Hydro Ottawa Group

Shaping today, transforming tomorrow.

2024 Annual Report

Powering
innovation, sustainability,
and community.


LANDFILL GAS
FORCE DE L'EAU

future • powered

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Scan here

to access our Annual Report online.

Who we are

Hydro Ottawa Group is a Sustainable Electricity Leader™ as recognized by Electricity Canada.

Sustainable Electricity Leader

Our vision

Hydro Ottawa – a leading partner in a smart energy future

Hydro Ottawa Holding Inc. is a diversified sustainable energy company, wholly-owned by the City of Ottawa. We are pleased to present our first annual report under our new corporate banner of Hydro Ottawa Group.

Our mission is anchored in leading the charge towards a smart energy future. Through our multiple subsidiaries, we deliver sustainable solutions that empower our customers and elevate our community.

From distributing electricity to the communities we serve (Hydro Ottawa Limited), running Ontario's largest municipally-owned producer of sustainable power (Portage Power), implementing innovative energy solutions (Envari Energy Solutions), to connecting the community through fibre optics (hiboo networks), Hydro Ottawa Group is a trusted partner in creating a vibrant, sustainable National Capital Region.

We are a company with deep roots in the community, established through more than 100 years of providing an essential service to our nation's capital. Hydro Ottawa Group has a corporate responsibility to positively impact the community in which we live through investments, partnerships, and creating a welcoming, respectful work environment.

Today, we are proud to continue our history of balancing growth with environmental stewardship and social responsibility, as we lead the way to a smart and sustainable energy future.

Land acknowledgement

Hydro Ottawa Group acknowledges the Indigenous peoples whose territories we work from and live in. We acknowledge the ancestral unceded territories of the First Nations peoples, Inuit, and Métis who call Turtle Island home. We recognize that this land is shared through historic treaties, developed through contemporary treaties, and is land that continues to be unceded territory.

Powering a brighter future

community • powered

- Safe, reliable electricity service to over 372,000 residential and commercial customers
- 1,116 km^2 service territory across Ottawa and Casselman
- 24/7 operations for more than 6,000 kilometres of lines, 80 substations and nearly 50,000 transformers

energy solutions • powered

- Innovative energy solutions for businesses, governments and utilities
- Electrical, lighting, mechanical and advisory services
- One partner from project concept to completion

- National Capital Region's only municipally-owned internet service provider
- Secure, scalable, high-speed broadband network
- Digital solutions for businesses and communities

connectivity • powered

- Ontario's largest municipally-owned producer of green power, with 131 MW of capacity – enough to power 110,000 homes
- Run-of-river hydro, solar and landfill gas-to-energy plants
- Operations in Ontario, Québec and New York

sustainability • powered

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

On behalf of the Board of Directors of Hydro Ottawa Group, our management and employees, we are pleased to provide this 2024 Annual Report to our shareholder, the City of Ottawa. This marks our fourth progress report under our 2021-2025 Strategic Direction.

Following two exceptionally challenging years, 2024 marked a momentous rebound. In 2022 and 2023 we endured multiple body blows – historic severe weather events, high inflation and interest rates, and a labour strike. But those hits were not knockout punches. Instead, we remobilized, leaned in, and drew upon our employees' depth of resilience and dedication. The upshot was not just a single year of robust results, but a sharper, tougher organizational posture that makes us fit for purpose in terms of capitalizing on future opportunities.

Generating value through strong returns and fortifying our financial capacity

In 2024, our core business lines performed well, with favourable topline metrics across the board. Year-over-year revenue (excluding power recovery) increased 17 per cent (from $333 million to $389 million), resulting in net income of $42.1 million. This will translate into a dividend payment of $22.3 million to our shareholder.

Each of our main lines of business reached a significant milestone last year. In electricity distribution, we delivered the highest-ever capital investment in our grid, with $89.1 million directed to replacing aging infrastructure and adding system capacity, and another $68.5 million to connecting new customers and supporting municipal infrastructure projects. In renewable generation, we produced a record volume of clean electricity across our 36 stations thanks to upgrades at our hydroelectric plants and the optimization of water flows. With growing demand for its services and expertise, our energy solutions business experienced 95 per cent revenue growth relative to 2023. Meanwhile, our recently-launched telecommunications subsidiary completed its first full year of operations, making early headway in signing-up customers.

Alongside these accomplishments, we took important steps to ensure that our long-term financial health remains rock solid. As of October 2024, a new corporate structure was put in place. New holding companies were situated beneath the parent company and responsibility for debt issuance was transferred to one of these new entities. This action provided an immediate benefit to our credit rating. Just as importantly, it put us on a stronger path towards executing the massive infrastructure investment program on the horizon and continuing to expand our business activity. Restructuring was a major initiative, requiring separate approvals from our shareholder, bondholders and regulator. We are grateful to all parties for their support and helping to create the conditions for future growth and diversification.

Delivering the energy transition

Across the globe, the energy systems which fuel our economy and power our way of life are undergoing an unprecedented transformation, shifting away from fossil fuels to clean electricity. As our customers stand to benefit tremendously from this switch, we are committed to playing our part in bringing it about.

On this front, 2024 featured noteworthy progress, foremost on signature green energy projects in our community. As lead partner for the City of Ottawa's flagship project to phase-out diesel buses in favour of a fully electrified fleet, we finished installing the first tranche of EV infrastructure and initiated the development of a new electrical substation guaranteeing dedicated capacity for bus charging.

Additionally, we achieved forward movement on the design of the energy-efficient, low-carbon central utility plant which will sustainably power The Ottawa Hospital's new Civic campus. We also advanced key partnerships on energy savings and carbon reduction with the Ottawa Airport, Ottawa Community Housing, and school boards in Renfrew County.

Alongside our participation in these high-visibility, high-impact ventures, we sought to maximize the reach of our solutions and expertise to a wide range of stakeholders. For example, we were honoured to be selected as the delivery agent for $10 million in federal funding through our Ottawa Retrofit Accelerator program, which will assist local building owners in reducing their emissions and energy costs. We likewise facilitated the installation of more than 440 EV charging stations across our community as well as a 70 per cent increase in the number of homes generating their own electricity with rooftop solar.

Helping our communities thrive

As a municipally-owned company, it is our responsibility and privilege to build goodwill and trust with everyone who lives, works, and plays in the communities in which we operate. Making good on this promise took many forms in 2024.

It involved lending a hand-up to our neighbours in need, through the contribution of nearly $370,000 in employee giving and corporate donations to local community partners like The Royal Ottawa Mental Health Centre and United Way East Ontario. It also featured outstanding performance in maintaining the reliability of our grid, with our best-ever results in minimizing outage frequency and the lights kept on for customers an average of 99.98 per cent of the time. Furthermore, against the emerging backdrop of heightened economic risks to Canadian producers and exporters, we were pleased to support community-based suppliers, spending $87.5 million on locally-sourced goods and services.

A new name, a changing landscape and a steadfast mission

In reading this message and perusing these pages, our readers will notice a small but important word change. In conjunction with the release of this report and its presentation to our shareholder, we are introducing Hydro Ottawa Group as our new, refreshed brand identity.

Why this? Why now? To begin, it affirms our evolution into a diversified energy provider and the foundation for success that we've laid through the pillars of innovation, sustainability, and community.

But even more than where we've come from, the name is about where we're going. The accelerating pace of change in our business environment is giving rise to a host of opportunities for empowering our customers through the delivery of sustainable energy solutions. Our new branding—Hydro Ottawa Group—is an intentional reflection of how customers and community are integral to the success of the energy transition. This invigorated sense of identity and purpose will sharpen our competitive edge as we turn our sights towards renewing our business strategy for the 2026-2030 period.

Amidst this change, our customers and stakeholders can remain assured of one constant – the commitment of Hydro Ottawa Group to our community and to service excellence. We take great pride in our 100-year legacy of enabling prosperity and progress. We look forward to sustaining this tradition under a new banner as we continue the journey to a smart energy future.

Bernie Ashe

Chair, Board of Directors

Bryce Conrad

President and Chief Executive Officer

Financial highlights

2024 was a year of strong performance across all of our core business lines. We experienced one of our highest levels of net income in recent years and positioned ourselves favourably for long-term growth by strengthening our financial capacity.

Hydro Ottawa Group embraces our twin responsibilities to serve as an essential service provider for our customers and to generate returns for our shareholder, the City of Ottawa. We remain committed to maximizing value over the short and long term, mindful that our earnings help support the funding of municipal programs and services that are vital to community wellbeing.

$389.4 M
in revenue (excluding power recovery)[1]

$42.1 M
in net income[2]

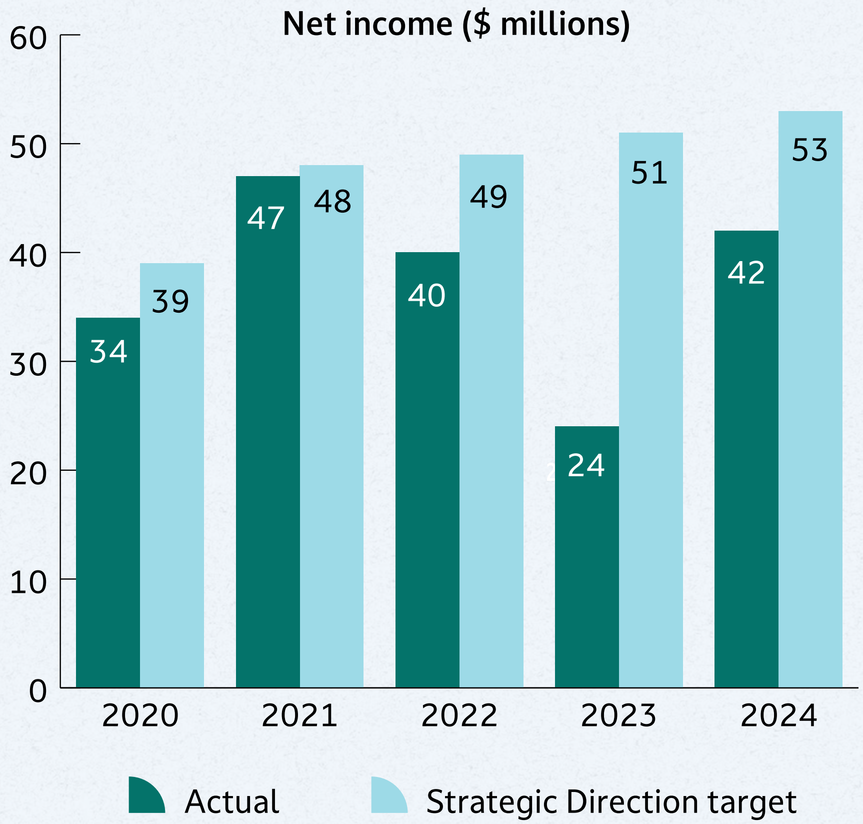
$191 M
in capital investment[3]

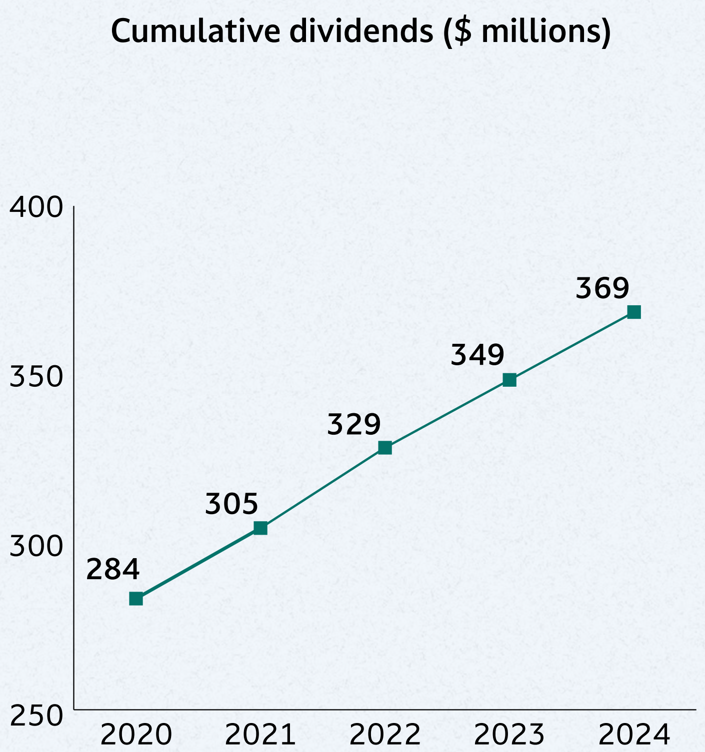
$2.8 B
in assets

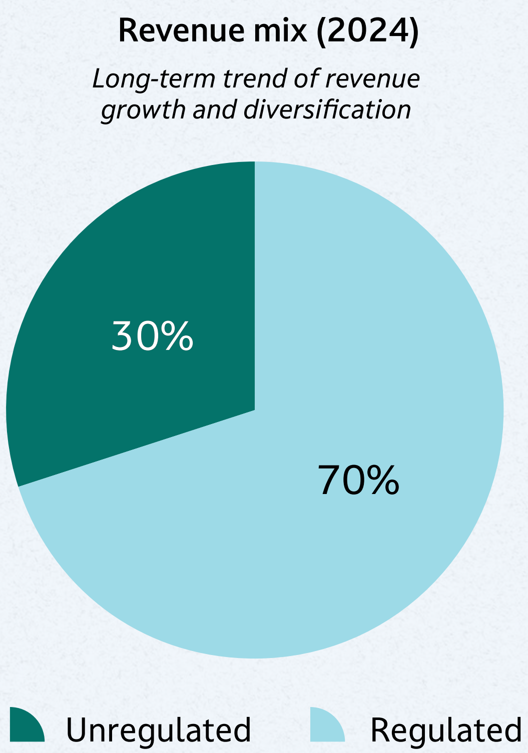
700+ GWh
of clean electricity production

7.8%
return on equity

[1] This non-GAAP financial measure reflects combined revenue from our distribution, renewable generation, energy services and telecommunications businesses. It does not include the cost of power recovered from customers through provincially established rates.
[2] This figure represents net income after net movements in regulatory balances.
[3] Capital investment encompasses our distribution grid, generation plants, technology systems, equipment and facilities.


Net income ($ millions)
60
50
40
30
20
10
0
34
39
47
48
40
49
24
51
42
53
2020
2021
2022
2023
2024
Actual
Strategic Direction target


Cumulative dividends ($ millions)
400
350
300
250
284
305
329
349
369
2020
2021
2022
2023
2024


Revenue mix (2024)
Long-term trend of revenue growth and diversification
30%
70%
Unregulated
Regulated

Our key pillars

As part of reinforcing our identity and objectives through the newly introduced Hydro Ottawa Group brand, we are anchoring our vision of a smart energy future to three pillars. Going forward, these pillars will help guide our actions and our story across each line of business.

Innovation

Improving a product or process. Implementing a new method or approach. Translating an idea or invention into something that creates value.

However you define it, innovation is a hallmark of the Hydro Ottawa Group and our business practices. Ultimately, whether it involves adopting tools or technologies, or making our operations more efficient, our commitment to innovation is aimed at delivering an exceptional customer experience and tailoring our services to meet customers' evolving needs and preferences.

Our leadership in energy innovation took many forms in 2024, from harnessing the power of artificial intelligence (AI) to reimagining the architecture for modernizing the grid. The innovative spirit at Hydro Ottawa Group remains strong and we will continue to fuel it through our dedication to customer wellbeing and service excellence.

Elevating performance through AI

By implementing AI platforms and tools, and successfully piloting and rolling-out generative AI applications for employees, we have enhanced automation, boosted productivity and empowered our workforce.

Optimizing electric vehicle (EV) charging

Our signature "EV Everywhere" project is leveraging AI to shift EV charging to more grid-friendly times of the day. We enrolled over 180 participants in 2024 and advanced project testing, alongside our local clean tech partner, BluWave-ai.

Leading by example in grid modernization

In 2024, we co-founded the Total Grid Orchestration Alliance. This industry collaboration is focused on new approaches to system-wide coordination and risk management in order to deliver the energy transition.

Making outage reporting even easier

New and improved alerts were rolled-out, offering customers even more convenient options for sending or receiving the latest updates on outages. Anyone with a valid email address can now report an outage for any location within our service territory. Text messaging can also let customers report outages and register for alerts right from their smartphone.

Community

As a municipally-owned sustainable energy company, we belong to the whole community and we shoulder a responsibility that is critical to its wellbeing. Last year we stayed true to our long-standing pledge to be a company that “gives where it lives” and to make the communities in which we operate better places to live, work and play.

Through our annual employee fundraising campaign and corporate matching, we raised more than $142,000 for United Way East Ontario. An additional $151,000 was raised for the Royal Ottawa Prompt Care Clinic. This was accompanied by $76,000 in sponsorships and donations through our Community Investment Program for local organizations supporting vulnerable groups and seeking to build stronger and healthier communities.

Our efforts to leave a lasting, positive legacy also include contributing to local economic development. We maintained our focus on supporting local jobs and supply chains by sourcing approximately $87.5 million worth of goods and services from businesses in and around the National Capital Region.

Hydro Ottawa Group is proud of our tradition of giving back to the community through volunteerism. In 2024, our employees prepared school supplies and backpacks for students living in community housing, helped children with disabilities and their families make cherished memories at the Capital Fair’s Special Needs Day, and spread holiday cheer at local Santa Claus parades.

We are a community company at heart, and we will always strive to foster greater prosperity and wellbeing for the residents and families who we are so fortunate to serve.

$142,000

raised for United Way through annual employee fundraising campaign

$151,000

raised for Royal Ottawa Prompt Care Clinic

$76,000

in community sponsorships and donations

$87.5 M

paid for goods and services from local suppliers[1]

$272,000

Low-Income Energy Assistance Program support for customers in need

1 “Local suppliers” in this context means suppliers located within a 100 km radius of the National Capital Region.

Energizing community wellbeing

For more than 100 years, Hydro Ottawa Group has been powering the homes and businesses of Canada's capital. We know that, for our customers, each time a switch is flicked, an appliance is plugged-in, or a device is recharged, it represents a vote of confidence in our ability to deliver the safe, reliable electricity on which our shared quality of life depends.

Our track record on system reliability has been consistently best-in-class over the years. We are pleased to report that 2024 marked an exceptionally strong year of performance, even by these standards. We beat our targets for both outage duration and frequency, and secured our best-ever results in the latter category. This translated into customers having power 99.98 per cent of the time on average. This was attributable in large part to a concerted effort to identify and mitigate deficiencies in pockets of the grid with persistent challenges, and to the successful replacement and refurbishment of assets which reached the end of their useful service life.

Overall, we executed well on our distribution capital program, investing $89.1 million in replacing aging infrastructure and expanding capacity, along with $68.5 million in connecting new residential and commercial customers and supporting municipal improvement projects.

6,000+
new customers connected

$89.1 M
invested to keep distribution system safe and reliable

99.98%
average reliability rate for customers

Sustainability

A historic transformation is underway when it comes to how energy is produced and consumed. This shift is commonly referred to as the "energy transition," which the Ontario Energy Board (the province's independent regulator of electricity and natural gas) describes as "a global shift away from using fossil fuels to a more sustainable, renewable energy future that includes more innovation and customer choice."

Across our diversified lines of business, we are playing a leadership role in helping to unlock new opportunities for our customers and community to lower their carbon footprint and adopt more sustainable forms of energy. Several key milestones were achieved in 2024 which will further position Hydro Ottawa Group as a trusted provider of the innovative solutions necessary to reach a decarbonized future.

Ottawa Retrofit Accelerator (ORA)

Hydro Ottawa Group launched a new program aimed at helping building owners reduce their emissions and lower energy costs through deep energy retrofits. Under the three-year program, we will administer $10 million in federal funding and collaborate with local partners.

As of the end of 2024, nearly 60 carbon pathway studies for different building clients were in the program pipeline, signalling strong market appetite for ORA services. This program will further solidify our role as a trusted advisor and partner for customers interested in achieving savings and reducing their energy and carbon footprints.

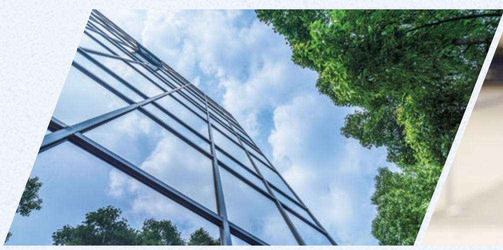
Our first low-carbon substation

We broke ground on the Piperville Municipal Transformer Station, our inaugural substation being developed with sustainable design and construction techniques. In addition to supporting growth in demand and providing system redundancy in the event of extreme weather, the station will enable the deployment of new renewable sources of energy, whether on-site or in the area. Piperville is set to come online in 2026.

Interactive eco home display

A highlight of our public education outreach in 2024 was a partnership with the Ottawa International Airport Authority on an eco home display located in the arrivals area. The interactive display showcased an energy-efficient home equipped with the latest sustainable technologies (solar panels, battery storage, heat pump, EV charger). It served as a unique opportunity to educate residents and visitors on ways to conserve energy and reduce emissions.

Thanks to its mobile and modular design, we will be able to continue educating audiences using the eco home display at future community events.



Transforming our community's energy landscape

Powering the future through district energy systems

Ottawa's rapid growth and commitment to sustainability is placing an increased demand on energy infrastructure. To meet these challenges, the city will need innovative solutions that enhance capacity while minimizing environmental impact.

Hydro Ottawa Group is partnering on several large-scale district energy projects, which efficiently distribute low-carbon heating and cooling through interconnected networks, leveraging waste heat and reducing reliance on traditional sources. Each of these harnesses cutting-edge technology and excellence in sustainability design to offer a tailored solution meeting unique energy needs in a localized context.

Low-carbon energy from municipal wastewater

Our energy solutions affiliate, Envari, is engaged in an initiative to extract thermal energy from municipal wastewater. This will be used to provide heating and cooling for mixed-use development consisting of residential units, retail space and affordable housing in the LeBreton Flats area of downtown Ottawa. Several milestones were achieved in 2024, with the completion of technical designs as well as various legal and service agreements. Additional due diligence is planned for 2025, with construction set to begin shortly thereafter.

Photo courtesy of Dream Unlimited

The Ottawa Hospital's new Civic campus

This state-of-the-art hospital is set to be powered by an energy-efficient central utility plant. Not only will the system meet all of the new campus' primary and emergency energy needs, it will also have the ability to serve as the cornerstone of a larger district energy network linking institutions in the downtown core into a low-carbon ecosystem. In 2024, we submitted an updated design proposal for provincial government review. Pending the receipt of necessary approvals, ground is set to be broken in 2025.

Zibi – the National Capital Region's first carbon-neutral community

We help operate a first-of-its-kind district energy system providing zero-carbon heating and cooling for the Zibi community in downtown Ottawa and Gatineau. The system is the first in North America to use post-industrial waste heat recovery in a master-planned community. In 2024, the final leg of the interprovincial pipe transporting effluent energy was installed, allowing Zibi to operate the full district energy network as designed.

Supporting sustainable public transit

Hydro Ottawa Group is helping the City of Ottawa reduce greenhouse gas (GHG) emissions and operating costs by transitioning towards a 100 per cent electric bus fleet.

In 2024, we completed the first phase of EV charging infrastructure installation, which will service the first 30 buses under the program. We also initiated public consultation and environmental assessment for a new electrical substation providing capacity for bus charging. Station construction is set to begin in 2025, with commissioning in 2027.

In parallel, we are enabling another major element of Ottawa's transit transformation. We invested $3.2 million last year to support Stage 2 of the Light Rail Transit program, through infrastructure re-location, system expansion and station energization.

Towards a smart energy future

Advancing our 8-point strategy

Our 2021-2025 Strategic Direction outlines a balanced plan for sustainable growth, enhanced operational efficiency, and improved performance across environmental, social and governance (ESG) indicators.

In 2024, we achieved significant progress in advancing the 8-point plan which underpins our business strategy and our journey towards a smart energy future.

1 Achieve net-zero operations by 2030

Through our Strategic Direction, we established the ambitious goals of achieving net-zero operations by 2030 and becoming the first municipally-owned utility in Canada to reach this milestone. Beyond its own benefits, this endeavour aligns with the objectives under the City of Ottawa's Climate Change Master Plan to reduce community emissions by 68 per cent by 2030 and 100 per cent by 2050.

In 2024, we continued the implementation of our net-zero action plan, which is focused on reducing our emissions to unavoidable levels across all aspects of our business.

Electrifying our vehicle fleet

The biggest contributor to our Scope 1 GHG emissions—meaning those emissions generated from sources which Hydro Ottawa Group owns or directly controls—is the fleet of cars and trucks used by our employees to carry out their work.

Cutting fleet emissions is not only sound environmental action, it also represents a major cost savings by reducing the amount of fuel we need to purchase to support our operations.

Last year we added new electric SUVs and pick-up trucks, raising the share of EVs in our fleet to 15 per cent.

To further support the electric mobility of our crews and employees, we installed 15 new EV chargers at our facilities, bringing the total number to 70.

Greening our facilities

Another area of focus when it comes to lowering our carbon footprint is reducing the use of fossil fuels at our administrative and operational facilities.

15% fleet electrification

70 EV chargers at our work centres

Our company's building stock is varied, comprising a mix of newer main office facilities which are certified to LEED standards for excellence in green building design, as well as older operations centres.

At our LEED Gold buildings, on-site solar energy generation is used to offset energy demand – more than 80 per cent at our South Campus and nearly 25 per cent at our East Campus.

In 2024, we undertook comprehensive carbon reduction studies for our headquarters and largest operational centres. This analysis yielded tailored insights into energy saving opportunities for each facility and where we can go the extra mile to further reduce our Scope 1 emissions. It will help guide next steps around potential investments and ensure we continue to lead by example in minimizing the impact of our operations and being a good steward of our shared environment.

Progress in reducing our corporate emissions

Performance measure	2022	2023
Scope 1 GHG emissions (metric tonnes)[1]	2,505	1,914
Scope 2 GHG emissions (metric tonnes)[2]	5,692	5,846

[1] Includes fleet emissions, natural gas consumption, and SF6 emissions.
[2] Includes electricity consumed and line losses.

2

Become the partner of first choice for signature green energy and carbon reduction projects in our community

When it comes to moving our community forward on decarbonization, Hydro Ottawa Group is not here for part of the process. We are here for all of it. From developing more sources of clean energy to managing the last-mile delivery of power, our aspiration is to be the preferred, go-to partner for all of our customers' needs.

2024 was another landmark year for our participation in major initiatives. In addition to supporting several transformational projects (see pages 20-21 of this report), we advanced partnerships which are likewise moving the needle on facilitating the transition to sustainable energy solutions. Through this activity, we are strengthening our leadership in this space and we welcome the prospect of multiplying such opportunities in the future.

Helping decarbonization take flight at the Ottawa Airport

We are excited to collaborate with the Ottawa International Airport Authority on charting a course towards net-zero operations. Key highlights last year included EV charging infrastructure installation, building automation system modernization, high-efficiency lighting, and assessing the potential for on-site renewable generation.

Reducing emissions and empowering residents at Ottawa Community Housing (OCH)

In 2024, we announced an expanded partnership with OCH to save energy and lower emissions at their properties. This will encompass the installation of heat pumps for zero-carbon heating and cooling, as well as building automation systems to optimize energy use. Through the Ottawa Retrofit Accelerator program, we are analyzing energy efficiency and emission reduction opportunities at 38 high-rise buildings within OCH's portfolio.

Achieving high marks for sustainability with Renfrew schools

Across six different elementary schools in the public and Catholic school boards in Renfrew County, we successfully completed energy and ventilation upgrades, building and lighting controls, and carbon reduction projects. While helping create healthier environments for students and staff, these initiatives also reflect our ongoing efforts to expand the geographic footprint of our business activity.

Planning for an electrified future

At present, we are managing the highest number of requests in our history for businesses and institutions interested in upgrading their electrical service configurations to support EV chargers, heat pumps, electric boilers or renewable power. A major development last year was the completion of an expert study examining the impacts to our grid of increased electrification of heating and transportation in our community. The study will inform capital investment plans for our next five-year distribution rate cycle.

3

Accelerate digital transformation to enable sustainable business practices

In today's highly digitalized world, Hydro Ottawa Group recognizes that enhancing customer value and maximizing our efficiency require first-class digital capabilities across the company, tailored to the needs of customers and employees alike.

Fortifying our cybersecurity

As an essential service provider and critical infrastructure operator in the capital city of a G7 country, we are vigilant in guarding our system, assets and customer information against cyber threats. We maintain a formal cybersecurity program consisting of an evolving set of tools, risk management approaches, technologies, training and best practices designed to protect networks, devices, programs and data from attacks or unauthorized access.

Highlights of our program in 2024 included enhanced protections for critical information and operational technology systems, tabletop exercises for senior leadership, sustained engagement in industry and government forums for information sharing, and expanded training and awareness campaigns for employees. Moving forward, our posture will remain focused on continuous improvement and maturation of our program and controls.

Modernizing our grid

Elevating the automation, intelligence and efficiency of our distribution network is assuming heightened importance, with electricity powering more of our lives than ever before. Hydro Ottawa Group is in the midst of a multi-year upgrade to our infrastructure aimed at improving reliability, resilience and flexibility, and giving customers more control over their energy use.

A major accomplishment last year was the launch of a revamped Supervisory Control and Data Acquisition (SCADA) system, which our operators rely on for monitoring and controlling the grid. An augmented SCADA platform will serve as the foundation for all future grid modernization activity, including the deployment of new tools and applications, optimization of data management, automation of outage identification, and integration of distributed energy.

Expanding the digital toolkit for our field crews

In 2024, we made significant improvements to our mobile workforce management system, rolling it out to a much wider pool of employees within our reliability operations group. This tool centralizes work requests, standardizes workflows and improves scheduling by prioritizing tasks based on urgency. With these features, our field crews are better able to pivot between planned jobs and emergency responses, and accommodate the addition of minor tasks to their daily work assignments. Keeping our employees connected and equipped in this way leads to a safer and more productive work environment, and more efficient service for customers.

4

Leverage and promote distributed energy resources

440+
EV charger installations enabled[1]

70%
year-over-year increase in the number of residential customers generating their own electricity using rooftop solar panels

Scan here
to learn how we help customers with DERs.

A key part of the energy transition is increasing the deployment of distributed energy resources (DERs), such as solar panels, energy storage, EVs and demand response programs. DERs are increasingly popular among customers seeking greater control over their energy use and supply. They also offer many system-wide benefits, making the grid more flexible and resilient, optimizing operational efficiency, alleviating capacity constraints and bringing more emissions-free resources online.

Hydro Ottawa Group continues to explore opportunities to leverage these technologies and maximize their value for customers and the grid.

Supporting customer adoption of EVs

In 2024, we continued the important work of reducing barriers to EV use by making charging infrastructure more available. Through the combined activity of our electricity distribution and energy services businesses, we maintained our status as the leading enabler of EV infrastructure in the National Capital Region, with the installation of more than 440 charging stations across our community.

A trusted partner in electricity conservation

Helping customers use energy more efficiently and lower their costs remains a key priority for us. We remained active last year in supporting the administration of provincial conservation programs and connecting local businesses to opportunities for improving their energy management. A key highlight was the launch of the Ottawa DER Large Solar Photovoltaic Funding Incentive, which offers businesses incentives for installing on-site solar and which attracted proposals for 8 MW worth of projects during its first few months.

Built in, not bolted on – DERs and system planning

When it comes to addressing the long-term needs of electricity customers, DERs are now fully integrated into the process for assessing what solutions will work best. Working alongside the manager of Ontario's grid (the Independent Electricity System Operator) and the province's electric transmission utility (Hydro One), we are actively exploring how DERs can help meet the increased energy demand that is projected for the Ottawa area. Multiple studies were initiated in 2024 as part of official planning for electricity infrastructure in our region. We look forward to helping deliver on DER investments that will be required to power the growth of our community.

[1] These EV chargers were either installed by our energy services affiliate, Envari, or received funding through Hydro Ottawa Limited's delivery of Natural Resources Canada's Zero-Emission Vehicle Infrastructure Program funds.

5

Continue to grow and diversify our revenue sources

2024 marked a year of positive financial results across our core business lines and a return to strong performance following the challenges experienced in 2022 and 2023 (i.e. historic severe weather events, high inflation and interest rates, and a labour strike).

Consolidated net income was $42.1 million, with revenue rising to $389 million (representing a 17 per cent increase year-over-year). In addition, we achieved a consolidated return on equity of 7.8 per cent and declared a dividend to our shareholder, the City of Ottawa, of $22.3 million (based on 2024 results).

A critically important milestone was the financial restructuring of our company. This effort—which required separate approvals from the shareholder, Ontario Energy Board and bondholders—involved the creation of two new holding companies, situated between the parent company and existing subsidiaries. Responsibility for debt issuance was likewise transferred from the parent company to one of these new entities. This action had an immediate positive effect on our credit rating, boosting the outlook for our A[low] status from Negative to Stable.

Looking ahead, we are well-positioned to execute on our long-term infrastructure investment program and to sustain growth in our earnings from our diversified business activity.

Electricity distribution

- Largest contributor to consolidated revenue
- Strong customer growth and execution of capital projects

Renewable generation

- Record-high level of production, attributable to water optimization and capital improvements
- Initial award notification for a long-term Renewable Energy Certificates contract following a highly competitive U.S. solicitation
- 40-year license renewal for the Philadelphia station in New York, following our first re-licensing process with the U.S. Federal Energy Regulatory Commission
- Progress in turbine replacement for Chaudière Falls Generating Station No. 5; tracking towards Summer 2025 for return to service

Energy solutions

- Strongest revenue year on record, with work for the City of Ottawa representing a significant portion of business activity
- Acquisition of 50 per cent ownership share in Teraflex, a locally-based construction firm, which will serve as a project implementation and service delivery partner
- Sustained progress in advancing key energy partnerships

Telecommunications

- First full year of operations for hiboo networks
- Customer acquisitions and expansion of fibre optic network

6

Grow our social license to operate

As a community company, Hydro Ottawa Group acknowledges our responsibility to establish and maintain high levels of credibility and trust with our customers and stakeholders, and to gain public acceptance for our business activities. We know that support from the local community needs to be nurtured and renewed on an ongoing basis, and that building trust means operating transparently and going the extra mile in meeting our stakeholders’ expectations.

Bridging the digital divide

Through our telecommunications affiliate, hiboo networks, we served as a founding partner in CommuniFi. The pilot project offers free community Wi-Fi for tenants at two Ottawa Community Housing properties. Expanded digital access will help break down barriers to essential resources like education, employment and health services, and build more connected communities.

A committed partner in education and engagement

Hydro Ottawa Group takes seriously our responsibility to raise awareness around our operations in the community and collaborate with affected stakeholders.

As part of our dedicated engagement and outreach program, we delivered virtual and in-person programming to approximately 32,000 local elementary and secondary students regarding electricity safety and conservation. In addition, we participated in more than 100 events in the community, including open houses for planned work projects as well as our first participation in Doors Open Ottawa since before the COVID-19 pandemic.

We were delighted to establish a new partnership with Ottawa Fire Services, to enhance firefighter safety training for fire-related incidents on or near electricity infrastructure.

Answering the call for help

In 2024, we were pleased to maintain the tradition of lending a helping hand to our neighbours in an emergency.

Following severe storms and tornadoes in upstate New York, we dispatched field personnel to support restoration efforts. This was undertaken as part of mutual assistance agreements between utilities in Canada and the U.S., through which help can be requested in the aftermath of an event that overwhelms the affected utility’s capabilities.

Closer to home, we procured a new power transformer and helped ensure continued operations at the Hawkesbury and District General Hospital in Eastern Ontario, following a critical equipment failure.

7

Ensure organizational capacity, culture and leadership to deliver in a post-pandemic environment

To successfully navigate disruption and uncertainty, remain a top employer, and deliver the highest quality services to customers, Hydro Ottawa Group continues to foster a safe and healthy work environment, and build a diverse, engaged and prepared workforce.

Excellence in health and safety

At the forefront of our operational imperatives are keeping the public safe around our infrastructure and getting employees home to their loved ones at the end of every workday. To that end, we maintain a rigorous health and safety program, certified to international standards. In 2024, our strong safety performance was supported by safe work practices training (averaging 26 hours per employee and 77 hours for employees in the skilled trades) as well as a dedicated educational campaign for employees focused on safety excellence and awareness.

77 hours
safe work practices training per trades employee

Building the workforce of tomorrow

Against the backdrop of a highly competitive labour market, we were successful last year in attracting new talent through ramped-up employee recruitment campaigns. A key ingredient was leveraging the extensive network of partnerships we maintain with local colleges and universities, as well as specialized employment services groups such as World Skills and Helmets to Hardhats (who support opportunities for newcomers to Canada and veterans, respectively) and the Ontario Society of Professional Engineers.

In addition, we enhanced our talent management and employee development programs, with a focus on leadership, succession planning, and onboarding for new hires. We also optimized internal resourcing to ensure sufficient capacity to adapt to major change drivers in our business environment (e.g. energy transition and artificial intelligence). Finally, we supported the consolidation of bargaining units within our renewable generation business and ratified a new collective agreement.

Strengthening our emergency preparedness and response

More than ever before, readiness is our watchword. The challenges of recent years have taught us that the next major disruption is just around the corner. Actions in 2024 to further boost our emergency capabilities included the following: strengthening internal expertise around business continuity management; reviewing and augmenting our emergency response plan; and upgrading our program for identifying workplace hazards, assessing associated risks, and implementing controls to mitigate them.

8

Continue to provide best-in-class customer service

The essence of our business strategy is putting the customer at the centre of everything we do. In 2024, Hydro Ottawa Group continued to deliver exceptional customer service and implemented numerous initiatives to improve the customer experience.

Enhancing customer choice and convenience

“Easy and fast” remain the primary benchmarks by which customers evaluate our effectiveness in delivering value for money and in simplifying access to our services.

A major highlight last year was the redesign of our online customer portal. MyAccount now boasts full mobile-based account management, augmented login security protections, optimized views of payment and billing options, improved search functionality, and new data dashboards for usage, billing and outages. The number of MyAccount users increased by approximately 10 per cent, with registrations totalling nearly 295,000 by end-of-year.

Similarly, we know that when it comes to speed and efficiency in serving customers, artificial intelligence holds enormous potential to take things to new heights.

Following a successful pilot project, we implemented an AI solution to analyze customer call data and identify trends, pain points, and opportunities for service improvement. This will help build a knowledge base for operational efficiencies and inform the development of an AI chatbot to assist customers with inquiries and service requests.

Finally, with more and more interest being signalled in DERs and tools to optimize energy use and control, we are mindful of the need to ensure our back-office capabilities can meet the evolving expectations of customers. We were pleased to implement an automated billing solution for customers who generate their own electricity through net metering. This has significantly reduced administrative burden for billing agents and yielded valuable insights into other opportunities for supporting increased adoption of DERs.

92% customer satisfaction rating

70% e-billing rate

18,000 unique customer interactions every month (phone, email, chat)

envari energy solutions

Envari customer stories

From retrofitting municipal buildings to converting streetlights, Envari Energy Solutions is helping customers optimize their energy use, reduce costs and go green.

Scan here to learn more about how Envari is building a sustainable future.


To use this carshare vehicle, sign up for your membership with Communauto.
You'll have access to over 200 cars in Ottawa!
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Management's discussion and analysis

Introduction

The Management's Discussion and Analysis ['MD&A'] reviews Hydro Ottawa Holding Inc.'s financial position and financial performance and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2024. The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ['IFRS Accounting Standards'], and are expressed in thousands of Canadian dollars.

The MD&A contains forward-looking statements, including, but not limited to, statements as to future operating results and plans. These statements reflect management's expectations as of April 24, 2025, the date of approval of the consolidated financial statements. The impacts of risks and uncertainties may cause actual results, performances, or achievements to differ materially from those projected here.

Core businesses

Company profile

Hydro Ottawa Holding Inc. [‘Hydro Ottawa’, ‘the Company’ or ‘the Corporation’] is 100 per cent owned by the City of Ottawa. It is a private company, registered under Ontario’s *Business Corporations Act*, and overseen by an independent Board of Directors consisting of the President and Chief Executive Officer and 12 members appointed by City Council. In 2024, the Corporation completed a restructuring to create two new holding companies positioned between the Corporation and its existing subsidiaries. **Hydro Ottawa Capital Corporation** holds three of the four primary business lines: electricity distribution, energy and utility services, and telecommunications services, and will conduct all future bond market activities. The second company, **Hydro Ottawa Energy Services Inc.**, serves as the holding company for the renewable energy generation group of entities and district energy investments. The primary business lines are:

Hydro Ottawa Limited is a regulated electricity local distribution company [‘LDC’] operating in the city of Ottawa and the municipality of Casselman. As the third largest municipally-owned electrical utility in Ontario, Hydro Ottawa Limited maintains one of the safest, most reliable, and cost-effective electricity distribution systems in the province, serving approximately 372,000 residential and commercial customers across 1,116 square kilometres.

Envari Holding Inc. [‘Envari’] provides energy solutions to municipalities, industrial and commercial clients, and various LDCs. Envari manages large energy transformation projects on behalf of its clients, offers a portfolio of energy-efficient and environmentally friendly products and services, and provides operations and maintenance capabilities to its customer base. Envari provides extensive energy services to the City of Ottawa while also serving a diverse and expanding client base across Eastern Ontario.

hiboo networks Inc. [‘hiboo’] offers secure, high-speed fibre optic network solutions and internet service to businesses in the Ottawa and Gatineau region, operating a secure, high-capacity, state-of-the-art network. As the first municipally-owned internet service provider in the region, hiboo launched its services in the market in September 2023.

Energy Ottawa Inc. [‘Portage Power’] operates under the brand Portage Power and is the largest Ontario-based, municipally-owned producer of green power. Portage Power owns and operates six run-of-the-river hydroelectric generation plants at Chaudière Falls near Ottawa’s core, along with the historic Ottawa River Ring Dam, and 12 other run-of-the-river facilities in Ontario and New York. It also holds interests in two landfill gas-to-energy joint ventures that produce clean, renewable energy from landfill gas at the Trail Road and Laflèche landfill sites in Ottawa and in Moose Creek, Ontario. It also has 16 solar installations across the City of Ottawa. In total, Portage Power has 131 megawatts of installed green generation capacity – enough to power 110,000 homes.

For a list of the significant operating subsidiaries and joint ventures included in Hydro Ottawa’s consolidated financial results, refer to Note 1 in the consolidated financial statements included in this report.

Our Strategic Direction

In 2021, Hydro Ottawa developed a new strategic plan ['2021-2025 Strategic Direction'], outlining the Company's business strategy and financial projections for the ensuing five years. This strategy represents both a continuation and an expansion of the robust foundation that Hydro Ottawa has built in our integrated planning and performance management framework. It retains the core elements of this framework, while responding to significant shifts in our business environment and placing a new emphasis on how sustainability and Environmental, Social, and Governance ['ESG'] factors are integrated into all of our business practices.

Strategy

The essence of Hydro Ottawa's strategy is to put the customer at the centre of everything we do. We believe that a sharp focus on the value we provide to our customers will generate positive results in all areas of performance – our financial strength and business growth, our operational efficiency and effectiveness, and our contributions to the well-being of our community.

In addition, our 2021-2025 Strategic Direction strengthens our commitment to improving the sustainability of our business operations. For more than a decade, Hydro Ottawa has been on a journey of balancing growth with environmental protection and social responsibility. Our ESG performance has been inextricably linked to our ability to create long-term value and achieve our strategic objectives. This has served the company and our stakeholders very well, and forms the basis for anchoring our strategy in decisive action aimed at pursuing every opportunity – big or small – to enhance our sustainability profile.

With respect to the business, operating, and political environments in which we carry out our activity, they have all shifted significantly since the formulation of our prior strategic plan. Five key change drivers now define our strategic context: decarbonization; digitization; decentralization; diversification; and demographics. Collectively, and in varying measure, these drivers are shaping the landscape within which we will mitigate risk, seek out opportunity, and measure our performance.

Within this dynamic landscape, our strategy for the 2021-2025 period involves:

1. **Achieving net-zero operations by 2030;**
2. **Becoming the partner of first choice for signature green energy and carbon reduction projects in our community;**
3. **Accelerating digital transformation to enable sustainable business practices;**
4. **Leveraging and promoting distributed energy resources;**
5. **Continuing to grow and diversify our revenue sources;**
6. **Growing our social license to operate;**
7. **Ensuring organizational capacity, culture, and leadership to deliver in a post-pandemic environment; and**
8. **Continuing to provide best-in-class customer service.**

Our aim is to be the trusted energy advisor for our customers and our community. As the energy needs and options of our customers and our community evolve, and as signature projects and developments proceed, Hydro Ottawa will play a leading role in helping our city to transition to a smart energy future.

We will also continue to grow shareholder value, maintaining a focus on strategic business growth within our core areas of strength. Our growth agenda involves four basic components:

- **Electricity distribution:** expanding our grid to accommodate new customers and continuing to evaluate opportunities to increase our distribution service territory;
- **Renewable generation:** increasing the supply of clean energy for customers by making smart investments in renewable generation;
- **Energy solutions:** providing innovative and sustainable solutions to help consumers, businesses, public sector agencies, utilities and communities meet their energy objectives through energy management, conservation, design engineering, efficient streetlighting, electric vehicle infrastructure, energy generation, energy storage, and district energy opportunities, among others; and
- **Telecommunications services:** delivering high-speed fibre optic network solutions and internet service to businesses in our region.

Taken as a whole, we believe this strategy for the Company's future presents a balanced program for solid performance, adaptation to a changing business environment, and sustainable and profitable business growth.

Mission, vision and guiding principles

Our mission

To create long-term value for our shareholder, benefitting our customers and the communities we serve

Hydro Ottawa is both a community asset and an investment for our shareholder, the City of Ottawa. As a community asset, our purpose is to provide efficient and reliable services and a first-class customer experience, and to continue to be a strong strategic partner with the City, helping to deliver on its economic development and environmental agendas. As an investment, our purpose is to provide stable, reliable, and growing returns, and to increase shareholder value both in the short and long term.

Our vision

Hydro Ottawa – *a leading partner in a smart energy future*

Our guiding principles

Hydro Ottawa is committed to creating long-term value in a manner that will withstand the test of public scrutiny and inspire confidence and trust. To that end, we strive to achieve excellent operating and financial results while abiding by professional standards of conduct. We are guided not only by legal obligations, but also by best governance and business practices, and standards established by independent agencies. These expectations provide the foundation for our commitment to all of our stakeholders, and are reflected in our organizational values, our Code of Business Conduct, and our operating policies and procedures.

These guiding principles have served Hydro Ottawa and our stakeholders well over the course of successive strategic planning cycles. They remain relevant in light of public and private sector interest in ESG issues, and thus attest to Hydro Ottawa's leadership as a forward-thinking and purpose-driven corporation.

Our organizational values

At Hydro Ottawa we are committed to an organizational environment that fosters and demonstrates ethical business conduct at all levels and reflects our shared values of teamwork, integrity, excellence, and service. Every employee must lead by example in this endeavour.

Our commitments to our stakeholders

Hydro Ottawa takes into account the interests of all our stakeholders including employees, customers, suppliers, our shareholder, and the communities and environment in which we operate.

Employees

The quality of our workforce is our strength and we will strive to hire and retain the best-qualified people and maximize their opportunities for success. We are committed to maintaining a safe, secure, and healthy work environment enriched by diversity and characterized by open communication, trust, and fair treatment.

Customers

Our continued success depends on the quality of our customer interactions, and we are committed to delivering value across the entire customer experience. We are honest and fair in our relationships with our customers, and provide reliable, responsive, and innovative products and services in compliance with legislated rights and standards for access, safety, health, and environmental protection.

Suppliers and contractors

We are honest and fair in our relationships with our suppliers and contractors and purchase equipment, supplies, and services on the basis of merit, with a preference for local procurement. We pay suppliers and contractors in accordance with agreed terms, encourage them to adopt responsible business practices, and require them to adhere to our health, safety, and environment standards when working for Hydro Ottawa.

Community and the environment

We are committed to being a responsible corporate citizen and will contribute to making the communities in which we operate better places to live and do business. We are sensitive to the community's needs, and dedicated to protecting and preserving the environment where we operate.

Shareholder and other suppliers of finance

We are financially accountable to our shareholder and to the institutions that underwrite our operations, and communicate to them all matters material to our organization. We protect our shareholder's investment and manage risks effectively. We communicate to our shareholder all matters that are material to an understanding of our corporate governance.

Electricity industry overview

Within the broader electricity sector, different entities are responsible for generating electricity, transmitting it, and delivering it to customers' homes and businesses, as well as for directing grid and market operations, and overseeing and regulating the system as a whole. These entities are different in the two markets where Hydro Ottawa operates – Ontario and New York.

Electricity generation

Electricity is created at generating stations – nuclear, hydroelectric, gas, wind, biofuel, and solar – as well as at small-scale and primarily renewable distributed energy installations at or near end-use locations. Facilities such as nuclear and large hydroelectric stations operate continuously, while wind and solar operate intermittently. Others such as natural gas stations can start up or slow down as required to follow demand fluctuations. Hydro

Ottawa, through its subsidiary, Portage Power, has a fleet of hydroelectric, landfill gas-to-energy, and solar generating stations, and is the largest Ontario-based municipally-owned producer of green power.

Electricity transmission

Electricity is transmitted from generating stations to large industrial customers and LDCs through a high-voltage network of transformer stations, transmission towers, and wires. In Ontario, the transmission network is primarily operated by Hydro One. In New York State, the transmission system is operated by a number of private and public entities such as National Grid and the New York Power Authority, which are collectively referred to as the New York Transmission Owners.

Electricity distribution

After transmission, electricity in Ontario is distributed at lower voltages to homes, businesses, hospitals, schools, factories, and farms by LDCs such as Hydro Ottawa Limited. LDCs deal directly with electricity customers, maintain their communities' local electricity grids, and assist customers with electricity conservation. LDCs are the primary billing and collecting agents for all electricity sector charges. In addition, LDCs in Ontario are required to enable the connection of generators to their distribution systems, pursuant to specific regulatory criteria and to facilitate the settlement process through which a generator is paid for its electricity production. This settlement process, through which the LDC remains whole, entails payment by the Ontario LDC to the generator for both the spot market rate and any difference between the spot market rate and the contracted power purchase agreement rate with the Independent Electricity System Operator ['IESO'].

While it is always an LDC that delivers electricity through its distribution lines to a home or business, electricity customers have the choice of buying their electricity generation from either their local LDC or an electricity retailer. Most Ontario customers choose to buy from their LDC. Hydro Ottawa Limited is only engaged in electricity distribution in the Ontario market.

System operators

The IESO connects all participants in Ontario's power system – generators that produce electricity, transmitters that send it across the province, retailers that buy and sell it, industries that use it in large quantities, and LDCs that deliver it to homes and businesses. The IESO forecasts electricity demand throughout the province in continuously updated five-minute intervals and collects offers from generators to provide the required amount. Wholesale customers can therefore see prices fluctuate based on current supply and demand, and can respond accordingly. The IESO monitors the system, identifies what is required to maintain reliability in the future, and publishes its findings in regular reports. It also coordinates emergency preparedness for the province's electricity system.

The New York Independent System Operator ['NYISO'] is at the heart of New York's electricity system, monitoring the grid and power infrastructure, administering and monitoring the wholesale electricity markets, and planning for the state's energy future. The NYISO was created to provide fair and open access to the electrical grid. New York is divided into 11 electricity zones and, within each, the NYISO is responsible for scheduling generation and load, contracting for the services necessary to maintain grid reliability, and scheduling imports and exports. The NYISO is also responsible for publishing current demand or load in real time. Hydro Ottawa's New York State assets are located in the NYISO Zone E – Mohawk Valley.

Regulatory framework

In Ontario, the Ministry of Energy ['the Ministry'] sets the overall policy for the energy sector, guided by relevant laws and regulations. The Ministry oversees the IESO and the Ontario Energy Board ['OEB'], which regulate the energy sector as set out primarily in three statutes: the *Ontario Energy Board Act, 1998* ['OEB Act']; the *Electricity Act, 1998;* and the *Energy Consumer Protection Act, 2010.* The OEB Act establishes the authority of the OEB to approve and fix all rates for the transmission and distribution of electricity in Ontario, and to set standards of service, conduct, and reporting that must be adhered to as a condition of being licensed.

In the United States, electrical utilities and independent power producers are regulated at both the federal and state levels. Under the *Federal Power Act*, the Federal Energy Regulatory Commission ['FERC'], an independent agency within the Department of Energy, regulates the transmission and wholesale of electricity in interstate commerce. Unless otherwise exempt, any entity that owns or operates facilities used for the transmission or wholesale of electricity in interstate commerce is a public utility subject to FERC's jurisdiction. Regional system operators like NYISO are also under FERC oversight, as are privately-owned hydroelectric stations, whose operating licenses are issued by FERC.

Rates

Hydro Ottawa Limited recovers costs from customers through electricity distribution rates. These cover the costs to:

- design, build, and maintain overhead and underground distribution lines, poles, stations, and local transformers;
- operate the technology systems necessary for monitoring and controlling the distribution grid; and
- provide customer service and emergency response.

Costs and rates vary from one distributor to another, depending on factors such as the age and condition of assets, geographic terrain and distances served, population density and growth, and the ratio of residential to commercial and industrial consumers.

Hydro Ottawa Limited's distribution charge represents a portion of a customer's total electricity bill. Hydro Ottawa Limited bills and collects charges reflecting all electricity sector costs, extending beyond those associated with distribution, but keeps only the distribution portion. The remainder is passed on, without mark-up, to the IESO, generators, the federal and provincial governments, and other corporate entities.

Hydro Ottawa Limited's distribution rates are set by the OEB, based on rate applications. For more information on the rate-setting framework and Hydro Ottawa Limited's rates, see Note 3(d) [Material Accounting Policies - Regulation] to the consolidated financial statements included in this report.

Portage Power's hydroelectric, landfill gas-to-energy, and solar generation rates are set through facility-specific contracts. For those facilities delivering power to Ontario, Portage Power operates under agreements with the IESO, under which a "base contractual rate" is determined at the outset. An indexing factor is applied on an annual basis until the completion of the contract term. For hydroelectric stations located in upstate New York, Portage Power's power purchase agreements – all of which are with the Niagara Mohawk Power Corporation, a subsidiary of National Grid plc – are currently market-based. As a result, generation revenues from these stations fluctuate based on market price.

Capability to deliver results

Hydro Ottawa's capability to achieve the objectives set out in its Strategic Direction is a function of its tangible and intangible assets, expertise, systems, and capital resources.

Assets

Hydro Ottawa's gross cost of its asset base is $3.0 billion, as a result of significant ongoing investments in distribution and generation infrastructure and technology systems. Like all utilities, Hydro Ottawa is affected by the reality of aging infrastructure, and continues to manage this through increased infrastructure investments and a detailed Distribution System Plan to target spending where it will have the most benefit. In 2024, the Corporation invested $89 million to maintain its distribution system and a further $69 million to expand the system to meet customer needs [see 'Investing Activities' below for more details].

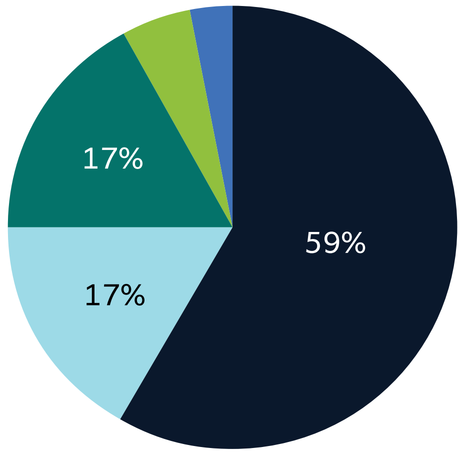
Electricity distribution assets – For more than 100 years, Hydro Ottawa and its predecessor companies have delivered a reliable supply of electricity to homes and businesses.

- Service Area – 1,116 square kilometres
- Total Circuitry – 6,359 kilometres
    - Overhead circuitry – 2,781 kilometers
    - Underground circuitry – 3,578 kilometers
- Substations – 92
- Transformers – 48,946
- Poles – 48,674

Renewable generation assets – Largest Ontario-based municipally-owned producer of green power with 131 megawatts of installed generation capacity, enough to power 110,000 homes.

- Run-of-the-River Hydroelectric Generating Stations – 18
- Landfill Gas-to-Energy Plants – 2
- Solar Installations – 16 [includes 2 behind-the-meter installations]

Gross tangible and intangible assets



Distribution
$1,755 million

Other assets
$498 million

Generation
$495 million

Assets under construction
$149 million

Computer software
$94 million

Workforce

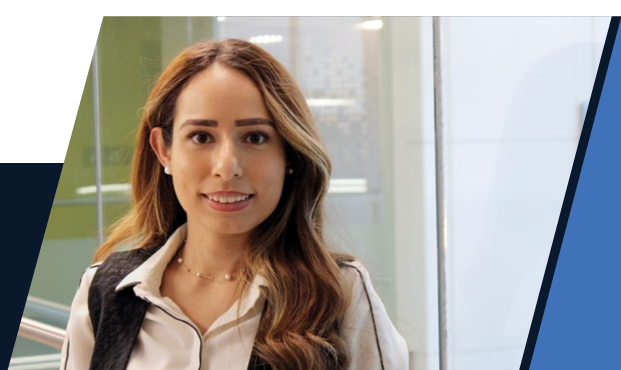
A highly skilled, properly trained, and knowledgeable workforce – and a safe and healthy work environment – are essential to Hydro Ottawa's continued success. The Company's strategic objectives will only be achieved through the efforts of an effective and constantly learning organization, with the right skill sets to deliver on existing and new business lines.

Hydro Ottawa employed approximately 700 people at the end of 2024 across the enterprise, with Hydro Ottawa Limited accounting for 84 per cent of this workforce.

Like many other utilities, Hydro Ottawa continues to face challenging workforce demographics that require a concerted response. The Company has put in place a comprehensive and integrated talent management strategy. It is anticipating and meeting talent needs through workforce planning, talent attraction and acquisition, effective deployment of resources, and performance management and development.

More specifically, this includes:

- **Training:** In-house apprenticeship and engineering internship programs continued to grow in 2024, with 27 new apprentices hired – bringing the total to 56, or 31 per cent of the trades workforce. Six apprentices reached journeyperson status and three engineering interns received their P. Eng. designation in 2024.
- **Succession:** Succession planning and development programs ensure that there are qualified and diverse employees in the talent pipeline for key positions.
- **Knowledge management & transfer:** A proactive approach for key positions includes an older worker and retiree engagement plan to help seamlessly transition work from the veteran workforce to the next generation.
- **Diversity, equity & inclusion:** Hydro Ottawa's strategy fosters an inclusive culture that leverages diversity and enhances employee engagement and innovation. To support the goals of its third Diversity, Equity and Inclusion Plan, Hydro Ottawa made three gender diversity commitments in 2022 – to increase women in trades and technical roles to 30 per cent, in engineering roles to 50 per cent, and in leadership roles to 50 per cent, all by 2030. Hydro Ottawa is engaging with multiple partners to increase its gender diversity and continue to evolve its plan.
- **Educational partnerships:** These include, most notably, collaborations with Algonquin College to deliver the College's Powerline Technician programs in the Eastern Ontario region, and with Carleton University's Sustainable and Renewable Energy Engineering Department for the establishment of a smart grid laboratory. The latter fosters innovative research on electrical power systems and promotes the training of engineers in the smart grid environment. Hydro Ottawa also partners with Carleton University's Faculty of Engineering and Design on the Women in Engineering and IT Program. This program works to help close the gender gap in engineering and information technology. The program runs throughout the academic year and provides women students studying in a STEM discipline at Carleton with networking, mentorship, and soft-skill development opportunities.



Employee compensation programs continued to support a high-performance culture in 2024, and include market-driven and performance-based components to attract and retain key employees.

As Hydro Ottawa's business changes, so too does the profile of its workforce. It is increasingly diverse in age, skills, cultural and ethnic background, sexual orientation, gender identity, and in many other ways. The Company aims to create a thriving, respectful, and inclusive workplace for all.

A fundamental component of Hydro Ottawa's commitment to operating efficiently and effectively is the very high priority that is placed on protecting the health, wellness, and safety of employees and the community. Hydro Ottawa has established an integrated health, safety, and environment management system certified to international standards – ISO 45001:2018 standard for occupational health and safety management, and ISO 14001:2015 standard for environmental management.

Systems and processes

Hydro Ottawa has made significant investments in technology systems to enhance the Company's effectiveness. These include customer information and billing systems, advanced metering, and information and operational technologies such as geographic information systems, system control, outage management, and mobile workforce management systems. Technology decisions continue to be based on three basic criteria: enhancing service to customers; creating efficiencies that will increase competitiveness; and improving functionality to be more agile and resilient in the face of industry disruption.

Hydro Ottawa continues to mature its cybersecurity program and takes the security of its critical infrastructure against cyber threats seriously. The Company collaborates proactively with government, regulators, and private sector partners across North America to manage this risk, and draws upon the expertise of such bodies as the Canadian Cyber Incident Response Centre, IESO, and OEB.

The Company aspires to maintain industry-leading practices in its cyber program, including defense-in-depth security controls, regular penetration testing, anti-phishing training and campaigns for employees, third-party maturity assessments and managed security services, tabletop exercises for executive leadership, and formal plans for risk, vulnerability, threat, and incident management.

Hydro Ottawa is also focused on maximizing the efficiency and effectiveness of its operations by optimizing productivity at every opportunity.

In 2024, the Company undertook the following initiatives:

- Upgraded its Supervisory Control and Data Acquisition ['SCADA'] system for monitoring and controlling the grid, thereby laying the foundation for all subsequent activity under its multi-year Grid Modernization roadmap;
- Implemented artificial intelligence ['AI'] platforms and tools to enhance automation and productivity, including the successful piloting and roll-out of a generative AI application for employees;
- Redesigned the online customer portal, offering full mobile-based account management, enhanced login security protections, optimized views of payment and billing options, improved search functionality, and new data dashboards for usage, billing and outages;
- Introduced two-way outage communications, enabling customers to report outages and register for outage alerts via text message;
- Strengthened cybersecurity protections for critical information and operational technology systems;
- Expanded the functionality of the customer relationship management system to centralize intake for field work and automate processing and digital recordkeeping;
- Eliminated burden and simplified the user experience for net metered customers who generate their own power, by equipping them with new insights and control through features in the online customer portal; and
- Modernized meeting room technology at its administrative and operational facilities, which will boost employee productivity and collaboration.

Capital resources

Liquidity and capital resources

The Corporation's primary sources of liquidity and capital resources, on a consolidated basis, are cash provided by operating activities, bank credit facilities, and proceeds from commercial paper and bond issuances as and when required. Liquidity and capital resource requirements are primarily for maintenance of the Hydro Ottawa Limited electricity distribution system, investments in unregulated ancillary businesses, cost of power, interest expense, and prudential requirements.

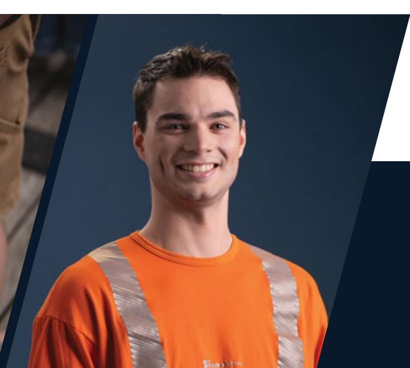
During the year, the Corporation renewed, increased and extended its $551 million 3-year revolving credit facility to August 2027. The credit facility is used for general operating purposes, annual capital expenditures, and to provide adequate liquidity to withstand sudden and adverse changes in economic circumstances. Additionally, the credit facility is used to backstop Hydro Ottawa Capital Corporation's $450 million commercial paper program to better optimize short-term borrowings.

Bond issuances in the utility sector continue to be a very attractive investment in the capital markets with strong demand across all bond tenors. This provides the Corporation access to market capacity to support its ongoing investment requirements. The Corporation's existing corporate bond profile is very strong, with a weighted average maturity of 12 years at an average weighted cost of 3.49 per cent.

A $204 million, project-level, 40-year non-recourse amortizing bond was issued in 2016 for the hydroelectric generation expansion at Chaudière Falls at a rate of 4.08 per cent. A $290.5 million, project-level, 40-year non-recourse amortizing green bond was issued in 2019 for the refurbishment of the two generating plants in Québec at a rate of 3.53 per cent. For additional details regarding the Corporation's sources of liquidity and capital resources, see Notes 11, 15, and 17 to the consolidated financial statements.

Credit ratings

On October 1, 2024, Morningstar DBRS ['DBRS'] discontinued all credit ratings of Hydro Ottawa Holding Inc. [HOHI] while concurrently assigning ratings to Hydro Ottawa Capital Corporation [HOCC] following the completion of the reorganization. DBRS assigned HOCC an Issuer Rating of A (low), a Senior Unsecured Debt credit rating of A (low), and a Commercial Paper program credit rating of R-1 (low), respectively, all with Stable trends. The A(low) Stable rating confirms the continued strength and stability of Hydro Ottawa's distribution operations. DBRS noted that Hydro Ottawa Capital Corporation continues to have a strong business risk profile due to its operation under a reasonable regulatory regime for electricity distribution and a large and diverse customer base, which provide steady, predictable, and stable earnings and cash flows.



Progress against plan

In our 2021-2025 Strategic Direction, the Company established an 8-point strategy for achieving our vision of sustainable growth and providing value to customers. The table below summarizes 2024 performance highlights.

Strategic objectives	2024 performance highlights
Achieve net-zero operations by 2030	• Broke ground on the Piperville Municipal Transformer Station project, our first "low-carbon" substation being developed with sustainable design and construction techniques • Procured additional hybrid and electric vehicles [EVs] for our work crews, bringing our total fleet electrification percentage to 15 per cent • Installed 15 EV chargers at our administrative and operational facilities to support electric mobility for our crews and employees • Prepared comprehensive carbon reduction studies for our main facilities • Diverted 90 per cent of non-hazardous waste from landfill

Become the partner of first choice for signature green energy and carbon reduction projects in our community	• Completed the first phase of EV charging infrastructure installation for the City of Ottawa's Zero-Emission Bus project; initiated environmental assessment and public consultation for the new substation that will provide dedicated capacity for the municipal electric bus fleet
	• Advanced the planning and design of two major projects which will transform the local energy landscape:
	  ◦ Energy efficient central utility plant for The Ottawa Hospital's new Civic campus
	  ◦ Wastewater heat recovery pilot project for a major residential development in downtown Ottawa
	• Helped key partners like the Ottawa International Airport Authority, Ottawa Community Housing and schools boards in Renfrew County to reduce their energy consumption and carbon emissions, through collaboration on net-zero and green energy opportunities
	• Provided support and expertise for businesses and institutions requiring electrical service upgrades to help shift more of their energy use from fossil fuels to electricity

Accelerate digital transformation to enable sustainable business practices	• Upgraded our Supervisory Control and Data Acquisition ['SCADA'] system for monitoring and controlling the grid, which will serve as the foundation for all of our future grid modernization activity • Implemented AI platforms and tools to enhance automation and productivity, including the successful piloting and roll-out of a generative AI application for employees • Strengthened cybersecurity protections for critical information and operational technology systems • Introduced two-way outage communications, enabling customers to report outages and register for outage alerts via text message • Enrolled the first segment of customer participants in a pilot project to optimize EV charging through AI; the project is a partnership with BluWave-ai, a local clean tech innovator
Leverage and promote distributed energy resources	• Launched the Ottawa Retrofit Accelerator program, aimed at helping building owners reduce their emissions and lower energy costs through deep energy retrofits • Rolled-out new electricity conservation program with incentives for businesses to install rooftop solar • Co-founded the Total Grid Orchestration Alliance, a new industry collaboration forum focused on grid modernization and energy transition opportunities • Maintained our status as the leading enabler of EV charging infrastructure in the National Capital Region through the installation of more than 440 charging stations across our community

Strategic objectives	2024 performance highlights

Continue to grow and diversify our revenue sources	• Achieved consolidated net income of $42.1 million, driven by strong financial performance across our core business lines
	• Completed restructuring of the corporation, resulting in improved credit ratings and increased financial capacity
	• Achieved key milestones in our Strategic Direction agenda for growth and revenue diversification:
	  • Energy solutions: delivered best-ever results and established a new partnership with a local construction company, Teraflex, which will enable expanded service offerings and customer reach
	  • Renewable generation: received an initial award notification for a long-term contract for Renewable Energy Certificates from a highly competitive procurement in the U.S.

Grow our social license to operate	• Responded to the needs of our community through targeted support:
	  • Raised $151,000 from the Hydro Ottawa Charity Golf Classic for The Royal Ottawa Prompt Care Clinic and $142,000 for the United Way through our annual employee charitable fundraising activities
	  • Sponsored local organizations seeking to build stronger and healthier communities and supported vulnerable groups through our Community Investment Program [$76,000 total]
	  • Processed a record number of applications and disbursements for the Low-Income Energy Assistance program, which provides emergency support for customers struggling with their bills
	• Engaged and educated customers through numerous channels and platforms on preparing for the energy transition; a centrepiece of the campaign was an interactive eco home display at the Ottawa Airport, showcasing sustainable technologies for reducing emissions and conserving energy
	• Served as a founding partner in CommuniFi, a pilot project offering free community Wi-Fi for Ottawa Community Housing tenants
	• Procured a new power transformer and helped ensure continued operations at the Hawkesbury and District General Hospital in Eastern Ontario following a critical equipment failure
	• Answered the call for help by providing power restoration assistance in New York
	• Received numerous awards for performance excellence:
	  • National Capital Region's Top Employer [16th year]
	  • Canada's Greenest Employers [13th year]
	  • Top Employer for Young People [10th year]

Ensure organizational capacity, culture and leadership to deliver in a post-pandemic environment	• Maintained safety as our top priority:
	  • Provided an average of 26 hours of safe work practices training for all employees [77 hours for trades employees]
	  • Retained best-in-class certifications for our Occupational Health, Safety, and Environment Management System to international standards
	  • Launched a dedicated campaign focused on safety excellence and awareness for employees
	• Continued to renew our workforce through apprentice and journeyperson hiring, and talent management programs
	• Supported the consolidation of bargaining units within our renewable generation business and ratified a new collective agreement

Continue to provide best-in-class customer service	• Maintained best-in-class reliability performance by beating our outage frequency and duration targets • Invested $89.1 million to keep our distribution system safe and reliable • Connected over 6,000 new customers to the grid • Achieved 92 per cent customer satisfaction rating • Redesigned our online customer portal, offering new features to improve the user experience

Financial results

The selected consolidated financial results of the Corporation presented below should be viewed in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2024.

Consolidated statement of income [summary]

[in thousands of Canadian dollars]

	2024	**IFRS 14 impact**	**2024 (Pre-IFRS 14) (1)**	2023	IFRS 14 impact	2023 (Pre-IFRS 14) (1)	Change (Pre-IFRS 14) (1)
Revenue and other income							
Power recovery	957,565	(38,241)	919,324	861,905	(15,913)	845,992	73,332
Distribution	243,062	(2,317)	240,745	224, 770	4,367	220,403	20,342
Generation	52, 892	–	52,892	48,073	–	48,073	4,819
Commercial services	63,733	–	63,733	36,477	–	36,477	27,256
Government grant income	5,955	–	5,955	4,336	–	4,336	1,619
Business interruption proceeds	6,755	–	6,755	4,482	–	4,482	2,273
Other	16,997	–	16,997	14,382	–	14,382	2,615
	1,346,959	(40,558)	1,306,401	1,194,425	(20,280)	1,174,145	132,256
Expenses							
Purchased power	923,195	(20,724)	902,471	864,882	(32,418)	832,464	70,007
Operating costs	215,553	(1,266)	214,287	182,273	(1,220)	181,053	33,234
Depreciation and amortization	84,118	–	84,118	79,604	–	79,604	4,514
	1,222,866	(21,990)	1,200,876	1,126,759	(33,638)	1,093,121	107,755
Income before undernoted items	124,093	18,568	105,525	67,666	13,358	81,024	24,501
Financing costs, interest income and taxes	75,408	(12,674)	62,734	64,671	(8,497)	56,174	6,560
Share of loss (profit) from joint ventures	669	–	669	746	–	746	(77)
	76,077	(12,674)	63,403	65,417	(8,497)	56,920	6,483
Net income	48,016	(5,894)	42,122	2,249	21,855	24,104	18,018
Net movements in regulatory balances, net of tax	(5,894)	5,894	–	21,855	(21,855)	–	–
Net income after net movements in regulatory balances	42,122	–	42,122	24,104	–	24,104	18,018

[1] Non-GAAP financial measure.

Non-GAAP financial measure

IFRS 14 - Regulatory Deferral Accounts requires a one-line separate presentation of the net movement within the Corporation's regulatory deferral accounts related to income [i.e. the debit and credit balances, net of taxes] within its consolidated statement of income. This net movement of regulatory balances primarily arises when there is a timing difference between the cost of power purchased and the recovery thereof. This difference is recorded as a settlement variance, representing amounts to be recovered from or refunded to customers through future billing rates approved by the OEB. Consequently, the Corporation's purchased power and power recovery line items can be significantly impacted by these timing differences. For the purposes of the analysis and interpretation of financial variances presented, management has identified and excluded impacts resulting from the adoption of IFRS 14, and used pre-IFRS 14 results as the basis for its discussion unless otherwise noted. Management believes this more accurately represents the true financial performance of the Corporation, given its rate-regulated environment as prescribed by the OEB. Readers should be cautioned that the pre-IFRS 14 non-GAAP financial measure is not a standardized measure and might not be comparable to disclosures by other entities.

Net income

Net income increased by $18.0 million compared to the previous year. This growth was primarily driven by a $132.3 million increase in revenue and other income partially offset by a $107.8 million increase in expenses. Revenue growth was observed across all of the Corporation's core business lines. The Corporation's regulated electricity distribution company saw a $20.3 million increase in distribution revenue due to regulated increases in its electricity rates and customer growth. Additionally, there was a $73.3 million increase in the cost of power recovered, offset by a $70.0 million increase in purchased power. These variances in power recovery and purchased power do not impact net income since the costs are passed through by the regulated electricity distribution company. However, during the consolidation of the subsidiaries' results, any intercompany generation revenue and purchased power for power directly fed into Hydro Ottawa's distribution system by Portage Power, is eliminated. This impacts the straight pass-through of the commodity costs reflected in the income statement. Furthermore, commercial services revenue increased by $27.3 million, largely due to the performance of Envari, the Corporation's energy solutions provider. Portage Power, the Corporation's renewable generation subsidiary, also saw a $4.8 million increase in revenue. Portage Power continued to receive business interruption proceeds in 2024 related to the mechanical failure at its Generating Station No. 5 ['GS5'] located on Chaudière Island, which occurred in 2023. Finally, hiboo, the Corporations's new telecommunications subsidiary, saw a small increase in communication services and products revenue.

The increase in revenue was accompanied by a rise in costs, including increased service costs for Envari and higher compensation costs for the Corporation. hiboo also saw an increase in costs as it continued to expand its operations. The increase in compensation costs in comparison to the prior year was due in part to the 84-day 2023 strike by its employees represented by the International Brotherhood of Electrical Workers Local 636 at Hydro Ottawa Limited ['IBEW 636'].

In addition to the rise in operating costs, Hydro Ottawa recorded an increase in financing costs of $0.7 million as a result of the Corporation's growing short-term borrowings, and an increase in depreciation and amortization of $4.5 million on account of its growing capital asset base.

Revenue and other income

Revenue and other income are earned from electricity distribution, renewable energy generation, energy management and utility services, as well as from government grants and sundry activities. In 2024, Hydro Ottawa's total revenue, including flow-through cost of power, amounted to approximately $1.3 billion, representing an increase of 11 per cent from the prior year.

The largest component of Hydro Ottawa's total revenue is the cost of power recovered from customers through provincially established rates. The cost of power is a flow-through amount, which poses limited risk to Hydro Ottawa's financial performance. However, variances arise between the cost of power purchased and the recovery thereof, due to timing differences in invoicing from the IESO for the former, and receipt of payment from customers for the latter. This difference is recorded as a settlement variance. Hydro Ottawa Limited's power recovery revenue increased $73.3 million in 2024, mainly due to higher commodity charges.

Distribution revenue is recorded based on OEB-approved distribution rates, set at a level intended to recover the costs incurred by Hydro Ottawa Limited in delivering electricity to customers. The rates include revenue related to the collection of OEB-approved rate riders. 2024 marked the fourth year of rates approved under Hydro Ottawa Limited's 2021-2025 Custom Incentive rate application. Distribution revenue rose nine per cent relative to 2023, due in large part to the regulated increases in Hydro Ottawa Limited's electricity rates and customer growth.

In 2024, Envari commercial services revenue, which includes energy and utility services business, produced a $25.8 million increase in revenue as several key projects continued to move forward. The increase in its lighting, buildings and electrical practices represented 95 per cent growth from 2023. Business activity was supported, in particular, by forward movement on the electric vehicle charging infrastructure project for the City's Zero Emission Bus initiative.

During the year, Portage Power, the Corporation's renewable generation subsidiary, achieved a $4.8 million increase in revenue in comparison to the previous year thanks to strong production. Despite a mechanical failure at the Chaudière Falls GS5 unit in spring 2023, which halted production, Portage Power was able to offset the loss of revenue with business interruption insurance policy proceeds of $6.8 million [2023 – $4.5 million].

Expenses

Purchased power and operating costs

Purchased power represents the cost of electricity delivered to customers within Hydro Ottawa Limited's distribution service territory. These costs consist of commodity charges, wholesale market service charges, transmission charges, and the global adjustment. The cost of purchased power increased $70.0 million in 2024, mainly due to the commodity cost. Operating costs in 2024 of $214.3 million were $33.2 million higher than the prior year. The increase was largely attributable to the $21.8 million increase in Envari's cost of goods sold and operating costs, which coincides with its increase in revenues, and a $16.6 million increase in the Corporation's compensation costs due in part to the strike in 2023. Additionally, the full-year operation of hiboo networks, launched in September 2023, contributed to a $0.7 million increase in operating costs. These increased operating costs were partially offset by $6.6 million in property insurance proceeds received during the year, and a $7.3 million increase in the allocation of costs to capital programs compared to the strike-affected year of 2023.

Depreciation and amortization

Depreciation and amortization on Hydro Ottawa's property, plant, and equipment, and on its intangible assets increased in 2024 by $4.5 million, due to the ongoing investment in the Corporation's electricity distribution infrastructure, generation and general plant assets.

Share of [loss] profit from joint ventures

In 2024, the Corporation recorded a loss of $0.7 million from joint ventures, which is materially in line with the loss suffered in 2023. Share of [loss] profit from joint ventures represents the Corporation's share of net [loss] profit from the continuing operations of Moose Creek Energy LP [50.05 per cent] and PowerTrail Inc. [60 per cent], both landfill gas-to-energy joint ventures. In addition, the Corporation has a 50 per cent interest in Zibi Community Utility LP ['ZCU'], a zero-carbon district cooling and heating system for the Zibi development in downtown Ottawa-Gatineau, and a 50 per cent interest in Civic Community Utility Partnership, a joint venture to construct and operate a district utility plant that will provide energy to The Ottawa Hospital's new campus, starting in 2029. For more information regarding the Corporation's joint ventures, see Note 9 to the consolidated financial statements.

Financing costs [net of interest income] and taxes

Financing costs [net of interest income] increased $0.5 million due to an increase in short-term borrowings resulting from the Corporation's operational needs.

The Corporation's effective tax rate increased from 30.37 per cent in 2023 to 32.99 per cent in 2024, as a result of permanent and temporary differences between the accounting treatment and tax basis of assets and liabilities that arose during the year. The $10.2 million increase in income tax expense after the impact of IFRS 14 is largely the result of an increase in pre-tax income and temporary differences. [There was a $6.1 million increase in income tax expense pre-IFRS 14]. For more information regarding income taxes, see Note 23 to the consolidated financial statements.

Net movement in regulatory balances [net of tax]

In accordance with IFRS 14, the Corporation has separately presented the net movement in regulatory balances in the consolidated statements of income and comprehensive income. The changes in the regulatory debit and credit balances for the year, on the consolidated balance sheet, were an increase of $9.0 million [debit] and an increase of $15.0 million [credit], respectively. This is equal to the net movement in regulatory balances, net of tax, on the consolidated statements of income and comprehensive income [a decrease of $5.9 million and a decrease of $0.1 million, respectively]. The impact of the IFRS 14 adjustments of $5.9 million is shown on the consolidated statement of income [summary]. As Hydro Ottawa Limited passes on the benefit of deferred income taxes through annual distribution rate adjustments approved by the OEB, it records a regulatory deferral account credit [or debit] balance for the amounts of deferred income taxes expected to be refunded to [or recovered from] customers in future rates.

Consolidated balance sheet [summary]
[in thousands of Canadian dollars]

	2024	2023	Change
Current assets	**274,900**	230,042	44,858
Non-current assets	**2,382,260**	2,248,745	133,515
Total assets	**2,657,160**	2,478,787	178,373
Regulatory account balances	**140,811**	131,843	8,968
Total assets and regulatory account balances	**2,797,971**	2,610,630	187,341
Current liabilities	**849,783**	567,443	282,340
Non-current liabilities	**1,362,774**	1,498,559	(135,785)
Total liabilities	**2,212,557**	2,066,002	146,555
Shareholder's equity	**555,491**	529,669	25,822
Total liabilities and shareholder's equity	**2,768,048**	2,595,671	172,377
Regulatory account balances	**29,923**	14,959	14,964
Total liabilities, shareholder's equity and regulatory account balances	**2,797,971**	2,610,630	187,341

Assets

Total assets increased by approximately $178.4 million in 2024. This increase is largely attributable to property, plant, and equipment, and to intangible assets, which in combination have increased by $130.5 million. This increase is a result of the continuing investments in electrical distribution and generation infrastructure, and the acquisition of general plant assets. In addition, the Corporation's current assets rose $44.9 million, largely due to the increase in accounts receivable and contract assets of $34.5 million and $6.6 million, respectively. The increase in accounts receivable is mainly attributable to the increase in distribution and power recovery revenues.

Liabilities

Total liabilities increased by $146.6 million in 2024. This is due, in part, to a $64.9 million increase in the Corporation's bank indebtedness and commercial paper, and a $13.0 million increase in accounts payable and accrued liabilities. The increase in bank indebtedness and commercial paper is mainly due to funding needs arising from the Corporation's operations. In addition, deferred revenue increased $51.1 million due to capital contributions received in 2024, net of amortization, and an increase of $18.2 million in deferred income tax liability.

Regulatory account balances

IFRS 14 defines a regulatory account balance as the balance of any expense or [income] account that would not be recognized as an asset or liability in accordance with other IFRS Accounting Standards, but that qualifies for deferral because it is included, or is expected to be included, by the regulator in establishing the rate[s] that can be charged to customers. As at December 31, 2024, Hydro Ottawa Limited had recognized $140.8 million in regulatory account debit balances [assets] and $29.9 million in regulatory account credit balances [liabilities].

The $9.0 million increase in regulatory account debit balances is largely due to a $12.7 million increase in the regulatory asset for deferred income taxes and a $3.1 million increase in settlement variances, offset by a $6.6 million decrease in the Regulatory Asset Refund Account ['RARA'].

The $15.0 million increase in regulatory account credit balances is largely due to a $13.2 million increase in settlement variances and a $1.2 million increase in the Lost Revenue Adjustment Mechanism ['LRAM'] account, which tracks and disposes of lost electricity distribution revenues that result from Conservation and Demand Management ['CDM'] programs.

Consolidated statement of cash flows [summary]

[in thousands of Canadian dollars]

	2024	2023	Change
Bank indebtedness, beginning of year	**7,098**	1,706	5,392
Cash provided by Operating Activities	**156,538**	120,268	36,270
Cash used in Investing Activities	**(195,846)**	(156,514)	(39,332)
Cash provided by Financing Activities	**20,531**	41,638	(21,107)
Cash (bank indebtedness), end of year	**(11,679)**	7,098	(18,777)
Cash (bank indebtedness) consists of:			
Cash	**16,525**	14,920	1,605
Bank indebtedness	**(28,204)**	(7,822)	(20,382)
	(11,679)	7,098	(18,777)

Operating activities

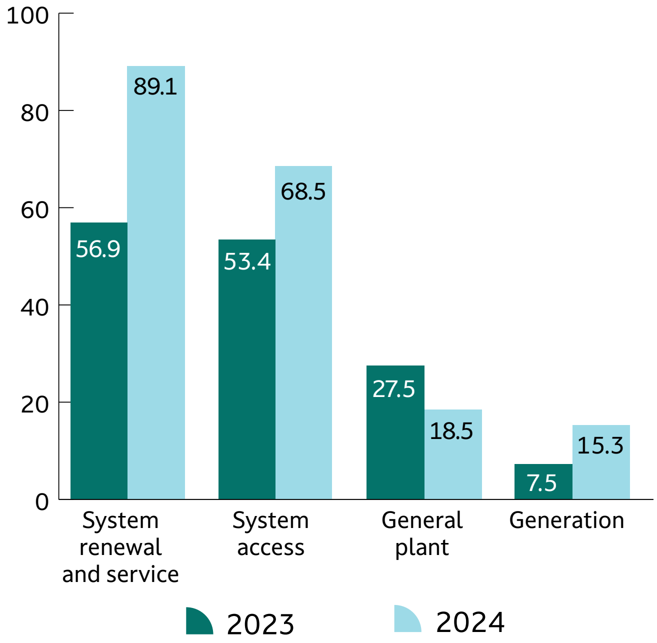
Cash generated by operating activities increased by $36.3 million in 2024. The majority of this increase relates to a $27.7 million increase in cash as a result of the net movements in regulatory balances, an $18.2 million increase in cash inflow from capital contributions, an $18.0 million increase in net income, and a $16.4 million increase in cash inflow from customer deposits. The increases in operating activities are partially offset by a $42.3 million net outflow of cash from the change in non-cash working capital items.

Investing activities

Cash used in investing activities increased by $39.3 million in 2024. This increase was largely due to the rise in capital spending. In 2023, the Corporation saw a decrease in capital activities due to the suspension of work for the better part of three months as a result of the strike. That being said, in 2024, the Corporation was forced to put a greater emphasis on its capital activities in order to keep pace with its electricity distribution system needs. Total investment in property, plant, and equipment and in intangible assets was $191.4 million in 2024. The chart on the next page shows Hydro Ottawa's capital investments by category for both 2024 and 2023.

Capital investments in 2024 included the following: $89.1 million on system renewal and service to replace aging infrastructure and to modify the existing distribution system; $68.5 million on system access projects, including third party-driven growth projects such as new residential or commercial installations, and municipal improvement projects; $18.5 million on general plant, including information technology infrastructure and fleet; and $15.3 million on generating plants.

Gross capital expenditures ($ millions)



Financing activities

Financing activities include dividends paid to the shareholder, the City of Ottawa, as well as proceeds from the issuance of long-term debt and commercial paper.

In 2024, dividends were paid to the shareholder, the City of Ottawa, in accordance with the approved dividend policy. The 2024 payment totaled $20.0 million based on 2023 results, and the 2023 payment totaled $20.0 million based on 2022 results. Subsequent to year-end, the Board of Directors declared a $22.3 million dividend based on 2024 results.

Accounting matters

Material accounting estimates and judgments

The preparation of consolidated financial statements, in conformity with IFRS Accounting Standards, requires management to make estimates, judgments, and assumptions that affect the reported amounts of consolidated revenues, expenses, assets, and liabilities, and requires disclosure of commitments and contingencies as of the date of the consolidated financial statements.

These estimates and judgments are based on historical experience, current conditions, and various other assumptions believed to be reasonable under the circumstances. Because they involve varying degrees of uncertainty, the amounts currently reported in the consolidated financial statements could prove to be inaccurate in the future.

Significant areas where estimates and judgments are made in the application of IFRS Accounting Standards are as follows [as discussed in Note 2(d) to the consolidated financial statements]:

- Accounts receivable
- Regulatory balances
- Useful lives of depreciable assets
- Impairment of non-financial assets
- Employee future benefits
- Capital contributions
- Deferred Income taxes

Risks and uncertainties

Hydro Ottawa has adopted a systematic approach to the management of risks and uncertainties, which is integrated into business processes and the quarterly reporting of organizational performance. Capabilities and processes have been built organization-wide for the effective identification of, and timely responses to, events likely to impede the achievement of corporate objectives.

The Corporation's Enterprise Risk Management ['ERM'] framework, established by the Board of Directors in 2006 and renewed annually, consolidates quarterly risk reporting to the President and Chief Executive Officer, and to the Board. Reporting highlights potential risk factors that may have an impact upon Hydro Ottawa's near-term and long-term business objectives and Strategic Direction. The ERM program supports and complements the Corporation's strategic planning and annual business planning cycles, through updated environmental scans and periodic reviews of planning assumptions.

Hydro Ottawa monitors sources and factors of risk that are structural to the Corporation's lines of business. These include, but are not restricted to, the following: the policy and regulatory environment; the state of the economy and macro-economic trends; the state of financial markets and of investment in the utilities space; government policies relating to the production and procurement of renewable and clean energy, as well as carbon emissions and conservation; the pace and nature of changes in technology, including the convergence of information technology and operational technology; cybersecurity; labour force demographics, with a particular emphasis on the renewal of human resources in the trades; the state of the market for talent and skills; the course and consequences of climate change; hazards, including extreme weather events, which could significantly affect the socio-economic and physical environment; and the impact of fiscal policies on the Corporation's customers. In combination, these sources of risk shape the evolution of electricity and energy, which could in turn present new and emerging risks that the Corporation needs to manage effectively.

The description of risks below is not intended to be comprehensive. The actual impact of any risk event may vary substantially from what is anticipated or described below. The sources and factors of risk analyzed below are interrelated to a great extent. They may quite possibly converge as a cause or consequence of one another. Thus, the cumulative impact of multiple risk events occurring within a relatively short time frame must be considered.

Geopolitical factors

Uncertainty at multiple levels after the 2024 U.S. Presidential election

Since its inauguration, the Trump administration's policy directives have signaled a clear break from the global framework governing global trade flows, financial markets, public health, and international defence and security arrangements for nearly 80 years. Risks arising in any of those domains could adversely affect Canada and thereby affect Hydro Ottawa and its stakeholders.

The implementation of tariff hikes - and retaliatory tariff hikes - could disrupt supply chains, drive inflation, and increase unemployment, in Canada as well as in the United States. The impact at this point in time could be difficult to estimate, but will most likely prove long-lasting and extremely damaging over a period of time. Long-term effects may include the destabilization of global trade arrangements, the tightening of capital flows, and the depreciation of the U.S. dollar as the global reserve currency. In the short- and medium-term, uncertainty is compounded by the fact that the new administration has until now adopted a 'go-stop-go' posture in implementing tariff increases. The decline in the value of the Canadian dollar could have pronounced adverse effects in the short term.

The U.S. government has also signalled its intent to reconfigure the global security architecture. For the U.S.' security partners, Canada foremost amongst them, that might entail considerable disruption and adaptation. As a result, geopolitical threats may become more prominent and intractable.

Public health is another domain in which the U.S.' retreat from multilateral organizations and policy signals point to a likelihood that the consequences of a future pandemic or public health emergency may be far more devastating.

Policy and regulatory environment

Provincial government's policies on electricity distribution and generation. Uncertainty around the role of LDCs in distributed energy resources.

The Ontario provincial government may at any time pass legislation or issue regulations that could directly affect the Corporation's electricity distribution and electricity generation businesses. For example, the government may require the OEB to implement more aggressive scrutiny of LDCs' pursuit of cost efficiencies, or contain rises in electricity distribution rates. Or the government may direct the IESO to achieve savings by amending supply contracts with electricity generation companies.

Although there are several clear indications that grid transformation and energy transition are priorities for the provincial government, there is still considerable uncertainty around the role it envisages for LDCs and electricity generation companies in anticipating and meeting the requirements of a distributed energy resource ['DER'] environment. The government's policy posture and regulations on climate change response, including the risk of reduced incentives for investment in more sustainable infrastructure and energy solutions, could have an adverse impact on the Corporation's energy and infrastructure business.

Hydro Ottawa Limited's custom incentive rate application for 2026-2030

Hydro Ottawa Limited proposes to obtain approval from the OEB for its distribution rate plan for 2026-2030. The plan defines the programs the Corporation expects to carry out in order to provide safe and reliable electricity to its customers, grow and expand the distribution system to meet and serve the rising demand for electricity, and renew its aging infrastructure, while earning the allowed rate of return. There are risks arising from regulatory proceedings, including the possible denial of some or several aspects of the programs defined in Hydro Ottawa's custom incentive rate application. Accordingly, there can be no assurance that the LDC's results over a multi-year period will be consistent with projections included in the approved revenue requirements framework.

The business performance of rate-regulated electrical utilities may also be affected by other factors. For example, actual loads and energy consumption vary substantially

from forecast, or unanticipated capital expenditure may need to be incurred, or actual costs of operations, maintenance, administration, capital, and financing may materially exceed initial projections. As a result, an LDC such as Hydro Ottawa Limited may not be able to complete its planned programs or achieve the expected returns.

Federal election in Canada, consequent policy uncertainty

The federal election which is scheduled to occur in 2025 carries with it the prospect of uncertainty in policy in respect of new renewable energy development as well as existing incentives and programs for clean energy and energy efficiency measures. Over the long term, conceivably, there is also the prospect of greater integration between provincial energy systems, with consequences that are difficult to foresee at this juncture.

Economy and financial markets

The state of the local, national and global economy could have a significant impact on the Corporation's business performance through factors such as interest rates, inflation, supply chain stability, and availability of market capital to fund growth. The economic climate could also have an effect on the financial strength and performance of some of Hydro Ottawa's key business partners.

Access to capital

The Corporation is reliant on funds generated from its operations and funds secured from the capital markets to enable ongoing operations, capital expenditures, acquisitions and growth in the business. Disruptions in the capital markets could increase the Corporation's cost of capital and adversely affect its ability to fund its liquidity needs and future growth.

As Hydro Ottawa's debt matures from time to time, its ability to finance and refinance indebtedness would be largely dependent on general economic conditions and the overall state of the capital markets, the continued operating performance of its assets, its credit ratings, the regulatory and policy environment, the level of future interest rates, and the attractiveness of its debt instruments to capital market participants. If external sources of capital become limited or unavailable, the Corporation's ability to fund operations and execute capital expenditures and strategic investments may be adversely affected.

Interest rates and credit ratings

The Corporation, on a consolidated basis, has variable rate interest exposure on its short-term borrowings and Commercial Paper program, which represent approximately 27 per cent of aggregate debt as at December 31, 2024. A series of reductions in the Bank of Canada key benchmark interest rate during 2024 eased pressures on the cost of short-term borrowings. As of the end of 2024, further cuts in interest rate costs were projected.

The progressive reduction of interest rates and stabilization of the climate for growth and investment may not endure beyond the short term if tariffs and retaliatory tariffs lead to high inflation at some point.

Following a restructuring of the Hydro Ottawa group of companies in 2024, Hydro Ottawa continues to maintain an A [low] credit rating, and therefore anticipates no immediate pressure on the Corporation's financial position or its ability to raise capital. As the Corporation enters into a prolonged period of capital investment in its electricity distribution business and envisages continued growth and expansion of its unregulated businesses, its capital requirements may be considerably higher in the medium to long term. That might have a negative impact on the corporation's credit rating at some point.

Inflation and supply chain disruption

Hydro Ottawa's Strategic Direction and financial projections are based on best estimates of costs to perform work and to run operations in a sustainable manner. Persistent inflation may result in substantial variance between actual results and current assumptions.

Business performance may also be affected by disruptions in a global supply chain. Inconsistencies in the availability or cost of a range of original equipment and spares could affect the operational efficiency of the Corporation's businesses, diminish the ability to respond to outages and customer needs, erode the capacity to manage major capital projects within budgeted costs and timelines, and undermine profitability overall. The potential paucity of affordable contractors to perform the range of specialized services procured by the Corporation may also have an adverse impact upon vital support functions and back-office operations.

Exchange rate fluctuations

The Corporation's functional currency is the Canadian dollar. A significant depreciation of the value of the U.S. dollar relative to the Canadian dollar may adversely affect the value of the Corporation's U.S.-based assets and related revenues. Conversely, a significant depreciation of the Canadian dollar relative to the U.S. dollar may affect the Corporation's capacity to finance additional growth in the U.S. market.

Electricity industry

Aging assets

Hydro Ottawa Limited has developed a long-term Distribution System Plan which takes into account the impact of climate change – in particular, changes in the frequency, severity, and pattern of occurrence of extreme weather events. While the Plan enables a high degree of resilience and responsiveness within the Corporation, there is a considerable risk of not being able to sustain the distribution business' historically high standards of reliability and operability. The fact that a majority of its distribution assets [54 per cent] has already reached or exceeded the end of its expected useful life, with a substantial portion [21 per cent] set to follow suit over the next decade, may aggravate this risk. The occurrence of multiple extreme weather events can also cause significant damage to assets. Apart from exacerbating operational and service delivery risks, these events may entail onerous costs for restoration of the distribution system.

Market prices for electricity

A part of Hydro Ottawa's electricity generation business [10 per cent of assets, 17 per cent of capacity] is exposed to the fluctuation of market prices for electricity. Market prices for electricity fluctuate due to a number of factors: the amount of excess generating capacity relative to load in the market; the structure of the market; weather conditions that impact electrical load; growth in demand for electricity; absolute and relative prices for energy; changes in government policy; and developments in conservation and demand management.

Major project execution

The successful and timely completion of major projects is critical to the Corporation's long-term Strategic Direction across all its lines of business. There are inherent risk factors in such projects: construction delays; cost overruns; equipment performance not in accordance with expectations; delays in permissions and clearances from all levels of government and their agencies; and technical issues in connecting to the grid. Such risks could be magnified as the Corporation contemplates substantial increases in its distribution capital investment program over the course of successive five-year rate plans.

Equipment failure

The Corporation has established programs to monitor asset condition and performance, with a view to managing the risk of equipment failures.

Nonetheless, Hydro Ottawa Limited's distribution assets face considerable risks of failure, stemming partly from their age and partly from severe weather conditions and natural disasters. Equipment failure risks, including the failure of assets under warranty, and the degradation of critical part components, are intrinsic to the generation of hydro-electric power. Risks arising from equipment failure could be exacerbated by poor vendor support and performance, as well as by the precarious nature of global supply chains in recent years.

Hydrology

Hydro-electric generation assets account for 91 per cent of Portage Power's portfolio. The operation of those facilities depends upon the availability of water. Water flows could be affected by short-term variability in weather as well as longer term changes in precipitation patterns and amounts, water temperatures and ambient air temperatures.

Technology infrastructure and platforms

Hydro Ottawa's results, resilience, and business performance depend upon complex information systems, covering frontline operations [e.g. geographic information system, outage management system, supervisory control and data acquisition system] as well as back-office processes [e.g. Google workspace, customer information and billing systems, enterprise resource planning system]. The failure of one or more of these key systems, or a failure of the Corporation to either plan effectively for future technology needs or to transition effectively to new technology systems, could adversely impact business operations and financial results.

Complexity and connectedness

Hydro Ottawa Limited's key systems draw upon data and signals from several hundred thousand smart devices [chiefly smart meters], as well as the related systems and web interfaces. The processing of data in many cases entails a number of automated interfaces, as well as multiple internal and external dependencies, including Ontario's Smart Metering Entity. Risks arising from the reliability and performance of any single component of this integrated network, or of the system as a whole, could lead to a disruption of key business processes.

On a smaller scale, the Corporation's infrastructure and energy management business as well as its newly-established telecommunications business face similar exposures, as they draw upon data and information from a number of devices and systems, including some that are owned by third parties.

There is growing convergence of core operational systems with enterprise information systems, along with increasing automation, and extensive use of common technology in facilitating such integration and connectivity. The complexity of this technology infrastructure, together with its interconnected nature, has the potential to heighten existing risks as well as to create new ones. A significant and growing exacerbating factor is the emergence of sophisticated artificial intelligence tools and applications, and the pace at which they may be integrated into critical infrastructure. As a result, there could be heightened risks of catastrophic or systemic failure.

The functioning of the Corporation's technology and communications infrastructure depends to a great degree on the expertise, reliability, and resilience of third parties. The performance of these third parties is not assured.

Cybersecurity

The Corporation's reliance on information systems and expanded data transmission and exchange networks, in conjunction with the growing extent of systems and data integration within the electricity sector, increases its exposure to information security threats, including cybersecurity risks. Hydro Ottawa's information systems and information assets could be put at risk by a security breach, data corruption, or system failure at a shared resource or common service provider. Cybersecurity risks could also be aggravated by the increased prevalence of working from home. Artificial intelligence could amplify the impact of malicious acts through the automation of brute-force and denial-of-service attacks, as well as through highly effective social engineering.

Human capital

Labour relations

The Corporation has now negotiated four-year collective agreements with all sections of its represented workforce. As a result, the risk of a major labour disruption or dispute is considered low for the next two years.

Talent attrition and retention

The Corporation expects the market for trades, technical, and professional staff to remain intensely competitive. In such conditions, Hydro Ottawa's capacity to match or exceed the compensation and benefits offered by its comparators cannot be guaranteed. The prolonged inability to attract, train and/or retain a skilled or qualified workforce could have an adverse effect on the Corporation's service delivery and business results.

Labour force demographics

Across the electricity sector, retirements are outpacing new entrants to the workforce. Owing to an uptick in hiring in 2024, the Corporation has what it considers a sustainable workforce adequate to the achievement of current business objectives. However, a return to the attrition rates experienced in recent years could have an adverse impact on the ability of the Corporation to meet its business growth and expansion objectives.

Health and safety

The work environment in which Hydro Ottawa carries out its activity is inherently dangerous. It encompasses a wide range of risks and hazards to the health and safety of both employees and the general public. The Corporation is subject to federal and provincial legislation and regulations governing occupational health and safety. Findings of non-compliance with these requirements could result in penalties and reputational risk.

Pension plans

The Corporation provides a defined benefit pension plan for the majority of its employees through the Ontario Municipal Employees Retirement System ['OMERS']. As OMERS is a multi-employer, contributory, defined benefit pension plan, it is not practicable to determine the Corporation's portion of pension obligations or the fair value of plan assets. Future funding shortfalls and net losses at OMERS, if any, are subject to the OMERS Sponsors Corporation Funding Management Strategy, which outlines how benefits and contributions will be modified as the OMERS Primary Plan cycles through periods of funding deficit and surplus.

Hydro Ottawa also has a separate defined benefit pension plan and a separate defined contribution pension plan for a small number of employees in the generation portfolio, with appropriate financial and investment procedures and oversight, as required by law. Pension benefit obligations and related net pension costs can be affected by volatility in the global financial and capital markets. There is no assurance that pension plan assets will earn the assumed long-term rates of return. Market-driven changes impacting the performance of the pension plan assets may result in material variations in actual returns.

Hazards and business continuity

Parts of the Corporation's business operations entail exposure to a range of hazards and events arising from a number of potentially inter-related factors: environmental [e.g. extreme weather; floods and earthquakes]; industrial [e.g. toxic and hazardous substances]; public health [e.g. pandemic]; public safety [e.g. civil disorder, terrorism];

structural [e.g. building or dam failure], cybersecurity; and infrastructural [e.g. communications or transport failures].

Hydro Ottawa's Business Continuity program is designed to build capacities to respond to these events while maintaining essential operations, and to restore the business to full-scale operations when it is safe to do so. The program has demonstrated its effectiveness and resilience through a series of events and natural disasters since 2018.

As robust as the program is, there can be no assurance that it will be able to withstand future challenges, especially if these emergencies and exceptional events should occur more often and with greater severity. Apart from creating risks to organizational resilience, hazards may also exacerbate financial risks. For example, the power and utilities sector may be required to absorb a greater proportion of the resulting losses if the insurance industry continues to reduce its coverage and offerings for such events.

Outlook

Looking ahead to the fifth and final year of its 2021-2025 Strategic Direction term, the Corporation anticipates navigating some exceptional economic and policy challenges, as laid out in the preceding section on risks and uncertainties.

In the face of these, however, the enhanced organizational resilience of the Corporation ought to be underscored. Over the course of successive Strategic Direction cycles, Hydro Ottawa has confronted and successfully overcome a wide range of hazards and disruptions, including a chain of extreme weather events, a global pandemic and an 84-day labour strike. As a result, there has been a step change in Hydro Ottawa's posture and mindset which will effectively serve the Corporation as it takes steps in the months ahead to ensure continuity of services and sustained confidence for its customers and stakeholders.

In addition, notwithstanding the foregoing risks and uncertainties, Hydro Ottawa remains well-positioned from a financial strength perspective. For example, the recent reorganization of its corporate structure has already borne fruit in the form of stabilized credit ratings and reduced borrowing costs. This effort also set the stage for a positive outcome in the latest bond issuance transacted by the Corporation in early 2025, which resulted in secure long-term financing.

Moreover, across core business lines, the conditions and opportunities for long-term growth are exceptional.

Hydro Ottawa Limited has recently filed its 2026-2030 distribution rate application to the OEB. The application will seek to enable the investments that are necessary to maintain reliability, facilitate customer-driven electrification, build a sustainable workforce, and support local economic development, while also providing an appropriate rate of return. Embedded in the plan are controls and incentives focused on productivity and cost efficiency.

Fresh off of record years of revenue generation, the outlook is likewise encouraging for Portage Power and Envari. For the former, there are multiple paths for future expansion, including IESO competitive energy procurements to meet projections of significant increases in provincial demand, as well as acquisitions of existing assets in Ontario or other jurisdictions. For the latter, the prospects of steady growth in market share are promising, in light of an impressive portfolio of signature energy transformation projects, robust appetite in commercial and institutional sectors for customized energy and sustainability solutions, and a new partnership with a local construction company [Teraflex] which will enable expanded service offerings and customer reach.

Finally, hiboo networks, the Corporation's new telecommunications affiliate, continues its focus on acquiring customers, establishing innovative partnerships, expanding its network, digitizing its customer experience and building internal capacity, with a business plan oriented towards value creation and revenue growth over a long-term horizon.

Consolidated financial statements

Hydro Ottawa Holding Inc.

Consolidated Financial Statements

December 31, 2024

Report of Management

Management is responsible for the integrity of the financial data reported by Hydro Ottawa Holding Inc. [the 'Corporation']. Fulfilling this responsibility requires the preparation and presentation of consolidated financial statements and other data using management's best judgment and estimates, as well as International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management maintains appropriate systems of internal control and corporate-wide policies and procedures, which provide reasonable assurance that the Corporation's assets are safeguarded and that financial records are relevant and reliable.

The Board of Directors, through the Audit Committee, ensures that management fulfills its responsibility for financial reporting and internal control. The Audit Committee consists of outside directors and, at regular meetings, reviews audit, internal control and financial reporting matters with management and external auditors. The Audit Committee has reviewed the consolidated financial statements and submitted its report to the Board of Directors.

On behalf of Management,

Bryce Conrad President and Chief Executive Officer	Geoff Simpson Chief Financial Officer

KPMG LLP
150 Elgin Street, Suite 1800
Ottawa, ON K2P 2P8
Canada
Telephone 613 212 5764
Fax 613 212 2896

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Hydro Ottawa Holding Inc.

Opinion

We have audited the consolidated financial statements of Hydro Ottawa Holding Inc. (the Entity), which comprise:

- the consolidated balance sheet as at December 31, 2024
- 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 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 consolidated financial position of the Entity as at end of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("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.

Other Information

Management is responsible for the other information. Other information comprises the information in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion and Analysis as at or prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

April 24, 2025

Hydro Ottawa Holding Inc.

Consolidated Statement of Income
Year ended December 31, 2024 with comparative information for 2023
[in thousands of Canadian dollars]

	2024 $	2023 $
Revenue and other income		
Power recovery revenue [Note 20]	**957,565**	861,905
Distribution revenue [Note 20]	**243,062**	224,770
Generation revenue [Note 20]	**52,892**	48,073
Commercial services revenue [Note 20]	**63,733**	36,477
Other revenue [Note 20]	**16,997**	14,382
Government grant income	**5,955**	4,336
Business interruption proceeds [Note 4]	**6,755**	4,482
	1,346,959	1,194,425
Expenses		
Purchased power	**923,195**	864,882
Operating costs [Note 21]	**215,553**	182,273
Depreciation [Note 7]	**73,005**	69,116
Amortization [Note 8]	**11,113**	10,488
	1,222,866	1,126,759
Income before the undernoted items	**124,093**	67,666
Financing costs [Note 22]	**56,598**	55,900
Interest income	**(1,930)**	(1,741)
Share of loss from joint ventures [Note 9(a)]	**669**	746
Income before income taxes	**68,756**	12,761
Income tax expense [Note 23]	**20,740**	10,512
Net income	**48,016**	2,249
Net movements in regulatory balances, net of tax [Note 6]	**(5,894)**	21,855
Net income after net movements in regulatory balances	**42,122**	24,104

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

Hydro Ottawa Holding Inc.

Consolidated Statement of Comprehensive Income
Year ended December 31, 2024 with comparative information for 2023
[in thousands of Canadian dollars]

	2024 **$**	2023 $
Net income after net movements in regulatory balances	**42,122**	24,104
Other comprehensive income		
Items that may be subsequently reclassified to net income		
Exchange differences on translation of foreign operations, net of tax	**3,653**	(1,005)
Items that will not be subsequently reclassified to net income		
Actuarial (loss) gain on post-employment benefits, net of tax	**149**	(575)
Net movement in regulatory balances related to other comprehensive income, net of tax	**(102)**	201
Total comprehensive income	**45,822**	22,725

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

Hydro Ottawa Holding Inc.

Consolidated Balance Sheet
As at December 31, 2024 with comparative information for 2023
[in thousands of Canadian dollars]

	2024 $	2023 $
Assets		
Current assets		
Cash	**16,525**	14,920
Accounts receivable [Notes 4 and 30]	**232,699**	198,242
Contract assets [Note 5]	**11,192**	4,631
Income taxes receivable	**762**	1,220
Prepaid expenses	**11,392**	9,474
Inventory	**2,330**	1,555
	274,900	230,042
Non-current assets		
Property, plant and equipment [Note 7]	**2,173,262**	2,039,273
Intangible assets [Note 8]	**149,036**	152,497
Investment properties, at cost	**4,798**	4,524
Investments in joint ventures [Note 9(a)]	**19,060**	16,849
Note receivable from related party [Note 10]	**20,000**	20,000
Restricted cash [Note 15(b)]	**8,630**	7,160
Deferred income tax asset [Note 23]	**7,474**	8,442
Total assets	**2,657,160**	2,478,787
Regulatory debit balances [Note 6]	**140,811**	131,843
Total assets and regulatory balances	**2,797,971**	2,610,630
Liabilities and equity		
Current liabilities		
Bank indebtedness [Note 11]	**28,204**	7,822
Commercial paper [Note 11]	**382,585**	338,105
Accounts payable and accrued liabilities [Note 12]	**221,019**	207,998
Income taxes payable	**-**	118
Deferred revenue [Note 13]	**13,093**	9,604
Current portion of long-term debt [Notes 15 and 25]	**204,882**	3,796
	849,783	567,443
Non-current liabilities		
Deferred revenue [Note 13]	**319,329**	271,715
Employee future benefits [Note 14]	**13,701**	13,657
Customer deposits	**21,089**	18,026
Long-term debt [Notes 15 and 25]	**870,022**	1,074,563
Deferred income tax liability [Note 23]	**136,820**	118,607
Other liabilities [Note 16]	**1,813**	1,991
Total liabilities	**2,212,557**	2,066,002
Equity		
Share capital [Note 18]	**228,453**	228,453
Accumulated other comprehensive income	**7,315**	3,615
Retained earnings	**319,723**	297,601
Total liabilities and equity	**2,768,048**	2,595,671
Regulatory credit balances [Note 6]	**29,923**	14,959
Total liabilities, equity and regulatory balances	**2,797,971**	2,610,630

Contingent liabilities, commitments and subsequent events [Notes 26, 27 and 29]

On behalf of the Board:

Jacqueline Gauthier

Director

Bernard T Ashe

Director

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

Hydro Ottawa Holding Inc.

Consolidated Statement of Changes in Equity
Year ended December 31, 2024 with comparative information for 2023
[in thousands of Canadian dollars]

	Share capital $	Accumulated other comprehensive income $	Retained earnings $	Total $
Balance at December 31, 2022	228,453	4,994	293,497	526,944
Net income after net movements in regulatory balances	-	-	24,104	24,104
Other comprehensive income	-	(1,379)	-	(1,379)
Dividends [Note 18(b)]	-	-	(20,000)	(20,000)
Balance at December 31, 2023	228,453	3,615	297,601	529,669
Net income after net movements in regulatory balances	-	-	42,122	42,122
Other comprehensive income	-	3,700	-	3,700
Dividends [Note 18(b)]	-	-	(20,000)	(20,000)
Balance at December 31, 2024	**228,453**	**7,315**	**319,723**	**555,491**

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

Hydro Ottawa Holding Inc.

Consolidated Statement of Cash Flows
Year ended December 31, 2024 with comparative information for 2023
[in thousands of Canadian dollars]

	2024 $	2023 $
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income after net movements in regulatory balances	**42,122**	24,104
Adjustments for:		
Depreciation and amortization	**84,118**	79,604
(Gain) loss on disposal of non-financial assets [Note 7]	**(5,708)**	4,047
Amortization of debt-issuance costs	**341**	336
Share of losses from joint ventures	**669**	746
Amortization of deferred revenue [Note 20]	**(8,793)**	(7,819)
Financing costs, net of interest income and debt-issuance costs	**54,327**	53,823
Income tax expense	**20,740**	10,512
Other	**265**	(173)
Changes in non-cash working capital and other operating balances [Note 24]	**(50,202)**	(7,878)
Income tax refunds received	**1,345**	2,162
Income taxes paid	**(1,082)**	(1,210)
Financing costs paid, net of interest income received	**(59,690)**	(53,723)
Capital contributions from customers	**24,254**	20,065
Capital contributions from developers [Note 7]	**25,114**	11,067
Change in customer deposits	**22,824**	6,460
Net movements in regulatory balances	**5,894**	(21,855)
	156,538	120,268
Investing		
Acquisition of property, plant and equipment [Note 7]	**(190,677)**	(154,964)
Acquisition of intangible assets [Note 8]	**(7,426)**	(3,629)
Proceeds from disposal of property, plant and equipment	**1,020**	1,247
Insurance proceeds from third party [Note 7]	**6,552**	-
Capital contributions to joint venture [Note 15(c)]	**-**	(356)
Dividends from joint venture	**(2,880)**	540
Issuance of note receivable to related party	**-**	(2,375)
Financing costs paid	**(965)**	(694)
Restricted cash held in-trust	**(1,470)**	3,010
Government grant received [Note 15(c)]	**-**	356
Distributions from joint venture	**-**	351
	(195,846)	(156,514)
Financing		
Proceeds from the issuance of commercial paper, net of repayments [Note 11]	**44,480**	61,715
Proceeds from issuance of long-term debt, net of repayments [Note 15]	**(3,796)**	19
Dividends paid [Note 18(b)]	**(20,000)**	(20,000)
Repayments of lease liabilities	**(153)**	(96)
	20,531	41,638
Net change in cash, net of bank indebtedness	**(18,777)**	5,392
Cash, net of bank indebtedness, beginning of year	**7,098**	1,706
Bank indebtedness, net of cash, end of year	**(11,679)**	7,098

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

[in thousands of Canadian dollars]

1. DESCRIPTION OF BUSINESS AND CORPORATE INFORMATION

Hydro Ottawa Holding Inc. [the 'Corporation'] is a holding company incorporated on October 3, 2000 whose sole shareholder is the City of Ottawa. The Corporation's primary operations, as carried out by its subsidiaries and joint ventures below, are the distribution of electricity within the City of Ottawa, the generation of renewable energy, and the provision of distribution and energy related commercial services. The Corporation is domiciled in Canada with its registered head office located at 2711 Hunt Club Road, Ottawa, Ontario, K1G 5Z9.

Significant operating subsidiaries, each wholly-owned, either directly or indirectly by the Corporation as at December 31, 2024, are as follows:

Subsidiary	Principal activity
Hydro Ottawa Capital Corporation ['HOCC']	A holding company incorporated on March 7, 2024, that holds and manages its investments in Hydro Ottawa Limited, Envari Holding Inc., Telecom Ottawa Holding Inc and 2725163 Ontario Inc.
Hydro Ottawa Limited ['Hydro Ottawa']	An electricity distribution company regulated by the Ontario Energy Board ['OEB'] that owns and operates electrical infrastructure in the City of Ottawa and the Village of Casselman. In addition to distribution services, Hydro Ottawa Limited invoices customers for amounts it is required to pay to other organizations in Ontario's electricity system for providing wholesale generation and transmission services.
Energy Ottawa Inc. ['Energy Ottawa']	Operating under the Portage Power brand, Energy Ottawa owns and operates 18 hydroelectric generating stations totalling 118 MW located in Ontario and Québec [at Chaudière Falls] and New York state. Significant subsidiaries of Energy Ottawa include Chaudiere Hydro L.P. ['CHLP'], Hull Energy L.P. ['Hull Energy LP'], EONY Generation Limited ['EONY'], Chaudiere Hydro North L.P. ['CHLP North'], EO Generation LP ['EO Gen'] and Chaudiere Financial L.P. ['CFLP'].
Envari Holding Inc. ['Envari']	Envari provides energy management and infrastructure services to commercial and government entities and non-destructive cable testing services to utility companies. Significant subsidiaries of Envari include Envari Energy Solutions Inc. and Energy Ottawa Cable Testing Services Inc. ['Cable Q'].
Telecom Ottawa Holding Inc. ['TOHI']	TOHI owns 100% of Hiboo Networks Inc. ['Hiboo'] (formerly 13310361 Canada Inc.). Hiboo provides secure, high-speed fibre optic network solutions and internet service to businesses in the Ottawa and Gatineau area.

Joint ventures the Corporation is a party of as at December 31, 2024, are as follows:

Joint venture	Principal activity
PowerTrail Inc. ['PowerTrail'] [60% owned]	Owns and operates a 6 MW landfill gas-to-energy plant at the Trail Road landfill site in Ottawa, Ontario.
Moose Creek Energy LP ['Moose Creek LP'] [50.05% owned]	Owns and operates a 4 MW landfill gas-to-energy plant at the Laflèche landfill site in Moose Creek, Ontario.
Zibi Community Utility LP ['ZCU'] [50% owned]	Owns and operates a thermal utility for the Zibi development in downtown Ottawa and Gatineau.
Civic Community Utility Partnership ['CCUP'] [50% owned]	Constructs, owns and operates a community energy utility for The Ottawa Hospital New Campus Development Project.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared by management on a going-concern basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ['IFRS Accounting Standards'], and have been approved and authorized by the Corporation's Board of Directors for issue on April 24, 2025.

(b) Basis of measurement

The Corporation’s consolidated financial statements are prepared on a historical cost basis, except for employee future benefits as disclosed in Note 3(n).

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

(d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements.

Due to the inherent uncertainty involved in making estimates, actual results could differ from estimates recorded in preparing these consolidated financial statements, including changes as a result of future decisions made by regulators and governments. Management reviews its estimates and judgments on an ongoing basis using the most current information available. These consolidated financial statements have, in management's opinion, been properly prepared using careful judgment and reasonable limits of materiality within the framework of the material accounting policies. Significant areas where estimates and judgments are made in the application of IFRS Accounting Standards are as follows:

i. Account receivable

Accounts receivable, which include unbilled receivables, are reported based on the amounts expected to be recovered less a loss allowance for expected credit losses. Management utilizes historical loss experience and forward-looking information in conjunction with the aging and arrears status of accounts receivable at year-end in the determination of the allowance.

ii. Regulatory balances

The recognition and measurement of regulatory balances is subject to certain estimates, judgments and assumptions, including assumptions made in the interpretation of the OEB’s regulations and decisions. The Corporation continues to assess the likelihood of recovery of all regulatory debit balances subject to recovery through a future rate filing. The absence of OEB approval is a consideration in this evaluation.

iii. Useful lives of depreciable assets

Depreciation and amortization expense are calculated based on estimates of the useful lives of property, plant and equipment, intangible assets and investment properties. Management estimates the useful lives of the various types of assets using assumptions and estimates of life characteristics of similar assets based on a long history of electricity distribution and generation industry experience.

iv. Impairment of non-financial assets

Non-financial assets are reviewed by management for impairment using the future cash flows method as outlined in Note 3(m). By their nature, estimates of future cash flows, including estimates of future capital expenditures, revenue, operating expenses, discount rates, generation production, inflation, terminal capitalization rates and forecasted market pricing [including ancillary, capacity and other market incentives] are subject to measurement uncertainty. Management factors in current economic conditions, past experience and obtains third party consultations to support its estimates when necessary.

v. Employee future benefits

The measurement of employee future benefits involves the use of numerous estimates and assumptions. Actuaries make assumptions for items such as discount rates, future salary increases and mortality rates in the determination of benefits expenses and defined benefit obligations.

vi. Capital contributions

The timing of the satisfaction of performance obligations for capital contributions from customers is subject to certain estimates of future electricity usage.

vii. Deferred income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Corporation and its subsidiaries operate are subject to change. Deferred income tax assets are assessed by management at the end of each reporting period to determine the likelihood that they will be realized from future taxable income, taking into account potential tax planning opportunities. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized.

viii. Indicator of asset impairment

At the end of each reporting period, or earlier if required, management uses its judgment to assess whether there is an indication that the carrying amount of a non-financial asset [or cash-generating unit, 'CGU'] exceeds its recoverable amount. This assessment involves the consideration of whether any events or changes in circumstances could have affected the recoverability of the carrying amount of a non-financial asset or CGU. Management considers various indicators including, but not limited to, adverse changes in the industry or economic conditions; changes in the degree or method of use of an asset; a lower-than-expected economic performance of an asset or a significant change in market or interest rates.

Based on management's judgment, an indicator of impairment [under IAS 36 – *Impairment of Assets* ['IAS 36']] existed within EONY at December 31, 2024 pertaining to the volatility in energy market prices in New York State and the increase in market interest rates. Assumptions with respect to these cash flows are sensitive to the various inputs into the value-in-use calculation, and thus are subject to measurement uncertainty [Note 2(d)(iv)] and details regarding management's 2024 value-in-use analysis are presented in Note 8 of these consolidated financial statements.

(e) New standard amendment adopted

In January 2020, the International Accounting Standards Board ['IASB'] issued amendments to International Accounting Standard *Presentation of Financial Statements* ['IAS 1'] relating to the classification of liabilities as current or non-current. Specifically, the amendments clarify one of the criteria for classifying a liability as non-current is the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. This right may be subject to compliance with covenants.

After reconsidering certain aspects of the 2020 amendments, in October 2022, the IASB issued *Non-current Liabilities with Covenants* (Amendments to IAS 1), reconfirming that only covenants with which a company must comply on or before the reporting date affect a liability as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The amendments are applied retrospectively.

These amendments do not have any impact on the Corporation's financial statements and disclosures.

(f) New standard not yet adopted

In April 2024, the IASB issued a new standard, IFRS 18 *Presentation and Disclosure of Financial Statements* [‘IFRS 18’], which replaces IAS 1. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. The standard is to be applied retrospectively, with early adoption permitted. IFRS 18 is expected to improve the quality of financial reporting by requiring defined subtotals in the statement of income or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information.

The Corporation has not yet determined the impact of this standard on its disclosures.

3. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries including those described in Note 1. Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns by directing and controlling the activities of the entity. Subsidiaries are fully consolidated from the date on which the Corporation obtains control, and continue to be consolidated until the date that control ceases to exist. Intercompany balances and transactions have been eliminated in these consolidated financial statements The financial statements of the subsidiaries are prepared for the same reporting period as the Corporation using consistent accounting policies.

(b) Joint ventures

All joint arrangements are either classified as joint ventures or joint operations in accordance with IFRS 11 – J*oint Arrangements* ['IFRS 11'] the Corporation is party to four joint ventures as described in Note 1 of these consolidated financial statements whereby control is shared with third parties via a contractual agreement. Joint ventures are accounted for using the equity method. Under this method, the Corporation’s interests in joint ventures are initially recorded at cost, and subsequently adjusted to recognize the Corporation’s share of post-acquisition profits or losses, movements in other comprehensive income ['OCI'] and dividends or distributions received, as applicable.

(c) Foreign currency translation

Transactions denominated in foreign currencies are translated at exchange rates in effect at the transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the end of the reporting period. Non-monetary assets and liabilities carried at historical cost are not re-translated; they remain at the exchange rate in effect at the date of the original transaction. Non-monetary assets and liabilities carried at fair value are translated at the exchange rate in effect at the date the fair value was measured. Any resulting exchange gains or losses are included in net income for the year.

The assets and liabilities of EONY are translated into Canadian dollars at the exchange rate in effect at the end of the reporting period. Revenue and expenses are translated into Canadian dollars at the average exchange rate in effect during the reporting period. Any resulting exchange gains and losses arising from the translation are included in OCI for the year.

(d) Regulation - Hydro Ottawa

Hydro Ottawa is regulated by the OEB under the authority of the *Ontario Energy Board Act, 1998.* The OEB is charged with the responsibilities of approving or setting rates for the transmission and distribution of electricity, and ensuring that distribution companies fulfill obligations to connect and service customers.

For fiscal year ended December 31, 2024, Hydro Ottawa continued to operate under a custom incentive rate-setting application ['Custom IR'] prescribed by the OEB. The Custom IR is one of the rate setting options contained in the *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* policy.

Annual IR applications are required to set rates and charges for the 2022-2025 rate years. On August 15, 2024, Hydro Ottawa filed its Custom IR year 4 update application seeking approval to change its base distribution rates effective January 1, 2025. Rates are adjusted using a formulaic approach following the first year base rates. The 2024 rates are based on an update to Hydro Ottawa's custom price escalation factor, working capital allowance, and Hydro Ottawa's annual incremental capital stretch factor for capital-related revenue requirement. Hydro Ottawa's 2025 rates were approved by the OEB on December 17, 2024.

Once rates are approved, they are not adjusted as a result of actual costs being different from those that were estimated, other than for certain prescribed costs that are eligible for deferral treatment and are either collected or refunded in future rates.

In January 2014, the International Accounting Standards Board ['IASB'] issued IFRS 14 – *Regulatory Deferral Accounts* ['IFRS 14'], which permits rate-regulated entities to use its existing rate-regulated activities practices if and only if, in its first IFRS financial statements, it recognized regulatory deferral account balances by electing to apply the requirements of IFRS 14.

Hydro Ottawa has determined that certain debit and credit balances arising from rate-regulated activities qualify for the application of regulatory accounting treatment in accordance with IFRS 14 and the accounting principles prescribed by the OEB in the Accounting Procedures Handbook for Electricity Distributors. Regulatory debit and credit balances primarily represent costs that have been deferred because it is probable that they will be recovered in future rates, revenues that are required to be returned or collected to/from customers or balances that arise from differences in amounts billed to customers for electricity services and the costs that Hydro Ottawa incurs to purchase these services.

Regulatory balances principally comprise of the following:

- Regulatory asset/liability refund account ['RARA'/'RLRA'] consists of balances of regulatory assets or regulatory liabilities approved for disposition by the OEB through temporary additional rates referred to as rate riders.

- Settlement variances relate primarily to the charges Hydro Ottawa incurred for transmission services, commodity, wholesale market operations and global adjustment in comparison to those settled with customers during the year. The nature of the settlement variances is such that the balance can fluctuate between assets and liabilities over time, and they are reported at year-end dates in accordance with rules prescribed by the OEB.

- Lost Revenue Adjustment Mechanism ['LRAM'] account tracks and disposes of lost electricity distribution revenues that result from Conservation and Demand Management ['CDM'] programs.

- Earnings Sharing Mechanism ['ESM'] variance account captures 50% of any regulated earnings above Hydro Ottawa's approved return on equity for specific rate periods.

- Other Post-employment Benefits deferral account ['OPEB deferral account'] was authorized by the OEB in 2011 to record the adjustment to employee future benefits other than pension relating to the cumulative actuarial gains or losses. This account is adjusted annually to record any changes in the cumulative actuarial gains or losses. No interest charges are recorded on this account as instructed by the OEB.

– Other Post-employment Benefits cash versus accrual account ['OPEB cash vs accrual'] tracks the interest on the differential of Hydro Ottawa's contributions to OPEB versus the accrued OPEB expense recorded in Hydro Ottawa's statement of income.

– Gain/Loss on Asset Disposal variance account is the difference between actual amount of gain or loss from disposal of fixed assets and the forecasted gain or loss.

Other variances and deferred costs include the following:

– The Connection Cost Recovery Agreement ['CCRA'] account allows Hydro Ottawa to record annual revenue requirements related to the difference between forecasted payments built into rates and actual payments made to Hydro One Networks Inc. ['HONI'] under the CCRA's.

– Capital Variance Account ['CVA'] account (excluding the System Access capital variance sub-account relating to plant relocation requested by third parties and residential expansion) is an asymmetrical variance account. Accordingly, the CVA tracks on an annual basis [for years 2021-2025], the cumulative revenue requirement difference resulting from the underspending in the Corporation's three capital spending categories: System Renewal/System Service, System Access, and General Plant. The System Access capital variance sub-account records the cumulative revenue requirement difference due to both overspending or underspending and is referred to as a symmetrical variance account.

– A Performance Outcomes Accountability Mechanism account to return up to $200 annually for each under-achieved target during the 2021-2025 custom incentive rate-setting period. The five targets impacted by this mechanism account are identified in Hydro Ottawa's settlement agreement.

– The OEB established a variance account for electricity distributors to record any material differences between OEB cost assessments currently built into rates, and cost assessments that will result from the application of the new cost assessment models.

Hydro Ottawa accrues interest on the regulatory balances as directed by the OEB.

Hydro Ottawa continues to assess the likelihood of recovery of all regulatory debit balances subject to recovery through a future rate filing. The absence of OEB approval is a consideration in this evaluation. If the requirement for a provision becomes more likely than not, Hydro Ottawa will recognize the provision in operating costs for the year.

(e) Revenue recognition

Depending on whether certain criteria are met, the Corporation recognizes revenue from contracts with customers when it transfers control over a product or service to a customer either over time or at a point in time. For revenue from other sources, the Corporation recognizes revenue over time taking into consideration the facts and circumstances of the arrangement.

Revenue is measured at the consideration received or receivable, excluding any discounts, rebates and sales taxes and other amounts collected on behalf of third parties in the following revenue arrangements.

i. Power recovery

Power recovery revenue represents the flow-through of the cost of power to the consumer as purchased by the Corporation and is recognized over time as electricity is delivered to the customer, as measured by meter readings or usage estimates. Power recovery revenue is regulated by the OEB and includes charges to customers for the electricity commodity, the transmission of electricity and the administration of the wholesale electricity system. The Corporation has determined that it acts as a principal in this revenue arrangement and therefore has presented it on a gross basis.

ii. Distribution

The Corporation charges customers for the delivery of electricity, based on rates established by the OEB. The rates are intended to allow the Corporation to recover its prudently-incurred costs and earn a fair return on invested capital. Distribution revenue is recognized over time as electricity is delivered to the customer, as measured by meter readings or usage estimates.

iii. Generation

Generation revenue is recognized over time upon the delivery of generated electricity to the customer, as measured by meter readings in accordance with the applicable contractual arrangement.

iv. Commercial services

Commercial services revenue comprise revenue earned under contracts for service work related to distribution operations, turnkey energy management and analysis projects, the provision of streetlight installation and maintenance services, pole attachment and duct rental services and non-destructive cable testing.

Certain commercial services [distribution projects, turnkey energy management projects and streetlight installation services] are accounted for using the percentage-of-completion method, whereby revenue and the corresponding costs are recognized over time proportionately with the degree of completion of the services under contract and the Corporation has an enforceable right to payment for performance completed to date. Losses on such contracts are fully recognized when they become evident and probable. Other commercial services revenues are recognized over time as services are rendered, or on a straight-line basis over the period of the contract if the services performed consist of an indeterminate number of acts over a specified period of time.

Under the terms of certain energy service contracts, the Corporation is contractually restricted from billing the customer prior to the completion of performance-related milestones or final inspections. Revenue recognized prior to the completion of such milestones or inspections are recognized as a contract asset (i.e. accrued revenue). The Corporation evaluates its contract assets for impairment in the same manner as its financial assets via the expected credit loss method as described in Note 3(j).

v. Other

Other revenue consists primarily of investment property rentals, capital contributions received from customers amortized to revenue, and other account-related charges such as account set-up and late payment fees.

In certain situations, capital contributions are required from customers to finance additions to property, plant and equipment when the estimated revenue resulting from the addition to property, plant and equipment is less than the cost of providing the service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide current and future customers with ongoing access to the supply of electricity, these contributions are classified as deferred revenue and amortized into revenue on a straight-line basis over time [the period a customer will receive services], which is typically equivalent to the rate used for the depreciation of the related property, plant and equipment [service life of the related assets].

Capital contributions received from developers to construct or acquire property, plant and equipment for the purpose of connecting future customers to the Corporation's distribution network are considered out of scope of IFRS 15 – *Revenue from Contracts with Customers* ['IFRS 15']. Capital contributions received from developers are recognized as deferred revenue and amortized into revenue from other sources at an equivalent rate to that used for the depreciation of the related property, plant and equipment.

(f) Interest income and financing costs

Interest income is recognized as it accrues under the effective interest method and comprises interest earned on cash and notes receivable from related parties.

Financing costs are calculated using the effective interest rate method and are recognized as an expense unless they are capitalized as part of the cost of a qualifying asset.

(g) Income taxes

The Corporation, Hydro Ottawa, Energy Ottawa and Envari are each considered to be a Municipal Electric Utility ['MEU'] and are required to make payments in lieu of corporate income taxes ['PILS'] as contained in the *Electricity Act, 1998*, as all of their share capital is indirectly owned by the City of Ottawa and not more than 10% of its income is derived from activities carried on outside the municipal boundaries of the City of Ottawa. The *Electricity Act, 1998* provides that a MEU that is exempt from tax under the Income Tax Act (Canada) ['ITA'] and the Taxation Act, Ontario ['TAO'] is required to make, for each taxation year, a PILs payment to the Ontario Electricity Financial Corporation in an amount equal to the tax that it would be liable to pay under the ITA and the TAO if it were not exempt from tax.

The Corporation, Hydro Ottawa, Energy Ottawa, and Envari follow the liability method for recording income taxes. Under the liability method, current income taxes payable is recorded based on taxable income. Deferred income taxes arising from temporary differences in the accounting and tax basis of assets and liabilities are provided based on substantively enacted tax rates that will be in effect when the differences are expected to reverse.

The Corporation evaluates the realizability of its deferred income tax assets at the end of each reporting period. To the extent that it is not probable that taxable profit will be available against which the unused tax losses can be utilized, the deferred income tax asset is not recognized.

Hydro Ottawa recognizes regulatory balances for the amounts of future income taxes expected to be refunded to or recovered from customers in future electricity rates as prescribed by the OEB.

EONY is subject to the income tax regime in the United States [the 'Internal Revenue Service']. PowerTrail is taxable under the ITA and TAO as less than 90% of each company's capital is owned by the City of Ottawa through Energy Ottawa and the Corporation. Corporate income taxes are accounted for using the liability method as described above.

Moose Creek LP, CHLP, EO Gen, CHLP North, Hull Energy LP, CFLP, ZCU and CCUP are not taxable entities for federal and provincial income tax purposes. Tax on the net income (loss) is borne by the individual partners through the allocation of taxable income.

(h) Restricted cash

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements is classified as restricted cash.

(i) Bank indebtedness

Bank indebtedness includes short-term advances and/or bankers' acceptances drawn on the Corporation's credit facility with a maturity date of three months or less, and outstanding cheques. Cash and bank indebtedness are offset and the net amount is presented on the consolidated balance sheet when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(j) Financial instruments

Financial instruments are initially measured at the fair value of the consideration given or received plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The Corporation's financial assets, upon initial recognition, are classified as amortized cost or fair value [whereby subsequent changes in fair value are recognized either through OCI ['FVOCI'] or through profit and loss ['FVTPL'] as unrealized market adjustments]. Financial assets are classified based on the Corporation’s business model for managing such assets and the contractual terms of the related cash flows.

The Corporation's financial liabilities, upon initial recognition, are classified as amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Corporation classifies and subsequently measures its financial instruments as follows:

– Cash, restricted cash, accounts receivable and notes receivables from related parties are financial assets classified and measured at amortized cost using the effective interest method, less any impairment if applicable.

– Bank indebtedness, commercial paper, accounts payable and accrued liabilities, customer deposits and long-term debt are financial liabilities classified and measured at amortized cost using the effective interest rate method.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between willing parties. The Corporation's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and liabilities. Financial instruments are classified using a three level hierarchy. The levels reflect the inputs used to measure the fair values of financial assets and financial liabilities, and are as follows:

– Level 1: inputs are unadjusted quoted prices of identical instruments in active markets;

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

– Level 3: inputs for the liabilities that are not based on observable market data [unobservable inputs].

All financial assets except for those classified as FVTPL or FVOCI are subject to review for impairment at least at each reporting date. Impairment losses, if material, are recognized in net income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The Corporation recognizes loss allowances for expected credit losses ['ECLs'] on financial assets measured at amortized cost. The Corporation measures loss allowances for electricity receivables, unbilled receivables and trade receivables via a simplified approach as permitted by IFRS 9 – *Financial Instruments* ['IFRS 9'], at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased, the Corporation performs a quantitative and qualitative analysis based on the Corporation’s historical experience and forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

[in thousands of Canadian dollars]

(k) Property, plant and equipment

Property, plant and equipment consist principally of land, buildings and fixtures, electricity distribution and infrastructure, furniture and equipment, rolling stock, generating equipment, reservoirs, dams and waterways, civil structures and assets under construction. Right-of-use ['ROU'] assets under IFRS 16 – *Leases* ['IFRS 16'] are classified within property, plant and equipment in these consolidated financial statements.

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Self-constructed asset costs comprise all directly attributable expenditures to bring the asset into operation including labour, materials, employee benefits, transportation, contracted services and borrowing costs. Where parts of an item in property, plant and equipment are significant and have different estimated economic useful lives, they are accounted for as separate items [major components] of property, plant and equipment. Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers and developers. Assets that are acquired from customers and developers are measured at fair value. Contributions from customers and developers are treated as deferred revenue.

The cost of major inspections and maintenance is recognized in the carrying value of an asset provided that the Corporation will derive future economic benefits from the expenditure. The carrying amount of a replaced part is derecognized. The costs of day-to-day servicing, repairs, and maintenance are expensed as incurred.

Depreciation is recorded on a straight-line basis over the estimated service life of each component of property, plant and equipment. Emergency capital spare parts that are expected to be used for more than one year are considered to be assets under construction and are depreciated only once they are put into service.

Gains and losses on disposal of retired, sold or otherwise derecognized property, plant and equipment are recognized in income and are calculated as the difference between net proceeds from disposal and the carrying amount of the asset. Compensation from third parties for property, plant and equipment lost, impaired or given up is measured at fair value and recognized when the compensation becomes receivable.

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated service lives for property, plant and equipment classes are as follows:

Land, buildings and structures	
Land	Indefinite
Buildings and fixtures	10 to 100 years
Civil structures	100 years
Electricity distribution infrastructure	10 to 60 years
Generation and other	
Generating equipment	10 to 50 years
Dark fibre	20 to 25 years
Reservoirs, dams and waterways	100 to 125 years
Furniture and equipment	5 to 40 years
Rolling stock	7 to 15 years

Assets under construction and land are not subject to depreciation.

Borrowing costs are capitalized as a component of the cost of self-constructed property, plant and equipment assets that take a substantial period of time to get ready for their intended use. The capitalization rate is the Corporation's weighted average cost of borrowing.

(l) Intangible assets

Intangible assets include land and water rights, computer software, capital contributions, power purchase agreements, deferred contract costs and assets under development. Water rights represent the inherent value of the right to draw water from government-owned rivers and lakes for purposes of generating electricity.

Intangible assets with finite lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortized on a straight-line basis over the estimated service lives of the related assets while those with indefinite lives are not amortized.

Intangible assets are derecognized on disposal or when no further future economic benefits are expected from their use. Gains or losses on disposal of intangible assets are recognized in income and are calculated as the difference between net proceeds from disposal and the carrying amount of the asset.

The estimated useful lives and amortization methods are reviewed at each year-end with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated service lives for intangible assets with finite lives are as follows:

Land rights	50 years
Water rights with a definite useful life	7 to 100 years
Computer software	5 to 15 years
Other contractual rights	
Capital contribution agreements	45 years
Power purchase agreements ['PPA']	15 years
Deferred contract costs	14 years

(m) Impairment of non-financial assets

At the end of each reporting period, or earlier if required, the Corporation assesses whether there is an indication that a non-financial asset [or 'CGU'] may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication exists, the Corporation estimates the asset's recoverable amount, which is the higher of an asset or CGU's fair value less costs of disposal and its value-in-use. If the carrying value of a non-financial asset materially exceeds its recoverable amount, the difference is immediately recognized as an impairment loss in the consolidated statement of income.

Intangible assets with indefinite useful lives [i.e. certain water rights] and assets under development are tested for impairment [within their respective CGUs] at least annually, and whenever there is an indication that the asset may be impaired.

When determining the recoverable amount, the Corporation determines its value-in-use by discounting estimated future cash flows to their present value using a discount rate that reflects changes in the time value of money and the risks specific to the asset of the CGU. The discount rate estimated and used by management represents the weighted average cost of capital determined for the CGU being tested. Terminal values are included in the determination of management's value-in-use calculations and are based on an earnings multiple approach via a terminal capitalization rate.

At the end of a reporting period, the Corporation assesses whether there is any indication that an impairment loss recognized in a prior period no longer exists or has decreased. If any such indication exists, the loss is reversed up to its recoverable amount where there has been a change in estimated service potential. The carrying amount following the reversal must not be higher than the carrying amount that would have prevailed [net of amortization] had the original impairment not been recognized in prior periods.

Compensation for impairment of non-financial assets, such as insurance recoveries, is included in determining profit or loss when it becomes receivable and is not offset against the cost of restoring, purchasing or constructing replacement assets.

(n) Employee future benefits

i. Pension plans

The Corporation provides pension benefits for its employees through the Ontario Municipal Employees Retirement System ['OMERS'] Fund [the 'Fund']. OMERS is a multi-employer pension plan that provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The Fund is a defined benefit pension plan, which is financed by equal contributions from participating employers and employees and by the investment earnings of the Fund.

Although the plan is a defined benefit plan, sufficient information is not available to the Corporation to account for it as such because it is not possible to attribute the fund assets and liabilities between the various employers who contribute to the Fund. As a result, the Corporation accounts for the plan as a defined contribution plan, and contributions payable as a result of employee service are expensed as incurred as part of operating costs. The Corporation shares in the actuarial risks of the other participating entities in the plan, and its future contributions may therefore be increased due to actuarial losses relating to the other participating entities. In addition, the Corporation's contributions could be increased if other entities withdraw from the plan.

CHLP is the sponsoring employer of the Pension Plan for Employees of Chaudiere Hydro L.P. and Participating Employers ['Chaudiere Hydro Pension Plan'] which provides pension benefits for certain of the Corporation's employees and is accounted for as follows:

- Chaudiere Hydro Pension Plan assets are held by an insurance corporation and are measured at fair value, which are determined as follows: bond, equity and other investment funds are valued using the unit values supplied by the fund manager, which reflects the fund's proportionate share of underlying net assets at fair values determined using closing quotations from Canadian investment dealers, and short-term investments are valued at cost, including accrued interest, which due to their short-term maturity approximates fair value.

- Defined benefit obligations of the Chaudiere Hydro Pension Plan are determined based on the expected future benefit payments discounted using market interest rates on high-quality debt instruments that match the timing and amount of expected benefit payments.

- The cost of pension earned by employees is actuarially determined using the projected benefit method prorated on services, and management's best estimate of salary escalation, retirement ages and life expectancy.

- The defined benefit expense is presented in employee benefits in net income on the consolidated statement of income and includes, as applicable, the estimated cost of employee benefits for the current year service, interest cost, interest income on Chaudiere Hydro Pension Plan's assets, plan amendments, curtailments, other administration costs of the pension plans and any gain or loss on settlement. Current service cost, interest income on Chaudiere Hydro Pension Plan's assets and interest costs are computed by applying the discount rate used to measure the plan obligation at the beginning of the annual period.

- Remeasurements arising on Chaudiere Hydro Pension Plan's assets and defined benefit obligation are presented in OCI on the consolidated statement of comprehensive income and arise from actuarial gains and losses on defined benefit obligations, the difference between the actual return [net of costs of managing Chaudiere Hydro Pension Plan's assets] and interest income on plan assets, if applicable. Chaudiere Hydro Pension Plan's significant assumptions are assessed and revised, as appropriate.

– Past service costs are included in the cost of the Chaudiere Hydro Pension Plan for the year when they arise.

The fair value of the Chaudiere Hydro Pension Plan assets is offset against the defined benefit obligation. The net amount is recognized as a retirement benefit asset or retirement benefit liability.

ii. Other post-employment benefits

Other post-employment benefits provided by the Corporation include life insurance, a collectively bargained retirement grant and other benefits. These plans provide benefits to certain employees when they are no longer providing active service.

Employee future benefits expense is recognized in the period during which the employees render services.

Employee future benefits are recorded on an accrual basis. The defined benefit obligation and current service costs are calculated using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Actuarial gains and losses resulting from experience different from that assumed or from changes in actuarial assumptions are recognized in OCI. However, for Hydro Ottawa, these amounts are reclassified to a regulatory debit balance as prescribed by the OEB.

(o) Customer deposits

Customer deposits are cash collections from non-residential customers to guarantee the payment of future energy bills and fulfillment of construction obligations. Deposits from customers to guarantee the payment of energy bills includes related interest amounts owed to the customers. Deposits estimated to be refundable to customers within the next fiscal year are classified as current liabilities and included in accounts payable and accrued liabilities.

(p) Provisions and contingencies

The Corporation recognizes provisions when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

The evaluation of the likelihood of the contingent events requires judgment by management as to the probability of exposure to potential loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the consolidated financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

(q) Deferred revenue

In certain situations, assistance in the form of contributions is required from customers and developers to finance additions to property, plant and equipment. This occurs when the estimated revenue resulting from the addition to property, plant and equipment is less than the cost of providing the service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as deferred revenue, and recognized in revenue in accordance with Note 3(e)(v). In addition, loan arrangement fees received by the Corporation are treated as deferred revenue and amortized into revenue over the term of the associated loan.

[in thousands of Canadian dollars]

4. ACCOUNTS RECEIVABLE

	2024 $	2023 $
Receivables from contracts with customers		
Electricity receivable	**75,330**	71,600
Unbilled receivables related to electricity	**96,073**	86,259
IESO receivable	**12,086**	14,065
Trade and other receivables	**17,940**	6,910
Amounts due from related parties [Note 28]	**34,400**	18,929
Less: loss allowance [Note 19(c)]	**(5,128)**	(4,179)
	230,701	193,584
Receivables from other sources		
Business interruption proceeds	**1,133**	2,653
Sales tax receivable	**351**	233
Investment tax credit receivable	**514**	1,772
	232,699	198,242

On March 19, 2023, the Corporation had a mechanical failure at its Unit 1 turbine-generator at CHLP [of 4 Units] while in operation, resulting in significant damage, requiring replacement of the turbine-generator [the 'Unit 1 Event']. The Corporation initiated a claim under its insurance policy for the generating facility providing business interruption compensation in circumstances such as the Unit 1 Event. Business interruption proceeds are available following a 30 day grace period from the date of notice and for a total coverage maximum of $48,800. In 2024, the Corporation recognized $6,755 [2023 – $4,482] and to date a total of $11,237 in business interruption proceeds under its insurance policy for lost generation revenues. In 2024, the Corporation received $8,275 [2023 – $1,829] and to date a total of $10,104 in cash proceeds from its insurance provider pertaining to these lost revenues. As at December 31, 2024 has accrued business interruption proceeds of $1,133 [December 31, 2023 – $2,653].

5. CONTRACT ASSETS

The change in contract assets for the year is as follows:

	2024 $	2023 $
Balance, beginning of year	**4,631**	2,696
Increase in contract assets related to performance	**11,192**	4,669
Decrease in contract assets related to accrual reversal	**(4,631)**	(2,734)
Balance, end of year	**11,192**	4,631

Contract assets represent the Corporation's right to receive payment for services performed or equipment procured, where that right is conditional on contractual milestones or customer acceptance. The increase in contract assets is primarily due to the ongoing City of Ottawa Zero Emission Bus ['ZEB'] project. The Corporation expects to invoice and collect all unbilled contract assets within the next 12 months.

[in thousands of Canadian dollars]

6. REGULATORY BALANCES

Information about the Corporation's regulatory balances is as follows:

	Remaining recovery/ reversal [years]	2023 $	Balances arising in the year $	Recovery/ reversal $	Other movements[1] $	**2024 $**
Regulatory debit balances						
RARA	1 - 5	8,941	2,120	(8,702)	(16)	**2,343**
Settlement variances	1 - 5	36,126	9,576	-	(6,477)	**39,225**
OPEB cash vs accrual	1 - 5	3,532	(160)	-	-	**3,372**
Regulatory asset for deferred income taxes	[2]	82,622	12,733	-	-	**95,355**
Other variances and deferred costs	1 - 5	622	(106)	-	-	**516**
		131,843	24,163	(8,702)	(6,493)	**140,811**
Regulatory credit balances						
RLRA	1 - 5	1,277	(10,799)	10,794	(16)	**1,256**
Settlement variances	1 - 5	4,841	19,673	-	(6,477)	**18,037**
ESM	1 - 5	1,541	75	-	-	**1,616**
Gain on asset disposal	1 - 5	1,093	287	-	-	**1,380**
LRAM	1 - 5	3,056	1,238	-	-	**4,294**
OPEB deferral account	1 - 5	63	38	-	-	**101**
Other variances and deferred costs	1 - 5	3,088	151	-	-	**3,239**
		14,959	10,663	10,794	(6,493)	**29,923**

[in thousands of Canadian dollars]

	Remaining recovery/ reversal [years]	2022 $	Balances arising in the year $	Recovery/ reversal $	Other movements[1] $	2023 $
Regulatory debit balances						
RARA	1 - 5	687	7,378	949	(73)	8,941
Settlement variances	1 - 5	36,724	10,279	-	(10,877)	36,126
OPEB cash vs accrual	1 - 5	3,218	314	-	-	3,532
Loss on asset disposal	1 - 5	148	-	-	(148)	-
Regulatory asset for deferred income taxes	[2]	74,238	8,384	-	-	82,622
Other variances and deferred costs	1 - 5	1,498	(814)	-	(62)	622
		116,513	25,541	949	(11,160)	131,843
Regulatory credit balances						
RLRA	1 - 5	1,148	1,794	(1,592)	(73)	1,277
Settlement variances	1 - 5	17,033	(1,315)	-	(10,877)	4,841
ESM	1 - 5	1,467	74	-	-	1,541
Gain on asset disposal	1 - 5	-	1,241	-	(148)	1,093
LRAM	1 - 5	105	2,951	-	-	3,056
OPEB deferral account	1 - 5	30	33	-	-	63
Other variances and deferred costs	1 - 5	1,902	1,248	-	(62)	3,088
		21,685	6,026	(1,592)	(11,160)	14,959

[1] Other movements represent reclassifications of balances
[2] The balance is being reversed through timing differences in the recognition of deferred income tax assets [Note 3(g)]

Details and descriptions pertaining to the above regulatory debit and credit balances are disclosed in Note 3(d) of these consolidated financial statements.

[in thousands of Canadian dollars]

7. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and structures $	Electricity distribution infrastructure $	Generation and other $	Assets under construction $	Total $
Cost					
Balance as at December 31, 2022	317,328	1,500,789	474,437	81,178	2,373,732
Additions, net of transfers	14,969	113,490	15,034	24,341	167,834
Disposals	(14)	(1,427)	(5,907)	-	(7,348)
Exchange differences	(475)	-	(1,103)	(3)	(1,581)
Balance as at December 31, 2023	331,808	1,612,852	482,461	105,516	2,532,637
Additions, net of transfers	12,720	143,844	11,479	36,969	205,012
Disposals	(149)	(2,748)	(1,358)	-	(4,255)
Exchange differences	1,461	1,340	2,069	31	4,901
Balance as at December 31, 2024	**345,840**	**1,755,288**	**494,651**	**142,516**	**2,738,295**
Accumulated depreciation					
Balance as at December 31, 2022	(37,404)	(293,542)	(95,964)	-	(426,910)
Depreciation	(6,422)	(46,002)	(16,622)	-	(69,046)
Disposals	-	726	1,328	-	2,054
Exchange differences	130	-	408	-	538
Balance as at December 31, 2023	(43,696)	(338,818)	(110,850)	-	(493,364)
Depreciation	(6,865)	(50,299)	(15,770)	-	(72,934)
Disposals	36	1,445	910	-	2,391
Exchange differences	(301)	(173)	(652)	-	(1,126)
Balance as at December 31, 2024	**(50,826)**	**(387,845)**	**(126,362)**	**-**	**(565,033)**
Net book value					
As at December 31, 2023	288,112	1,274,034	371,611	105,516	2,039,273
As at December 31, 2024	**295,014**	**1,367,443**	**368,289**	**142,516**	**2,173,262**

During the 2023 year, the Corporation's property, plant and equipment disposals include $4,330 of turbine-generator components that were identified for replacement as a result of the Unit 1 Event described in Note 4. At December 31, 2024, the Corporation had additions of $8,005 related to the components replaced.

The Unit 1 event is covered under the property insurance coverage held by the Corporation of which management has received $7,620 in advances from the insurer. At December 31, 2024, $6,552 has been recognized as property insurance proceeds in the statement of income and $1,068 which was deferred for future milestone payments related to the turbine-generator components.

As at December 31, 2024, land, buildings and structures and generation and other includes $4,057 [2023 – $4,413] of ROU assets with remaining lease terms ranging between 9 and 19 years, comprising of a cost of $5,277 [2023 – $5,468] and accumulated depreciation of $1,220 [2023 – $1,055].

During the year, the Corporation capitalized borrowing costs of $836 [2023 – $510] to property, plant and equipment. The average annual interest rate for 2024 was 3.6% [2023 – 3.4%].

[in thousands of Canadian dollars]

The Corporation has entered into non-cash transactions that have been excluded from the consolidated statement of cash flows as detailed in Note 24. In addition, $10,528 [2023 – $12,105] of property, plant and equipment was contributed by developers, the directly related liability of which is included in deferred revenue.

8. INTANGIBLE ASSETS

	Land rights and water rights $	Computer software $	Other contractual rights $	Assets under development $	Total $
Cost					
Balance as at December 31, 2022	63,220	80,508	91,145	4,469	239,342
Additions, net of transfers	-	7,308	(4,756)	2,248	4,800
Exchange differences	(614)	(9)	-	(25)	(648)
Balance as at December 31, 2023	62,606	87,807	86,389	6,692	243,494
Additions, net of transfers	-	6,098	1,232	(458)	6,872
Exchange differences	1,948	33	-	101	2,082
Balance as at December 31, 2024	**64,554**	**93,938**	**87,621**	**6,335**	**252,448**
Accumulated amortization					
Balance as at December 31, 2022	(19,169)	(54,366)	(7,392)	-	(80,927)
Amortization	(1,601)	(6,732)	(2,155)	-	(10,488)
Exchange differences	409	9	-	-	418
Balance as at December 31, 2023	(20,361)	(61,089)	(9,547)	-	(90,997)
Amortization	(1,576)	(7,390)	(2,147)	-	(11,113)
Exchange differences	(1,269)	(33)	-	-	(1,302)
Balance as at December 31, 2024	**(23,206)**	**(68,512)**	**(11,694)**	**-**	**(103,412)**
Net book value					
As at December 31, 2023	42,245	26,718	76,842	6,692	152,497
As at December 31, 2024	**41,348**	**25,426**	**75,927**	**6,335**	**149,036**

Other contractual rights includes connection and cost recovery agreements ['capital contribution agreements'] that govern the construction by HONI of new or modified transformer stations for the purpose of serving Hydro Ottawa's customers, including anticipated electricity load growth. Each of Hydro Ottawa's capital contribution agreements has a term of 25 years. All terms and conditions of CCRAs follow the *Transmission System Code* [the 'Code'] issued by the OEB.

During the year, the Corporation capitalized borrowing costs of $129 [2023 – $184] to intangible assets. The average annual interest rate for 2024 was 3.6% [2023 – 3.4%].

A significant portion of the Corporation's water rights with indefinite lives [78% or $16,941] stems from a historical 1889 lease agreement with Public Services and Procurement Canada. This contract provides rights to waters on the Ottawa River at Chaudière Falls for two of the Corporation's CGUs – the CHLP CGU [water rights carrying value of $9,575] and the CHLP North CGU [water rights carrying value of $7,366] – and renews every 21 years into perpetuity. The Corporation also retains water rights with indefinite lives [22% or $4,650 translated US-to-CAD] at two of its EONY generating stations which stem from historical agreements with the U.S. Federal Energy Regulatory Commission ['FERC']. These FERC licenses have an indefinite life as the Corporation is granted a legal exemption from re-qualifying for these licenses due to the size of the stations.

[in thousands of Canadian dollars]

The Corporation's annual impairment tests with respect to the CHLP and CHLP North CGUs were based on value-in-use ['VIU'] calculations. Management's VIU calculations performed in light of an indicator of asset impairment as described in Note 2(d)(iv), was based on discounted future cash inflows to be earned under each CGUs' 40-year HESOP contract, while the cash outflows are based on management's industry experience and third party input; taking into account the estimated cost to complete the refurbishment projects. The key assumption in each VIU calculation was a weighted average cost of capital ['WACC'] of 4.4% [2023 – 4.4%].

The Corporation's impairment test at December 31, 2024 performed in light of the circumstances disclosed in Note 2(d)(viii) was based on a VIU calculation. Management's VIU calculation involves a third-party outlook primarily used in the forecasting of New York energy prices and a third-party forecast of supplementary revenue for the indirect provision of capacity services, all over a 20-year timeframe supplementary revenue [a typical period used by industry analysts when forecasting electricity pricing]. Other key assumptions in the VIU calculation were a discount rate via a weighted average cost of capital ['WACC'] of 7.6% [2023 – 7.6%], a US inflation rate of 2.2% [2023 – 2.4%], and a terminal capitalization rate of 8.4% [2023 – 8.4%]. Historical production and future capital and maintenance plans were also important assumptions in the VIU analysis. After conducting its impairment test, management concluded that the value-in-use recoverable amount exceeded the carrying value of the aforementioned generating assets.

Management has identified that a reasonable possible change in one key assumption could cause the carrying value to exceed the recoverable amount. The following table shows the amount by which one assumption would need to change individually for the carrying amount to exceed the estimated recoverable amount.

	Increase (decrease)	**Revised rate**
Assumption		
Discount rate [WACC]	7.0 %	8.1 %
20-year forecasted market pricing: Mohawk Valley Zone E	(3.0)%	-

9. INVESTMENTS IN JOINT VENTURES

(a) Investment in joint ventures summary

	2024 **$**	2023 $
Moose Creek LP [50.05%]		
Investment in joint venture, beginning of year	**5,474**	5,831
Share of loss	**(149)**	(6)
Distributions declared and paid	**-**	(351)
Investment in joint venture, end of year	**5,325**	5,474
PowerTrail [60%]		
Investment in joint venture, beginning of year	**3,864**	4,163
Share of profit, net of tax	**234**	241
Dividends received	**(420)**	(540)
Investment in joint venture, end of year	**3,678**	3,864
Zibi Community Utility LP [50%]		
Investment in joint venture, beginning of year	**7,511**	8,492
Share of loss	**(710)**	(967)
Other adjusting items related to loss	**10**	(14)
Investment in joint venture, end of year	**6,811**	7,511

[in thousands of Canadian dollars]

	2024 $	2023 $
Civic Community Utility Partnership [50%]		
Investment in joint venture, beginning of year	**-**	-
Share of loss	**(54)**	-
Capital investment	**3,300**	-
Investment in joint venture, end of year	**3,246**	-
Total investments in joint ventures	**19,060**	16,849

(b) Balance sheet and statement of income summary

	2024 $	2023 $
Moose Creek LP		
Current assets	**937**	949
Non-current assets	**10,598**	11,063
Total assets	**11,535**	12,012
Current liabilities	**652**	832
Total liabilities	**652**	832
Revenue	**3,345**	3,532
Net loss	**(297)**	(12)
PowerTrail		
Current assets	**1,376**	1,111
Non-current assets	**7,828**	8,712
Total assets	**9,204**	9,823
Current liabilities	**961**	1,020
Non-current liabilities	**1,796**	2,052
Total liabilities	**2,757**	3,072
Revenue	**3,939**	3,865
Net income	**396**	401
Zibi Community Utility LP		
Current assets	**3,655**	3,889
Non-current assets	**34,860**	36,446
Total assets	**38,515**	40,335
Current liabilities	**752**	1,045
Non-current liabilities	**23,905**	24,032
Total liabilities	**24,657**	25,077
Revenue	**2,311**	1,514
Net loss	**(1,419)**	(1,933)

[in thousands of Canadian dollars]

	2024 **$**	2023 $
Civic Community Utility Partnership		
Current assets	**2,024**	-
Non-current assets	**5,414**	-
Total assets	**7,438**	-
Current liabilities	**947**	-
Non-current liabilities	**-**	-
Total liabilities	**947**	-
Revenue	**159**	-
Net loss	**(109)**	-

(c) Credit facility

PowerTrail has an operating revolving line of credit totaling $1,000 for general business purposes and bears an annual interest at the prime rate. At December 31, 2024, PowerTrail had no amount outstanding on this line of credit. PowerTrail also has a credit facility of $200 [2023 – $200] to provide standby letters of credit to the IESO. At December 31, 2024, PowerTrail had drawn an amount of $193 [December 31, 2023 – $133] in standby letters of credit against this facility. Both of the above facilities contain customary covenants and events of default, including a covenant to maintain a tangible net worth of $1,000 [2023 – $1,000]. At December 31, 2024, PowerTrail is in compliance with these customary covenants [December 31, 2023 – in compliance].

Moose Creek LP maintains an operating revolving line of credit of $1,000 for general business purposes that bears annual interest at the prime rate. At December 31, 2024, Moose Creek LP had no outstanding balances drawn against its operating revolving line of credit [December 31, 2023 – $nil]. The facility contains customary covenants and events of default. At December 31, 2024, Moose Creek LP is in compliance with these customary covenants [December 31, 2023 – in compliance].

ZCU maintains an operating revolving line of credit of $1,000 for general business purposes that bears annual interest at the prime rate plus 1.25% or the banker's acceptance rate plus 2.75%. At December 31, 2024, ZCU had no outstanding balances drawn against its operating revolving line of credit [December 31, 2023 – $nil]. The facility contains customary covenants and events of default. At December 31, 2024, ZCU is in compliance with these customary covenants [December 31, 2023 – in compliance]. The facility is secured by a second ranking general security agreement and guaranteed by the Corporation up to its ownership share of the ZCU joint venture.

10. NOTE RECEIVABLE FROM RELATED PARTY

On January 22, 2021, the Corporation entered into a mirror loan agreement with ZCU to flow through funds received from Federation of Canadian Municipalities ['FCM'] to its joint venture to fund an ongoing green district energy construction project undertaken by ZCU. The agreement mirrors the terms of the FCM loan and grant agreement discussed in Note 15, which allows ZCU to borrow the lesser of $20,000 and 69.6% of eligible project expenditures, repayable over a term of 20 years and receive a non repayable grant based on the total eligible project expenditures incurred.

The loan, bearing interest of 4.66% [December 31, 2023 – 4.66%], was issued to ZCU on February 18, 2021 and as at December 31, 2024 has an outstanding balance of $20,000 [December 31, 2023 – $20,000]. Interest payments are due semi-annually on the principal amount outstanding, with principal payments beginning on December 16, 2026 and ending on February 18, 2041.

In addition, the mirror agreement also includes a loan arrangement fee payable by ZCU to the Corporation at a rate of 1.1% per annum on 50% of the initial principal amount of the loan. As at December 31, 2024, the Corporation has received $960 [December 31, 2023 – $900] in loan arrangement fees and is included in deferred revenue and amortized over the term of the loan.

11. SHORT-TERM BORROWINGS

During the year, the Corporation renewed its credit facility in an amount of $551,000 and US$200 at December 31, 2024 [December 31, 2023 – $501,000 and US$200]. The facility is structured into three types of credit availability and consists of a $550,000 [2023 – $500,000] revolving operating line maturing on August 1, 2027 and commercial card facilities of $1,000 and US$200 [2023 – $1,000 and US$200]. The revolving operating lines are committed and unsecured and can be drawn for prime rate loans, CORRA loans [December 31, 2023 - bankers' acceptances] letter of credit and other bank guarantee issuances. Generally, the need to use these forms of credit is based on Hydro Ottawa Holding Inc.'s consolidated cash position and therefore any drawings outstanding may not necessarily coincide with the amount of outstanding amounts on the working capital facility presented on the Corporation's consolidated balance sheet. This credit facility contains customary covenants and events of default including a covenant that requires the debt to capitalization ratio to be at or below 75% on a consolidated basis excluding non-recourse debt.

As part of the reorganization described in Note 1, on September 26, 2024 the Corporation terminated its previous Commercial Paper Program that permitted the issuance of up to $400,000. On October 1, 2024, through its subsidiary, HOCC, launched a new Commercial Paper Program permitting the issuance of up to $450,000 of unsecured short-term promissory notes to be issued in various maturities of no more than one year. Proceeds from the issuance of commercial paper are used to fund general corporate purposes. The Commercial Paper Program is backstopped by the HOCC's credit facility and reduces the credit facility capacity, at any given time, by the total amount of commercial paper issued and outstanding. Borrowings under the Commercial Paper Program bear interest based on the prevailing market conditions at the time of issuance and had a weighted average interest rate of 4.70% during the 2024 year [2023 – 5.09%]. As at December 31, 2024, the Corporation had $382,585 in commercial paper outstanding consisting of four tranches: $232,957, $49,927, $49,921, and $49,780 maturing on January 3, 2025, January 17, 2025, January 17, 2025, and February 19, 2025, respectively [December 31, 2023 – $338,105, three tranches: $138,980, $99,775, and $99,350 maturing on January 2, 2024, January 17, 2024, and February 16, 2024, respectively].

At December 31, 2024, the Corporation had drawn $25,900 in direct advances against the revolving operating line of credit [2023 – $7,400] and $nil in CORRA Loans [December 31, 2023 - bankers' acceptances] against the $551,000 revolving operating line [2023 – $nil and $500,000].

At December 31, 2024, the Corporation has drawn $10,000 [2023 – $10,134] against its facilities in standby letters of credit. Drawings include a $10,000 [2023 – $10,000] letter of credit to cover its prudential support obligation as described in Note 26; and a letter of credit to her Majesty the Queen on behalf of ZCU of $nil [2023 – $134].

On June 21, 2024, CFLP signed a renewed 3 year $14,526 working capital facility to fund working capital needs and/or letter of credit bond indenture requirements of CFLP, CHLP North and Hull Energy LP. The borrowers may draw from the facility by way of prime rate loans, CORRA loans [December 31, 2023 - Banker acceptances] or letter of credit issuances. During 2024, pursuant to the terms of the CFLP Trust Indenture, standby letters of credit were issued for the Debt Service Reserve Account ['DSRA'] as described in Note 15 in the amount of $6,467 [December 31, 2023 – $5,120], the Major Maintenance Reserve Accounts ['MMRA'] for CHLP North and Hull Energy LP in the amount of $429 and $1,964 respectively [December 31, 2023 – $311 and $1,716]. As at December 31, 2024, direct borrowings of $nil were outstanding and the facility had $5,666 available for general business purposes [December 31, 2023 – $nil and $7,379].

[in thousands of Canadian dollars]

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024 **$**	2023 $
Purchased power payable	**66,951**	87,382
Trade accounts payable and accrued liabilities	**68,208**	49,259
Customer deposits	**63,217**	43,470
Customer credit balances	**14,541**	14,451
Accrued interest on long-term debt	**7,952**	13,230
Due to related parties [Note 28]	**150**	206
	221,019	207,998

13. DEFERRED REVENUE

	2024 **$**	2023 $
Capital contributions from customers	**147,583**	128,645
Capital contributions from developers	**182,685**	151,884
Property insurance proceeds [Note 7]	**1,068**	—
Loan arrangement fee received [Note 10]	**960**	900
Loan arrangement fee recognized to income [Note 10]	**(186)**	(129)
Other deferred revenue	**312**	19
	332,422	281,319
Less: current portion	**13,093**	9,604
	319,329	271,715

14. EMPLOYEE FUTURE BENEFITS

(a) Pension plans

The Corporation contributes to two defined benefit plans covering substantially all of its employees.

The Corporation's participating employer contributions under OMERS for the year ended December 31, 2024 amounted to $8,183 [2023 – $6,652]. The Corporation also provides retirement benefits to certain employees through the Chaudiere Hydro Pension Plan.

[in thousands of Canadian dollars]

Information about the Chaudiere Hydro Pension Plan is as follows:

i. Defined benefit obligation

	2024 **$**	2023 $
Balance, beginning of year	**6,371**	5,621
Current service cost	**65**	59
Interest cost	**291**	278
Benefits paid	**(676)**	(318)
Employee contributions	**92**	87
Actuarial (gain) loss	**(9)**	644
Balance, end of year	**6,134**	6,371

ii. Plan assets

	2024 **$**	2023 $
Fair value, beginning of year	**5,808**	5,421
Interest credit	**284**	288
Employer contributions	**210**	214
Benefits paid	**(676)**	(318)
Non-investment expenses	**(90)**	(80)
Employee contributions	**92**	87
Actuarial gain	**286**	196
Fair value, end of year	**5,914**	5,808

iii. Funded status

	2024 **$**	2023 $
Net defined benefit liability, beginning of year	**(503)**	(260)
Change in net defined benefit liability	**(283)**	(303)
Funding deficit	**(220)**	(563)
Impacts on minimum funding requirements	**-**	60
Net defined benefit liability, end of year	**(220)**	(503)

The assets of the Chaudiere Hydro Pension Plan are held and managed by an independent custodian and accounted for separately in the Corporation's pension plan. The asset allocation structure is subject to diversification requirements and constraints which reduce risk by limiting exposure to individual equity investments, credit rating categories and foreign currency exposures. Based on the fair value of assets held as at December 31, 2024, the Chaudiere Hydro Pension Plan's assets were comprised of 72.2% [2023 – 72.9%%] fixed income Canadian bonds, 25.5% [2023 – 24.6%%] Canadian and international equities and 2.3%% [2023 – 2.5%] in cash. The Chaudiere Hydro Pension Plan's investments are primarily held and managed in pooled funds, and thus do not have a quoted market price in an active market.

Employee future benefits under the Chaudiere Hydro Pension Plan are calculated using an annual compensation rate of 2.0% [2023 – 2.0%], an inflation rate of 2.0% [2023 – 2.0%] and a discount rate of 4.7% [2023 – 4.7%]. The valuations also include several other economic and demographic assumptions including mortality rates, which are based on the Canadian

[in thousands of Canadian dollars]

Pensioners' Mortality report published by the Canadian Institute of Actuaries in February 2014. An actuarial extrapolation was performed at December 31, 2024 and December 31, 2023. The last actuarial valuation was performed at January 1, 2024.

Significant actuarial assumptions for defined benefit obligation measurement purposes are discount rate and salary scale. The following sensitivities are based on reasonable changes of the assumptions, in isolation of one another, occurring at the end of the reporting period. A 1.0% decrease in discount rate would increase the defined benefit obligation by $921 or 15% [2023 – $420 or 12.5%], while a 1.0% increase in salary scale would increase the defined benefit obligation by $170 or 2.8% [2023 – $38 or 1.1%].

(b) Other post-employment benefits

The Corporation provides life, health and dental benefits to certain employees. Employee future benefits are calculated using an annual compensation rate increase of 2.0% [2023 – 2.0%] and a discount rate of 4.7% [2023 – 4.7%]. Cost trends for health are estimated to increase [at a declining rate from 6.0% to 5.0%] and dental benefits are estimated to increase by 5.0% per annum. The valuations also include several other economic and demographic assumptions including mortality rates, which are based on the Canadian Pensioners' Mortality report published by the Canadian Institute of Actuaries in February 2014.

Information about the Corporation's other post-employment benefits is as follows:

	2024 **$**	2023 $
Defined benefit obligation, beginning of year	**13,154**	12,382
Current service costs	**610**	507
Interest on defined benefit obligation	**620**	671
Past service cost	**-**	6
Benefits paid	**(761)**	(893)
Actuarial (gain) loss	**(142)**	481
Defined benefit obligation, end of year	**13,481**	13,154

An actuarial extrapolation was performed as at December 31, 2024. As a result of this exercise, the Corporation increased the accumulated liability by $327 [December 31, 2023 – increased by $772 based on an actuarial valuation].

Significant changes in actuarial assumptions related to discount rates, future health and dental costs, mortality rates and retirement age may affect the valuation of the defined benefit obligation.

[in thousands of Canadian dollars]

15. LONG-TERM DEBT

	2024 **$**	2023 $
Senior unsecured debentures		
Series 2006-1, 4.97%, due December 19, 2036	**50,000**	50,000
Series 2013-1, 3.99%, due May 14, 2043	**150,000**	150,000
Series 2015-1, 2.61%, due February 3, 2025	**200,000**	200,000
Series 2015-2, 3.64%, due February 2, 2045	**175,000**	175,000
Senior secured amortizing bonds		
Series 2016-1, 4.08%, due March 31, 2057	**197,825**	200,274
Series 2019-1, 3.53%, due December 31, 2059	**289,167**	290,514
Note payable		
4.26% loan, due February 18, 2041	**20,000**	20,000
	1,081,992	1,085,788
Less: current portion	**(204,882)**	(3,796)
Less: unamortized debt-issuance costs	**(7,088)**	(7,429)
	870,022	1,074,563

(a) Senior unsecured debentures

Interest payments on each of the above debentures are payable semi-annually in arrears in equal installments. Each debenture contains customary covenants and events of default, including a covenant to ensure that the aggregate principal amount of the consolidated funded obligations does not exceed 75% of the total consolidated capitalization excluding non-recourse debt. Interest payments on these debentures will be $17,453 in 2025, $14,839 per year between 2026 and 2029. Subsequent to year-end [Note 29], the Corporation successfully completed a bond offering of senior unsecured debentures of $425,000 and used the proceeds to repay its Series 2015-1 $200,000 senior unsecured debentures due on February 3, 2025.

(b) Senior secured amortizing bonds

The Series 2019-1 senior secured amortizing green bonds [the '2019-1 bonds'] totalling $290,514 were issued on behalf of Hull Energy LP and CHLP North [refurbishment 'project owners'] in 2019. The Series 2019-1 bonds carry an interest rate of 3.53% and mature on December 31, 2059. Equal semi-annual interest-only payments are due and payable on June 30 and December 31 each year until and including June 30, 2024. Thereafter, semi-annual blended repayments of principal and interest will be due and payable on June 30 and December 31 each year commencing on December 31, 2024 until and including the maturity date. In addition, a balloon payment of $43,577 [15% of the principal] will be due and payable on the maturity date. The 2019-1 bonds are secured by the total refurbishment project assets, where the project assets of Hull Energy LP and CHLP North represent 76.8% and 23.2% of the security, respectively.

The Corporation's senior secured amortizing bonds [the '2016-1 bonds'] carry an interest rate of 4.08% and mature on March 31, 2057. Equal semi-annual interest-only payments were due and payable on March 31 and September 30 each year until and including March 31, 2022. Thereafter, semi-annual blended payments of principal and interest will be due and payable on March 31 and September 30 in each year commencing on September 30, 2022 until and including the maturity date. In addition, a balloon payment of $30,570 [15% of the principal] will be due and payable on the maturity date. The 2016-1 bonds are secured by a first-charge interest on the assets of CHLP.

[in thousands of Canadian dollars]

In accordance with the Trust Indenture, CFLP was required to maintain in a DSRA [classified as restricted cash on the consolidated balance sheet], an amount equal to the next six months of interest and principal, funded in accordance with Chaudiere North LP's Pro Rata Portion of the DSRA. During 2022, the DSRA has been fully funded with a standby letter of credit as described in Note 11.

As required by the applicable Trust Indenture, CHLP is to maintain in a DSRA an amount equal to the next six months of interest and principal and payments due under the bonds; during the year CHLP maintained a deposit of $5,330 [December 31, 2023 – $5,330] in the DSRA [classified as restricted cash on the consolidated balance sheet] to replace a standby letter of credit as described in Note 11. CHLP also maintained, in a Major Maintenance Reserve Account ['MMRA'], an amount that covers a portion of the projected major maintenance expenditures in the coming three years [2024 – $3,300 and 2023 – $1,830] which is also classified as restricted cash on the consolidated balance sheet.

The Corporation is required to maintain a minimum debt-coverage service ratio ['DCSR'] for both CFLP and CHLP. Both CFLP and CHLP's DCSR's divides the sum of the respective entities net operating and investing cash flows [as defined by their respective Trust Indentures] by the applicable interest and principal repayments due within the next calendar year. The Corporation was in compliance with all financial covenants associated with the 2019-1 and 2016-1 bonds at December 31, 2024 and 2023, as applicable.

(c) Note payable

On January 22, 2021, the Corporation entered into a loan and grant agreement with the FCM to fund an ongoing green district energy construction project undertaken by its 50% owned-and-controlled joint venture, ZCU. The FCM loan and grant agreement allows the Corporation to borrow the lesser of $20,000 and 69.6% of eligible project expenditures, repayable over a term of 20 years, in addition to a non-repayable grant based on the total eligible project expenditures incurred.

The loan, bearing interest of 4.26% [December 31, 2023, 4.26%], was issued from FCM to the Corporation on February 18, 2021 and has an outstanding balance of $20,000 as at December 31, 2024 [December 31, 2023 – $20,000]. Interest payments are payable semi-annually on the principal amount outstanding, with principal payments beginning on December 16, 2026 and ending on February 18, 2041. Interest payments on the loan will be $850 in 2025, $850 in 2026, $828 in 2027, $772 in 2028, and $713 in 2029. In addition, the Corporation received grant funds of $nil [2023 – $356] from FCM.

The Corporation has a mirror loan agreement with ZCU to flow through the above loan and grant funds received from FCM to its joint venture as discussed in Note 10.

16. OTHER LIABILITIES

	2024 **$**	2023 $
Lease liabilities	**1,575**	1,654
Other	**238**	337
	1,813	1,991

17. CAPITAL DISCLOSURES

The Corporation's main objectives when managing capital are to:

– Ensure continued access to funding to maintain and improve the operations and infrastructure of the Corporation;

– Ensure compliance with covenants related to the credit facilities and its long-term debt; and

[in thousands of Canadian dollars]

– Align the capital structure of the Corporation's regulated subsidiary, Hydro Ottawa, with the debt to equity structure recommended by the OEB.

The Corporation's capital consists of the following:

	2024 **$**	2023 $
Commercial paper	**382,585**	338,105
Long-term debt	**1,074,904**	1,078,359
Total debt	**1,457,489**	1,416,464
Equity	**555,491**	529,669
Total capital	**2,012,980**	1,946,133

A subsidiary of the Corporation, Hydro Ottawa is deemed by the OEB to have a capital structure that is funded by 56% long-term debt, 4% short-term debt and 40% equity. The OEB uses this deemed structure only as a basis for setting distribution rates. As such, the Corporation's actual capital structure may differ from the OEB deemed structure.

As at December 31, 2024, the Corporation's debt to capitalization ratio, the calculation of which takes into account outstanding letters of credit, was 73.1% [2023 – 72.9%]. The Corporation's debt to capitalization ratio excluding non-recourse debt is 64.7% [2023 – 64.0%]. The Corporation is in compliance with all financial covenants and limitations associated with its credit facilities and its long-term debt.

The Corporation is subject to debt agreements that contain various covenants. The Corporation's unsecured debentures limit consolidated funded indebtedness to a maximum of 75% of total consolidated capitalization as defined in its trust indenture. The Corporation's revolving credit facility limits the debt to capitalization ratio to a maximum of 75%, excluding non-recourse debt.

The Corporation's debt arrangements also include restrictive covenants such as limitations on designated subsidiary indebtedness, and restrictions on mergers and dispositions of designated subsidiaries. As at December 31, 2024 and December 31, 2023, the Corporation was in compliance with all covenants included in its trust indenture, supplemental trust indentures and revolving credit facility agreement.

The Corporation met its capital management objectives, which have not changed during the year.

18. SHARE CAPITAL

(a) Authorized

Unlimited number of voting first preferred shares, redeemable at one dollar per share
Unlimited number of non-voting second preferred shares, redeemable at ten dollars per share
Unlimited number of non-voting third preferred shares, redeemable at one hundred dollars per share
Unlimited number of voting fourth preferred shares [ten votes per share], redeemable at one hundred dollars per share
Unlimited number of voting Class A common shares
Unlimited number of non-voting Class B common shares
Unlimited number of non-voting Class C common shares, redeemable at the price at which such shares are issued

The above shares are without nominal or par value.

Holders of second preferred shares, fourth preferred shares and common shares are entitled to receive dividends as and when declared by the Board of Directors at their discretion.

[in thousands of Canadian dollars]

(b) Issued

	2024 **$**	2023 $
214,901,003 Class A common shares	**228,453**	228,453

Any invitation to the public to subscribe for shares of the Corporation is prohibited by shareholder resolution.

A shareholder's resolution directs the Corporation to target dividends at the greater of 60% of its subsidiary, Hydro Ottawa's net income or $20,000, provided that the Corporation is in compliance with the *Business Corporations Act (Ontario)* and relevant OEB Guidelines; is not in breach of any covenants on its senior unsecured debentures or credit facility obligations; and the payment thereof does not negatively impact the Corporation's credit rating.

On April 23, 2024, the Board of Directors declared a $20,000 dividend to the City of Ottawa, which was paid in increments of $5,000, $5,000, $5,000, and $5,000 on April 30, 2024, July 2, 2024, October 1, 2024 and December 2, 2024, respectively [April 20, 2023 the Board of Directors declared a $20,000 dividend to the City of Ottawa, which was paid in increments of $5,000, $5,000, $5,000, and $5,000 on April 27, 2023, July 4, 2023, October 3, 2023 and December 1, 2023, respectively].

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value disclosures

The carrying value of the Corporation's financial instruments, except for the instruments described below, approximate fair value because of the short maturity and nature of the instruments. The fair value measurement of the financial instrument for which the fair value has been disclosed is included in Level 2 of the fair value hierarchy [Note 3(j)].

The Corporation has estimated the fair value of the note receivable from its joint venture, ZCU, as at December 31, 2024 as amounting to $17,299 [2023 – $18,041]. The fair value has been determined based on discounting all estimated future repayments of principal and interest required to fully repay the loans at the estimated interest rate of 6.2% [2023 – 6.0%] that would be available to ZCU on December 31, 2024.

The Corporation has estimated the fair value of the senior unsecured debentures and note payable as at December 31, 2024 as amounting to $568,032 [2023 – $555,125]. The fair value has been determined based on discounting all future repayments of principal and interest between February 3, 2026 and February 2, 2045 at the estimated interest rate of 4.4% for the senior unsecured debentures and 5.8% for the note payable [2023 – 4.6% for the senior unsecured debentures and note payable] that would be available to the Corporation on December 31, 2024.

The Corporation has estimated the fair value of its senior secured amortizing bonds as at December 31, 2024 as amounting to $389,089 [2023 – $406,503]. The fair value has been determined based on discounting all estimated future repayments of principal and interest required to fully repay the bonds at the estimated interest rate of 5.2% [2023 – 5.1%] that would be available to the Corporation at December 31, 2024.

(b) Market risk

The Corporation is exposed to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risks: interest rate risk, foreign exchange risk and commodity price risk. As the Corporation has not entered into significant hedging transactions or derivative contracts, there is no exposure to commodity price risk.

i. Interest rate risk

The Corporation is exposed to interest rate risk on its borrowings. Under the Corporation's credit facility, advances on its credit lines expose it to fluctuations in short-term interest rates related to prime rate loans and bankers' acceptances. In addition, the fees payable on bankers' acceptances via the operating and capital lines are based on a margin determined by reference to the Corporation's credit rating. The Corporation is also exposed to fluctuations in short term interest rates in connection with outstanding issuances under its Commercial Paper Program. Given the fact that the borrowing requirements on the credit lines are typically for a short duration [i.e., to bridge gaps between the cash outflows related to the Corporation's monthly power bill and the inflows related to settlements with customers, or the cash outflows related to significant capital acquisitions and the inflows related to the issuance of additional long-term fixed-interest-rate debt], and the Corporation incorporates a mix of fixed and floating rate instruments, there is limited exposure to interest rate risk.

The Corporation is also 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 sensitivity analysis was conducted to examine the impact of a change in the prime rate on the Corporation's outstanding drawings on its credit facility. A variation of 1% [100 basis points], with all other variables held constant, would increase or decrease the annual interest expense by approximately $4,085.

ii. Foreign exchange risk

The Corporation's earnings from, and net investment in, its foreign operating subsidiary, EONY, are exposed to fluctuations in the U.S. dollar to Canadian dollar exchange rate. Also, the Corporation purchases a small proportion of goods and services that are denominated in foreign currencies, predominately the U.S. dollar. The Corporation monitors its exposure to foreign currency fluctuations on a regular basis, and has not used derivative instruments to hedge against these exposures to date. On an annual basis, it is estimated that a 5% increase [or decrease] in the U.S. dollar relative to the Canadian dollar exchange rate of CDN $1 equals U.S $0.70 as at December 31, 2024 would increase [or decrease] the equity of the Corporation by approximately $2,946.

(c) Credit risk

Credit risk is the risk that a counterparty will default on its obligations, causing a financial loss to the Corporation. Concentration of credit risk associated with electricity-related accounts receivable is limited due to the large number of customers the Corporation services. The Corporation has approximately 372,000 customers served by Hydro Ottawa, the majority of which are residential. As a result, the Corporation did not earn a significant amount of electricity-related revenue and does not have a significant electricity-related receivable from any individual customer. The Corporation is exposed to a concentration of credit risk in generation-related accounts receivable due to the small number of entities the Corporation services. The Corporation relies on its power purchase agreements with the IESO and the Niagara Mohawk Power Corporation to support its Canadian and U.S. generation operations.

The Corporation performs ongoing credit evaluations of its customers serviced by Hydro Ottawa and requires collateral to support non-residential customer accounts receivable on specific accounts to mitigate significant losses in accordance with OEB legislation. As at December 31, 2024, the Corporation held security deposits related to power recovery and distribution revenue in the amount of $14,317 [2023 – $14,336] with respect to these customers. The Corporation's other subsidiaries limit credit risk by dealing with customers that are considered to be of high credit quality. These customers include government agencies, utilities, municipalities, universities, school boards, hospitals, and customers with investment grade credit ratings.

The Corporation monitors and limits its exposure to credit risk on a continuous basis.

[in thousands of Canadian dollars]

The Corporation applies the *IFRS 9 – Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The expected loss rates for trade receivables are based on the payment profiles of sales over a period of twelve months before December 31, 2024 or December 31, 2023 respectively and the corresponding historical credit losses experienced within this period and other information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31, 2024 and December 31, 2023 was determined as follows for trade and other receivables.

	Gross carrying amount $	Weighted average loss rate	Loss allowance $	Net carrying amount $
December 31, 2024				
Outstanding for 30 days or less	**119,324**	0.00 %	-	119,324
Outstanding for more than 30 days but no more than 120 days	**14,684**	11.92 %	1,750	12,934
Outstanding for more than 120 days	**7,746**	30.58 %	2,369	5,377
Unbilled receivables relating to electricity	**96,073**	1.05 %	1,009	95,064
	237,827		5,128	232,699
December 31, 2023				
Outstanding for 30 days or less	**102,263**	0.00 %	-	102,263
Outstanding for more than 30 days but no more than 120 days	**8,407**	13.94 %	1,172	7,235
Outstanding for more than 120 days	**5,492**	40.48 %	2,223	3,269
Unbilled receivables relating to electricity	**86,259**	0.91 %	784	85,475
	202,421		4,179	198,242

The following table reconciles the opening and closing loss allowance for trade and other receivables:

	2024 **$**	2023 $
Balance, beginning of year	**4,179**	4,030
Net remeasurement of loss allowance	**2,861**	2,338
Write-offs	**(2,067)**	(2,344)
Recoveries of amounts previously written-off	**155**	155
Balance, end of year	**5,128**	4,179

Impairment losses on trade and other receivables are presented as net impairment losses within the consolidated statement of income. When a receivable is deemed to be uncollectible, it is written off and the expected loss allowance is adjusted accordingly. Subsequent recoveries of receivables previously provisioned or written off result in a reduction of impairment losses included in operating costs in the consolidated statement of income.

As at December 31, 2024, the Corporation's maximum exposure to credit risk is equal to the carrying value of accounts receivable less customer deposits held.

[in thousands of Canadian dollars]

(d) Liquidity risk

Liquidity risk is the risk that the Corporation will not meet its financial obligations as they come due. The Corporation regularly monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and capital investment requirements. The Corporation achieves this objective by ensuring that sufficient facilities, as described in Note 11, are maintained to meet obligations as they come due while minimizing standby fees and interest.

Liquidity risks associated with financial commitments are as follows:

	2024		
	Due within one year $	**Due between one and five years $**	**Due after five years $**
Bank indebtedness	**28,204**	**-**	**-**
Commercial paper [1]	**382,585**	**-**	**-**
Accounts payable and accrued liabilities	**221,019**	**-**	**-**
Senior unsecured debentures			
Series 2006-1, 4.97%, due December 19, 2036	**-**	**-**	**50,000**
Series 2013-1, 3.99%, due May 14, 2043	**-**	**-**	**150,000**
Series 2015-1, 2.61%, due February 3, 2025	**200,000**	**-**	**-**
Series 2015-2, 3.64%, due on February 2, 2045	**-**	**-**	**175,000**
Senior secured amortizing bonds			
Series 2016-1, 4.08%, due March 31, 2057	**2,587**	**11,702**	**183,536**
Series 2019-1, 3.53%, due December 31, 2059	**2,295**	**13,711**	**273,161**
Loan			
4.26% loan, due February 18, 2041	**-**	**4,667**	**15,333**
Interest to be paid on long-term debt	**36,521**	**133,383**	**528,284**
	873,211	**163,463**	**1,375,314**

[1] The notes under the Commercial Paper Program were issued at a discount and repaid at their principal amount.

[in thousands of Canadian dollars]

20. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER SOURCES

The Corporation's revenue breakdown is as follows:

	2024 **$**	2023 $
Revenue from contracts with customers		
Power recovery and distribution		
Residential service [(1)]	**484,470**	420,648
General service [(2)]	**655,029**	604,514
Large users [(3)]	**61,128**	61,513
	1,200,627	1,086,675
Generation	**52,892**	48,073
Commercial services		
Lighting	**11,808**	11,199
Buildings	**12,781**	6,044
Electrical	**28,492**	10,025
Service work related to distribution operations	**6,584**	5,335
Pole attachment and duct rental	**4,068**	3,874
	63,733	36,477
Other		
Account-related charges and miscellaneous	**7,004**	5,101
Capital contributions from customers amortized to revenue	**3,952**	3,693
	10,956	8,794
	1,328,208	1,180,019
Revenue from other sources		
Other		
Investment property rentals	**1,200**	1,462
Capital contributions from developers amortized to revenue	**4,841**	4,126
	6,041	5,588
	1,334,249	1,185,607

[(1)] Residential service means a service that is for domestic or household purposes, including single family or individually metered multifamily units and seasonal occupancy.

[(2)] General service means a service supplied to premises other than those receiving residential service and large users and typically includes small businesses and bulk-metered multi-unit residential establishments. This service is provided to customers with a monthly peak demand of less than 5,000 kW averaged over a twelve-month period.

[(3)] Large users means a service provided to a customer with a monthly peak demand of 5,000 kW or greater averaged over a twelve-month period.

[in thousands of Canadian dollars]

21. OPERATING COSTS

	2024 **$**	2023 $
Salaries, wages and benefits	**106,607**	90,056
Contracted services - distribution system maintenance	**16,235**	21,032
Contracted services - customer owned plant	**8,799**	6,493
Contracted services - other	**44,613**	26,236
General and administrative	**66,404**	49,982
Other electricity distribution costs	**11,088**	13,242
Inventory expensed as cost of goods sold and other	**2,121**	1,740
Property insurance proceeds [Note 7]	**(6,552)**	-
Capital recovery	**(33,762)**	(26,508)
	215,553	182,273

22. FINANCING COSTS

	2024 **$**	2023 $
Interest on long-term debt	**39,449**	39,590
Short-term interest and fees relating to credit facility	**18,031**	16,895
Interest on lease liabilities	**83**	109
Less: capitalized borrowing costs	**(965)**	(694)
	56,598	55,900

23. INCOME TAXES

Income tax expense recognized in net income comprises the following:

	2024 **$**	2023 $
Current tax expense (recovery)		
Current income tax expense (recovery)	**2,679**	(54)
Deferred income tax expense		
Origination and reversal of temporary differences	**18,061**	10,566
Income tax expense recognized in net income	**20,740**	10,512

[in thousands of Canadian dollars]

Income tax expense (recovery) recognized in OCI comprises the following:

	2024 $	2023 $
Income tax effect on exchange differences on translation of foreign subsidiary	**1,317**	(363)
Other	**74**	(239)
Income tax expense (recovery) recognized in other comprehensive income	**1,391**	(602)

The provision for income taxes differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rates. A reconciliation between the statutory and effective tax rates is provided as follows:

	2024 $	2023 $
Federal and Ontario statutory income tax rate	**26.50 %**	26.50 %
Income attributable to equity shareholder before income taxes	**62,862**	34,616
Income taxes at statutory rate	**16,658**	9,173
Increase (decrease) in income taxes resulting from:		
Permanent differences	**203**	2,341
Tax rate differential on net capital loss carryforwards and other	**38**	73
Impact on foreign exchange translation on subsidiary	**2**	9
Foreign tax rate differential	**7**	8
Provision to return adjustment	**(859)**	(533)
Change in unrecognized tax benefit	**5,017**	969
Tax impact on joint venture	**(215)**	2
Current tax recovery from loss carryback	**-**	(888)
Other	**(111)**	(642)
	20,740	10,512
Effective income tax rate	**32.99 %**	30.37 %

The Corporation's subsidiary Hydro Ottawa, as a rate-regulated enterprise, is required to recognize deferred income tax assets and liabilities and related regulatory deferral account credit and debit balances for the amount of deferred income taxes expected to be refunded to, or recovered from, customers in future electricity rates.

Significant components of the Corporation's net deferred income tax asset are as follows:

	2024 $	2023 $
Property, plant and equipment and intangible assets	**181**	757
Employee future benefits	**340**	245
Non-capital loss carryforwards	**6,899**	7,523
Other temporary differences	**54**	(83)
	7,474	8,442

[in thousands of Canadian dollars]

Significant components of the Corporation's net deferred income tax liability are as follows:

	2024 **$**	2023 $
Property, plant and equipment and intangible assets	**(145,630)**	(128,361)
Tax recognized in OCI	**(2,689)**	(1,372)
Non-capital loss carryforwards	**276**	42
Net capital loss carryforwards	**1,977**	-
Employee future benefits	**4,100**	4,179
Other	**5,146**	6,905
	(136,820)	(118,607)

Movements in the net deferred income tax asset balances during the year were as follows:

	2024 **$**	2023 $
Deferred income tax asset, beginning of year	**8,442**	6,732
Impact of foreign exchange rate change on opening deferred income tax asset	**272**	(61)
Recognized in net income	**(1,244)**	1,732
Recognized in OCI	**4**	39
Deferred income tax asset, end of year	**7,474**	8,442

Movements in the net deferred income tax liability balances during the year were as follows:

	2024 **$**	2023 $
Deferred income tax liability, beginning of year	**(118,607)**	(106,872)
Recognized in net income	**(16,817)**	(12,298)
Recognized in OCI	**(1,396)**	563
Deferred income tax liability, end of year	**(136,820)**	(118,607)

The Corporation's regulatory deferral account debit balance for the amounts of deferred income taxes expected to be collected from customers in future electricity rates is $95,355 [2023 – $82,622].

As at December 31, 2024, the Corporation had Canadian capital losses of $1,415 [2023 – $1,415] and Canadian non-capital losses of $25,028 [2023 – $6,937] for which the tax benefit has not been recognized in these consolidated financial statements.

As at December 31, 2024, the Corporation had Canadian capital losses of $7,879 [2023 – $nil] and Canadian non-capital losses of $10,404 [2023 – $17,790] for tax purposes for which the tax benefit has been recognized in these consolidated financial statements.

As at December 31, 2024, the Corporation has U.S. federal losses carried forward of $17,451 [December 31, 2023 – $11,388] and New York losses carried forward of $14,671 [December 31, 2023 – $8,939] that can be carried forward indefinitely. These losses are considered more likely than not to be realized, resulting in a recognized deferred income tax asset of $4,418 at December 31, 2024 [December 31, 2023 – $2,850].

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized. Net deferred income tax assets of $3,579 [2023 – $2,839] have been recognized in EONY as there is sufficient positive evidence to demonstrate that it is probable that a net deferred income tax asset will be realized. Factors considered include: historic and expected future taxable income and the nature, amount and expected timing of reversal of taxable temporary differences.

[in thousands of Canadian dollars]

A deferred income tax liability for taxable temporary differences associated with investments in subsidiaries and investments in joint ventures has not been recognized as the Corporation is able to control the timing of the reversal of the temporary difference of $7,594 [December 31, 2023 - $7,128] and it is probable that the temporary difference will not reverse in the foreseeable future.

The Corporation is within the scope of the global minimum tax under Pillar Two as developed by the Organisation for Economic Co-operations and Development ['OECD']. The new Global Minimum Tax Act ['GMTA'], Canada implements into Canadian domestic law the global minimum tax as envisioned under the Pillar Two model, which includes a minimum 15% tax rate by jurisdiction. The GMTA was enacted by Parliament in Bill C-69 on June 20, 2024 and is effective for years starting after December 31, 2023. The GMTA will affect entities that are members of a Multinational Enterprise ['MNE'] that report annual revenue equal to or greater than 750 million euros (or approximately $1,115 million CAD) in at least two of the four immediately preceding fiscal years as reported in the consolidated financial statements of the MNE's group's ultimate parent entity ['UPE']. The Corporation is the UPE and to be considered a MNE group, a group must have at least one entity or permanent establishment that is not located in the jurisdiction in which the UPE of the group is located. Due to the above, the Corporation is subject to the new GMTA legislation for the Corporation's year ended December 31, 2024.

Under the legislation, the Corporation is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Rules ['GLoBE'] effective tax rate per jurisdiction and the 15% global minimum tax rate. The Corporation's GLoBE effective tax rate for 2024 is higher than the 15% global minimum tax rate. The Corporation is subject to the GMTA for the year ended December 31, 2024, however the Corporation has estimated that there is no top-up tax payable for 2024. The GMTA is in transition and additional legislation is still expected. The Corporation will continue to monitor and assess the GMTA for any potential future impacts to the Corporation.

24. CHANGES IN NON-CASH WORKING CAPITAL AND OTHER OPERATING BALANCES

	2024 **$**	2023 $
Accounts receivable	**(34,301)**	(19,797)
Contract assets	**(6,561)**	(1,937)
Prepaid expenses	**(1,906)**	(4,004)
Accounts payable and accrued liabilities	**15,834**	26,720
Inventory	**(775)**	(4)
Customer deposits in accounts receivable	**(19,761)**	(7,915)
Net change in accruals related to property, plant and equipment	**(2,732)**	(941)
	(50,202)	(7,878)

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2024 **$**	2023 $
Long-term debt, beginning of year	**1,074,563**	1,075,648
Proceeds from issuance of long-term debt	**-**	2,375
Current portion of long-term debt	**(204,882)**	(3,796)
Amortization of debt-issuance costs expensed	**341**	336
Long-term debt, end of year	**870,022**	1,074,563

26. CONTINGENT LIABILITIES

Purchasers of electricity from the IESO are required to provide security to mitigate the risk of their default based on their expected activity in the market. The IESO could draw on these guarantees if the Corporation fails to make a payment required by a default notice issued by the IESO. A prudential support obligation is calculated based upon a default protection amount and the distributor's trading limit less a reduction for the distributor's credit rating. As at December 31, 2024, the Corporation had drawn standby letters of credit in the amount of $10,000 [2023 – $10,000] against its credit facility to cover its prudential support obligation.

The Corporation participates with other electrical utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electrical Association Reciprocal Insurance Exchange. The Corporation is liable for additional assessments to the extent premiums collected and reserves established are not sufficient to cover the cost of claims and costs incurred. If any additional assessments were required in the future, their cost would be charged to income in the year during which they occur.

The Corporation is party to connection and cost recovery agreements with HONI as described in Note 8 of these consolidated financial statements. Each of the Corporation's CCRAs has a term of 25 years. To the extent that the cost of a project is not recoverable from future transformation connection revenues, the Corporation is obligated to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to the Corporation. These agreements require periodic reviews whereby a comparison of actual to forecasted load is conducted, and a true-up calculation performed. When a true-up calculation shows the Corporation’s actual load for the past period and updated load forecast for the future period are lower than the initial load, the Corporation is obligated to make up this shortfall. When the Corporation's actual load and updated load forecast are higher than the initial load, the Corporation is entitled to a rebate. HONI is expected to perform true-up calculations in years 5 and 10 and in year 15 if the difference between the actual incremental load and initial load at the end of year 10 is greater than 20%.

The Corporation is contingently liable for its contractor’s obligations relating to the performance and completion of a project. As a result, the Corporation has provided its customer, the City of Ottawa, with surety performance bonds in connection with a project to design, procure and install charging and electrical infrastructure at one of its OC Transpo facilities. Surety bonds do not transfer risk, but instead provide a financial guarantee to the customer that the Corporation and its subcontractors will fulfill their obligations under the original contract. As at December 31, 2024, management does not foresee any possible issues relating to the performance and completion of the contract.

Various lawsuits have been filed against the Corporation for incidents that arose in the ordinary course of business. In the opinion of management, the outcomes of the lawsuits, now pending, are neither determinable nor material. Should any loss result from the resolution of these claims, such losses would be claimed through the Corporation’s insurance carrier, with any unrecoverable amounts charged to income in the year of resolution.

27. COMMITMENTS

As at December 31, 2024, the Corporation has $264,919 in total open commitments spanning between 2025 and 2031. These include commitments relating to a call centre services agreement, distribution-related construction projects, overhead and underground services and other services relating to the Corporation's operations.

The Corporation maintains leases with various entities for the rights to certain lands, waterways, buildings and other generating assets at its generating stations in Ontario, Québec and New York. These leases are in place through various dates, ranging between September 30, 2022 and December 13, 2116. Certain leases have annual payments which have a fixed and contingent portion, the latter of which is based on either annual gross revenues or power generation levels and are not factored in the calculation of the Corporation's lease liability or effective lease term. The Corporation's anticipated future minimum lease payments will be: 2025 to 2029 – $776 and $37,862 thereafter.

28. RELATED PARTY TRANSACTIONS

Transactions with related parties occur in the normal course of business, and are transacted at the amount of consideration determined and agreed to by the related parties. Trade amounts due from and to related parties are non-interest bearing, result from normal operations and are due within one year.

(a) Transactions and balances outstanding with parent

During the year, the Corporation earned power recovery and distribution revenue from the City of Ottawa and its other subsidiaries, which was billed at prices and terms approved by the OEB. In addition, the Corporation earned commercial services revenue from the City of Ottawa and its other subsidiaries totaling $193 [2023 – $294] via its regulated subsidiary, Hydro Ottawa, and $40,716 [2023 – $18,922] via Envari. During the year, the Corporation also received $1,025 [2023 – $4,235] in contributions relating to the upgrade and/or expansion of the Corporation's existing electricity distribution infrastructure, with an additional $9,287 [2023 - $311] in contributions related to the ZEB Offer to Connect system expansion; incurred $30 [2023 – $32] in lease interest expense and made $54 [2023 – $52] in lease liability repayments with respect to a long-term lease outstanding with the City of Ottawa at December 31, 2024.

The Corporation incurred $4,461 [2023 – $4,393] of operating costs to the City of Ottawa. The Corporation also incurred $530 [2023 – $55] in building permit costs and development charges, which are included in property, plant and equipment.

As at December 31, 2024, the Corporation's accounts receivable, contract assets and customer deposits include $31,667 $10,286 and $2,090 [2023 – $16,725, $3,756 and $1,866 respectively], respectively, while the Corporation's accounts payable and accrued liabilities include $150 [2023 – $206] due to the City of Ottawa and its subsidiaries in respect of the transactions described above. In addition, the Corporation's long-term lease liability to the City of Ottawa included in Note 16 at December 31, 2024 is $692 [2023 – $748].

(b) Transactions and balances outstanding with joint ventures

i. Moose Creek LP

During the year, the Corporation earned $45 [2023 – $44] in other revenue for the provision of administrative services. As at December 31, 2024, the Corporation's accounts receivable include $4 [2023 – nil] due in respect of the transactions described for balances paid on behalf of Moose Creek LP.

ii. PowerTrail

During the year, the Corporation earned other revenue of $45 [2023 – $44] for the provision of administrative services. As at December 31, 2024, the Corporation's accounts receivable include $3 [2023 – nil] due in respect of the transactions described.

iii. ZCU

During the year, the Corporation earned interest income in the amount of $893 [2023 – $804] on its note receivable from ZCU disclosed in Note 10 of these consolidated financial statements. At December 31, 2024, accounts receivable includes $344 due from ZCU with respect to the transactions described [2023 – $338 with respect to amounts paid on the joint venture's behalf].

iv. CCUP

At December 31, 2024, accounts receivable includes $292 due from CCUP with respect to the transactions described [2023 – $nil with respect to amounts paid on the joint venture's behalf].

[in thousands of Canadian dollars]

(c) Compensation of key management personnel

	2024 **$**	2023 $
Salaries, director fees and other short-term benefits	**1,962**	1,975
Employee future benefits	**540**	512
Other long-term benefits	**23**	33
	2,525	2,520

29. SUBSEQUENT EVENTS

On January 30, 2025, the Corporation successfully completed a bond offering of senior unsecured debentures of $425,000 [Series 2025-1], that bears an interest rate of 4.372% and matures on January 30, 2035. On February 3, 2025, the Corporation used its Series 2025-1 proceeds to repay its Series 2015-1 $200,000 senior unsecured debentures, which became due [Note 15].

On April 24, 2025, the Board of Directors declared a $22,300 dividend on the common shares of the Corporation outstanding on December 31, 2024.

30. COMPARATIVE INFORMATION

Certain comparative information has been adjusted to conform to current period's presentation. For the comparative consolidated balance sheet, $4,631 was removed from accounts receivable and classified as contract assets [Note 5].

Governance and executive compensation

Corporate governance

In keeping with its commitment to robust Environmental, Social and Governance (ESG) performance, the Corporation continues to establish and maintain leading governance practices for a company of its size and mandate. Governance standards and best practices are always evolving; as such, the Corporation seeks to continuously improve its governance practices.

Hydro Ottawa Group is a private, for-profit company, incorporated under the *Business Corporations Act* (Ontario).[1] At the same time, the Corporation is wholly owned by the City of Ottawa and fulfills a public mandate, and is therefore mindful of its responsibility to be accountable both to its shareholder and the public.

While the Corporation is not a reporting issuer under the *Securities Act* and is therefore not subject to governance standards that apply to publicly-traded companies, it is guided by these standards and seeks to meet or exceed them. In addition, the Corporation regularly compares its governance practices to those of private and public sector organizations, and to standards set by agencies such as the Canadian Securities Administrators and the Ontario Securities Commission.

Governance structure

Accountability for the effective oversight of the Corporation and its subsidiaries rests with a 12-member Board of Directors, which provides direction to the Corporation on behalf of its shareholder, the City of Ottawa. The Board provides leadership within a framework of effective controls that enables risks to be assessed and managed, and is responsible for supervising the management of the business and affairs of the Corporation and its subsidiaries. In carrying out its oversight function, the Board of Directors is guided by a Shareholder Declaration issued by Ottawa City Council and revised from time to time. The Corporation's Code of Business Conduct, its Director Conflict of Interest and Conduct Guidelines, and a Related Party Transaction Disclosure Policy and Process also govern the actions of the Board.

[1] The Corporation is incorporated under the legal name of Hydro Ottawa Holding Inc.

In 2006, a separate Board of Directors was established to oversee the operations of the Corporation's electricity distribution affiliate, Hydro Ottawa Limited, in accordance with the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the Ontario Energy Board. The powers and functions of that Board are set out in a Shareholder Declaration issued by the Corporation's Board of Directors.

On a day-to-day basis, the Corporation is led by an Executive Management Team, comprising the President and Chief Executive Officer, the Chief Financial Officer, and the senior executives of the subsidiaries and critical functional areas. This team oversees the alignment of business practices and strategies with the goals of the Corporation, and drives performance by managing risks and opportunities. The Executive Management Team is accountable to the Corporation's Board of Directors through the President and Chief Executive Officer.

Appointments to the Boards of Directors

As noted above, the governance structure for the Corporation and its subsidiaries includes two boards of directors – the Hydro Ottawa Group Board and the Hydro Ottawa Limited Board.

In accordance with the terms of the Shareholder Declaration, the City of Ottawa appoints all directors to the Boards except the President and Chief Executive Officer, and the one member of management on the Hydro Ottawa Limited Board. In doing so, the City considers candidates recommended by the Nominating Committee of the Board of the Hydro Ottawa Group, but is not obliged to select these candidates. The Nominating Committee is assisted by outside consultants in its search for candidates for appointment to the Boards.

As set out in their respective Shareholder Declarations, all candidates for appointment to the Boards must meet certain requirements, including demonstrated integrity and high ethical standards, relevant career experience and expertise, and an understanding of the role of the Corporation both as a service to local ratepayers and an asset of taxpayers.

In addition, the nomination and selection process is designed to maintain a Board that includes the following overarching competencies among one or more directors: strong business background, including competitive business experience and strategic planning; a strong financial background, including financial accreditation and public or private market financing experience; industry sector experience in the areas of business of the subsidiary companies; engineering experience; board experience; and merger and acquisition experience.

In step with its strong ESG culture, the Corporation seeks to establish representation on the Board that reflects the diverse population which it serves. A high level of gender diversity has been maintained on the Board over the years, with female representation consistently exceeding the national average by a significant margin (as compared to publicly-traded companies).

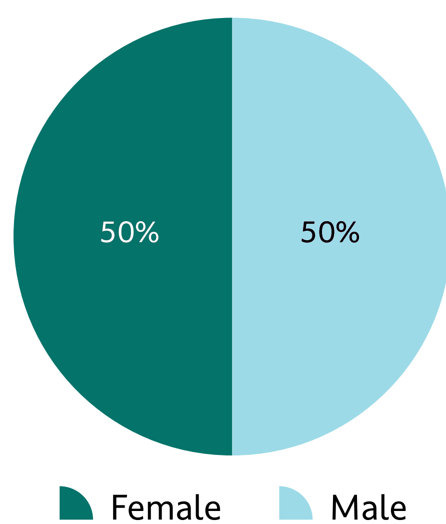
Gender diversity leadership at the board level

The Corporation is committed to building an organization—from leadership at the top to employees on the front-line—that reflects the diversity of the communities it serves.

The Corporation takes great pride in the high levels of gender diversity maintained on the Board of Directors over many years. Its competitive advantage is sharpened when decision-making is enhanced by a broad spectrum of competencies, skills and backgrounds on the Board.

Half of the Board Directors were women in 2024, which significantly exceeded the national average (as compared to publicly-traded companies). This places the Corporation in the top-tier of companies who are benefitting from more women with a seat at the boardroom table.

Board of directors gender representation



Key governance processes and controls

The Corporation has established a number of leading governance processes and controls to assist the Board and executive management in carrying out their oversight functions.

Risk management: An extensive, corporate-wide risk management system has been established to track indicative and predictive measures of risk. Risk assessments are included with regular reporting to the Board on all areas of the Corporation's operations.

Internal audit: The Corporation conducts a rigorous internal audit program to verify controls and maximize business efficiency and effectiveness. A number of business processes and functions are audited annually based on an audit plan approved by the Board. The use of experienced auditors both internal and external to the Corporation ensures rigour and objectivity.

Business continuity plans: Plans are in place to ensure the continuance of critical operations in the event of a major emergency such as an imminent threat, natural disaster, pandemic or significant outage, and to return the Corporation to normal operations as quickly as possible after such an event. They include detailed strategies for the re-assignment of resources to critical processes, and redundant supply arrangements with critical external suppliers.

Committees

The following committees were created to help the Boards of Directors carry out their duties. The committees meet regularly and provide feedback on their discussions to their respective Boards.

Audit: The Audit Committee reviews financial statements, accounting practices and policies, auditing processes and the results of internal and external audits and related matters. It also oversees financial risk management and assesses internal controls.

Governance and Management Resources: The Governance and Management Resources Committee reviews the Corporation's governance structures and practices to ensure that the Board of Directors can fulfill its mandate. It reviews management resources and compensation practices to ensure systems are in place to attract, retain, and motivate qualified management employees. It also reviews and assesses the performance of the President and Chief Executive Officer, oversees the Board Assessment process, and monitors compliance with codes of conduct.

Nominating: The Nominating Committee, with the assistance of outside consultants, identifies and evaluates potential candidates for appointment as directors. The Nominating Committee makes recommendations to the shareholder (represented by Ottawa City Council) for the appointment of directors.

Strategic Initiatives Oversight: The Strategic Initiatives Oversight Committee is responsible for assisting the Board of Directors in guiding management and providing support and focus for large-scale capital project efforts, as identified by the Board from time to time. In addition, it assists management and the Board of Directors in the review and pursuit of business development, acquisition, and investment opportunities. In carrying out these functions, the Committee focuses on the consistency of opportunities with strategic plans and investment guidelines, the maximization of shareholder value, and the management of risk.

Statement of executive compensation

The Governance and Management Resources Committee of the Hydro Ottawa Group's Board of Directors is responsible for developing and recommending the approval of the compensation framework for the Corporation and each of its subsidiaries.

In developing the compensation framework, the Governance and Management Resources Committee is guided by two principles: the need to provide a total compensation package that will attract and retain qualified and experienced executives, and linking compensation to performance.

Executive compensation is reviewed by the Governance and Management Resources Committee and approved by the Board of Directors. In making its recommendations to the Board, the Committee examines the responsibilities and performance of individual executives, and considers the recommendations of the President and Chief Executive Officer.

In an effort to attract and retain qualified and experienced executives, the Corporation aims to offer a total compensation package that is competitive with other organizations of a similar size and scope. Executive compensation is reviewed on an annual basis and compared to market data, with the assistance of independent consultants, on an ad hoc basis to ensure competitiveness. In line with best practices for the sector, as identified by the Ontario Minister of Energy's Agency Review Panel in 2007, the Corporation applies a 50/50 weighting of market data from public and private comparators. The industry component of the market comparator group has a strong sector affiliation (e.g. Transportation and Utilities sector), and is assessed by revenue levels to ensure comparability.

Total cash compensation for Executives consists of two components: base salary and an at-risk performance incentive. (The President and Chief Executive Officer receives a base salary only.)

The at-risk performance incentive component is paid on an annual basis, and is expressed as a percentage of base salary. It is designed to retain and motivate executives, to reward them for their performance during the preceding year, and to ensure alignment with shareholder objectives. Payments are based on the achievement of corporate and division objectives, both financial and non-financial, which are established each year by the Board of Directors. Non-financial targets are designed to achieve continuous improvement in relation to a number of strategic objectives including, but not limited to, customer service, operational and organizational efficiency and effectiveness, and service reliability.

Executives participate in a benefits program, which includes extended health care, dental care, basic and optional life insurance, and short-term and long-term disability insurance. Executives also participate in the Ontario Municipal Employees Retirement System (OMERS) pension plan. This plan is a multi-employer, contributory, defined benefit pension plan established by the Province for employees of municipalities, local boards, and school boards in Ontario. Pension benefits are determined by a formula based on the highest consecutive five-year average of contributory earnings and years of service. Pension benefits are subject to Shared Risk Indexing, meaning any indexation to increases in the Consumer Price Index is conditional upon the OMERS Sponsors Corporation Board's annual assessment of the overall financial health of the plan. Both participating employers and participating employees are required to make equal contributions to the plan based on the participating employees' contributory earnings. Earnings for pension purposes are capped by the plan.

Compensation of officers and board members

Officers

Name and principal position[1]	Year	Base salary ($)	At risk performance incentive ($)[2]	Other compensation ($)[3]
Bryce Conrad President and Chief Executive Officer	2024	430,838	N/A	44,788
	2023	412,865	N/A	92,328
	2022	412,478	N/A	65,596
Geoff Simpson Chief Financial Officer	2024	242,502	85,905	12,111
	2023	232,489	75,932	13,791
	2022	225,776	77,387	10,551
Guillaume Paradis Chief Operating Officer, Distribution and Generation[4]	2024	232,033	74,577[5]	47,720
	2023	192,444	65,098	16,829
	2022	186,887	64,058	19,382
Adnan Khokhar Chief Energy and Infrastructure Services Officer	2024	218,569	73,020	10,441
	2023	209,544	72,715	15,330
	2022	203,493	68,557	10,336

Board members

The remuneration of the members of the Boards of Directors of Hydro Ottawa Group and Hydro Ottawa Limited is determined by the City of Ottawa and the Hydro Ottawa Group Board, respectively. In addition to reimbursement for reasonable out-of-pocket expenses incurred while performing their duties, directors receive an annual stipend and meeting fees for service:

- The Board Chair receives an annual stipend of $40,000;
- All other Board members receive an annual stipend of $7,000;
- The Board Chair receives $600 for each board or committee meeting chaired or attended;
- Committee Chairs receive $800 for each committee meeting chaired; and
- All other Board members receive $600 for each board or committee meeting attended.

Only one annual stipend is paid where an individual is a director of both the Hydro Ottawa Group and Hydro Ottawa Limited Boards of Directors. Members of the Council of the City of Ottawa, as well as the President and Chief Executive Officer, and the one member of management on the Hydro Ottawa Limited Board receive no remuneration in their capacity as directors of the boards.

1 Officers whose earnings are reported are those who occupied the position at December 31, 2024.
2 Amounts shown in this column reflect the at-risk performance incentive for the executive in respect of the achievement of the performance objectives for the previous financial year, paid in the reporting year. These amounts have been rounded to the nearest dollar.
3 Amounts in this column include Board-approved discretionary payments such as payments of earned and unused vacation credits, car allowance, computer allowance, one-time lump sum payments and employer's share of basic life insurance premiums. These amounts have been rounded to the nearest dollar.
4 Mr. Paradis assumed the position of Chief Operating Officer, Distribution and Generation on July 15, 2024.
5 Given that Mr. Paradis assumed the position on July 15, 2024, the at-risk performance incentive for 2023, paid in 2024, is based on his previous position with the Corporation.

Board and committee meeting attendance

The following tables illustrate the attendance of members at meetings of the Boards of Directors and their committees in 2024.

Hydro Ottawa Group

Director	Board meetings	Committee meetings
Bernie Ashe (Chair)	5/5	12/12
Bryce Conrad (President and CEO)	5/5	12/12
Kim Butler[1]	2/2	4/4
Catherine Clark	4/5	5/5
Cathy Curry	5/5	4/4
Matt Davies	5/5	13/13
Laura Dudas	4/5	4/5
Jacqueline Gauthier	5/5	8/8
Paul McCarney	4/5	7/7
Madeleine Meilleur	5/5	4/4
Lynn Norton	5/5	8/8
Cyrus Reporter	5/5	7/7
Rumina Velshi	4/5	2/7

Hydro Ottawa Limited

Director	Board meetings
Bernie Ashe (Chair)	4/4
Bryce Conrad (President and CEO)	4/4
Guillaume Paradis[2]	1/1
Brent Fletcher[3]	4/4

1 Denotes outgoing Board member whose term ended on June 30, 2024.
2 Denotes outgoing Board member whose term ended on April 24, 2024.
3 Denotes incoming Board member whose term took effect on April 24, 2024.

Members of the Boards of Directors

Hydro Ottawa Group

Bernie Ashe (Chair)

Bryce Conrad

Catherine Clark

Cathy Curry

Matt Davies

Laura Dudas

Jacqueline Gauthier

Paul McCarney

Madeleine Meilleur

Lynn Norton

Cyrus Reporter

Rumina Velshi

Hydro Ottawa Limited

Bernie Ashe (Chair)

Bryce Conrad

Brent Fletcher

This list comprises the members of the Boards of Directors as of December 31, 2024.

HRD Canada Innovative Human Resources Team Award

IES Ottawa Best Green Lighting and Design Award

Clean50 Emerging Leaders: Mostafa Saad, Energy & Decarbonization Engineer

Best Ottawa Business Awards: Geoff Simpson, CFO of the Year

Hydro Ottawa Group

Hydro Ottawa Group wishes to thank all
of the employees whose photos appear
in this Annual Report.

La version française du présent rapport annuel
est affichée sur le site **groupehydroottawa.com**

2711 Hunt Club Road
PO Box 8700
Ottawa, Ontario K1G 3S4
Tel (613) 738-5499

hydroottawagroup.com

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