



THE ENERGY BEHIND BRANTFORD

BRANTFORD ENERGY CORPORATION 2014 ANNUAL REPORT

BRANTFORD ENERGY CORPORATION

We provide leadership, guidance and communication links to the corporate family to assist them in developing and fulfilling their mandates pursuant to the Shareholder's Declaration and we facilitate liaison with other corporate stakeholders.

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BRANTFORD

FINANCIAL OVERVIEW

Brantford Energy Corporation (BEC) operates as a holding company for three businesses, Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. Its sole shareholder is the Corporation of the City of Brantford.

BEC's consolidated net income for 2014 was \$3.49 million, a significant increase from the \$8.91 million net loss in 2013, and the highest net income for BEC group of companies since its incorporation in 2000.

From a consolidated perspective, the overall return on equity was 12.13 per cent, the largest return in the seven years despite the Brantford Generation's underperformance.

Total consolidated assets were \$111.1 million a slight decrease from \$113.66 million in 2013. Consolidated revenue was \$24.86 million in 2014 compared to \$23.87 million in 2013. Operations and maintenance, and general administration expenses are both down from 2013. The total dividend paid in 2014 to the City of Brantford, was \$1.15 million.

ORGANIZATIONAL GOVERNANCE

Forward-thinking, determined and customer-focused describe 2014 for the Brantford Energy Corporation with strong financial results and a continued emphasis on supporting the City of Brantford's economic growth and development strategy.

In response to the extent of change occurring in Ontario's energy sector, Brantford Energy group of companies responded with five strategic priorities. Each will help strengthen the organization's role of providing the City of Brantford and its

citizens and businesses with safe, reliable, efficient and locally operated electricity, telecommunications and energy-related services. Our efforts to date—as we've highlighted in this year's annual report—are making great headway.

In 2014, we sought out the best means to streamline our organizational governance and executive leadership structures to position us to succeed in a continuously evolving energy sector. We reduced the number of directors, while retaining a level of expertise and best practice performance. We also achieved greater efficiencies in managing expenses by sharing the cost of the organization's executive leadership across the four companies. At the same time, we took great care in ensuring that the business remained compliant with the Ontario Affiliate Relationship Code (ARC) so Brantford Hydro and Brantford Generation do not receive any competitive advantage from their relationship with Brantford Power.

Following the reorganization of departments, the mandate of Brantford Power's chief executive officer was expanded to all the companies of the Brantford Energy group of companies, as was the role of chief financial officer, creating greater efficiencies and cost-savings. The board is unanimous that we have one of the best professional and skilled teams that have delivered outstanding results and allows the board to focus on areas at risk and the longer-term vision of the organization.

BRANTFORD POWER

Brantford Power went through a restructuring of its own executive leadership and organizational responsibilities by aligning complementary business functions inside the

ENERGY CORP

“The Board is unanimous that we have one of the best professional and skilled teams that have delivered outstanding results.”

organization. Operations and engineering were joined, as were finance and regulatory. Most important, we elevated the vital roles of customer service, communications and conservation into the executive leadership under its own accountability.

We continued to invest in and maintain sound infrastructure to support both residential and commercial-industrial customers. This infrastructure contributes to both the municipality's overall economic prosperity, and the attraction and retention of businesses of all sizes. It also continues to serve as the catalyst in the development and diversification of the city's economic base.

In 2014, Brantford Power was also successful with its cost of service rate adjustment approval process and implementation, which became effective March 1, 2014 and will remain in place until January 1, 2017. The Ontario Energy Board, on behalf of Ontario electricity consumers, oversees and approves rate adjustments for all LDCs. This rate adjustment, which shows that Brantford Power has been prudent and well managed, allows us to continue to invest in Brantford Power while maintaining competitive electricity rates.

The company's comprehensive strategic planning session resulted in a very focused direction for the organization—maintaining an alignment with the priorities of the City of Brantford and five strategic goals that will drive the organization forward.

BRANTFORD HYDRO

Brantford Hydro contributed to the organization's strong performance through NetOptiks, our fibre optics telecommunications network, and Enersure Home Comfort line of business. In 2015, the company will go through its own strategic planning exercise to identify priorities and further strengthen Brantford Hydro's long-term contributions to the BEC group of companies. Undoubtedly, the NetOptiks business will continue to be a driving force of Brantford Hydro, and an important conduit of economic growth for the City of Brantford.

BRANTFORD GENERATION

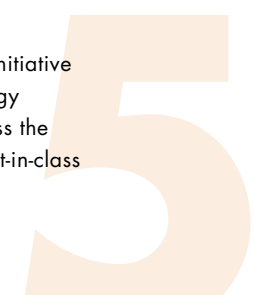
For Brantford Generation, it was a challenging year due to setbacks with the Mohawk Street Landfill Gas Collection and Utilization facility. Addressing both the technological and environmental challenges that have troubled the methane gas facility since 2013, and getting the landfill site running optimally again and contributing to the organization's revenues is the company's priority in 2015. Despite the challenges experienced by Brantford Generation over the past two years, it presents great opportunities for the organization and the City of Brantford.

STRATEGIC PLANNING

Looking forward, more significant changes are coming to Ontario's energy sector both as a result of technological developments and initiatives of the provincial government. More mergers of utilities are expected, if not being encouraged, as well as an increasingly greater emphasis on conservation and alternative generation, and customer engagement.

Our organizational priorities have been identified in our strategic plan, and we will continue to pursue their implementation and achievement. Organizational efficiencies have been realized over the past two years and more will be sought. Overall, the reliability of our electricity distribution system will remain paramount in all our endeavors as we move forward.

In 2015, the board of directors will turn its focus to a long-term strategic planning initiative that will set out the strategic direction for all of the companies of the Brantford Energy Corporation for the next three to five years. This concerted effort will help us address the changing marketplace and energy sector, deliver superior service, maintain our best-in-class service and keep Brantford's economic development agenda visible every day.





POWER INC

FINANCIAL OVERVIEW

Total revenue in 2014 was \$20.74 million up 8.25 per cent from \$19.16 million in 2013. Distribution revenues were \$16.1 million, representing a \$1.02 million increase over the level of 2013, and \$303,000 higher than budget. The 2014 revenues reflect the impact of rate rebasing resulting from the 2013 cost of service rate decision that resulted in new rates effective March 1, 2014. Operating expenses of \$9.29 million were marginally higher than \$9.26 million in 2013, and lower than 2014 budget estimate of \$10.73 million.

Brantford Power's long-term debt has decreased by \$1.1 million reflecting the principle payments made during 2014. Dividend paid to shareholder was \$750,000. Net income was \$2.59 million compared to \$2.68 million in 2013, and the 2014 budgeted target of \$1.14 million. The resulting higher than expected income is largely due to better than expected performance in operating expenses and Payments in Lieu of Income Taxes (PILS). Despite a slightly reduced net income, Brantford Power actually reported a \$1.03 million or 65% increase in pre-tax earnings totalling \$2.61 million in 2014.

This year's performance reflects a 6.79 per cent return on average equity compared to 7.41 per cent in 2013, and 2014 budget of 3.29 per cent. Total assets of Brantford Power were \$105.31 million, down marginally from \$108.26 million in 2013.

LEADERSHIP | STRATEGIC GOALS

Demonstrating leadership for the City of Brantford and within the Ontario energy sector highlights the past year for Brantford Power. Investments in infrastructure, health and safety, customer service, and employee engagement dominated Brantford Power's agenda. At Brantford Power, leadership has also meant that all of our efforts must ensure that our electricity distribution system remains safe, reliable, price-competitive, customer-focused and an enabler of local business development.

It was the charter year of operationalizing the company's new strategic plan — and with some significant results. The company's five strategic goals are: 1) investing in human resources, 2) growing our business, 3) pursuing organizational efficiencies, service excellence and quality, 4) raising community visibility and establishing the Brantford Power brand, and 5) having an increasing role in energy efficiency and conservation. Our intention is to drive Brantford Power forward over the next three years, strengthening its foundation and ability to thrive in an increasingly evolving and somewhat volatile energy sector.

BUSINESS GROWTH | DELIVERING VALUE

Brantford Power continues to help the City of Brantford enable new business and achieve the city's economic development strategy and agenda. While only 21 cents of every electricity dollar is controlled by the local

distribution company, Brantford Power remains committed to ensuring customers are getting the best value for their money—meaning we provide an electricity system that has “24/7” reliability, is safe for both workers and the public, and is competitively priced. Our customer feedback from commercial and industrial customers reaffirm that Brantford Power is indeed delivering value and meeting their expectations.

In 2014, as part of our proactive organizational restructuring, there was a substantial focus on customer service, conservation and communications—reflecting both the government's high expectations of LDCs and our own drive to remain a best practice organization. As a result, these crucial functions that will drive the energy sector were further integrated into all areas of our business.

CUSTOMER SATISFACTION | OUTREACH

Listening to and engaging with customers is one of the most important ways of determining whether an organization's efforts are meeting their needs. In 2014, we listened and we engaged—continuously. In fact, Brantford Power went above and beyond what is mandated for LDCs and carried out a series of initiatives to evaluate customer satisfaction levels. Our benchmark customer satisfaction survey was conducted of both residential and business customers. Overall, satisfaction with Brantford Power was excellent—95 per cent among residential customers and 97 per cent among business customers. Quality of power

“Ensuring the safety and reliability of our local electricity distribution system has been a constant priority at Brantford Power.”

service was 98 per cent; quality of customer service was 96 per cent; affordability of service was rated 76 percent, and first call resolution was rated 82 per cent. Despite the overwhelming positive results, we are committed to maintaining this high level of service excellence and targeting areas for improvement.

Brantford Power expanded its customer evaluation process and also introduced monthly “transactional” customer service evaluations. Customers who have had any contact with the company receive follow-up calls during which they are asked to evaluate the quality of the customer’s interaction with employees and their level of satisfaction in resolving their issues. Identifying key drivers helps Brantford Power to better understand what is most important to customers and where to focus its efforts to have the greatest impact on overall satisfaction.

We also extended our outreach to our large industrial and commercial customers, and continued to celebrate our relationships with customer appreciation events. We recognize our business customers’ own commitment to our shared energy conservation agenda and goals, which help us reach our Independent Electricity System Operator’s (IESO) mandated conservation targets and helps our customers become more sustainable.

HUMAN RESOURCES | EMPLOYEE ENGAGEMENT

Last year, we continued to invest in our employees’ well being and professional development through a range of health and safety programs and training initiatives. The importance of health and safety is intrinsic to Brantford Power’s corporate culture. Our concern for the safety of both employees and the public at large underlines our commitment and is reflected in our zero lost-time

incidents record. In 2014, we completed “Outcomes Level II of ZeroQuest” through the Infrastructure Health and Safety Association (IHSA). ZeroQuest is an auditing program designed to guide workplaces in implementing, sustaining and continually improving their health and safety management system. While most utilities of Brantford Power’s size do not usually approach the IHSA’s health and safety program due to its complexity and rigour, we take health and safety with the utmost seriousness and challenged our organization to meet the highest levels possible.

Succession planning is also a critical priority for our organization. Preparing for the unprecedented generational shift that is now taking place and will accelerate in the next five to seven years in all work places requires forethought and investment. We have begun to identify key areas of the organization. A new performance management program was implemented in 2014, and includes a focus on behavioural competencies, accountabilities and results that reflect best practice approaches and programs employed in the broader business community. Both of these initiatives will help us maintain our leadership position, attract new talent in a competitive market and remain one of the best workforces in the Ontario energy sector.

ORGANIZATIONAL EFFICIENCIES | SERVICE QUALITY

Last year, we moved from the planning stage to implementation of our “modernization” agenda for Brantford Power’s systems and IT infrastructure. Our aging finance, customer and billing systems will be retired and replaced with new robust systems that will provide for integration of information and superior performance.

Implementing these new system technologies will be one of our biggest priorities and challenges for the next two years. The new systems will result in both expanded and improved services for our customers. In particular, a new e-billing system will address energy management issues identified in our recent customer survey and will be launched in 2015.

Ensuring the safety and reliability of our local electricity distribution system has been a constant priority at Brantford Power. We have a comprehensive asset management program in place where we conduct a full inspection of our electricity system on a three-year cycle—one-third of the system is inspected each year, including poles, switches, transformers, etc. We also review the physical conditions of equipment, their age and physical location to determine whether reinforcement or replacement is needed.

COMMUNITY PARTICIPATION

At Brantford Power, we take great pride in the fact that we have high visibility with our customers and throughout the Brantford community. We believe our role is not only to provide safe, reliable electricity—in essence to ensure the “lights are on” at all times—but also to enhance Brantford’s quality of life and to make Brantford a better place.

With the full support of the company, Brantford Power’s employees continued their grassroots support of the Children’s Safety Village and Participation House. Over the past 15 years, Brantford Power and its employees have contributed more than \$50,000 to Participation House. Brantford Power’s employees went above and beyond in 2014 by raising 2,771 kilograms (6,109 pounds) of food for the local food bank—far exceeding their 2013 achievement of 831 kilograms (1,832 pounds) of food.

CONSERVATION EFFORTS

Brantford Power achieved success with its conservation initiatives last year and is positioned in the top tier of LDCs. The unverified results for 2014 (results will be verified in September 2015) show we achieved 161 per cent of our energy target and 73 per cent of our demand target. As a result, we are pleased that Brantford Power is among the top tier of LDCs, and ranks 11th and 2nd, respectively, out of Ontario’s 76 LDCs.

In 2014, we began to prepare for the Independent Electricity System Operator’s (IESO) new “Conservation First Framework,” a six-year (2015-2020) conservation program designed to reduce electricity consumption by seven terawatt-hours (TWh) or seven billion kilowatt-hours (kWh) by December 31, 2020. Brantford Power’s allocated portion of the provincial energy savings is 54.3 GWh of total incremental energy savings. While our new Conservation and Demand Management (CDM) plans were submitted in early 2015, the province-wide saveONenergy programs will continue to be available to customers in 2015. The new Framework will provide Brantford Power and other local distribution companies with long-term, stable funding for CDM programs.

In addition to our IESO-sanctioned conservation programs, Brantford Power is also an enabler of alternative generation technologies. In 2014, we continued to assist our customers embracing solar technology and connected 14 more generators

to our local distribution system. At year-end 2014, we had 115 generators connected to Brantford Power’s distribution system. While 87 of these are MicroFIT generators (output of 10kW or less), the remaining 28 generators are a mixture of FIT generators of our commercial and industrial customers (output is 500kW or less), net-metered generators and customer-owned load displacement generators.

Brantford Power’s expanded role in energy efficiency and conservation means we will provide the tools and support to meet customer needs, including customized local programs; grow our recognition as a leader in conservation best practices; and maintain strong channel partner and vendor relationships.

BUILDING A STRONGER LOCAL SYSTEM

Maintaining a safe and reliable, and competitively priced local electricity system is critical to the ongoing success of Brantford Power, and to the City of Brantford. Our promise is to continue to provide value to our shareholder, maintain the level and quality of service that all of our customers have come to expect, and provide a place of employment that is not only safe and satisfying, but also meaningful and rewarding. We remain committed to maintaining a strong relationship with the City of Brantford, moving forward together, and also through increasing efficiencies and continued leadership, to remain one of the best electricity distribution companies in Ontario.

BRANTFORD

FINANCIAL OVERVIEW

Total revenue for Brantford Hydro was \$2.87 million in 2014, down from \$2.92 million in 2013. NetOptiks revenue — \$2.17 million in 2014 compared to \$2.24 million in 2013 and \$2.29 million in 2014 budget. Enersure revenue was \$699,000 in 2014 compared to \$671,000 in 2013, and a 2014 budget of \$780,000.

In particular, general administration costs are down 11 per cent from \$483,309 in 2013 to \$428,781 in 2014. Dividend paid to shareholder was \$400,000 in 2014. Return on average equity was 22.27 per cent compared to 10.5 per cent in 2013 and 20.94 per cent budget 2014.

Net income of \$612,776 is a \$329,000 increase to the \$283,668 net income in 2013 and slightly less than 2014 budget of \$645,000. Total assets were \$4.69 million, up from \$4.36 million in 2013.

NETOPTIKS

Network expansion was the primary focus for NetOptiks in 2014—with the goal of making the network stronger and more resilient. The expansion of our telecommunications network will help us maintain our market dominance. Moreover, it will ensure

we are able to meet the changing needs and expectations of the commercial and industrial customers we serve.

Our network is truly state-of-the art and has grown to more than 300 kilometres. It has played a significant role in the City of Brantford's growth and attraction of new business, and is a major asset to economic development. Providing a "big city" telecommunications service in an urban community of less than 100,000 people has positioned Brantford to be competitive into the future. Increasingly, we are diversifying and expanding our customer portfolio, serving more medium to large businesses in Brantford.

Last year, we explored and moved forward with the requirement for a secondary location or point of distribution. This second location will be constructed in a geographical distant site from our current main location and duplicate all of its technology and equipment. It will allow us to maintain our network seamlessly for our customers in the face of a network failure, catastrophic disaster or other unforeseen challenges.

Our customer service focus led to the launch of a new program called Red Oxygen. The new service provides instant messaging to customers if there is an outage of any kind or if there are any problems in the telecommunications network. The service

HYDRO INC

“Providing a “big city” telecommunications service in an urban community of less than 100,000 people has positioned Brantford to be competitive into the future.”

instantaneously releases an alert message via text notifying not only Brantford Hydro IT managers, but also all of our business customers' IT managers on their smartphones. We are pleased to report that Red Oxygen has been well received.

We are divesting the “legacy” sentinel lighting business—the rental of street, parking lot and high-rise parking lighting—inherited from the public utilities corporation. The business no longer fits with the company's growth plans and the pursuit of a new owner is underway.

ENERSURE HOME COMFORT

In 2014, we initiated a rebranding and re-launching of this division across Brantford as Enersure Home Comfort. Our goal was to raise awareness, and to build Enersure's brand of “home comfort services.” Through community outreach, our customer awareness program included a concerted marketing campaign and social media engagement.

While our focus is on gas-fired heaters and water softeners, we will move forward to diversify Enersure's product portfolio, which currently includes electric, gas and tankless

(on-demand) water heaters, as well as the more recent launch of HVAC rentals (i.e., furnace, air conditioner). This new product line provides the opportunity to bundle services together as an alternative rental service for existing and new homeowners, as well as local homebuilders. It also enhances our competitiveness in the natural gas sector.

Looking forward, we will continue to investigate the market for ancillary services or products that can leverage the assets of the entire Brantford Hydro organization. While steps have already been taken to improve our customer service, our level of responsiveness and accessibility, a comprehensive strategic review of the business will be conducted in 2015.

Brantford Hydro's goal is to maintain and strengthen the company's stellar performance of the past few years—for both NetOptiks and Enersure Home Comfort. We will also continue to strengthen both our fibre optics network and the solid relationships we've developed with our customers—ensuring our organizational foundation is sound as we move forward with new business opportunities. Our “personal” business-to-business strategy will continue to support our future growth.

BRANTFORD

“We have worked with stakeholders at the Ministry of the Environment, the City of Brantford’s engineering group, suppliers and contractors to put together a plan of action to optimize the performance of this utility.”

FINANCIAL OVERVIEW

In 2014, electricity generation decreased by approximately four million kWhs from the levels achieved in 2013 due to continued issues with well flooding and a higher occurrence of operational downtime. This resulted in a \$477,000 drop in revenue from 2013. Total revenue was \$1.3 million in 2014—total generation revenue earned in 2014 was \$1.28 million compared to \$1.76 million in 2013, and budget 2014 of \$1.74 million.

The company has incurred operating losses each year since its incorporation except in 2012 (net income of \$142,000). Lower than expected electricity production has been the leading cause for the net losses throughout this period. The net loss for 2014 was \$216,000 compared to \$11.94 million loss in 2013. Total assets of Brantford Generation decreased from \$1.49 million in 2013 to \$1.02 million in 2014.

LANDFILL GAS AND COLLECTION RECOVERY PLAN

The potential benefits of Brantford Generation to the City of Brantford are many and remain attainable. Among the project’s positive attributes is a guaranteed revenue stream for the next 15 years under the IESO’s Renewable Energy Standard Offer Program (RESOP), which is based on a fixed price for power that is supplied. In addition to the potential bottom-line contribution, the project is located optimally by a landfill site that has a significant source

of fuel (i.e., landfill gas) and will contribute to the reduction of greenhouse gases once operating at a sustainable level. The methane extraction’s contribution to the environment could have the impact of taking 16,000 to 20,000 vehicles off the road.

While the plant is sophisticated, leading technology and has been a leader in operating efficiency, the challenge has been access to the fuel source. Surface water and leachate have penetrated the landfill site, flooding the wells and pumps fitted to extract the methane gas, which has led to both production and financial setbacks for Brantford Generation for the past two years.

The Mohawk Street plant recovery initiative required a special application process to the Ministry of the Environment as landfill sites are highly regulated regardless of their purpose or nature. We have worked with stakeholders at the Ministry of the Environment, the City of Brantford’s engineering group, suppliers and contractors to put together a plan of action to optimize the performance of this utility. By year-end 2014, our plan was in place to move forward with the mechanical phase of underground construction, which will occur during the first half of 2015 with results expected by the summer of 2015. Our goal is to get the landfill site operating so we are able to maximize its contributions to the Brantford community and also explore future opportunities in other renewable resources such as solar, wind power and other emerging alternative energies.

GENERATION INC



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CUSTOMER SATISFACTION

OVERALL, SATISFACTION WITH BRANTFORD POWER IS



AMONG RESIDENTIAL CUSTOMERS



AMONG BUSINESS CUSTOMERS



CONSERVATION LEADERSHIP

BRANTFORD POWER ACHIEVED



OF OUR
ENERGY
TARGET



OUT OF
ONTARIO'S
76 LDCS



HEALTH AND SAFETY

0

LOST-TIME INCIDENTS
RECORD IN

2014



BUSINESS DEVELOPMENT

NETOPTICS



SERVING 180 OF BRANTFORD'S
KEY EMPLOYERS



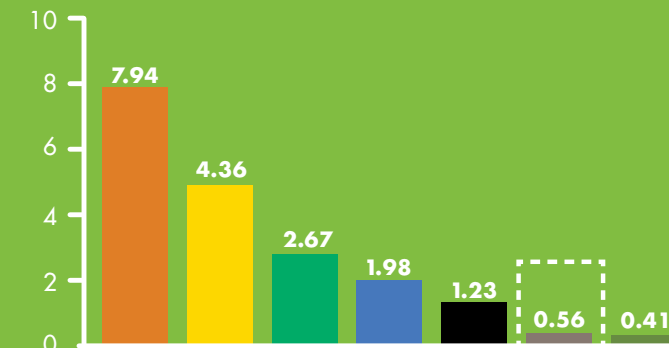
COMMUNITY SUPPORT

EMPLOYEES RAISED 2,771 KGS (6,109 LBS)
OF FOOD FOR THE LOCAL FOOD BANK



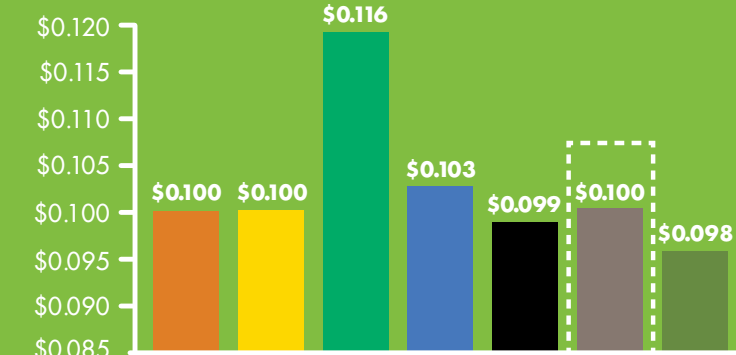
BENCHMARK PERFORMANCE

AVERAGE NUMBER OF HOURS OF
INTERRUPTED SERVICE PER YEAR



SOURCE: OEB YEARBOOK OF ELECTRICITY PROVIDERS - ISSUED IN 2014

COST PER kWh



- MILTON HYDRO
- HORIZON
- CAMBRIDGE AND NORTH DUMFRIES
- BURLINGTON HYDRO
- ENTEGRUS
- BPI
- ERIE THAMES

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FINANCIAL

STATEMENT

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2014, the summary consolidated income statement and retained earnings, and summary consolidated statement of flows for the year then ended, and related notes, are derived from the audited financial statements of Brantford Energy Corporation. The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2014, the summary income statement and retained earnings, and summary statement of flows for the year then ended, and related notes, are derived from the audited financial statements of Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. (the “Companies”) for the year ended December 31, 2014. We expressed unmodified audit opinions on those (consolidated) financial statements in our reports dated April 22, 2015 - Brantford Power Inc., April 22, 2015 - Brantford Hydro Inc., May 21, 2014 - Brantford Generation Inc. (not yet issued), April 22, 2015 - Brantford Energy Corp. (not yet issued). Those (consolidated) financial statements, and the summary (consolidated) financial statements, do not reflect the effects of events that occurred subsequent to the dates of our report on those (consolidated) financial statements.

The summary (consolidated) financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles applied in the preparation of the audited (consolidated) financial statements of the Companies. Reading the summary (consolidated) financial statements, therefore, is not a substitute for reading the audited (consolidated) financial statements of the Companies.

MANAGEMENT’S RESPONSIBILITY FOR THE SUMMARY (CONSOLIDATED) FINANCIAL STATEMENTS

Management is responsible for the preparation of a summary of the audited (consolidated) financial statements in accordance with Canadian generally accepted accounting principles.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the summary (consolidated) financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, “Engagements to Report on Summary Financial Statements.”

OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Brantford Energy Corporation and the summary financial statements derived from the audited financial statements of Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. for the year ended December 31, 2014 are a fair summary of those financial (consolidated) statements, in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants,
Chartered Accountants
Licensed Public Accountants
Hamilton, Ontario

BRANTFORD ENERGY CORPORATION

| SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets | 36,143,736 | 38,102,322 |
| Property, plant and equipment | 66,508,141 | 62,958,070 |
| Regulatory assets | 6,336,310 | 7,863,847 |
| Other assets | 2,083,583 | 4,733,817 |
| TOTAL ASSETS | 111,071,770 | 113,658,056 |
| LIABILITIES | | |
| Current liabilities | 31,814,404 | 31,738,882 |
| Regulatory liabilities | 2,663,315 | 6,479,604 |
| Long-term debt | 43,361,039 | 44,446,920 |
| Other liabilities | 3,285,864 | 3,409,995 |
| TOTAL LIABILITIES | 81,124,622 | 86,075,401 |
| SHAREHOLDER'S EQUITY | | |
| Capital stock | 23,895,512 | 23,895,512 |
| Retained earnings | 6,144,793 | 3,806,647 |
| Contributed surplus | 141,319 | 141,319 |
| Accumulated other comprehensive loss | (234,476) | (260,823) |
| TOTAL EQUITY | 29,947,148 | 27,582,655 |
| TOTAL LIABILITIES & EQUITY | 111,071,770 | 113,658,056 |
| SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31 | 2014 (\$) | 2013 (\$) |
| REVENUE | | |
| Electricity distribution and service revenue | 16,065,685 | 15,046,982 |
| Fibre optic and retail service revenue | 2,924,084 | 2,966,669 |
| Generation revenue | 1,278,882 | 1,755,752 |
| Other revenue | 4,589,485 | 4,098,408 |
| | 24,858,136 | 23,867,811 |
| EXPENSES | | |
| Operations, maintenance and administration | 14,954,858 | 12,575,707 |
| Other expenses | 6,087,146 | 9,646,288 |
| | 21,042,004 | 22,221,995 |
| Income before the undernoted | 3,816,132 | 1,645,816 |
| Impairment loss on long lived assets | 87,099 | 11,359,011 |
| Income (loss) before payments in lieu of income taxes | 3,729,033 | (9,713,195) |
| Current and future income taxes | 240,887 | (802,875) |
| NET INCOME (LOSS) | 3,488,146 | (8,910,320) |
| Retained Earnings - Beginning of Year | 3,806,647 | 13,866,967 |
| Dividends | (1,150,000) | (1,150,000) |
| Retained Earnings - End of Year | 6,144,793 | 3,806,647 |

| SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | 3,488,146 | (8,910,320) |
| Changes to income not involving cash | 3,332,412 | 16,818,588 |
| Net change in non-cash working capital balances related to operations | (1,302,996) | (398,775) |
| | 5,517,562 | 7,509,493 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and special deposits | (3,615,616) | (3,891,071) |
| Change in regulatory assets and liabilities | (3,342,406) | (2,345,698) |
| | (6,958,022) | (6,236,769) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (1,338,276) | (1,291,134) |
| Capital contribution, customer deposits and deferred revenues | 316,158 | 343,857 |
| Dividends | (1,150,000) | (1,150,000) |
| | (2,172,118) | (2,097,277) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (3,612,578) | (824,553) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 15,616,654 | 16,441,207 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 12,004,076 | 15,616,654 |

BRANTFORD POWER INC

| SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets | 33,641,108 | 35,821,765 |
| Property, plant and equipment | 63,602,605 | 60,143,968 |
| Regulatory assets | 6,336,310 | 7,863,847 |
| Other assets | 1,726,074 | 4,430,468 |
| TOTAL ASSETS | 105,306,097 | 108,260,048 |
| LIABILITIES | | |
| Current liabilities | 18,355,823 | 18,174,246 |
| Regulatory liabilities | 2,663,315 | 6,479,604 |
| Long-term debt | 42,057,704 | 43,143,585 |
| Other liabilities | 3,160,016 | 3,259,351 |
| TOTAL LIABILITIES | 66,236,858 | 71,056,786 |
| SHAREHOLDER'S EQUITY | | |
| Capital stock | 22,437,505 | 22,437,505 |
| Retained earnings | 16,724,891 | 14,885,261 |
| Contributed surplus | 141,319 | 141,319 |
| Accumulated other comprehensive loss | (234,476) | (260,823) |
| TOTAL EQUITY | 39,069,239 | 37,203,262 |
| TOTAL LIABILITIES & EQUITY | 105,306,097 | 108,260,048 |
| SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31 | 2014 (\$) | 2013 (\$) |
| REVENUE | | |
| Distribution revenue | 16,065,685 | 15,046,982 |
| Conservation programs revenue | 3,407,271 | 2,985,434 |
| Other revenue | 1,271,695 | 1,130,681 |
| | 20,744,651 | 19,163,097 |
| EXPENSES | | |
| Operations, maintenance and administration | 12,696,021 | 12,246,277 |
| Other expenses | 5,435,080 | 5,333,020 |
| | 18,131,101 | 17,579,297 |
| Income before Income Taxes | 2,613,550 | 1,583,800 |
| Current and future income taxes | 23,920 | (1,095,490) |
| NET INCOME | 2,589,630 | 2,679,290 |
| Retained Earnings - Beginning of Year | 14,885,261 | 12,955,971 |
| Dividends | (750,000) | (750,000) |
| Retained Earnings - End of Year | 16,724,891 | 14,885,261 |

| SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | 2,589,630 | 2,679,290 |
| Changes to income not involving cash | 2,936,267 | 4,347,791 |
| Net change in non-cash working capital balances related to operations | (953,195) | (750,697) |
| | 4,572,702 | 6,276,384 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and special deposits | (3,055,302) | (3,275,040) |
| Change in regulatory assets and liabilities | (3,342,406) | (2,345,698) |
| | (6,397,708) | (5,620,738) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (1,038,479) | (991,134) |
| Capital contribution, customer deposits and deferred revenues | 316,875 | 323,003 |
| Dividends | (750,000) | (750,000) |
| | (1,471,604) | (1,418,131) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (3,296,610) | (762,485) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 13,172,577 | 13,935,062 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 9,875,967 | 13,172,577 |

BRANTFORD HYDRO INC

| SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | 1,807,193 | 1,540,778 |
| Property, plant and equipment | 2,848,536 | 2,754,102 |
| Other assets | 38,916 | 64,561 |
| TOTAL ASSETS | 4,694,645 | 4,359,441 |
| LIABILITIES | | |
| Current liabilities | 399,015 | 251,791 |
| Long-term debt | 1,303,335 | 1,303,335 |
| Other liabilities | 132,803 | 157,599 |
| TOTAL LIABILITIES | 1,835,153 | 1,712,725 |
| SHAREHOLDER'S EQUITY | | |
| Capital stock | 1,338,006 | 1,338,006 |
| Retained earnings | 1,521,486 | 1,308,710 |
| TOTAL EQUITY | 2,859,492 | 2,646,716 |
| TOTAL LIABILITIES & EQUITY | 4,694,645 | 4,359,441 |
| SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31 | 2014 (\$) | 2013 (\$) |
| REVENUE | | |
| Fibre optic and retail service revenue | 2,867,868 | 2,915,430 |
| Other revenue | 34,831 | 17,866 |
| Income from discontinued operations | 18,465 | 35,177 |
| | 2,921,164 | 2,968,473 |
| EXPENSES | | |
| Operations, maintenance and administration | 1,641,416 | 1,746,165 |
| Other expenses | 450,090 | 894,732 |
| | 2,091,506 | 2,640,897 |
| Income before income taxes | 829,658 | 327,576 |
| Current and future income taxes | 216,882 | 43,908 |
| NET INCOME | 612,776 | 283,668 |
| Retained Earnings - Beginning of Year | 1,308,710 | 1,425,042 |
| Dividends | (400,000) | (400,000) |
| Retained Earnings - End of Year | 1,521,486 | 1,308,710 |

| SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | 612,776 | 283,668 |
| Changes to income not involving cash | 385,852 | 251,648 |
| Net change in non-cash working capital balances related to operations | 56,958 | 220,687 |
| | 1,055,586 | 756,003 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (473,215) | (567,319) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital contributions, customer deposits, and deferred revenues | (717) | 20,854 |
| Dividends | (400,000) | (400,000) |
| | (400,717) | (379,146) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 181,654 | (190,462) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,188,312 | 1,378,774 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 1,369,966 | 1,188,312 |

BRANTFORD GENERATION INC

| SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets | 694,652 | 1,253,369 |
| Property, plant and equipment | - | - |
| Other assets | 325,548 | 245,068 |
| TOTAL ASSETS | 1,020,200 | 1,498,437 |
| LIABILITIES | | |
| Current liabilities | 13,633,284 | 13,895,757 |
| Long-term debt | - | - |
| TOTAL LIABILITIES | 13,633,284 | 13,895,757 |
| SHAREHOLDER'S EQUITY | | |
| Capital stock | 50,000 | 50,000 |
| Deficit | (12,663,084) | (12,447,320) |
| TOTAL EQUITY | (12,613,084) | (12,397,320) |
| TOTAL LIABILITIES & EQUITY | 1,020,200 | 1,498,437 |
| SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31 | 2014 (\$) | 2013 (\$) |
| REVENUE | | |
| Generation revenue | 1,278,882 | 1,755,752 |
| Other revenue | 23,816 | 27,880 |
| | 1,302,698 | 1,783,632 |
| EXPENSES | | |
| Operations, maintenance and administration | 1,233,140 | 1,161,121 |
| Other expenses | 198,223 | 888,932 |
| | 1,431,363 | 2,050,053 |
| Income (loss) before the undernoted | (128,665) | (266,421) |
| Impairment of fixed assets | 87,099 | 11,420,886 |
| Income (loss) before payments in lieu of income taxes | (215,764) | (11,687,307) |
| Current and future income taxes | - | 248,596 |
| NET INCOME (LOSS) | (215,764) | (11,935,903) |
| Deficit - Beginning of year | (12,447,320) | (511,417) |
| Deficit - End of year | (12,663,084) | (12,447,320) |

| SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31 | 2014 (\$) | 2013 (\$) |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | (215,764) | (11,935,903) |
| Changes to income not involving cash | 6,619 | 12,277,487 |
| Net change in non-cash working capital balances related to operations | 33,441 | 145,241 |
| | (175,704) | 486,825 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (87,099) | (46,192) |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Repayment of long-term debt | (299,797) | (300,000) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (562,600) | 140,633 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,244,296 | 1,103,663 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 681,696 | 1,244,296 |

BRANTFORD ENERGY CORP.

BRANTFORD HYDRO INC.

Mission

As a growth company, Brantford Hydro Inc. delivers environmentally sustainable telecommunications and energy related services that enhance the competitiveness of businesses and the quality of life for customers.

Vision

The vision of Brantford Hydro Inc. is to become a leader in Brantford and surrounding areas by growing our business lines through strategic investments and partnerships enhancing the value of the company to both our customers and shareholder.

Values

- We value open and honest communication with internal and external stakeholders as we strive for success in a competitive business environment.
- We seek to ensure maximum customer satisfaction by delivering exceptional value through the provision of efficient and dependable products and services.
- We value our customers, business partners and other stakeholders and will treat them with fairness, respect and integrity as they are integral components to our success.
- We value innovation in services, thinking and actions.
- We anticipate and adapt quickly and effectively to the ever changing business landscape.

BRANTFORD POWER INC.

Mission

Brantford Power provides safe, reliable and competitively priced services to our customers while ensuring excellent shareholder returns.

Vision

Brantford Power is driven to be a leading electricity distribution company.

Values

- Safety
- Openness and integrity in all relationships
- Innovation and creativity
- A customer focus
- Employee engagement

BOARD OF DIRECTORS



BRANTFORD ENERGY CORP.

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Gerry Smits
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Councillor John Utley
Councillor Larry Kings (to Nov. 30/14)
Councillor Richard Carpenter
Mayor Chris Friel (to Nov. 30/14)



BRANTFORD POWER INC.

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Terry Smith
Councillor John Utley



BRANTFORD HYDRO INC. BRANTFORD GENERATION INC.

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Brantford Power Inc.,
Brantford Hydro Inc. & Brantford Generation Inc.

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Chief Financial Officer and Corporate Secretary
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Brantford Hydro Inc.
Brantford Generation Inc.

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Susan Tulloch
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Brantford Power Inc.

James Nagle
Chief Operating Officer
Brantford Hydro Inc.
Brantford Generation Inc.



BRANTFORD ENERGY CORPORATION

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