2025 REPORT TO WELLAND HYDRO-ELECTRIC HOLDING CORP. SHAREHOLDER CITY OF WELLAND

June 17, 2025

Tim Clutterbuck, WHEHC Chair

Mario Falvo, WHESC Chair/Treasurer

Kevin Carver, President & CEO

Tonight's Presentation:

- 1. Governance Structure
- 2. 2024 Summary
 - A. Financial Results
 - B. Distribution Rates
 - C. Service Reliability
 - D. Customer Satisfaction
- 3. Welland Solar Joint Venture
- 4. Capital Investments

1. Governance Structure

Existing Board of Directors

Welland Hydro-Electric Holding Corp

Welland Hydro Energy Services Corp

Chair

Vice-Chair/Treasurer

President& CEO

Director

Corporate Secretary

- Tim Clutterbuck

- Mario Falvo

- Kevin Carver

- Frank Campion

- Cathy Bassi

Board of Directors

Welland Hydro-Electric System Corp (WHESC)

Chair

Vice-Chair

President & CEO

Director

Director

Director

Director

Corporate Secretary

Officer of the WHESC Board

- Mario Falvo

- Peter Inman

- Kevin Carver

- John Kwekkeboom

- John Chiocchio

- Tim Clutterbuck

- David Smelsky

- Cathy Bassi

- Frank Campion

Board Structure

- Two (2) Board Director terms ending in 2025.
- The term for the Councilors & Mayor as Board Directors and Officers for Welland Hydro ends with their council term in 2026.
- Future expiration of Director terms:
 - Two (2) Director terms will end in 2026
 - One (1) Director term will end in 2027
 - Two (2) Director terms will end in 2028

2. 2024 Summary

A) Highlights of 2024 Financial Results

WHEHC Consolidated Statements:

Net Income	2023	2024
Earnings Before Tax & Financial Expense	\$3,747,000	\$3,658,000
Interest Expense	\$654,000	\$694,000
Payment in Lieu of Taxes	\$774,000	\$652,000
Net Income (Excluding Other Comprehensive Income/Loss)	\$2,319,000	\$2,312,000
Dividends – City of Welland	\$1,000,000	\$1,100,000

A) Highlights of 2024 Financial Results (cont'd)

- Holding Corp. Fund future dividends to City of Welland
- System Corp. Fund capital expenditures
- Other Affiliates Fund Welland Solar Joint Venture repayments to the City of Welland contributed capital/loan

Cash Balances	2023	2024
Holding Corp. Non-Consolidated	\$1,617,000	\$1,549,000
System Corp.	\$3,764,000	\$2,669,000
Other Affiliates (including 49% Welland Solar Joint Venture)	\$389,000	\$491,000
Total Cash	\$5,770,000	\$4,709,000

B) Distribution Rates

- WHESC continues to have competitive distribution rates
- 2025 distribution rate decrease of 2.47%, effective May 1, 2025
 (2024 rate increase was 4.80%)
- Typical monthly bill inclusive of all charges (Energy, Transmission, Distribution, Regulatory):

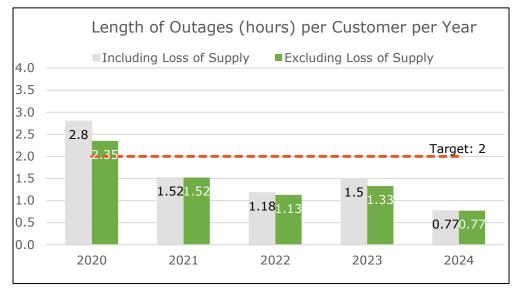
Rate Class & Monthly Consumption	Current Monthly Welland Hydro	Current Monthly Average Niagara Region	% Below Average in Niagara Region
Residential - 750 kWh / Month	\$144.11	\$148.56	-3.0%
GS < 50 kW Commercial (2000 kWh / Month)	\$352.35	\$370.36	-4.9%

^{*}Welland, Niagara Falls, Niagara-on-the-Lake, St. Catharines, Fort Erie, Port Colborne, Grimsby

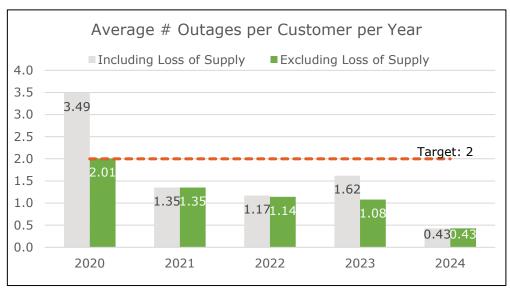
C) Service Reliability

- Welland Hydro continues to provide excellent service reliability to its customers
- Outage statistics and other operational metrics are monitored by the Operations, Health,
 Safety and Environment Committee



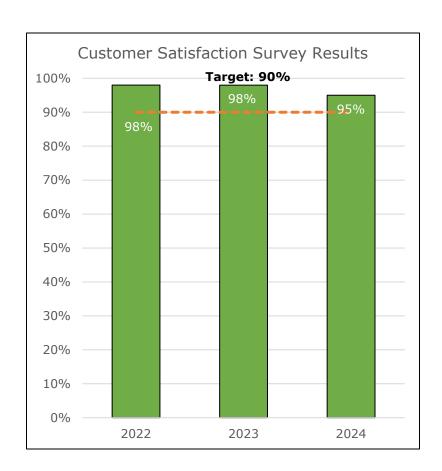


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D) Customer Satisfaction

 Based on surveys from 2022 to 2024 Welland Hydro's Customer Satisfaction Score continues to exceed the provincial average of 86% (2024)



3. Welland Solar Joint Venture

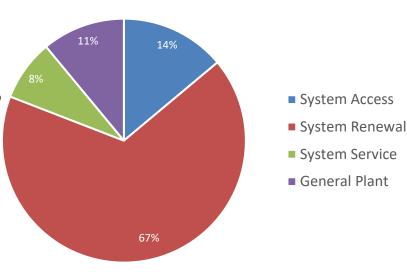
FIT4 Solar Highlights

Generation	2022	2023	2024
kWh	1,444,612	1,420,851	1,408,361
Revenue	\$304,235	\$299,231	\$296,601
Profit Before Tax	\$59,934	\$70,457	\$76,503

4. Capital Investments

<u>Distribution System - Capital Investments</u>

- 2024 Capital Program
 - 4.2M invested in the distribution system
 - Capital projects focused on asset renewal, grid modernization, and facilitating new connections
- Capital Investment Plan (2025 2029)
 - 23M of planned investment focused on:
 - System Access (Facilitating Connections to the System) 14%
 - System Renewal (Replacing Deteriorated Assets) 67%
 - System Service (Grid Modernization) 8%
 - General Plant (Fleet, Facilities, IT/OT Systems, etc.) 11%



Planned Investments 2025 through 2029

- Planned net Capex averages \$4.6M annually
- Facilitating new connections \$3.2M
- Replacing deteriorated assets:
 - Poles and wires \$8.9M
 - Underground infrastructure \$5.8M
- Grid modernization investments \$1.3M
- System Capacity Upgrade (2026 -2029)
 - Transmission upgrades by Hydro One (\$128M)
 - New 230kV transformer station (replacing Crowland TS)
 - Additional capacity of 75MW for the City of Welland (2024 system peak demand = 87MW)

