



# GrandBridge

## ENERGY

### **Financial Statements**

**Year ended December 31, 2024**

(Expressed in thousands of dollars)



**Financial Statements  
Year Ended December 31, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholder of GrandBridge Energy Inc.

### ***Opinion***

We have audited the financial statements of GrandBridge Energy Inc. (the Entity), which comprise:

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

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

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

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. A single horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

April 4, 2025



# Statement of Financial Position

(in thousands of Canadian dollars)

As at December 31, 2024, with comparative information for 2023

	December 31, 2024	December 31, 2023
<b>Assets</b>		
<b>Current Assets:</b>		
Accounts receivable	\$ 36,195	\$ 30,050
Unbilled revenue	34,208	32,072
Inventories (note 5)	5,757	5,952
Other assets	1,681	1,464
Non-current asset held for sale (note 6)	891	-
<b>Total current assets</b>	<b>78,732</b>	<b>69,538</b>
<b>Non-Current Assets:</b>		
Property, plant & equipment (note 6)	382,700	353,812
Intangible assets (note 6)	2,982	3,554
Intercompany loan receivable (note 16)	686	-
Lease receivable (note 14)	370	382
Derivative assets (note 24)	1,394	1,794
Goodwill (note 7)	73,596	73,596
<b>Total non-current assets</b>	<b>461,728</b>	<b>433,138</b>
<b>Total Assets</b>	<b>540,460</b>	<b>502,676</b>
Regulatory deferral account debit balances (note 8)	18,637	15,189
Regulatory asset associated with deferred tax liability	24,946	22,482
Deferred taxes associated with regulatory deferral accounts	(6,611)	(5,958)
	36,972	31,713
<b>Total Assets and Regulatory Deferral Account Debit Balances</b>	<b>\$ 577,432</b>	<b>\$ 534,389</b>

**Statement of Financial Position (continued)**
**(in thousands of Canadian dollars)**
**As at December 31, 2024, with comparative information for 2023**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Bank indebtedness	\$ 5,404	\$ 373
Accounts payable and accrued liabilities	55,117	47,032
Payable in lieu of corporate taxes	1,276	725
Long-term debt - current (note 9)	20,750	1,000
Customer deposits (note 12)	22,698	17,330
Intercompany debt (note 16)	4,087	4,442
Lease liabilities - current (note 14)	36	35
<b>Current liabilities</b>	<b>109,368</b>	<b>70,937</b>
<b>Non-Current Liabilities</b>		
Long-term debt (note 9)	119,344	130,068
Deferred tax liability (note 10)	20,065	18,359
Employee future benefits (note 11)	3,463	3,557
Customer deposits (note 12)	6,048	6,279
Deferred revenue (note 13)	66,998	57,636
Lease liabilities (note 14)	340	345
<b>Total non-current liabilities</b>	<b>216,258</b>	<b>216,244</b>
<b>Total Liabilities</b>	<b>325,626</b>	<b>287,181</b>
<b>Shareholder's Equity</b>		
Share capital (note 15)	166,044	166,044
Accumulated other comprehensive gain (note 11)	104	444
Retained earnings	82,784	75,816
<b>Total shareholder's equity</b>	<b>248,932</b>	<b>242,304</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>574,558</b>	<b>529,485</b>
Regulatory deferral account credit balances (note 8)	2,874	4,904
Subsequent event (note 6 and note 24)		
<b>Total Liabilities, Equity and Regulatory Deferral Account Credit Balances</b>	<b>\$ 577,432</b>	<b>\$ 534,389</b>

See accompanying notes to financial statements.

**Statement of Comprehensive Income**  
**(in thousands of Canadian dollars)**  
**Year ended December 31, 2024, with comparative information for 2023**

	2024	2023
<b>Revenues:</b>		
Energy sales (note 17)	\$ 345,036	\$ 312,762
Distribution revenue (note 17)	67,556	63,152
Other income from operations (note 18)	6,066	5,024
<b>Total revenues</b>	<b>418,658</b>	<b>380,938</b>
<b>Expenses:</b>		
Energy purchases	349,466	312,588
Operating expenses	36,131	33,763
Depreciation and amortization (note 6)	13,087	12,593
<b>Total expenses</b>	<b>398,684</b>	<b>358,944</b>
<b>Income from operating activities</b>	<b>19,974</b>	<b>21,994</b>
<b>Other expenses:</b>		
Loss on disposal of property, plant and equipment	402	433
Finance income (note 19)	(286)	(433)
Finance charges (note 19)	6,556	6,221
	6,672	6,221
<b>Income before payments in lieu of corporate taxes</b>	<b>13,302</b>	<b>15,773</b>
Income tax expense (note 10)	4,937	3,707
<b>Income for the year before net movements in regulatory deferral account balances</b>	<b>8,365</b>	<b>12,066</b>
Net movements in regulatory deferral account balances, net of tax	7,023	2,354
<b>Net income for the year after net movements in regulatory deferral account balances</b>	<b>15,388</b>	<b>14,420</b>
<b>Other comprehensive (loss), net of tax:</b>		
Actuarial loss on employee future benefits (note 11)	(63)	(47)
Unrealized loss on derivatives	(400)	(884)
Income tax recovery on other comprehensive income	123	247
<b>Other comprehensive (loss), net of tax</b>	<b>(340)</b>	<b>(684)</b>
<b>Total comprehensive income, for the year</b>	<b>\$ 15,048</b>	<b>\$ 13,736</b>

See accompanying notes to financial statements.



**Statement of Changes in Equity**  
**(in thousands of Canadian dollars)**

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

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
<b>Balance, January 1, 2023</b>	<b>\$ 166,044</b>	<b>\$ 1,128</b>	<b>\$ 67,863</b>	<b>\$ 235,035</b>
Net Income	-	-	14,420	14,420
Other comprehensive loss	-	(684)	-	(684)
Dividends	-	-	(6,467)	(6,467)
<b>Balance, December 31, 2023</b>	<b>\$ 166,044</b>	<b>\$ 444</b>	<b>\$ 75,816</b>	<b>\$ 242,304</b>
<b>Balance, January 1, 2024</b>	<b>\$ 166,044</b>	<b>\$ 444</b>	<b>\$ 75,816</b>	<b>\$ 242,304</b>
Net Income	-	-	15,388	15,388
Other comprehensive loss	-	(340)	-	(340)
Dividends	-	-	(8,420)	(8,420)
<b>Balance, December 31, 2024</b>	<b>\$ 166,044</b>	<b>\$ 104</b>	<b>\$ 82,784</b>	<b>\$ 248,932</b>

See accompanying notes to financial statements.

**Statement of Cash Flows**

(in thousands of Canadian dollars)

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

	2024	2023
Cash provided by (used in):		
<b>Operating activities</b>		
Total comprehensive income	\$ 15,048	\$ 13,736
Items not affecting cash:		
Depreciation and amortization	13,509	12,789
Amortization on right-of-use assets	13	13
Interest on lease liabilities	31	32
Interest on lease receivables	(27)	(25)
Net finance charges on debt, intercompany and other	6,240	5,754
Amortization of deferred revenue (note 13)	(1,538)	(1,227)
Amortization of deferred financing costs	26	27
Loss on disposal of property, plant and equipment	402	433
Change in non-current customer deposits	(231)	957
Unrealized loss on derivative assets	400	884
Income taxes expense	4,814	3,460
Employee future benefits	(94)	(35)
	38,593	36,798
Income taxes paid	(2,557)	(2,337)
Net movement in regulatory balances	(7,289)	(2,635)
Net change in non-cash operating working capital (note 23)	5,057	(1,553)
	<b>33,804</b>	<b>30,273</b>
<b>Financing activities</b>		
Repayment of intercompany debt	(355)	(500)
Issuance (repayment) of long-term debt	9,000	(8,112)
Intercompany loan receivable to affiliate (note 16)	(686)	-
Dividends paid (note 15)	(8,420)	(6,467)
Net financing payments on debt, intercompany and other	(6,147)	(5,693)
Payments of lease liabilities	(35)	(34)
	<b>(6,643)</b>	<b>(20,806)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangibles	(43,368)	(41,518)
Proceeds on disposal of property, plant and equipment	237	30
Capital contributions received	10,900	15,292
Receipts on lease receivables	39	36
	<b>(32,192)</b>	<b>(26,160)</b>
<b>Increase in bank indebtedness</b>	<b>(5,031)</b>	<b>(16,693)</b>
Bank indebtedness, beginning of year	(373)	16,320
<b>Bank indebtedness, end of year</b>	<b>\$ (5,404)</b>	<b>\$ (373)</b>

See accompanying notes to financial statements.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**1. Reporting Entity:**

GrandBridge Energy Inc. (the "Corporation" or "GrandBridge Energy") was incorporated on May 2, 2022 under the Business Corporations Act (Ontario) by legal amalgamation of its predecessor corporations.

The Corporation is a rate regulated, municipally owned electricity distribution corporation incorporated under the laws of Ontario, Canada. The address of the Corporation's registered office is 39 Glebe St., Cambridge, Ontario, Canada.

GrandBridge Energy delivers electricity and related utility services to approximately 115,000 customers in the City of Cambridge, the City of Brantford, the Township of North Dumfries, and within the County of Brant over a territory that spans approximately 636 square kilometers.

The Corporation is a wholly owned subsidiary of GrandBridge Corporation, whose shareholders are the City of Cambridge ("Cambridge"), the City of Brantford ("Brantford") and the Township of North Dumfries ("North Dumfries").

**2. Basis of presentation:****(a) Statement of compliance:**

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

**(b) Approval of the financial statements:**

The financial statements were approved by the Board of Directors on March 27, 2025.

**(c) Basis of measurement:**

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

- i. Financial instruments, where held, are measured at fair value and any change in value is recorded through profit or loss.
- ii. Contributed assets are initially measured at fair value.

The methods used to measure fair values are discussed further in note 24.

**(d) Functional and presentation currency:**

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

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**2. Basis of presentation (continued):****(e) Use of estimates and judgments:**

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- i. Note 3 (k) Revenue recognition: determination of the performance obligation for contributions from customers and the related amortization period.
- ii. Note 3 (l) Leases: measurement of leases, including term and discount rate.
- iii. Note 6 Property, plant and equipment and intangible assets: estimation of useful lives of its property, plant and equipment and intangible assets.
- iv. Note 11 Employee future benefits: estimation provided by third party actuarial firm.

**(f) Rate regulation:**

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

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**2. Basis of presentation (continued):****(f) Rate regulation (continued):****Rate setting:***Distribution revenue*

For the distribution revenue included in electricity sales, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenses, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and intervenors and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Index for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

In the Mergers, Amalgamations, Acquisitions and Divestitures (“MAADs”) application for GrandBridge Energy, the OEB approved a ten-year deferred rebasing period. The service territories of the predecessor entities will continue to have separate Tariffs of Rates and Charges until the end of the ten-year deferred rebasing period when rates are expected to be harmonized through the filing of a COS rate application. Harmonized rates are expected to be effective for 2032 distribution rates.

As a licensed distributor, the Corporation is responsible for billing customers for 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 is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

In August 2023, the Corporation filed its 2024 IRM application requesting new rates effective January 1, 2024. The application also included requests for recovery of the latest flow-through retail service and transmission rates, disposition of Group 1 Deferral and Variance accounts, and disposition of the Lost Revenue Adjustment Mechanism (LRAM) Variance Account. On December 12, 2023, the OEB issued its Decision and Order approving the annual adjustment and disposition of deferral and variance accounts as requested, effective January 1, 2024.

In August 2024, the Corporation filed a 2025 IRM application requesting new rates effective January 1, 2025. The OEB issued a Decision to approve the Corporation's 2025 rates on December 12, 2024. The approved rates were effective January 1, 2025.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**2. Basis of presentation (continued):****(f) Rate regulation (continued):***Electricity rates*

The OEB sets electricity prices for low-volume consumers once each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

**3. Material accounting policies:**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Details of changes in accounting policies are disclosed in note 25.

**(a) Financial instruments:**

Financial assets are classified into one of three primary categories depending on the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets: (i) amortized costs; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL").

At the time of initial recognition, financial assets included in the categories of amortized cost or FVOCI are measured at fair value plus transaction costs, and financial assets included in the category of FVTPL are measured at fair value with transaction costs expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets.

Financial liabilities are initially measured at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**3. Material accounting policies (continued):****(a) Financial instruments (continued):**

The Corporation has one derivative instrument related to its long-term debt facilities with Canadian chartered bank. Hedge accounting has been used in the presentation of these financial statements for the fully hedged instrument, which has been classified as a financial asset at fair value, with changes in fair value recorded in other comprehensive income.

**(b) Inventory:**

Inventory, which consists of parts and supplies acquired for internal construction or consumption for the maintenance of capital assets, is valued at the lower of cost and net realizable value. Cost is determined on a weighted moving average basis.

**(c) Property, Plant & Equipment and Intangible Assets:**

Property, plant, and equipment are measured at historical cost or deemed cost, less accumulated depreciation and any accumulated impairment losses, if applicable.

If significant parts of an item of PP&E have different useful lives, then they are accounted for as separate major components of PP&E.

The cost of PP&E represents the original cost, consisting of direct materials and labour, contracted services, engineering costs, directly attributable overheads, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Costs incurred to remove an existing asset from service that are not directly attributable to site preparation for the construction of new assets are expensed.

The carrying amount of a replaced item of PP&E is derecognized and the related loss is included as a loss on disposal of PP&E.

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

Right-of-use assets are recognized for contracts that are, or contain, leases.

Work in progress comprises capital assets under construction, assets not yet placed into service, and pre-construction activities related to specific projects expected to be constructed.

Depreciation is recognized in net income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E. Land is not depreciated.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives.

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**3. Material accounting policies (continued):**
**(c) Property, Plant & Equipment and Intangible Assets (continued):**

The estimated useful lives of PP&E and intangible assets are as follows:

	Estimated Service Life
Buildings	5 – 80 years
Transformer Station Equipment	15 – 60 years
Distribution Transformers	20 – 80 years
Distribution System	15 – 99 years
Meters	10 – 45 years
System Supervisory Equipment	15 years
Right-of-Use Assets	20 - 40 years
Intangible Assets	2 – 50 years
Other Capital Assets	3 – 20 years

**(d) Goodwill:**

Goodwill arising on the acquisition of subsidiaries is measured at cost and is not amortized. Goodwill is tested annually for impairment.

**(e) Impairment:**
*i. Financial assets measured at amortized cost:*

Loss allowances for accounts receivable and unbilled revenue are measured at an amount equal to the lifetime expected credit losses that result from all possible default events over the expected life. Expected credit losses are recognized in profit or loss.

*ii. Non-financial assets:*

The carrying amounts of the Corporation's non-financial assets, other than inventories 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.

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 profit or loss.



**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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

An impairment loss in respect of goodwill is not reversed. For assets other than goodwill, impairment recognized in prior periods is 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.

**(f) Provisions:**

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

**(g) Regulatory deferral accounts:**

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the period incurred.

**Notes to Financial Statements**
**(in thousands of Canadian dollars)**
**Year ended December 31, 2024, with comparative information for 2023**
**3. Material accounting policies (continued):**
**(g) Regulatory deferral accounts (continued):**

Regulatory deferral accounts attract interest at OEB prescribed rates, which was 5.49% from January 1, 2024 to March 31, 2024, 5.49% from April 1, 2024 to June 30, 2024, 5.20% from July 1, 2024 to September 30, 2024, and 4.40% from October 1, 2024 to December 31, 2024.

**(h) Customer deposits:**

Customers may be required to post security to obtain electricity or other services. These amounts are recorded in the accounts as deposits, which are reported separately from the Corporation's own cash and cash equivalents. Interest is paid in accordance with the OEB regulations with interest rates based on a variable rate of prime less 2.0%, updated quarterly.

**(i) Employee benefits:**
*i. Pension plan*

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

OMERS is a defined benefit plan, however, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan and the Corporation recognizes the expense related to this plan as an employee benefit expense in net income when contributions are due.

*ii. Post employment benefits other than pension*

The Corporation pays certain medical, dental, and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and current service cost are actuarially determined by applying the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimates. The amount of the obligation is determined from actuarial valuations performed every three years. An actuarial valuation was completed for the period ended December 31, 2022.

Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings.

## Notes to Financial Statements

(in thousands of Canadian dollars)

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

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

#### (i) Employee benefits (continued):

##### iii. *Short-term employee benefits*

The Corporation provides a short-term non-vesting sick-leave benefit to its employees. Actuarial gains and losses on accumulated sick leave credits are recognized in the statements of comprehensive income in the period in which they arise.

#### (j) Deferred revenue and assets transferred from customers:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue. Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

#### (k) Revenue recognition:

##### i. *Energy sales and distribution revenue*

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include an estimated amount for electricity delivered and not yet billed. The performance obligation is satisfied over time when the electricity is simultaneously received and consumed by the customer. The billing cycles and payment terms are on a monthly basis.

Energy sales arise from charges to customers for electricity consumed, based on regulated rates. Energy sales include amounts billed or billable to customers for commodity charges, retail transmission charges, and wholesale market service charges at current rates. Energy sales are presented on a gross basis as the Corporation has determined that it is acting as a principal for these electricity charges.

Distribution revenue is recorded based on OEB approved distribution tariff rates established to recover the costs incurred by the Corporation in delivering electricity to customers.

##### ii. *Capital contributions*

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order 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.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**3. Material accounting policies (continued):****(k) Revenue recognition (continued):**

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions do not meet the criteria of IFRS 15 Revenue from Contracts with Customers. Cash contributions received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue.

**iii. Other revenue**

Other revenue, which includes revenue from services ancillary to the distribution of electricity, revenue from water billing services, and other billable services is recognized as the services are rendered.

**(l) Leases:****As a lessee:**

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of a right-of-use asset is determined on the same basis as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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

At inception of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each of the lease components based on their relative stand-alone prices. For the property leases, the Corporation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessor:

When the Corporation acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease.

The Corporation recognizes lease payments received under operating leases as finance income on a straight-line basis over the lease term.

Revenue on the finance lease is recognized as it accrues in net income based on the implicit interest rate over the term of the lease.

**(m) Finance income and finance charges:**

Finance income is recognized as it accrues in net income and comprises interest earned on cash and cash equivalents, and late payments on customer electricity accounts receivable balances.

Finance charges comprise: (i) interest on borrowings; (ii) interest on deposits; and (iii) standby fees. Finance charges are computed using the effective interest rate method and are recognized as an expense unless they are capitalized as part of the cost of qualifying assets and except for instruments deemed to have a fully effective hedge.

**(n) Payments in lieu of corporate taxes:**

Payments in lieu of corporate taxes expense, also referred to as income tax expense, comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**3. Material accounting policies (continued):****(n) Payments in lieu of corporate taxes (continued):**

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

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future periods that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the periods 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 income in the period that includes the date of enactment or substantive enactment.

**(o) Business combinations**

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

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity.

Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

**4. Cash and Cash Equivalents**

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank.

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**5. Inventories**

	2024	2023
Stores	\$ 5,663	\$ 5,876
Other	94	76
	\$ 5,757	\$ 5,952

**6. Property, Plant & Equipment and Intangible Assets**
**(a) Cost or Deemed Cost**

	Land and Buildings	Distribution System	Other Assets	Right -of-Use Assets	In- tangibles	Work -in- Progress	Total
Balance, January 1, 2024	\$ 45,070	\$ 336,996	\$ 21,353	\$ 383	\$ 3,133	\$ 9,911	\$ 416,846
Additions	279	33,694	3,193	-	876	5,326	43,368
Disposals/retirements	-	(954)	(675)	-	-	-	(1,629)
Transfer to non-current asset held for sale	(891)	-	-	-	-	-	(891)
Balance, December 31, 2024	\$ 44,458	\$ 369,736	\$ 23,871	\$ 383	\$ 4,009	\$ 15,237	\$ 457,694
Balance, January 1, 2023	\$ 43,183	\$ 304,173	\$ 20,833	\$ 725	\$ 2,457	\$ 6,793	\$ 378,164
Additions	1,887	33,687	1,920	-	676	3,300	41,470
Disposals/retirements	-	(864)	(1,582)	(342)	-	-	(2,788)
Reclassification	-	-	182	-	-	(182)	-
Balance, December 31, 2023	\$ 45,070	\$ 336,996	\$ 21,353	\$ 383	\$ 3,133	\$ 9,911	\$ 416,846

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**6. Property, Plant & Equipment and Intangible Assets (continued)**
**(b) Accumulated Depreciation**

	Land and Buildings	Distribution System	Other Assets	Right -of-Use Assets	In- tangibles	Work -in- Progress	Total
Balance, January 1, 2024	\$ 3,142	\$ 43,401	\$ 12,224	\$ 39	\$ 674	\$ -	\$ 59,480
Depreciation charge	1,196	9,697	2,027	13	589	-	13,522
Disposals/retirements	-	(470)	(520)	-	-	-	(990)
Balance, December 31, 2024	\$ 4,338	\$ 52,628	\$ 13,731	\$ 52	\$ 1,263	\$ -	\$ 72,012
Balance, January 1, 2023	\$ 1,998	\$ 34,533	\$ 11,862	\$ 368	\$ 242	\$ -	\$ 49,003
Depreciation charge	1,144	9,282	1,931	13	432	-	12,802
Disposals/retirements	-	(414)	(1,569)	(342)	-	-	(2,325)
Balance, December 31, 2023	\$ 3,142	\$ 43,401	\$ 12,224	\$ 39	\$ 674	\$ -	\$ 59,480

**(c) Carrying Amounts**

	Land and Buildings	Distribution System	Other Assets	Right -of-Use Assets	In- tangibles	Work -in- Progress	Total
Balance, December 31, 2024	\$ 40,120	\$ 317,108	\$ 10,140	\$ 331	\$ 2,746	\$ 15,237	\$ 385,682
Balance, December 31, 2023	\$ 41,928	\$ 293,595	\$ 9,129	\$ 344	\$ 2,459	\$ 9,911	\$ 357,366

As at December 31, 2024, Work-in-progress includes \$236 of intangible assets under development (2023 - \$1,095).

During the year, GrandBridge Energy and GrandBridge Solutions executed lease agreements with Brant-Brantford Paramedics Services. The GrandBridge Solutions lease relates to a new garage facility at the 150 Savannah Oaks Drive property, following construction of the facility. Subsequent to year end, in accordance with this agreement, the Corporation severed a portion of the land located at 150 Savannah Oaks Drive and sold it to GrandBridge Solutions, which will be used to construct the new garage facility. Accordingly, land with a carrying value of \$891 has been classified as held for sale.



**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**7. Goodwill**

Management has determined that the Corporation's rate-regulated operations are one cash-generating unit. As the goodwill corresponds to the rate-regulated operations, the goodwill was allocated to that cash-generating unit. The Corporation performed an impairment test as at December 31, 2024 based on an estimate of the Corporation's fair value less selling costs. Fair value was determined using a multiple of regulated rate base approach, which is a valuation technique used in the industry for purchase and sale transactions. The recoverable amount of goodwill determined in the analysis was greater than the carrying value and no impairment was recorded.

**8. Regulatory deferral account balances**

Regulatory deferral account balances can arise as a result of the rate-making process (note 2(f)).

The regulatory deferral account balances are recovered or settled through rates set by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory deferral account balances. The following is a reconciliation of the carrying amount for each class of regulatory deferral account balances:

	January 1, 2024	Balances arising in the period	Recovery/ reversal	December 31, 2024	Remaining recovery/ reversal period (years)
<b>Regulatory deferral account debit balances</b>					
Retail settlement variances	\$ 13,089	\$ 11,310	\$ (8,420)	\$ 15,979	< 2
Regulatory variances disposition	278	(278)	-	-	< 2
Other regulatory assets	1,531	669	-	2,200	8
IFRS/CGAAP transitional amounts	73	-	-	73	8
Other	218	167	-	385	8
Deferred income tax	16,524	1,811	-	18,335	-
<b>Total amount related to regulatory deferral account debit balances</b>	<b>\$ 31,713</b>	<b>\$ 13,679</b>	<b>\$ (8,420)</b>	<b>\$ 36,972</b>	

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**8. Regulatory deferral account balances (continued):**

	January 1, 2024	Balances arising in the Recovery/ period reversal	December 31, 2024	Remaining recovery/ reversal period (years)	
<b>Regulatory deferral account credit balances</b>					
Retail settlement variances	\$ 3,493	\$ (451)	\$ (1,812)	\$ 1,230	< 2
Regulatory variances disposition	-	6,672	(6,590)	82	< 2
PILs and taxes - CCA changes	1,211	160	-	1,371	8
Smart meters	182	9	-	191	8
Other	18	-	(18)	-	< 2
<b>Total amount related to regulatory deferral account credit balances</b>	\$ 4,904	\$ 6,390	\$ (8,420)	\$ 2,874	

Settlement of the retail settlement variance accounts is generally done on an annual basis through application to the OEB. The 2024 IRM application was approved by the OEB on December 12, 2023 for the net disposition of retail settlement variances of \$6,895 over a period of 12 months from January 1, 2024 to December 31, 2024.

The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**9. Long-term debt:**

Long-term debt is comprised of:

	2024	2023
Series A, Senior Unsecured debentures 3.929%, interest payable semi-annually, and maturing January 27, 2045	\$ 50,000	\$ 50,000
Series B, Senior Unsecured debentures 2.968%, interest payable semi-annually, and maturing August 10, 2060	55,000	55,000
Non-revolving term facility with interest at CORRA, repayable in quarterly installments of \$250,000, due March 30, 2025	20,750	21,750
Revolving credit facility with interest at CORRA, due May 3, 2027	15,000	5,000
Less: Unamortized cost of debt issuance	(656)	(682)
	140,094	131,068
Less: Current portion of long-term debt	20,750	1,000
	\$ 119,344	\$ 130,068

**Interest expense on long term debt:**

Series A Senior Unsecured Debentures	\$ 1,965	\$ 1,965
Series B Senior Unsecured Debentures	1,632	1,632
Non-revolving term facility	642	778
Revolving credit facility	550	327
	\$ 4,789	\$ 4,702

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(in thousands of Canadian dollars)

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

**10. Payments in lieu of corporate income taxes ("PILs"):**

The provision for payments in lieu of corporate taxes recognized in income is as follows:

	2024	2023
Current PILs		
Current period	\$ 3,109	\$ 1,664
Deferred PILs		
Origination and reversal of temporary differences (excludes other comprehensive income)	1,828	2,043
Income tax expense	\$ 4,937	\$ 3,707

*i. Reconciliation of effective tax rate*

PILs varies from amounts which would be computed applying the Corporation's combined statutory income tax rate as follows:

	2024	2023
Income before taxes, excludes other comprehensive income	\$ 18,514	\$ 16,250
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	4,906	4,307
Increase (decrease) in income taxes resulting from:		
Permanent differences	31	18
Prior periods	56	(604)
Other	(56)	(14)
	\$ 4,937	\$ 3,707

*ii. Deferred tax balances*

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

	2024	2023
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (38,449)	\$ (34,202)
Deferred revenue – contributed capital	17,754	15,274
Intangible assets	(234)	(201)
Employee future benefits	918	943
Derivative assets	(370)	(476)
Other	316	303
	\$ (20,065)	\$ (18,359)

**Notes to Financial Statements**
**(in thousands of Canadian dollars)**
**Year ended December 31, 2024, with comparative information for 2023**
**11. Employee future benefits:**

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability and the expense for the year were based on results and assumptions determined by actuarial valuation as at December 31, 2022.

Information about the present value of the defined benefit unfunded obligation and the accrued benefit liability are as follows:

	2024	2023
Defined benefit obligation, beginning of year	\$ (3,557)	\$ (3,592)
Current service cost	(65)	(61)
Past service cost	-	(29)
Interest cost	(130)	(142)
Benefits paid during the year	352	314
Actuarial loss recognized in other comprehensive income	(63)	(47)
Accrued benefit liability, end of year	\$ (3,463)	\$ (3,557)

Components of net benefit expense recognized are as follows:

	2024	2023
Current service cost	\$ (65)	\$ (61)
Past service cost	-	(29)
Interest cost	(130)	(142)
Net expense recognized	\$ (195)	\$ (232)

Actuarial gains and (losses) recognized in other comprehensive income:

	2024	2023
Cumulative amount beginning of year	\$ 443	\$ 478
Net actuarial loss recognized, net of tax	(46)	(35)
Cumulative amount at December 31	\$ 397	\$ 443

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

- i. Discount (interest) rate – the discount rate used to determine the present value of the future liabilities and the expense for the year ended December 31, 2024, was 4.4% (2023 - 4.6%);

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**11. Employee future benefits (continued):**

- ii. Salary levels – future general salary and wage levels were assumed to increase at 3.0% (2023 - 3.0%); and
- iii. Health care cost trends – the health care cost trend for prescription drugs is estimated to increase at an inclining rate of 4.9% in 2024 to 5.1% over five years. Other medical and dental expenses are estimated to increase at an inclining rate of 5.1% in 2024 to 5.4% over five years.

The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	Defined Benefit Obligation	Periodic Benefit Cost
1% increase in health care trend rate	\$ 3,121	\$ 189
1% decrease in health care trend rate	2,766	166

**12. Customer deposits:**

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

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

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

Customer deposits comprise:

	2024	2023
Current:		
Customer deposits	\$ 1,798	\$ 1,866
Construction deposits	20,900	15,464
	\$ 22,698	\$ 17,330
Non-Current:		
Customer deposits	\$ 6,048	\$ 6,279

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(in thousands of Canadian dollars)

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

**13. Deferred Revenue:**

		2024	2023
Balance at beginning of year	\$	57,636	\$ 43,571
Amortization of deferred revenue		(1,538)	(1,227)
Capital contributions received		10,900	15,292
Balance at end of year	\$	66,998	\$ 57,636

**14. Leases:**

i. *Lease Receivable*

During 2023, the Corporation executed a finance lease with GrandBridge Group Inc. for office space located at the Corporation's 1500 Bishop property. The term of this lease was for 20 years and includes provisions for termination and extension clauses.

The Corporation has an existing finance lease with GrandBridge Group Inc. for office space at the Corporation's 150 Savannah Oaks property. The term of this lease was for 20 years and includes provisions for termination and extension clauses.

Revenue on the finance lease is recognized in net income as it accrues based on the implicit interest rates over the term of the lease.

Maturity analysis - contractual undiscounted cash flows		2024	2023
Less than one year	\$	39	\$ 39
One to two years		39	39
Two to three years		39	39
Three to four years		39	39
Four to five years		39	39
More than five years		433	472
Total undiscounted lease receivable		628	667
Unearned finance income		(258)	(285)
Finance lease receivable	\$	370	\$ 382

**Notes to Financial Statements**

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

**14. Leases (continued):**
*ii. Lease Liabilities*

The Corporation has a lease agreement for Solar PV roof-top equipment, representing right-of-use assets (note 6). Effective December 30, 2024, the lease contract was amended to change the lessor from Grand River Energy Solutions, to GrandBridge Solutions, a related party. Payments therefore represent a related party transaction.

Maturity analysis - contractual undiscounted cash flows	2024	2023
Less than one year	\$ 36	\$ 35
One to two years	37	36
Two to three years	38	37
Three to four years	39	38
Four to five years	40	39
More than five years	525	565
Total undiscounted lease liabilities	715	750
Interest included on the liabilities included in the statement of financial position	(339)	(370)
Lease liabilities - current	\$ 36	\$ 35
Lease liabilities - non-current	\$ 340	\$ 345

**15. Share Capital:**

	2024	2023
Authorized		
Unlimited common shares		
Issued		
1,000 common shares	\$ 166,044	\$ 166,044

*Dividends*

The holders of the common shares are entitled to receive dividends as declared from time to time.

In 2024, the Corporation declared and paid a dividend to its shareholder in the amount of \$8,420 (2023 - \$6,467).



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

**16. Related party transactions:**

(a) Intercompany debt comprises:

	2024	2023
Township of North Dumfries		
4.993% unsecured promissory note, interest payable quarterly, principal due on two months demand notice	\$ 3,020	\$ 3,020
GrandBridge Corporation intercompany loan		
1.25% interest only, no fixed terms of repayment	1,067	1,422
	\$ 4,087	\$ 4,442

During the year, interest of \$151 (2023 - \$151) was paid to the Township of North Dumfries and interest of \$12 (2023 - \$12) was paid to GrandBridge Corporation.

(b) Intercompany loans receivable is comprised of a construction loan to GrandBridge Solutions.

	2024	2023
GrandBridge Solutions intercompany loan receivable		
Interest accrued at CORRA, plus 125 basis points	\$ 686	\$ -

During the year, the Corporation entered into a loan agreement with GrandBridge Solutions to provide up to \$20,000 in borrowings, for the purpose of financing the construction of a new facility. At December 31, 2024, \$686 had been drawn under the construction loan and \$1 in interest accrued on the loan. The construction loan is to be converted to a long term loan with fixed terms of repayment, upon occupancy of the premises. There is no repayment of interest or principal during the construction loan period.

(c) Intercompany transactions:

i. GrandBridge Corporation

The Corporation provided the following services during the year:

	2024	2023
Management fees	\$ 77	\$ 74

ii. GrandBridge Solutions Inc.

The Corporation provided the following services to GrandBridge Solutions Inc., an unregulated wholly owned subsidiary corporation of GrandBridge Corporation:

	2024	2023
Maintenance of streetlights	\$ 176	\$ 333
Management fees	\$ 30	\$ 26

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(in thousands of Canadian dollars)

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

**16. Related party transactions (continued):**

## (c) Intercompany transactions (continued):

## iii. GrandBridge Group Inc.

The Corporation provided the following goods and services to GrandBridge Group Inc., an unregulated wholly owned subsidiary corporation of GrandBridge Corporation:

		2024	2023
Management fees	\$	242	\$ 152
Property rental fees	\$	38	\$ 39
Pole rental fees	\$	100	\$ 95
Other services	\$	10	\$ 10

GrandBridge Group Inc. provided the following services to GrandBridge Energy during the year:

		2024	2023
Internet services	\$	22	\$ 22

## (d) Key management personnel

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

Key management compensation comprises:

		2024	2023
Salaries, incentives, and other short-term benefits	\$	2,286	\$ 1,978
Directors' fees		305	346
Post-employment benefits		7	9
	\$	312	\$ 355

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**17. Revenue from contracts with customers:**

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include services ancillary to the electricity distribution, pole and duct rentals, water and sewer billing services, other regulatory service charges, and capital contributions.

	2024	2023
Revenue from contracts with customers		
Energy sales	\$ 345,036	\$ 312,762
Distribution revenue	67,556	63,152
	\$ 412,592	\$ 375,914
Other revenue	6,066	5,024
Total revenues	\$ 418,658	\$ 380,938

Energy sales and distribution revenue by customer class comprise:

2024	Energy sales	Distribution revenue	Total revenue from contracts with customers
Residential service	\$ 112,145	\$ 39,671	\$ 151,816
General service	203,968	25,774	229,742
Large users	15,141	783	15,924
Embedded distributors	11,955	470	12,425
Other	1,827	858	2,685
Total	\$ 345,036	\$ 67,556	\$ 412,592

2023	Energy sales	Distribution revenue	Total revenue from contracts with customers
Residential service	\$ 94,982	\$ 37,010	\$ 131,992
General service	189,557	24,195	213,752
Large users	15,369	946	16,315
Embedded distributors	11,102	436	11,538
Other	1,752	565	2,317
Total	\$ 312,762	\$ 63,152	\$ 375,914

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**18. Other income from operations:**

Other income comprises:

		2024		2023
Notification (document) charges	\$	1,627	\$	1,493
Amortization of deferred revenue		1,538		1,227
Pole and other rental income		905		818
Water and sewer billing services		594		556
Management fees		434		219
Regulatory service charges		400		390
Metering network charges		140		133
Property rental		90		64
Miscellaneous		338		124
Total other income	\$	6,066	\$	5,024

**19. Finance income and charges**

		2024		2023
Interest income on cash and cash equivalents	\$	(259)	\$	(408)
Lease interest income		(27)		(25)
Finance income		(286)		(433)
Interest expense on long-term debt		4,789		4,702
Interest expense on intercompany debt		151		151
Interest expense on right-of-use leases		31		32
Interest expense and other finance expenses		1,585		1,336
Finance charges		6,556		6,221
Net finance costs recognized in profit or loss	\$	6,270	\$	5,788

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**20. Commitments:****(i) Credit Facility**

The Corporation has a Credit Facility Agreement ("Credit Facility") with a Canadian chartered bank which provides that the Corporation may borrow up to \$70,000 to finance general corporate requirements, capital investments, and working capital requirements. Borrowings may be in the form of Bankers' Acceptances ("BAs"), prime rate loans, letters of credit, and/or current account overdrafts. Interest rates payable on the Credit Facility are based on a margin relative to the prime or BA rate. A standby fee is paid on any unutilized portion of the Credit Facility. During the year, the credit facility was amended to permit intercompany lending. The Credit Facility has a maturity date of May 3, 2027.

**(ii) Obligations under Capital Cost Recovery Agreement**

The Corporation is party to a connection and a cost recovery agreement ("CCRA") with Hydro One Network Inc. ("HONI") whereby HONI agreed to build 115kV Switching Facilities at the Brant Transformer Station ("Brant TS") to provide additional capacity to meet the existing and future load growth expected on the transmission circuits. The Switching Facilities were placed into service on April 26, 2019.

Under the terms of the CCRA, the Corporation has agreed to an allocation of the costs of the project based on the expected future load growth. Annually, at the anniversary of the In-Service Date, if the expected future load growth does not meet an agreed upon load level, the Corporation may be subject to an allocation of a true-up adjustment based on the difference between the total capital cost of construction and the projected network revenue to be earned by HONI. The difference would represent a debt obligation of the Corporation based on the extent that the actual and forecast HONI revenue through the CCRA term is less than the amount of HONI revenue projected at the time the project was constructed. The Corporation's commitment is estimated at approximately \$5,688.

During the year, the Corporation entered into a new CCRA with HONI whereby HONI agreed to procure and install four new breakers required at the Preston Transformer Station ("Preston TS") in order for the Corporation to access incremental capacity that will be available, following HONI's planned sustainment project. This will provide additional capacity necessary to meet future expected load growth. As part of the CCRA, the Corporation is required to pay \$2,400 in 2025 and \$3,200 in 2026, towards the breakers.

In general terms, investments in regulated electricity distribution assets are recoverable from customers in future rate applications based on the rate-making policies of the OEB.

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**20. Commitments (continued):**

(iii) *General Liability Insurance*

The Corporation has obtained general liability and enhanced directors and officers insurance coverage from the Municipal Electric Association Reciprocal Insurance Exchange (The MEARIE Group). The MEARIE Group is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the MEARIE Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the periods in which the Corporation was a member.

(iv) *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.

**21. Pension plan:**

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. The Corporation made employer contributions of \$2,008 (2023 - \$1,855) to OMERS during the year. The Corporation estimates that a contribution of \$2,402 to OMERS will be made during the next fiscal year.

As at December 31, 2024, OMERS had over 600,000 members. The most recently available OMERS annual report is for the year ended December 31, 2024, which reported that the plan was 98% funded, with an unfunded liability of \$2.8 billion. The unfunded liability is likely to result in future payments by participating employers and members.

**22. Employee benefits:**

		2024		2023
Salaries, wages, and benefits	\$	20,987	\$	19,233
Contributions to OMERS		2,008		1,855
CPP and EI remittances		1,059		929
Expenses related to defined benefit plans		195		232
	\$	24,249	\$	22,249

**Notes to Financial Statements**

(in thousands of Canadian dollars)

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

**23. Cash flow information:**

Net change in non-cash operating working capital comprises:

		2024	2023
Accounts payable and accrued liabilities	\$	7,992	\$ 704
Customer deposits - current		5,368	(1,082)
Inventories		195	(822)
Other assets - current		(217)	99
Unbilled revenue		(2,136)	1,697
Accounts receivable		(6,145)	(2,149)
	\$	5,057	\$ (1,553)

**24. Financial instruments and risk management:**
**Fair value disclosure**

Cash and cash equivalents are measured at fair value. The carrying values of receivables, and accounts payable and accrued charges approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long-term debt, Series A Senior Unsecured Debentures at December 31, 2024 is \$44,642 (2023 - \$43,685) and Series B Senior Unsecured Debentures at December 31, 2024 is \$37,785 (2023 - \$37,043). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2024 was 4.764% (2023 - 4.869%).

**Financial risks:**

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

**(a) Credit risk:**

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Cities of Cambridge and Brantford, Township of North Dumfries and within the County of Brant.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**24. Financial instruments and risk management (continued):****Financial risks (continued):**

The carrying amount of accounts receivable is reduced through the use of a loss allowance and the amount of the related credit loss is recognized in net income. Subsequent recoveries of receivables previously provisioned are credited to net income. The balance of the loss allowance at December 31, 2024 is \$2,871 (2023 - \$2,701). A credit loss of \$645 (2023 - \$498) was recognized during the year.

At December 31, 2024, approximately \$2,829 (2023 - \$2,511) is considered 60 days past due. One customer accounts for a balance of \$385 of the accounts receivable over 60 days, of which an amount of \$385 has been included in the loss allowance. The Corporation has over 115,000 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2024, the Corporation holds customer security deposits in the amount of \$7,846 (2023 - \$8,145); Management believes that it has adequately provided for any exposure to normal customer and retailer credit risk.

**(b) Market risk:**

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

A 1% increase in the interest rate at December 31, 2024 would have increased interest expense on the long-term debt, including the current portion, by \$1,408, assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

**(c) Interest rate risk:**

Interest is paid on customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board.

The non-revolving term facility loan bears interest at a floating rate and thus, the carrying value approximates fair value. However, the Corporation entered an interest rate swap transaction, derivative instrument, the effect of which is to fix the interest rate on the non-revolving term loan at 2.54%. The potential savings to the Corporation of the interest rate swaps, representing estimated fair value as presented on the balance sheet, was \$1,394 (2023 - \$1,794) which was in the favour of the Corporation. The Corporation entered into the interest rate swap transaction to fix the interest rate over the long-term. Subsequent to year end, the Corporation terminated the swap, resulting in a favourable settlement of \$863 paid to the Corporation.



**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**24. Financial instruments and risk management (continued):****Financial risks (continued):****(d) Prudential risk:**

The Corporation is required, through the Independent Electricity System Operator ("IESO"), to provide security to mitigate the Corporation's risk of default based on its expected activity in the electricity market. The IESO could draw on this guarantee if the Corporation fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the face value of the bank letter of credit. As at December 31, 2024, the Corporation provided prudential support in the form of a bank letter of credit of \$4,400 (2023 - \$13,057).

**(e) Liquidity risk:**

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$70,000 revolving credit facility and an accordion feature to increase the credit facility up to \$90,000. The Corporation monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. Borrowings under the credit facilities may be in the form of prime rate loans; current account overdrafts, Bankers' Acceptances; or Letters of Credit and/or Letters of Guarantee in Canadian currency. As at December 31, 2024, \$26,068 (2023 - \$6,707) had been drawn under the revolving credit facility. Subsequent to year end, the Corporation exercised the accordion feature to increase the revolving credit facility to \$90,000 and repaid the non-revolving credit facility of \$20,750.

The majority of accounts payable, as reported on the balance sheet, are due within 30 days.

**(f) Capital disclosures:**

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

The Corporation's definition of capital includes shareholder's equity, intercompany debt, and long-term debt. As at December 31, 2024, shareholder's equity amounts to \$248,932 (2023 - \$242,304) and long-term debt, including the current portion, and intercompany debt amounts to \$144,181 (2023 - \$135,510). The Corporation's capital structure as at December 31, 2024 is 37% (2023 - 36%) debt and 63% (2023 - 64%) equity. There have been no changes in the Corporation's approach to capital management during the year.

The Company's long-term debt agreements include both financial and non-financial covenants. As at December 31, 2024, the Company was in compliance with all covenants.

**Notes to Financial Statements****(in thousands of Canadian dollars)****Year ended December 31, 2024, with comparative information for 2023**

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**25. Changes in accounting policies:**

The International Accounting Standards Board (IASB) has issued the following Standards, Interpretations and Amendments to Standards that were adopted by the Corporation effective January 1, 2024:

- a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- b) Non-current Liabilities with Covenants (Amendments to IAS 1)
- c) Lease liability in a sale and leaseback transaction (Amendments to IFRS 16)
- d) Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

The amendments did not have a material impact on the financial statements.

**26. Emerging accounting changes:**

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Corporation and it is still to be determined if any will have a material impact on the Corporation's financial statements.

- a) Lack of Exchangeability (Amendments to IAS 21)
- b) Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- c) Presentation and disclosure in financial statements (IFRS 18)
- d) Subsidiaries without public accountability disclosures (IFRS 19)
- e) Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)