for which the contribution was received.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

13. Long-term borrowings:

Long-term borrowings comprise:

	2021	2020
Debentures payable	\$ 103,000	\$ 103,000
Less: debt issuance costs	(489)	(503)
	\$ 102,511	\$ 102,497

Senior unsecured debentures, which have a maturity date of November 6, 2042, and bearing interest at a rate of 4.134% per annum, were issued on November 6, 2012. Interest is payable in equal semi-annual instalments, in arrears, on May 6 and November 6 each year commencing May 6, 2013, until maturity. The debentures are represented by a single Global Debenture Certificate registered in the name of CDS & Co. In order to put the debentures in place, EWU incurred debt issuance costs in the amount of \$601. The debentures require semi-annual interest payments only to 2042 of \$2,129, with a final principal payment of \$103,000 due November 6, 2042.

The Corporation incurred interest expense in respect of the debentures of \$4,258 (2020 - \$4,258), which is recognized as part of finance expense on the consolidated statement of income.

The Commission is a guarantor of \$52,000 in relation to the debentures and is a borrower of that same amount from WCUL pursuant to a revolving credit agreement also entered into on November 6, 2012. The Commission is obligated to make due and punctual payments of the principal and applicable interest on each debenture on their due dates, on maturity, on redemption or on acceleration.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

14. Employee future benefits:

EWU pays certain health, dental and life insurance benefits on behalf of its retired employees. Significant assumptions underlying the actuarial valuation include management's best estimate of the interest (discount) rate, mortality decrement, the average retirement age of employees, employee turnover and expected health and dental care costs.

The Plan was amended such that all active Commission management and union employees covered under the Commission collective agreement from July 1, 2012, would be included as part of the Plan and have their coverage sponsored by EWU. The December 31, 2012 date was chosen to reflect this event in the Plan. Reference Note 1 for further information.

EWU measures its accrued benefit liability for accounting purposes as at December 31 each year. A valuation date of December 31, 2019, with extrapolation to December 31, 2021, has been used to calculate the current obligation. EWU's employee future benefit liability consists of the following:

	2021	2020
Defined benefit liability	\$ 66,127	\$ 69,388
Employee future benefits, end of year	\$ 66,127	\$ 69,388

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

Changes in the present value of the defined benefit liability:

	2021	2020
Defined benefit liability, beginning of year	\$ 69,388	\$ 62,142
Defined benefit expense	3,176	3,248
Actuarial (gain) loss on liability recognized in other comprehensive income	(4,584)	5,795
Benefits paid for the year	(1,853)	(1,797)
Defined benefit liability, end of year	\$ 66,127	\$ 69,388

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

14. Employee future benefits (continued):

Components of defined benefit expense recognized are as follows:

	2021		2020	
Current service cost	\$	1,395	\$	1,348
Interest cost		1,781		1,900
Defined benefit expense	\$	3,176	\$	3,248

The defined benefit expense for the year is recognized as administrative expense on the consolidated statement of income.

The main actuarial assumptions underlying the valuation are as follows:

(a) Health care cost trend rates:

The health care cost trend for prescription drugs is estimated to increase at 6.26% in 2021 grading down to 4.0% by 2041. Other health expenses are estimated to increase at 4.9% grading down to 4.0% by 2041. Dental expenses are estimated to increase at 4.0% per year.

(b) Financial instruments:

The liabilities at the period end and the present value of future liabilities were determined using a discount rate of 3.0% (2020 - 2.6%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

(c) Mortality decrement:

The rates applicable to public sector retirees in the 2014 Canadian Pensioners Mortality table produced by the Canadian Institute of Actuaries were used as the basis of these assumptions.

A 1% or one year change in actuarial assumptions, assuming all other factors remain constant, has the following impact on the defined benefit liability carrying amount:

	December 31, 2021		December 31, 2020	
	Increase	Decrease	Increase	Decrease
Health care trend rate (1% change)	\$ 12,135	\$ (9,346)	\$ 12,426	\$ (9,860)
Discount rate (1% change)	(9,731)	12,807	(10,847)	13,973
Mortality (1 year)	3,083	(2,659)	3,104	(2,998)

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

15. Pension plan:

EWU participates in OMERS, a multi-employer plan, on behalf of its employees. The plan has been accounted for as a defined contribution plan. Contributions during the year were 9.0% (2020 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2020 - 14.6%) thereafter. During 2021, EWU expensed contributions totalling \$2,899 (2020 - \$3,200) made to OMERS in respect of the employer's required contributions to the plan. Estimated contributions for 2022 are \$3,109.

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

	2021	2020
Current provision for payments in lieu of corporate tax expense:		
Current year	\$ 1,618	\$ 883
Adjustments for prior years	20	(174)
Deferred income tax expense:		
Origination and reversal of temporary differences	844	624
Tax related to remeasurement of employee future benefits	(1,215)	1,536
Total income taxes expense	\$ 1,267	\$ 2,869

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

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

The provision for income taxes varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2021	2020
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
Change in income tax resulting from:		
Items not deductible for tax purposes and other	(6.18%)	1.67%
Effective rate applied to comprehensive income before income taxes	20.32%	28.17%

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

	2021	2020
Deferred tax assets:		
Employee benefits	\$ 11,750	\$ 12,506
Property, plant and equipment	3	6
Regulatory assets	319	-
Share of joint venture's net loss	31	16
Other	306	255
Deferred tax liabilities:		
Property, plant and equipment	(4,039)	(3,035)
Regulatory liabilities	-	(551)
Other	(96)	(79)
Net deferred income tax asset	\$ 8,274	\$ 9,118

At December 31, 2021, a deferred tax asset of \$8,274 (2020 - \$9,118) has been recorded. The utilization of this tax asset is dependent on future taxable income in excess of income arising from the reversal of existing taxable temporary differences. The Corporation believes that this asset should be recognized as it will be recovered through future rates.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

17. Share capital:

	2021	2020
Authorized:		
Unlimited common shares		
Issued:		
2,000 common shares	\$ 81,842	\$ 81,842

18. Distribution revenue:

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

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

	2021	2020
Residential	\$ 26,365	\$ 25,635
General service – small distribution	17,786	17,385
General service – large distribution	4,039	4,446
Street lighting distribution	1,588	1,553
Total distribution revenue	\$ 49,778	\$ 49,019

19. Other Income:

Other income comprises:

	2021	2020
Change in occupancy	\$ 400	\$ 346
Late payment and collection charges	375	353
Other operating revenues	50	825
(Loss) gain on disposal of property, plant and equipment	(369)	1,050
Pole rental	1,624	1,576
Sale of scrap	147	72
Sewer surcharge billing and collecting	2,382	2,428
Street lighting maintenance and sentinel light rental	1,713	1,800
Total other income	\$ 6,322	\$ 8,450

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

20. Employee benefits:

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

	Note	2021	2020
Salaries and benefits		\$ 25,649	\$ 27,049
Contributions to multi-employer plan	15	2,899	3,200
Expenses related to defined benefit plans	14	3,176	3,248
		\$ 31,724	\$ 33,497

21. Finance expense (income):

	2021	2020
Finance income:		
Interest income on loans to affiliate	\$ (2,150)	\$ (2,150)
Interest income on bank balances	(339)	(472)
Income on investments	(784)	(522)
	(3,273)	(3,144)
Finance expense:		
Interest expense on long-term borrowings	4,258	4,258
Discount on related party debt	14	14
Other	19	34
	4,291	4,306
Net finance expense	\$ 1,018	\$ 1,162

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

22. Related party transactions:

(a) Parent and ultimate controlling party:

The parent of the Corporation is the City. The City produces consolidated financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation has been defined as members of its board of directors and executive management team members.

Key management compensation:

	2021	2020
Salaries and other short-term benefits	\$ 1,182	\$ 1,110
Employee future benefits	14	16
	<u>\$ 1,196</u>	<u>\$ 1,126</u>

(c) Transactions with parent:

EWU provides waste water billing and related services for the City, for which EWU charges a fee. The total amount charged to the City for the year ended December 31, 2021, was \$2,382 (2020 - \$2,428). The fee charged for the waste water billing and related services were recognized as other income from operations on the consolidated statement of income.

EWU collects and remits the waste water billing amounts on behalf of the City. The total amount owing to the City at December 31, 2021, relating to waste water billing was \$7,145 (2020 - \$6,998).

EWE provides street lighting maintenance services to the City. The total amount charged to the City for the year ended December 31, 2021, relating to street lighting maintenance services was \$1,621 (2020 - \$1,707) and is recorded as part of other income from operations in the consolidated statement of income.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

22. Related party transactions (continued):

(d) Transactions with entities under common control:

On November 6, 2012, EWU and the Commission entered into a WSOA, whereby EWU agreed to provide services to the Commission with respect to the operation of the Commission's water system. The total amount charged to the Commission for the year ended December 31, 2021, was \$18,569 (2020 - \$18,850).

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

The amounts due from related parties consist of:

	2021	2020
Due from companies under common control:		
Due from Windsor Utilities Commission	\$ 1,834	\$ 1,449
Due from joint venture:		
Due from ONtech Rapid Coatings Inc.	7	-
Due from parent:		
Due from the Corporation of the City of Windsor	429	717
	<u>\$ 2,270</u>	<u>\$ 2,166</u>

The amounts due from the City and the Commission are due on demand and are non-interest bearing. These amounts have no specified repayment terms.

Long term receivable due from related parties consist of:

	2021	2020
Due from Windsor Utilities Commission, debentures	\$ 52,000	\$ 52,000
Due from Windsor Utilities Commission, post-retirement	411	1,233
	<u>52,411</u>	<u>53,233</u>
Less: Current portion post-retirement	(411)	(822)
Due from related parties – debentures and post-retirement	<u>\$ 52,000</u>	<u>\$ 52,411</u>

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

22. Related party transactions (continued):

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

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

The amount due from the Commission, post-retirement, is a long-term receivable resulting from the Employee Arrangement Agreement with EWU and is amortized over the estimated average remaining service life at the time of the agreement which was 9.5 years, payable each November.

The amounts due to related parties consist of:

	2021	2020
Due to parent:		
Due to the Corporation of the City of Windsor	\$ 7,145	\$ 6,998
	<u>\$ 7,145</u>	<u>\$ 6,998</u>

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

23. Joint venture:

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

ONtech is structured as a separate legal entity and EWE has a residual interest in its net assets. Accordingly, the Corporation has classified its interest in ONtech as a joint venture, which is accounted for using the equity method.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

24. Financial instruments and risk management:

The carrying values of cash and cash equivalents, accounts receivable, amounts due from (to) related parties, investment, accounts payable and accruals approximate fair values because of the short maturity of these instruments.

The following table illustrates the classification of the corporation's financial instruments using the fair value hierarchy as at December 31:

Assets	December 31, 2021			December 31, 2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Investments	\$ -	\$ 15,503	\$ 15,503	\$ -	\$ 8,182	\$ 8,182
Investment, sinking fund	3,341	9,627	12,968	2,842	8,213	11,055
	\$ 3,341	\$ 25,130	\$ 28,471	\$ 2,842	\$ 16,395	\$ 19,237

The fair value of the investments is \$28,471 (2020 - \$19,237). The fair value is calculated based on the quoted market price in the active markets.

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

(i) Credit risk:

The aging of accounts receivables at the reporting date was:

	2021	2020
Not past due	\$ 35,661	\$ 49,100
Past due 0 – 30 days	5,676	2,355
Past due 31 – 60 days	1,086	935
Greater than 60 days	2,231	2,032
	\$ 44,654	\$ 54,422

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No single customer accounts for greater than 5.4% (2020 - 6.6%) of revenues.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

24. Financial instruments and risk management (continued):

(i) Credit risk (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the consolidated statement of income. Subsequent recoveries of receivables previously provisioned are credited to the consolidated statement of income. The balance of the allowance for impairment at December 31, 2021 was \$1,460 (2020 - \$1,110).

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

	2021	2020
Balance, beginning of year	\$ 1,110	\$ 1,286
Accounts receivable balances written off	(413)	(461)
Change in provisions for doubtful accounts	763	285
Balance, end of year	\$ 1,460	\$ 1,110

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2021, approximately \$2,231 (2020 - \$2,032) is considered 60 days past due. Credit risk is managed through collection of security deposits from customers in accordance with OEB regulation. As of December 31, 2021, the Corporation holds security deposits in the amount of \$3,645 (2020 - \$4,065).

(ii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

24. Financial instruments and risk management (continued):

(ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities:

December 31, 2021	6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
Accounts payable and accruals	\$ 29,339	\$ -	\$ -	\$ -	\$ -	\$ 29,339
Due to related parties	7,145	-	-	-	-	7,145
Customer deposits	504	504	1,008	3,409	-	5,425
Long-term borrowings	-	-	-	103,000	(489)	102,511
	\$ 36,988	\$ 504	\$ 1,008	\$ 106,409	\$ (489)	\$ 144,420

December 31, 2020	6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
Accounts payable and accruals	\$ 34,585	\$ -	\$ -	\$ -	\$ -	\$ 34,585
Due to related parties	6,998	-	-	-	-	6,998
Customer deposits	494	494	988	2,966	-	4,942
Long-term borrowings	-	-	-	103,000	(503)	102,497
	\$ 42,077	\$ 494	\$ 988	\$ 105,966	\$ (503)	\$ 149,022

(iii) Market risk:

Market risk primarily refers to the risks of loss that result from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation is exposed to market risks within the investment portfolio. A portion of the portfolio is invested in equities which are subject to market forces. For sensitivity purposes, a 1% change would result in a change of \$33 (2020 - \$28) on the consolidated balance sheet and consolidated statement of income.

(iv) Capital disclosures:

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

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

24. Financial instruments and risk management (continued):

(iv) Capital disclosures (continued):

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2021, shareholder's equity amounts to \$186,931 (2020 - \$182,593) and long-term debt amounts to \$102,511 (2020 - \$102,497).

Through rate-setting, the OEB determines the prudent costs of capital that are recoverable by EWU in relation to the distribution business. These costs of capital are the interest on debt and return on equity. The OEB permits recovery on the basis of a deemed capital structure of 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term debt. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term debt.

(v) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to variable interest rate cash flow risk with respect to its investments. The Corporation has addressed this risk by entering into fixed interest rates on invested funds and debts.

(vi) Currency risk:

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to currency risk through its foreign currency denominated bank and investment accounts. A weakening or strengthening of the Canadian dollar can affect the cash flows. This risk is monitored by investment managers and the exposure is limited to these accounts. For sensitivity purposes, a 1% change in the Canadian dollar would result in a change of \$22 (2020 - \$17) on the consolidated balance sheet and consolidated statement of income.

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

25. Commitments and contingencies:

Contingencies

General

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

General liability insurance

The Corporation is a member of the Municipal Electrical Association Reciprocal Insurance Exchange ("MEARIE"), a self-insurance plan that pools the liability risks of all the Municipal Electric Utilities in Ontario. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE for the years in which the Corporation was a member.

To December 31, 2021, the Corporation has not been made aware of any additional assessments that have not been accrued.

26. Regulatory assets and liabilities:

Under IFRS, there is no recognition of regulatory assets or liabilities, and therefore, the impacts of these transactions are reflected on the consolidated statement of income, as applicable. As a result of not recognizing rate-regulated assets and liabilities, the effect was to decrease comprehensive income as follows:

	2021	2020
Gross income:		
Retail settlement variance	\$ (2,267)	\$ 6,975
Expenses:		
Property, plant and equipment	(4,373)	(3,882)
PILS	-	778
Future PILS	358	(2,166)
Regulatory adjustment for IFRS conversion	3,137	3,101
Disposition and recovery of regulatory balances	(4,206)	(5,276)
Interest expense (net of interest revenue)	79	57
Late payment charges – COVID	-	(99)
Other	(1)	-
Decrease in comprehensive income	\$ (7,273)	\$ (512)

WINDSOR CANADA UTILITIES LTD.

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

Year ended December 31, 2021

27. Comparative figures:

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

