

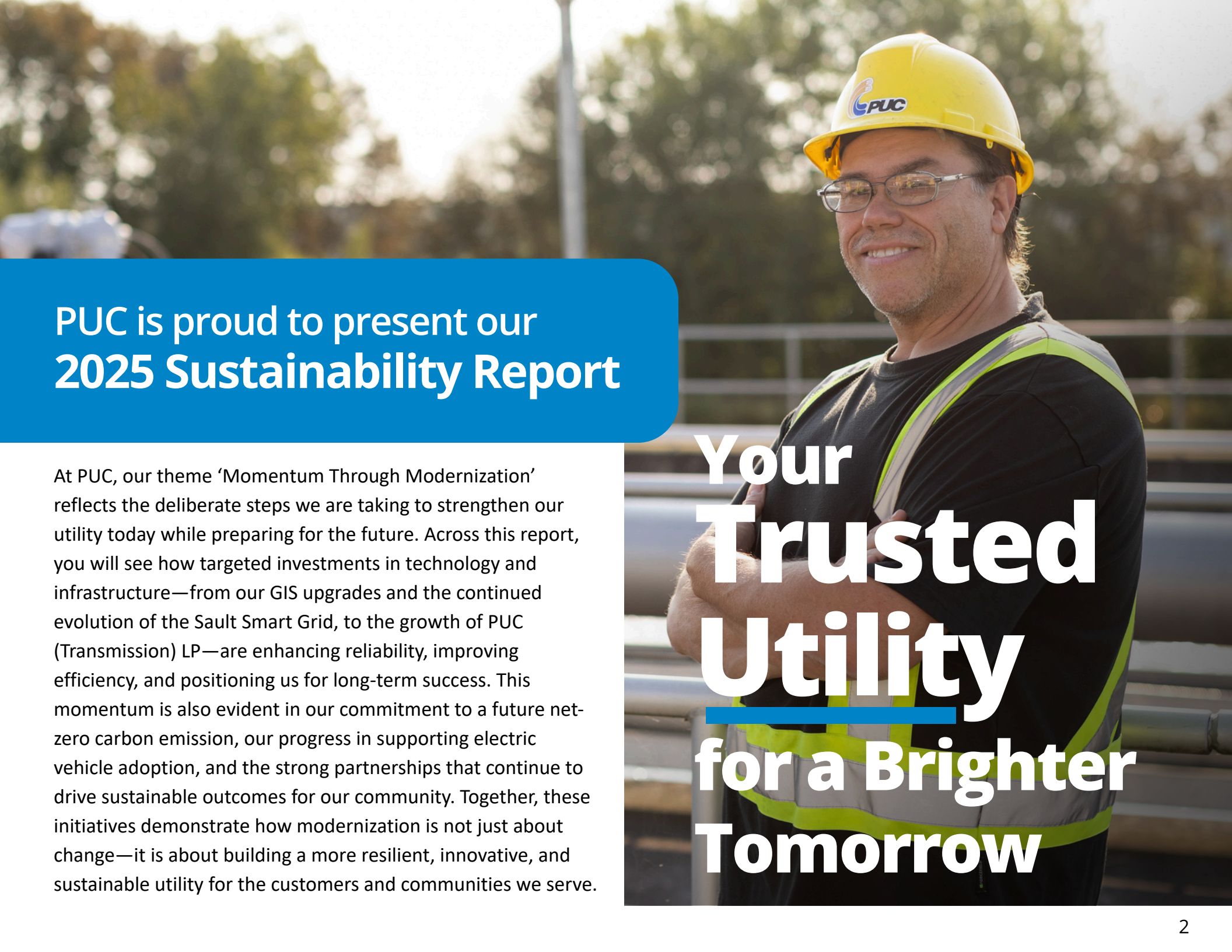
PUC GROUP OF COMPANIES



SUSTAINABILITY REPORT

MOMENTUM THROUGH MODERNIZATION



A man wearing a yellow hard hat with the PUC logo and a high-visibility safety vest over a black shirt. He is smiling and has his arms crossed. The background is a blurred outdoor setting with trees and a fence.

PUC is proud to present our 2025 Sustainability Report

At PUC, our theme ‘Momentum Through Modernization’ reflects the deliberate steps we are taking to strengthen our utility today while preparing for the future. Across this report, you will see how targeted investments in technology and infrastructure—from our GIS upgrades and the continued evolution of the Sault Smart Grid, to the growth of PUC (Transmission) LP—are enhancing reliability, improving efficiency, and positioning us for long-term success. This momentum is also evident in our commitment to a future net-zero carbon emission, our progress in supporting electric vehicle adoption, and the strong partnerships that continue to drive sustainable outcomes for our community. Together, these initiatives demonstrate how modernization is not just about change—it is about building a more resilient, innovative, and sustainable utility for the customers and communities we serve.

**Your
Trusted
Utility
for a Brighter
Tomorrow**

Table of Contents

4 Message from the Chair	17 Safety
5 A Message From Robert Brewer	19 Supporting Other Communities
7 Who We Are	20 Partnerships Driving Sustainable Progress
8 Where We Operate	21 Community Outreach Programs
9 PUC Group of Companies Corporate Structure	23 Safety-Focused Community Events
10 . . . PUC Group of Companies	26 Donations
11 . . . Geographic Information System (GIS)	28 Executive Team
12 . . . Sault Smart Grid	29 Board Of Directors
13 . . . PUC (Transmission) LP	30 Financial Statements
15 . . . Electric Vehicles	
16 . . . Net-Zero Strategy	

Message from Ila Watson

Chair, PUC Services Inc. / PUC Inc.



At PUC, the Board of Directors is committed to ensuring sustainability remains central to the organization's long-term direction. We view it as a responsibility to balance strong financial performance with environmental stewardship and community well-being.

Through our governance and oversight, we support management in delivering on PUC's vision to become the most successful integrated utility in Ontario. As the organization continues to grow and expand its enterprise, we remain focused on ensuring investments are responsible, strategic, and create long-term value.

We also recognize the importance of reducing environmental impact and support initiatives that advance PUC's commitment to net-zero carbon emissions, while strengthening the resilience and reliability of our services. On behalf of the Board, I would like to thank our employees, leadership team, customers, partners, and shareholder for their continued trust and support as we build a sustainable future together.

Ila Watson

PUC Services Inc./PUC Inc. Board of Directors, Chair

A Message From Robert Brewer

President and CEO, PUC Services Inc.

At PUC, sustainability is not a separate initiative, it is embedded in how we plan, operate, and grow with purpose.

Our vision is to become the most successful integrated utility in Ontario; an organization recognized for next-generation solutions, operational excellence, and strengthening the communities we serve. By expanding our services beyond Sault Ste. Marie and pursuing opportunities that generate revenue outside our community, we are creating new pathways for growth while continuing to deliver long-term value at home.

Safety remains a core value that underpins everything we do. In the past year, PUC achieved 100 per cent employee participation in mandatory, field-based safety observations, with more than 900 crew observations completed. This reflects the strength of our safety culture and the shared commitment of our employees to look out for one another, ensuring that everyone goes home safely to their families and friends at the end of the day.

Our long-term strategy focuses on growing our enterprise while maintaining a strong commitment to environmental stewardship and operational excellence.





Focus on Safety at PUC and in the Community

Based on the internal responsibility systems (IRS); the foundation that all employees are responsible for safety at the workplace is guided by:

- PUC's Health and Safety Policy
- Joint Health and Safety Committee
- Support in the Community

Our goal is zero work related injuries and illness



Over the next five to 10 years, we aim to significantly expand the assets we manage and the overall value of our organization, ensuring we can continue to invest in the infrastructure and services our communities depend on.

An important part of this vision is our commitment to achieving net-zero carbon emissions. Through initiatives such as renewable energy development and the electrification of our fleet and facilities, we are taking meaningful steps to reduce our environmental footprint while strengthening the sustainability of our operations.

At the same time, we are modernizing our organization through digital transformation, process improvement, and innovation. These efforts allow us to improve efficiency, enhance the customer experience, and create a more scalable utility that is prepared for the future.

Our progress is made possible by the dedication of our employees, the trust of our customers, and the support of our partners and shareholder. Together, we are building a forward-looking utility; one driven by bold thinking, resilience, and a commitment to a sustainable future for generations to come.

Who We Are



Our Brand Promise

We lead the way through innovation and compassion to deliver outstanding service every single day.



Areas of Strategic Focus

Customers

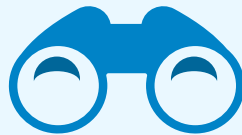
Employees

Shareholder



OUR MISSION

We are a community leader providing safe and reliable utility services



OUR VISION

Improving communities through curiosity and innovation



OUR VALUES

Safety, Integrity, Customer Centric, Innovative, Accountable



Where we operate

In 2025, PUC provided services in 142 communities throughout Ontario:



Sault Ste. Marie



The supply of electricity



The supply, treatment and distribution of drinking water

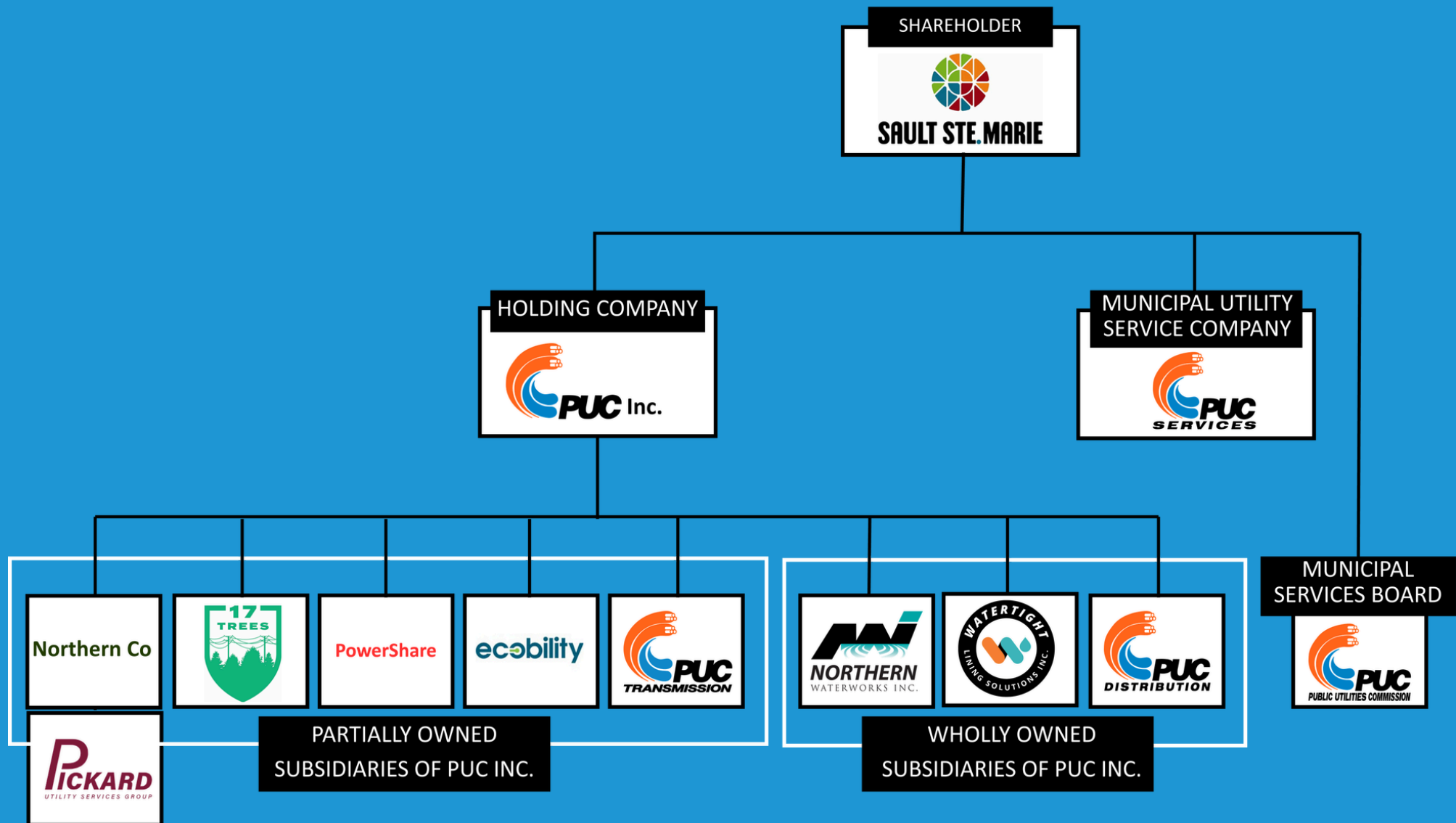


The operation of wastewater treatment facilities



Emergency response services and annual inspections for First Nations

PUC Group of Companies Corporate Structure



PUC Group of Companies

PUC Services Inc.

PUC Services Inc. is a utility services company operating as a wholly owned private company of the Corporation of the City of Sault Ste. Marie.

PUC Inc.

PUC Inc. is a holding company registered under the Ontario Business Corporations Act and is wholly owned by the Corporation of the City of Sault Ste. Marie.

Water & Wastewater Services

Public Utilities Commission

The **Public Utilities Commission** of the City of Sault Ste. Marie owns the water supply and distribution infrastructure responsible for the provision of safe, reliable, potable water to customers within the municipal services boundary of the City of Sault Ste. Marie and Rankin Reserve of the Batchewana First Nation.

Northern Water Works Inc.

Northern Water Works Inc. (NWI) provides water and wastewater treatment operations, maintenance and management services to 35 municipal and First Nation clients throughout the Province of Ontario. In addition, NWI provides emergency response services and annual inspections for all 133 First Nation communities across Ontario, either directly or through the Government of Canada's Department of Indigenous Services Canada (ISC) and the Ontario Ministry of the Environment, Conservation and Parks' (MECP) Spills Action Centre (SAC).

Watertight Linings Solutions Inc.

Watertight Linings Solutions Inc. (WLS)'s focus is helping municipalities fix an expensive and common problem: deteriorating water pipe. WLS uses a Spray-in-Place-Pipe (SIPP) process which applies a polymer lining (Resiline 320). This process can save taxpayers millions of dollars, limit construction delays to as little as one day, and reduce the carbon footprint by up to 75% compared to typical replacement pipe.

Electricity

PUC Distribution Inc.

PUC Distribution Inc. is a local distribution company (LDC) that distributes electricity to residences and businesses within the boundaries of the City of Sault Ste. Marie, the Batchewana First Nation (Rankin Reserve), Prince Township and parts of Dennis Township.

PUC (Transmission) LP

PUC (Transmission) LP is a transmission company incorporated in 2021 to provide cost-effective, locally owned and operated transmission services to Sault Ste. Marie area industries. PUC (Transmission) LP's new 230 kV transmission line will convey electricity from Hydro One's Third Line Station in the city's north end to a new PUC transformer station in the west end.

PowerShare

PowerShare is a group of 10 Local Distribution Companies in Ontario looking to operationalize the Local Energy Market concept and design, progressing towards a Distribution System Operator Model.

Other

17 Trees

17 Trees is a forestry management company serving the Algoma, Sudbury and North Bay regions. A partnership between PUC Inc., Greater Sudbury Utilities Inc., and North Bay Hydro Services Inc., 17 Trees offers safe, high-quality utility forestry work at competitive rates for customers.

Northern Hold Co.

Northern Hold Co. is a joint holding company formed by PUC Inc., Greater Sudbury Utilities, and North Bay Hydro. Its purpose is to pursue mutually beneficial investment opportunities that deliver value to both shareholders and customers across Northern Ontario.

Pickard Construction

↳ **Pickard Construction** is a privately-held company, founded in 1979 and headquartered in Owen Sound, Ontario. It provides telecom and electric utility infrastructure services—primarily construction, maintenance, and upgrades of underground and aerial systems.

Geographic Information System (GIS)

In 2025, we undertook a major transformation in how we manage underground infrastructure at PUC Services Inc., making it one of the most impactful operational changes of the year. With assets dating back more than a century, historical records varied in quality and accuracy, creating risk in the field and inefficiencies across departments.

To address this, we invested in Real Time Kinematic (RTK)-enabled technology and fully integrated our field operations with our GIS platform. This reduced our digital location variance from several metres to approximately 2.54 centimetres. Field data is now captured once, retained permanently and immediately shared across the organization—creating a precise, reliable digital foundation for infrastructure management.

This modernization fundamentally changed our workflow. Crews now collect high-accuracy coordinates, attach photos and document field notes directly from mobile devices, with information flowing in real time into our GIS system.

Role-specific dashboards provide visibility into discrepancies, corrections and escalations, strengthening coordination between locators, GIS editors, engineering and operations. By eliminating paper-based processes and disconnected systems, we reduced repeat site visits, improved accountability and enhanced operational efficiency while building a continuously improving dataset.

The impact extends well beyond technology. With a permanent, organization-wide source of truth, we are strengthening worker safety, reducing excavation risk and minimizing service disruptions for customers. More accurate data supports better asset planning, lowers the likelihood of infrastructure damage and reduces unnecessary environmental impact from repeat excavation and emergency response. In 2025, this initiative advanced our commitment to responsible asset stewardship, long-term resilience and sustainable, reliable utility service for the communities we serve.





Sault Smart Grid

PUC continues to see the benefits of the Sault Smart Grid (SSG). In its second full year of operation in 2025, the system prevented more than **906,000 outage minutes** and helped **10,310 customers avoid an outage** by automatically detecting faults and restoring service more quickly. This represents a notable improvement over 2024, when the system prevented outages for more than **6,000 customers** and saved **638,000 outage minutes**. As the system continues to mature, SSG is playing an increasingly important role in improving reliability for customers across the community.



Watch 2025 SSG results video here



900,000+
Outage minutes
prevented



10,000+
Customer outages
prevented



PUC (Transmission) LP

Foundations for the Future

PUC (Transmission) LP continues to make meaningful progress on the Sault Ste. Marie 230 kV Facilities Initiative, a major infrastructure project that will strengthen the region's electricity network while supporting Algoma Steel's transition to electric arc furnace technology.

Over the past year, the project has advanced through key development and construction readiness milestones. Station site preparation is underway, including early construction activities and groundwork to support future infrastructure development. Easement acquisition along the transmission route is now complete, and major equipment procurement and engineering work continue to progress. Key construction contracts have also been awarded, with local contractors engaged to deliver the major station and transmission line construction.

These advancements position the project to move into its next phase of construction in 2026, with the project remaining on schedule for an in-service date in 2028. Once completed, the new transmission infrastructure will enhance reliability, strengthen the local electricity system, and support continued economic development in Sault Ste. Marie and the surrounding region.



Looking ahead

PUC (Transmission) LP is actively exploring new opportunities to support the expansion and modernization of Ontario’s electricity grid province-wide. By working with Local Distribution Companies (LDCs), communities, industry partners, and investors, PUC is leveraging its expertise in transmission development to help deliver the infrastructure needed to support electrification and economic growth right across Ontario. As these opportunities advance, transmission development is emerging as a key pillar in strengthening PUC’s long-term sustainability and creating lasting value for our shareholder.

Electric Vehicles

In 2025, PUC continued to advance transportation electrification through both fleet conversion and the expansion of charging infrastructure. PUC now operates 28 electric vehicles, representing approximately 36 per cent of its light-duty fleet, delivering an estimated 20 per cent savings in annual operating costs per vehicle while reducing emissions and fuel dependency.

To support reliable fleet operations and future growth, PUC has installed 25 electric vehicle chargers across its facilities. In addition, through its customer-focused EV charger program, PUC supports 31 residential and commercial chargers throughout the city, helping businesses transition to electric transportation while proactively managing new electrical loads.

Beyond fleet adoption, 2025 focused on integrating electrification into long-term system planning. By leveraging operational data from its growing EV fleet and charger network, PUC continues to assess load impacts, peak demand considerations, and infrastructure capacity to ensure reliable service as adoption increases. This measured, data-driven approach allows PUC to lead by example while supporting responsible growth in electric transportation, aligning sustainability goals with grid reliability and financial stewardship.

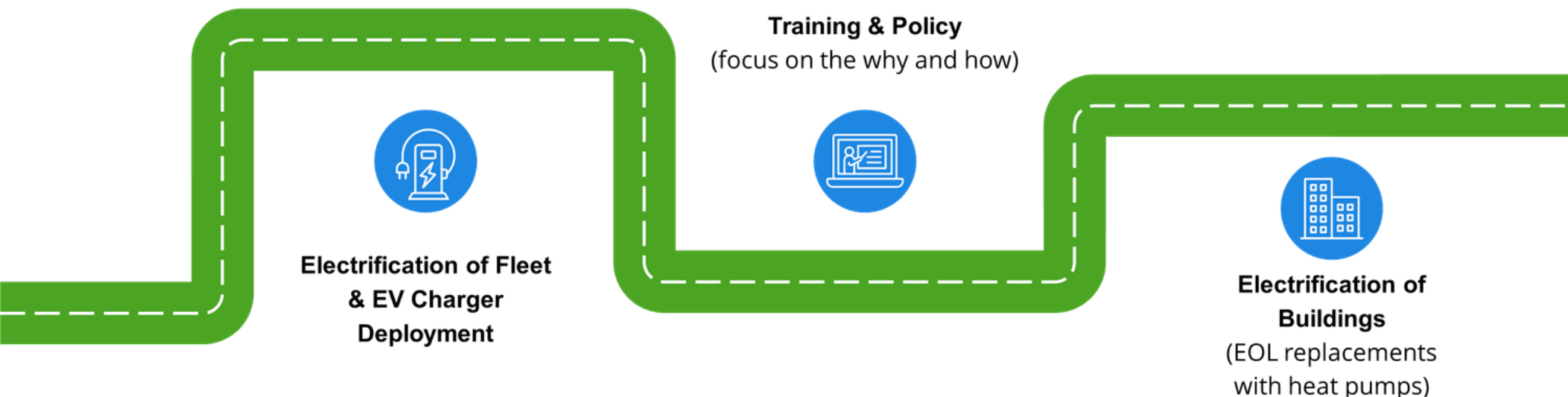
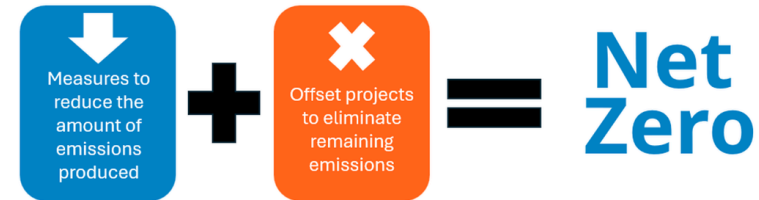


Net-Zero Strategy

In 2025, PUC Services developed a Net-Zero Roadmap, outlining a structured, data-driven plan to reduce greenhouse gas (GHG) emissions and further transition toward a low-carbon, resilient utility model. Anchored in the organization's 2025–2027 Strategic Plan, the Roadmap establishes a 2024 baseline to work from, focusing primarily on Scope 1 and 2 emissions. It integrates sustainability into core operations such as capital planning, fleet management, and policy development, and aligns with municipal, provincial, and federal climate goals.

To achieve net zero, the plan combines direct emissions reductions with renewable generation and carbon offset strategies. Key initiatives include building retrofits and fleet electrification, following a “Plan, Do, Measure” framework.

Long-term success relies on scaling renewable energy (e.g., solar generation), expanding EV infrastructure, and leveraging carbon credits to offset residual emissions. Together, these efforts position PUC to balance environmental responsibility, operational efficiency, and financial sustainability while progressing toward a practical and achievable net-zero future.





Safety

Safety remains PUC's first core value and is embedded across every level of the organization. The company's health and safety program holds 100 per cent of employees—union and management alike—accountable for safety outcomes, reinforcing a culture where everyone shares responsibility for identifying hazards and protecting one another.

This commitment was demonstrated through mandatory field-based safety observations, with employees completing more than 900 observations throughout the year to strengthen hazard awareness and reinforce safe work practices.



PUC also completed 118 workplace inspections in 2025, further supporting proactive hazard identification and continuous improvement across operations. In addition, the organization held its annual Safety Day, pausing operations so all employees could participate in a company-wide safety event focused on training, leadership, and engagement.

PUC's safety leadership extends beyond its own workforce to contractors and the broader community. All contractors working on PUC infrastructure are required to complete a formal safety orientation prior to beginning work, ensuring consistent expectations and safe practices across every project. In 2025, contractor safety audits achieved an overall compliance score of 92 per cent, demonstrating strong accountability and effective oversight.

PUC also continued to promote safety in the community through public education initiatives, including electrical safety awareness sessions and the distribution of safety information materials, helping residents better understand how to recognize and avoid electrical hazards.



Supporting Other Communities

PUC's commitment to service was clearly demonstrated through its cross-border response to storm-related outages in Michigan. Beyond restoring power, the effort strengthened international partnerships and highlighted the value of collaboration during challenging times. Customers and communities expressed strong appreciation for the Canadian crew's support, while Cloverland Electric Cooperative later travelled to Sault Ste. Marie in May 2025 to host a thank-you luncheon for PUC staff and present a signed letter recognizing the team's "swift action, steadfast support, and shared commitment to service."

The response also received recognition from the United States House of Representatives, reflecting the significant cross-border coordination involved in the deployment. Community gratitude was further demonstrated through newspaper ads placed in the Toronto Star and The Sault Star thanking Canadian crews for their assistance.

Despite its relatively small size, PUC earned the respect of larger utilities through its broad technical expertise and versatility across all aspects of powerline work. Since 2024, PUC has also been recognized as the first Canadian utility to "cross the border" in this capacity, underscoring its leadership, agility, and commitment to mutual aid beyond national borders.





Partnerships Driving Sustainable Progress

We continue to prioritize strong, strategic partnerships as a key driver of sustainable growth and innovation. In 2025, PUC became a founding partner in PowerShare, collaborating with peer Local Distribution Companies (LDCs) to advance the development of a Local Energy Market and support the transition to a Distribution System Operator (DSO) model.

In addition, PUC's participation in Northern Hold Co., a newly formed partnership between PUC Inc., North Bay Hydro and Greater Sudbury Utilities, enables us to pursue shared investment opportunities that create long-term value for customers and communities across Northern Ontario.

In 2025, Northern Hold Co. made a strategic investment in Pickard Construction, a company specializing in telecom and electric utility infrastructure services, aligning well with the partner's broader objectives.

Together, these collaborations strengthen our ability to deliver resilient, efficient, and forward-looking energy solutions.

Community Outreach Programs



Student Safety Awards

Each year, PUC attends Grade 8 graduation ceremonies across Sault Ste. Marie to present a Student Safety Award to one student from every elementary school. This annual recognition highlights students who demonstrate leadership in promoting safety within their school communities.

By encouraging positive behaviours at a formative stage, the initiative contributes to building a culture of safety and supports long-term community well-being through early education.

High School Art Partnership

PUC engaged local students in a competitive design process to create original artwork for utility infrastructure. By transforming functional assets into visually engaging public features, the initiative enhanced community spaces while providing students with valuable, real-world creative opportunities.



Caution and Chance

In 2025, the Caution and Chance program celebrated 30 years of delivering electrical safety education to elementary school students in Sault Ste. Marie.

The program achieved full participation across all local elementary schools, engaging approximately 2,500 students in Grades 3 to 5 across 107 classrooms. By equipping students with foundational safety knowledge at an early age, the initiative supports long-term community well-being and reinforces the organization's commitment to public safety and education.



School Tours

PUC welcomed students from elementary through postsecondary levels to its wastewater treatment plant, water filtration plant, and main office. These visits were designed to introduce students to potential career paths within PUC while increasing their understanding of the systems that support the community's utilities.

During their visits, students interacted directly with industry professionals, explored facility operations, and asked questions about daily processes and responsibilities. This hands-on exposure provided meaningful insight into the essential services that help maintain a sustainable and healthy community.



Safety-Focused Community Events



Emergency Preparedness

PUC participated in the Emergency Preparedness Showcase, a local event held each year during Emergency Preparedness Week. At the 2025 event, we emphasized the importance of being ready for prolonged, unplanned outages.

While PUC crews work diligently to maintain reliable power, outages can sometimes occur due to factors beyond our control. At our booth, we provided attendees with tips and checklists for emergency kits and shared practical steps to keep their homes and families safe during an outage. By engaging the community in preparedness, PUC helps residents build resilience and promotes safety as a key component of sustainable living.



Touch-A-Truck

As part of its ongoing commitment to community engagement and public education, PUC participated in Habitat for Humanity Sault Ste. Marie's annual Touch-A-Truck event. PUC displayed several vehicles from its operational fleet, giving children and families the opportunity to explore the equipment used to support essential utility services. The event also served as a valuable platform for employees to promote electrical safety awareness and engage with the community in an interactive and educational setting.



Science North Science Festival

PUC participated in the annual Science North Science Festival, a popular community event where children explore scientific concepts through interactive activities. As part of the 2025 event, PUC focused on teaching young attendees about electrical safety and how power is delivered to their homes.

PUC presented a hands-on demonstration featuring a mock electrical distribution system, where children connected paper homes to powerlines to simulate the flow of electricity. The activity was well received and offered a clear, memorable way to promote safe practices.



World Water Day

PUC hosted members of the public at its Water Filtration Plant in celebration of World Water Day. Participants explored how water is treated and distributed, offering a front-row view of the processes behind delivering clean, safe water to the community.

Through guided tours, attendees engaged with staff and observed key treatment stages, gaining practical insight into daily operations. The event demonstrated PUC's commitment to transparency and public education, while strengthening awareness of water sources and the importance of sustainable water management.

Rotaryfest

PUC participated in Rotaryfest, a three-day signature annual community event bringing together residents and local businesses. PUC showcased the Save on Energy program, highlighting practical ways to reduce utility costs through energy-efficient upgrades and available incentives.

Attendees received tailored guidance on improving energy use at home, while PUC also engaged directly with small, medium, and large-sized businesses to discuss energy management strategies. This local engagement reflects our commitment to sustainability and supporting informed energy decisions across the community.



Hydrant Hero

PUC partnered with Sault Fire Services to promote the Hydrant Hero initiative, encouraging residents to help keep fire hydrants clear of snow during winter. With heavy snowfall and thousands of hydrants across the community, clear access is essential for firefighters to respond quickly in emergencies.

While PUC crews maintain hydrants regularly, community participation is vital. By adopting a hydrant and clearing it of snow, residents directly support emergency response efforts and help safeguard their neighbourhoods. This initiative demonstrates how collective action can enhance public safety and protect the well-being of the community.

Donations

PUC strengthened its commitment to the community by supporting more than 50 local charities, organizations, and initiatives, contributing a total of \$126,000 to programs that make a meaningful difference in the region. In addition to financial support, employees volunteered their time with local organizations, including St. Vincent Place, where they prepared over 600 lunches for vulnerable community members.

KidSport

"Community partners like PUC play an essential role in making sport accessible for local children right here in Sault Ste. Marie. Without support from organizations like PUC, it would be difficult for us to run a sustainable program in our community and remove financial barriers for families. This generous donation helped fully fund five local kids in sport, including three in soccer and two in hockey, giving them the chance to be active, build confidence, and experience the joy of participating in sport."

- Lauren Signoretti, Chair, KidSport Sault Ste. Marie



Sault Ste. Marie Soup Kitchen

"Without the continued support from PUC and other organizations, we could not continue to meet the needs of so many in our community, as those facing food insecurity and food inflation continue to climb to record numbers. Thank you for helping us to help so many."

- Ron Sim, General Manger, Soup Kitchen Community Centre



Boreal French Immersion VEX Robotics Club

"Thanks to the generous donation from PUC, we were able to expand our VEX Robotics program here at Boreal French Immersion and welcome more students, including those from younger grades. This program allows students to bring their learning to life in a hands-on and meaningful way!"

- Dan Belsito, Boreal French Immersion Public School teacher, VEX Robotics Club coach



Kids Being Kids

"Our Kids Being Kids program helps create meaningful opportunities for children and families in our social housing communities. Through generous donations from community partners such as PUC, we are able to provide essential school supplies that help students start the year prepared, while also offering summer activities that encourage creativity, learning, and connection. These programs create spaces where children can build friendships, develop confidence, and simply enjoy being kids. We're proud to partner with PUC, and like-minded organizations that share our commitment to helping families and children thrive."

- Mike Nadeau, District of Sault Ste. Marie Social Services Administration Board CEO

Long Live Connor Dunn Memorial Fund

"PUC's support of the Long Live Connor Dunn Fund is helping ensure that no child in our community is left out of sport due to financial barriers. Its contribution is creating real opportunities for young athletes to participate, grow, and feel a sense of belonging. We are sincerely grateful for PUC's partnership in carrying forward Connor's legacy of kindness, inclusion, and leadership."

- Ross Romano, Spokesperson for the Dunn family



Executive Team



Robert Brewer,
Hon. BSC, MBA
President & CEO



Mark Faught
CPA, CMA
Chief Financial Officer



Robert Battisti,
CPA, CMA
Senior Vice President,
Integrated Services
and Customer
Solutions



Sarah McLeod
Senior Vice President,
Corporate Services



Matt Baker
Vice President,
Business Development

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PUC SERVICES INC./PUC INC.

Ila Watson, Chair

PRESIDENT & CEO, SAULT AREA HOSPITAL

Paul Skeggs, Vice Chair

BARRISTER & SOLICITOR,
SKEGGS PACIOCCO LAWYERS LLP

Andy McPhee

RETIRED VICE PRESIDENT, GREAT LAKES
POWER TRANSMISSION

Carla Barone

DIRECTOR, ENTERPRISE PORTFOLIO
MANAGEMENT,
ONTARIO LOTTERY & GAMING CORPORATION

Bob Giroux

PRESIDENT & CEO, SOANBERT CORP.

Scott Seabrook

SENIOR DIRECTOR, FINANCE,
ONTARIO LOTTERY & GAMING CORPORATION

David Zuccato

RETIRED ASSISTANT DEPUTY MINISTER,
MINISTRY OF COMMUNITY AND SOCIAL
SERVICES

Ron Gagnon

PRESIDENT & CEO,
WATERLOO REGIONAL HEALTH NETWORK

Elaine Pitcher

LAWYER,
PITCHER LAW

Danielle Baker

CHIEF HUMAN RESOURCES OFFICER,
ALGOMA STEEL INC.

PUC DISTRIBUTION INC.

Jim Rennie, Chair

CHAIR, SENIOR HUMAN RESOURCES
EXECUTIVE

Pat McAuley, Vice Chair

RETIRED COMMISSIONER OF PUBLIC
WORKS AND TRANSPORTATION FOR THE
CITY OF SAULT STE. MARIE

Jim P. Boniferro

PRESIDENT & CEO,
BONIFERRO MILL WORKS ULC

Mark Howson

RETIRED SENIOR MAINTENANCE ENGINEER,
ALGOMA STEEL INC.

David Zuccato

RETIRED ASSISTANT DEPUTY MINISTER,
MINISTRY OF COMMUNITY AND SOCIAL
SERVICES

PUBLIC UTILITIES COMMISSION

Mark Howson, Chair

RETIRED SENIOR MAINTENANCE ENGINEER,
ALGOMA STEEL INC.

Vacant, Vice Chair

Musa Onyuna

METALLURGICAL SPECIALIST,
ALGOMA STEEL INC.

Sandra Hollingsworth

CITY COUNCILLOR,
CITY OF SAULT STE. MARIE

Corey Gardi

CITY COUNCILLOR,
CITY OF SAULT STE. MARIE

Financial Statements



PUBLIC UTILITIES COMMISSION OF THE CITY OF SAULT STE. MARIE

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash	\$ -	\$ 3,164
Accounts receivable (note 4)	8,351,555	7,736,277
Unbilled service revenue	1,346,434	1,335,731
Receivable from related company, PUC Services Inc. (note 3)	16,694,979	19,042,139
	26,392,968	28,117,311
Financial liabilities:		
Accounts payable and accrued liabilities	11,889,939	14,030,906
Credit facility (note 5)	3,802,219	4,025,000
Loan payable (note 6)	154,496	991,442
	15,846,654	19,047,348
Total net financial assets	10,546,314	9,069,963
Non-financial assets:		
Tangible capital assets (note 8)	130,156,816	122,246,057
Inventory	496,230	466,311
	130,653,046	122,712,368
Accumulated surplus (note 9)	\$ 141,199,360	\$ 131,782,331

PUBLIC UTILITIES COMMISSION OF THE CITY OF SAULT STE. MARIE

Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 2)	2025 Total	2024 Total
Revenues:			
Service revenue:			
Residential	\$ 16,036,254	\$ 15,981,394	\$ 15,177,962
General	11,069,640	11,658,157	10,878,109
Hydrants	2,000,823	1,963,499	1,888,463
	29,106,717	29,603,050	27,944,534
Other:			
Investment income	200,000	256,673	497,300
Non-service revenue	336,154	763,129	768,087
Developers contributions	-	13,088	105,729
	536,154	1,032,890	1,371,116
Total revenues	29,642,871	30,635,940	29,315,650
Expenditures: (note 7)			
Purification and pumping	5,087,429	4,865,262	4,913,675
Transmission and distribution	5,553,839	4,333,496	4,277,454
Amortization of tangible capital assets	3,387,352	3,547,493	3,297,852
Hydrants	546,294	538,115	391,172
Billing and collection	1,451,462	1,803,208	1,520,064
Interest on long-term debt	167,544	303,761	449,378
General and administration	5,661,229	5,827,576	5,677,050
Total expenditures	21,855,149	21,218,911	20,526,645
Annual surplus	7,787,722	9,417,029	8,789,005
Accumulated operating surplus, beginning of year	131,782,331	131,782,331	122,993,326
Accumulated operating surplus, end of year	\$ 139,570,053	\$ 141,199,360	\$ 131,782,331

Management has extracted this financial information from the audited financial statements.

PUC SERVICES INC.

Statement of Financial Position

As at December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 3,386,668	\$ 6,140,701
Accounts receivable (note 5)	5,046,655	4,710,964
Due from related parties (note 19)	24,476,717	23,176,993
Inventories (note 6)	595,729	557,584
Prepaid expenses	1,627,211	1,434,893
Payment in lieu of taxes recoverable	-	258,292
Total current assets	35,132,980	36,279,427
Non-current assets:		
Property, plant and equipment (note 7)	18,557,345	19,291,965
Intangible assets (note 8)	802,095	856,820
Total non-current assets	19,359,440	20,148,785
Total assets	\$ 54,492,420	\$ 56,428,212
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,082,656	\$ 7,218,070
Deferred tax liabilities (note 9)	723,000	729,000
Payment in lieu of income taxes (note 9)	264,708	-
Due to related parties (note 19)	16,705,714	19,971,659
Dividends payable	300,000	-
Current portion of long-term debt (note 10)	85,656	85,656
Lease liabilities - current (note 11)	157,419	159,299
Total current liabilities	25,319,153	28,163,684
Non-current liabilities:		
Long-term debt (note 10)	8,629,594	8,715,250
Lease liabilities (note 11)	102,197	191,312
Deferred revenue (note 7)	9,763,863	9,857,662
Employee future benefit obligations (note 12)	1,132,832	1,101,216
Total non-current liabilities	19,628,486	19,865,440
Total liabilities	44,947,639	48,029,124
Shareholder's equity:		
Share capital (note 15)	1,943,300	1,943,300
Accumulated other comprehensive income	1,381,747	1,354,250
Retained earnings	6,219,734	5,101,538
Total shareholder's equity	9,544,781	8,399,088
Commitments and contingences (note 18)		
Total liabilities and shareholder's equity	\$ 54,492,420	\$ 56,428,212

PUC SERVICES INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Management fees	\$ 15,801,857	\$ 14,925,026
Contracts	11,132,356	8,963,095
Services	479,234	415,953
Other operating revenue (note 16)	1,578,070	1,420,929
	28,991,517	25,725,003
Expenses:		
Contract service	8,952,304	8,032,279
Administrative	8,114,223	7,636,900
Facilities	1,969,660	2,118,073
Depreciation and amortization	3,217,157	3,113,866
Billing and collection	1,025,476	871,540
Customer service	1,242,259	1,249,977
Street lights	410,769	533,702
New business development	1,403,167	690,588
Other business and maintenance	78,425	80,587
	26,413,440	24,327,512
Income from operating activities	2,578,077	1,397,491
Net finance costs (note 17)	482,795	635,862
Income before provision for payment in lieu of taxes	2,095,282	761,629
Payment in lieu of taxes (note 9):		
Current expense	693,000	218,649
Deferred expense	(15,914)	(136,938)
	677,086	81,711
Income for the year	1,418,196	679,918
Other comprehensive income (loss): items that will not be classified to profit or loss, net of income tax:		
Remeasurement of employee future benefit obligations (note 12)	37,411	577,124
Income tax recovery (expense) on other comprehensive income (note 9)	(9,914)	(152,938)
Other comprehensive income for the year	27,497	424,186
Net income and comprehensive income for the year	\$ 1,445,693	\$ 1,104,104

Management has extracted this financial information from the audited financial statements.

PUC DISTRIBUTION INC.

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 1,476,537	\$ 1,205,245
Accounts receivable (note 4)	10,226,720	8,666,033
Unbilled revenue	13,721,189	11,845,279
Inventory (note 5)	2,799,886	2,814,752
Payment in lieu of taxes	-	263
Prepaid expenses	378,206	505,266
Total current assets	28,602,538	25,036,838
Non-current assets:		
Property, plant and equipment (note 6)	159,587,104	156,869,863
Total assets	188,189,642	181,906,701
Regulatory debit balances (note 8)	7,876,495	7,096,610
Total assets and regulatory balances	\$ 196,066,137	\$ 189,003,311

PUC DISTRIBUTION INC.

Statement of Financial Position (continued)

December 31, 2025, with comparative information for 2024

	2025	2024
Liabilities and Shareholder's Equity		
Current liabilities:		
Line of credit (note 18(b)(iii))	\$ -	\$ 3,780,000
Accounts payable and accrued liabilities	13,055,844	9,620,887
Customer deposits (note 11)	237,979	180,575
Payment in lieu of taxes	485,491	-
Dividends payable	610,080	610,080
Due to related parties (note 17)	18,679,282	17,480,455
Current portion of long-term debt (note 10)	3,247,870	3,120,624
Total current liabilities	36,316,546	34,792,621
Non-current liabilities:		
Deferred revenue (note 9)	14,332,430	13,840,832
Deferred tax liability (note 7)	5,883,000	4,400,000
Long-term debt (note 10)	83,023,719	86,653,393
Total non-current liabilities	103,239,149	104,894,225
Total liabilities	139,555,695	139,686,846
Shareholder's equity:		
Share capital (note 12)	20,062,107	20,062,107
Retained earnings	34,335,285	28,647,923
Total shareholder's equity	54,397,392	48,710,030
Total liabilities and shareholder's equity	193,953,087	188,396,876
Regulatory credit balances (note 8)	2,113,050	606,435
Commitments and contingences (note 16)		
Total liabilities, regulatory balances and shareholder's equity	\$ 196,066,137	\$ 189,003,311

Management has extracted this financial information from the audited financial statements.

PUC DISTRIBUTION INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Electricity sales (note 13)	\$ 79,424,564	\$ 74,778,496
Distribution revenue (note 13)	26,670,587	25,857,072
	106,095,151	100,635,568
Other operating revenue (note 14)	4,891,938	2,871,739
	110,987,089	103,507,307
Expenses:		
Energy purchases	77,949,799	75,643,051
Operations and maintenance	7,046,004	6,972,579
General and administrative	4,835,691	4,897,118
Billing and collection	1,412,330	1,144,579
Depreciation and amortization	6,239,661	5,919,600
Community relations	828,006	776,119
	98,311,491	95,353,046
Income before undernoted items	12,675,598	8,154,261
Net finance costs (note 15)	4,298,233	4,528,190
Income before tax and regulatory items	8,377,365	3,626,071
Income tax expense:		
Current (note 7)	607,002	121,247
Deferred (note 7)	1,483,000	317,000
	2,090,002	438,247
Income for the year before movements in regulatory deferral account balances	6,287,363	3,187,824
Net movement in regulatory deferral account balances related to income or loss	1,472,921	(864,555)
Income tax	(1,483,000)	(317,000)
	(10,079)	(1,181,555)
Net income, being total comprehensive income for the year	\$ 6,297,442	\$ 4,369,379



Management has extracted this financial information from the audited financial statements.

PUC INC.

Balance Sheet

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 11,393,790	\$ -
Accounts receivable	130,620	2,269
Payment in lieu of taxes recoverable	5,382	5,382
Receivable from Northern Waterworks Inc.	300,000	200,000
Receivable from PUC Services Inc.	-	929,520
Receivable from PUC Distribution Inc.	610,080	610,080
	12,439,872	1,747,251
Deferred tax assets	251,000	207,000
Investments in subsidiaries	25,499,314	52,905,641
Note receivable	25,554,883	8,310,000
	51,305,197	61,422,641
	\$ 63,745,069	\$ 63,169,892

Liabilities and Shareholder's Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,102	\$ 322,940
Payable to City of Sault Ste. Marie	610,080	610,080
Due to PUC Services Inc.	752,158	-
	1,363,340	933,020
Long-term debt	31,720,000	31,720,000
Shareholder's equity:		
Share capital:		
Authorized:		
Unlimited Special shares, non-voting, non-cumulative, redeemable at \$10,000 per share		
100,000 Common shares		
Issued and outstanding:		
21,632 Common shares	14,618,248	14,618,248
1,462 Special shares	14,620,000	14,620,000
	29,238,248	29,238,248
Retained earnings	1,423,481	1,278,624
	30,661,729	30,516,872
	\$ 63,745,069	\$ 63,169,892

PUC INC.

Statement of Earnings

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Interest income	\$ 2,347,907	\$ 2,291,446
Dividend income	910,080	810,080
	3,257,987	3,101,526
Expenses:		
Interest on long-term debt	1,934,937	1,934,920
Business development	452,584	470,024
Administrative	159,529	163,601
	2,547,050	2,568,545
Earnings before income taxes	710,937	532,981
Payment in lieu of taxes (recovery)	(44,000)	(80,000)
Net earnings	\$ 754,937	\$ 612,981

Management has extracted this financial information from the audited financial statements.

A blue-tinted photograph of two construction workers wearing hard hats and safety vests, looking at a set of plans on a construction site. The worker on the right is holding the plans. The background shows a blurred construction site with scaffolding and trees.

Thank You