



**BRANTFORD ENERGY CORPORATION**

**2017**

**ANNUAL REPORT**

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Who We Are





## Brantford Energy Corporation (BEC)

BEC operates as a holding company for two businesses - Brantford Power Inc., and Brantford Hydro Inc. Its sole shareholder is the Corporation of the City of Brantford. Our Board of Directors is comprised of industry experts and local business and community leaders, who dedicate their experience and expertise to the governance and strategic direction of the businesses.

## BEC and its Board of Directors have set out Five Key Strategic Priorities

1

A continued focus on providing operational excellence and customer service within Brantford Power.

2

To be active in the changing electricity distribution sector and pursue opportunities for collaboration or new relationships that may add value to the LDC business.

3

To evaluate and assess investment in a Brantford Power common operations facility.

4

A continued focus on operational excellence and customer service within Brantford Hydro.

5

To pursue growth of telecom business within and outside of Brantford, both organically through network expansion and through mergers, acquisitions and/or partnerships.

## 2017 Board of Directors



### Brantford Energy Corporation

Scott Saint, Chair  
Craig Mann  
Councillor Greg Martin  
Gerry Smits  
Councillor John Utley  
Peter Vicano

### Officers

Paul Kwasnik  
CEO & President  
Brantford Energy Corporation  
  
Brian D'Amboise  
CFO, Vice President  
Corporate Services  
Brantford Energy Corporation



### Brantford Power Inc.

Scott Saint, Chair  
Craig Mann  
Councillor Greg Martin  
Neil Sandford  
Terry Smith  
Gerry Smits  
Ron Stewart  
Councillor John Utley  
Peter Vicano

### Executive Team

Paul Kwasnik  
CEO & President  
Brantford Power Inc.

Brian D'Amboise  
CFO & Vice President  
Corporate Affairs  
Brantford Power Inc.



### Brantford Hydro Inc.

Craig Mann, Chair  
Councillor Greg Martin  
Scott Saint  
Gerry Smits  
Councillor John Utley  
Peter Vicano

Susan Tulloch  
Vice President  
Customer Service & Conservation  
Brantford Power Inc.

Mark Simpson  
Vice President  
Engineering & Operations  
Brantford Power Inc.  
\*Retired January 2018

Sinisa Grkovic  
Vice President  
Engineering & Operations  
Brantford Power Inc.  
\*Joined December 2017

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**Auditor**  
KPMG LLP

James Nagle  
COO  
Brantford Hydro 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



## 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 shareholders.

## 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.

# BEC By the Numbers

95% 

Of customers reported overall satisfaction with Brantford Power's customer service

\$6,546,000

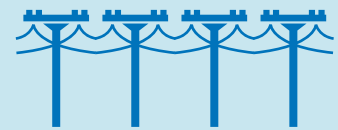


Was invested by Brantford Power in infrastructure and equipment



On average, Brantford Power customers experienced fewer than 20 minutes of service disruption in 2017

Brantford Power maintains  
**507km**  
of powerlines



Since 2015, Brantford Power has helped its customers save over

**10,499,000**  
kilowatt hours  
of electricity

through conservation programs



Enough to power  
1,166 average  
households for a full year



September 2017  
The launch of  
**@BrantfordPower**  
on Twitter



**enersure**  
Home Comfort

Provided 269 new customer installations in 2017 (156% of target)

Brantford

NetOptiks maintains over  
**300km**  
of fibre in the City of Brantford

Over 1,000 managed  
virtual local area networks (VLANs)  
across NetOptik's fibre optic network





A MESSAGE FROM THE

# Chair & CEO

2017 was a year of positive change for our business – our community continues to transform and expand, and evolutions in the marketplace, industry and regulatory environments have required us to work diligently to meet our goal of providing the City of Brantford and its residents and businesses with safe, reliable, efficient and locally-operated services. We also remain mindful of our responsibility to balance rate impacts, while investing to ensure a reliable infrastructure, delivering top-quality service and expanding the local distribution network to meet the community's growing needs.

Each and every day, we are working towards the strategic objectives that were developed by management and the Board of Directors. This strategy is designed to improve the performance and success of our business, but beyond that, to provide an opportunity for us to align with the City of Brantford's vision for our community as a great place to work and live. With that, we are pleased to share highlights of our accomplishments with you in this report.

The safety of the public and our employees remains at the forefront of how we operate, and we are proud of our record of zero lost time incidents again in 2017. Brantford Power received the ZeroQuest Sustainability Award from the Infrastructure Health and Safety Association (IHSA) in recognition of our continued dedication to maintaining a robust health and safety system, and our successful and full completion of all evaluation criteria. But Brantford Power's commitment to safety goes beyond adherence to legislation. It starts every morning with our operations team before the trucks roll out, and extends to an understanding of our obligation to keep the community safe. This is why we bring local contractors and first responders together annually to talk about powerline safety. Our desire to keep our friends, neighbours and fellow Brantford residents safe is also at the root of our ongoing sponsorship of the Children's Safety Village of Brant.

At Brantford Power, we are committed to putting our customers first, and to maintaining an open dialogue with residents and businesses to ensure that we are offering the best possible service, despite the ever-changing and challenging electricity sector. In 2017, we were in constant contact with our customers through community events and social media. We routinely asked our customers to evaluate our service and are proud of the consistently high rating of overall customer satisfaction. The Brantford Power conservation team is a trusted advisor and resource to our customers, explaining and navigating the complexities of the energy sector. We are committed to helping local homes, businesses and institutions to make informed choices, improve energy efficiency and save money.

People depend on us to provide reliable services to power their everyday lives at work and at home. Reliability and quality of service is always front of mind in the work we do. Measures ranging from regular and preventative maintenance on our infrastructure, to major planning projects – like smart grid technology – allow us to provide service that our community can rely on today, and a network that will continue to serve the community well into the future.

Our local presence is crucial to our success, but we also know there is strength and knowledge in numbers. That is why we continue to partner with other Local Distribution Companies (LDCs) as a member of the GridSmart-City Cooperative, an innovative approach that allows us to maintain our local autonomy, while benefitting from collaboration. We are working together in areas including human resources, communications, cybersecurity and procurement, boosting our collective purchasing power and standardizing materials across LDCs to better position the Cooperative members to support each other.

In 2017, we took an important step forward in reaching our strategic goal of a consolidated work location. After a thorough assessment of all available options, we have purchased a parcel of land and have set out on a path to build a facility that is functional and durable; one that will allow us to improve operational effectiveness, to continue to serve the interest of ratepayers, and to invest in Brantford and deliver value for generations to come. The upcoming year will bring with it several construction milestones, with an eye towards opening our new doors in 2019.

The team at Brantford Hydro was also busy in 2017, reaching 156% of our target for new installations, and we are honoured to earn the trust of homeowners across the community with the quality and efficiency of our equipment. After delivering better-than-projected results, we're looking for new ways to improve – that's why we began testing on new hi-output water heaters in 2017, and will continue this testing into 2018.

For nearly two decades, NetOptiks has been connecting Brantford, with a fast, reliable end-to-end fibre-optic network that provides every business with solutions to get them online and meet their unique needs. We manage over 243 enterprise customer connections in the City of Brantford, serving large customers including the hospital and university. And we continue to grow: in 2017, we completed a refresh of our Primary Point of Presence, which will provide even faster speeds (up to 100

Gigabits per second) and reliability for all customers, big and small. This work also opens the door to a world of possibilities and business solutions, including cloud-based services, data storage and recovery and software defined Wide Area Networks.

Our people are at the core of what we do, and each member of our team is integral to both our local presence and to our success. Achieving these goals requires a full-team effort: from employees at all levels responding to issues and working to address customer concerns, to our Board of Directors and executive team communicating with our stakeholders to define priorities. 2017 brought a number of changes to our regulatory landscape, including new provincial legislation impacting our residential customers, and we are grateful for the effort of employees from across the business in implementing and communicating the changes to our community. Employee wellbeing and engagement will continue to be an ongoing priority, as the organization prepares for the future and positions itself as a local employer of choice.

The pages that follow share some of the progress and successes that the Brantford Energy Corporation enjoyed in 2017. But there is still work ahead as we take further steps to support and connect our community. As we conclude the current strategic plan in 2018, we look forward to building new strategic goals that align with the province's Long-Term Energy Plan, as released by the Minister of Energy in October 2017. Our industry and the marketplace are constantly changing, and we will continue to make investments and find innovative solutions to provide homes and businesses in Brantford with the best products and services today, and well into the future.

Sincerely,

Scott Saint, Chair  
& Paul Kwasnik, CEO and President



# IN OUR Community



Brantford Hydro donated \$5,100 to the Rotary Club of Brantford Sunrise, after pledging \$100 for each new water heater rental or furnace lease customer, beginning on Black Friday.



Brantford Power was proud to return as the top sponsor of the JCI Brantford Santa Claus Parade – and we were thrilled to donate a float entry to the Children's Safety Village of Brant so they could join us.



Before the start of another busy construction season, we welcomed local contractors and tradespeople to join us for a breakfast session and talk about the importance of powerline safety.



Customer satisfaction is crucial to our success. That's why we've joined Twitter, where we can provide up-to-date service information, and important tips for safety and conservation.



Our employees come together every May to raise funds for Participation House Brantford. In 2017, the 19th Annual BBQ & Raffle raised \$7,329.



Projects like the Six Nations Polytechnic LED lighting retrofit are saving local business and institutions energy and money.



Brantford Power was recognized by Ontario Wildlife Removal in March after one of our crews assisted in rescuing a raccoon from the top of one of our poles on Mary Street, and turning him over safe and sound to the Brant County SPCA.



Recognized by Infrastructure Health and Safety Association (IHSA) for achieving ZeroQuest Sustainability Level IV in December, 2017.



PUTTING CUSTOMERS FIRST

# Powering Brantford

Our customer service team continued to work cooperatively and proactively to support our business and residential customers in 2017.

Our goal is to address customer issues at the first opportunity: over 86.5% of customers reported that their concern was resolved on their first call. In the face of numerous customer-facing changes, including the implementation of the Ontario Fair Hydro Plan, our team offered assistance and guidance on effectively managing bills, and provided information and answers.

Customer satisfaction isn't just answering the phones, however. Behind the scenes, our billing and metering groups work

tirelessly to provide the information that consumers need, and those efforts have paid off with errors reported on fewer than 0.11% of bills.

## Keeping Brantford's Lights On

We know that when you flick a switch, you expect the lights to come on. That's why our crews are on-call 24/7 to respond to disruptions. That commitment pays off – on average, our customers experienced fewer than 18 minutes of disruption for the entire year in 2017.

We're also making investments in the equipment we need to modernize our grid. We added a brand new truck to our fleet

last year, allowing us to continue to deliver above-average response times to reported issues. And we continued our investments in smart grid technology, which will eventually lead to us having the ability to remotely restore power to sections of downtown Brantford.

As our community continues to grow, our operations team has stepped up to ensure quality, reliable service – starting from day one. Brantford Power was well above industry-standards in connecting new services to the grid, connecting 99.6% of all residences and small businesses on time. Crews also provided timely responses to customer calls, ensuring that 100% of scheduled appointments were met on time.





## Work Safe, Be Safe

We are committed to creating and maintaining workplaces and practices that put health and safety first. In 2017, we met a major long-term goal with the completion of our ZeroQuest audit, an Infrastructure Health and Safety (IHSA) program designed to build a sustainable health and safety system.

Brantford Power also understands our responsibility to protect and enhance public safety. That's why we continued our commitment to educating local contractors and tradespeople about the need for powerline safety awareness at our annual breakfast and seminar event. We also worked with other Ontario LDCs to develop a series of short animated videos about electrical safety that we are sharing with the community on social media.

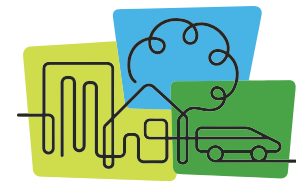


## Modernizing to Find New Solutions

On January 1, Brantford Power rolled out our new financial information system, designed to increase the automation of data-intensive processes, making it easier to report to the Ontario Energy Board and supporting the growth and development of our business.

With our constantly changing regulatory and marketplace environments, we have also turned to our working relationships with other LDCs for cost-savings and collaborative ideas. Partnerships like the GridSmartCity Cooperative provide benefits like improved purchasing power, and provide opportunities to share knowledge and expertise with neighbouring members.

The year ahead will continue to bring change, as we continue our investments in a new Customer Information System that will further improve the processes and systems that support our business and our customers.



**GridSmartCity®**  
renewing energy

## Creating a Culture of Conservation

Our Conservation and Demand Management team continued to deliver impressive results in 2017. With one-third of the 2015-2020 Conservation First Framework behind us, Brantford Power has already achieved more than 36% of our energy savings target, putting us on target to meet our goal.

These savings are driven, in part, by the commitment of local industry and business to retrofit projects and other conservation and demand management initiatives. In September, we recognized these accomplishments at a large customer event, and in November, we celebrated the opening of the newly renovated Six Nations Polytechnic School, who completed a \$41,885 LED lighting retrofit earlier in the year.

Continued success in the conservation realm requires on-going conversations with households and businesses. Our team is talking to the public, whether this involves large industry at our Industrial Conservation initiative information session, or delivering household tips to community groups, like the Holmedale Neighbourhood Association. To learn more about conservation projects for your home or business, visit [brantfordpower.saveonenergy.ca](http://brantfordpower.saveonenergy.ca).



## Giving Back to Our Community

For our employees, Brantford isn't just a place to work. This is where we make our homes and raise our families, and we believe in giving back. We were proud to continue our support for our long-time partners at the Brantford Food Bank, the Children's Safety Village of Brant and the JCI Brantford Santa Claus Parade in 2017.

Our employees also drive important initiatives that support those in need in our community: this year marked the 19th Anniversary of the Dan Ritchie BBQ and Raffle, supporting Participation House Brantford.



# BRANTFORD HYDRO

## Building Community Connections



### Enersure Gives Back

As a local company using local resources to serve our customers, we are committed to making Brantford a great place to live. In November 2016, we began a pledge - \$100 from each new water heater rental and furnace lease to the Rotary Club of Brantford Sunrise. As we continued to grow, we were able to present the club with a donation totalling \$5,100 to support their work with local charities.

We are also proud sponsors of local events, including the Rotary's Annual Spring Fish Fry, and the Brant Community Health Care Foundation's 12 Days of Giving.

### A Year of Growth

Enersure Home Comfort surpassed its budget and installation targets for the year, installing 269 new units - more than one for every business day in 2017 - making it one of our busiest years to date.

We also took steps to connect with our clients in new spaces, both in person at events like the Brantford Home Exhibition, and online. In addition to our Facebook page, you can now find us on Instagram @enersurehomecomfort!

### Delivering the Best Solutions for Your Home

In our quest to deliver the highest efficiency and overall cost savings for Enersure customers, continual improvement and equipment standards are always top of mind. That's why we started testing our new hi-output water heaters in 2017. We've already rented three units, and plan to test more into 2018 to see how these tools can help us to deliver new home comfort experiences for local homeowners.





We are proud to play an important role in the everyday lives of our customers – whether we are providing an Enersure Home Comfort solution in their home, or supporting the growth of their business with fast, reliable NetOptiks connectivity.



## Building Community Connectivity

NetOptiks is the number-one choice for Brantford and Brant-area businesses that demand innovative and custom solutions for data and voice services. Our local network delivers fast, reliable services that set us apart from other carriers, and we can offer our customers high-speed, customizable, reliable and unlimited dedicated internet, voice, managed and professional services to meet their business' unique needs.

2017 was a year of challenges, but despite increased change in the telecommunications industry, and increased competition in the marketplace, NetOptiks met its aggressive annual income targets. We have also been chosen for a second straight term as the E-Health Vendor of Record, supporting the vital healthcare network in the Brantford/Brant and Norfolk territories.

### Building for the Future

A new Network Overbuild strategy was introduced in 2017 to ensure the telecommunications needs of NetOptiks customers in the City of Brantford will continue to be met as our community continues to grow. Targeted areas within the City of Brantford will have additional capacity added in key areas of economic growth and commerce, giving existing and new businesses the ability to attain service offerings that are usually only available in larger metropolitan areas.



We also introduced a new connectivity platform that will greatly reduce energy consumption and carbon footprint. The plan to retire multiple mixed media devices with Small Form Factor optics will not only enhance the overall customer experience - it will also decrease the overall energy consumption of our core network.

### A Network of New Possibilities

The completion of the Core Network refresh of our Primary Point of Presence will enable NetOptiks to provide its customers with the speed that meets their needs - up to 100 Gigabits per second, or 10 times faster than before. Not only will customers have new options for faster speeds, it will also improve reliability, and provide business with access to a host of cutting-edge services, including cloud based services, data storage and recovery, and software defined Wide Area Networks (WANs).

## Brantford Energy Corporation

The Brantford Energy Group of Companies recorded a \$3.7 million net income, representing a significant reduction compared to the \$17.3 million net income reported in 2016. This net income reflects the 2017 operating results from Brantford Power Inc. and Brantford Hydro Inc. The comparative 2016 net income reflected a one-time \$12.3 million gain in Brantford Generation Inc., resulting from the forgiveness of outstanding loans by its lender and the sale of its operating assets to the City of Brantford.

### Brantford Power Inc.

Brantford Power Inc. reported a 2017 net income of \$3.4 million, which exceeded budget expectations for the year and the \$1.9 million net income reported in 2016. The resulting higher than expected net income is largely due to lower than planned operations and maintenance expenses which were \$312,000 lower than the previous year. As a result of this favorable performance, Brantford Power Inc. continues to reflect the strong financial position necessary to make further investments to improve service and the reliability of the electricity distribution system.

### Brantford Hydro Inc.

Brantford Hydro Inc. reported a 2017 net income of \$578,000, which exceeded budget expectations for the year and the \$574,000 net income reported in 2016. This better than planned net income is attributable to reduced corporate overhead and business development costs for the year. As a result of this favorable performance, Brantford Hydro Inc. continues to reflect the strong financial position necessary for the Company to proceed with its future growth plans.

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Management is responsible for the preparation of a summary of the audited (consolidated) financial statements.

The following summary financial statements are based upon the audited consolidated financial statements upon which our auditors (KPMG LLP) expressed an unmodified opinion dated April 25, 2018.

The summary (consolidated) financial statements do not contain all disclosures required by International Financial Reporting Standard 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.

SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31	2017 (\$)	2016 (\$)
<b>ASSETS</b>		
Current assets	40,633,881	39,974,661
Property, plant and equipment	72,966,682	69,515,911
Other assets	2,561,206	2,514,952
<b>TOTAL ASSETS</b>	<b>116,161,769</b>	<b>112,005,524</b>
Regulatory assets	3,420,314	3,951,867
<b>TOTAL ASSETS and Regulatory Balances</b>	<b>119,582,083</b>	<b>115,957,391</b>
<b>LIABILITIES</b>		
Current liabilities	19,918,275	19,040,695
Long-term debt	40,109,032	41,190,842
Other liabilities	7,082,611	5,521,846
<b>TOTAL LIABILITIES</b>	<b>67,109,918</b>	<b>65,753,383</b>
<b>SHAREHOLDER'S EQUITY</b>		
Capital stock	23,895,512	23,895,512
Retained earnings	24,222,368	21,720,595
Accumulated other comprehensive loss	679,217	690,279
<b>TOTAL EQUITY</b>	<b>48,797,097</b>	<b>46,306,386</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>115,907,015</b>	<b>112,059,769</b>
Regulatory liabilities	3,675,068	3,897,622
<b>Total Liabilities, Equity and Regulatory Balances</b>	<b>119,582,083</b>	<b>115,957,391</b>



**SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31**

	<b>2017 (\$)</b>	<b>2016 (\$)</b>
<b>REVENUE</b>		
Sale of energy	110,222,544	122,179,183
Electricity distribution and service revenue	17,142,791	17,468,409
Fibre optic and retail service revenue	2,929,171	3,025,811
IESO conservation programs	1,376,804	2,152,870
Other revenue	500,370	559,541
	<b>132,171,680</b>	<b>145,385,814</b>
<b>EXPENSES</b>		
Cost of power purchased	108,827,919	120,083,640
Operations, maintenance and administration	11,855,165	12,221,249
IESO conservation programs	1,320,510	1,832,908
Other expenses	3,717,392	3,609,749
	<b>125,720,986</b>	<b>137,747,546</b>
<b>Income from operating expenses</b>	<b>6,450,694</b>	<b>7,638,268</b>
<b>Finance income and costs</b>		
Finance Income	456,154	422,429
Finance Costs	(1,786,922)	(1,948,845)
<b>Income before the undernoted</b>	<b>5,119,926</b>	<b>6,111,852</b>
Discontinued operations	-	(12,271,502)
<b>Income before income taxes and regulatory movement</b>	<b>5,119,926</b>	<b>18,383,354</b>
Income tax expense	1,159,154	1,070,074
<b>Net income (loss) before regulatory movement</b>	<b>3,960,772</b>	<b>17,313,280</b>
Movement in regulatory balances, net of tax	(308,999)	(2,560,482)
<b>Net income for the year and net movement in regulatory balances</b>	<b>3,651,773</b>	<b>14,752,798</b>
<b>Retained earnings - Beginning of year</b>	<b>21,720,595</b>	<b>8,117,797</b>
<b>Dividends</b>	<b>(1,150,000)</b>	<b>(1,150,000)</b>
<b>Retained earnings - End of year</b>	<b>24,222,368</b>	<b>21,720,595</b>

**SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31**

	<b>2017 (\$)</b>	<b>2016 (\$)</b>
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	3,651,773	14,752,798
Changes to income not involving cash	5,990,374	4,606,598
Net change in non-cash working capital balances related to operations	4,865,803	(5,065,207)
	<b>14,507,950</b>	<b>14,294,189</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and special deposits	(7,332,612)	(5,768,692)
Proceeds from disposal of property, plant and equipment	94,861	3,289,972
	<b>(7,237,751)</b>	<b>(2,478,720)</b>
<b>FINANCING ACTIVITIES</b>		
Gain on forgiveness of Infrastructure Ontario debt	-	(8,659,543)
Repayment of long-term debt	(1,034,099)	(4,405,676)
Dividends paid	(1,150,000)	(1,150,000)
	<b>(2,184,099)</b>	<b>(14,215,219)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>5,086,100</b>	<b>(2,399,750)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>12,326,610</b>	<b>14,726,360</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>17,412,710</b>	<b>12,326,610</b>



Brantford Energy Corporation  
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