



FUTURE READY

2019

BRANTFORD ENERGY CORPORATION
ANNUAL REPORT



ABOUT US

OUR MISSION, VISION & VALUES



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.



TABLE OF CONTENTS

2 Message from the Chair
and CEO & President

4 Key Strategic Priorities
and Board of Directors

5 BEC 2019
By the Numbers

6 Contributing to
Our Community

8 BEC 2019 Financial
Statements

MESSAGE FROM THE CHAIR AND CEO & PRESIDENT

In 2019, Brantford Energy Corporation (BEC) reached many milestones in its ongoing journey to ensure that we are **future ready**. When planning ahead, and while carrying out our day-to-day work, we are always conscious of the need to strike a balance between shareholder value and providing the superior level of service that our customers have come to expect, while continuing to maintain an exemplary safety record and competitive rates.

We are dedicated to ensuring the safety of our employees, our customers and members of the public. Brantford Power strengthened its commitment to safety in 2019 by hiring its own Health and Safety Manager. Safety is top of mind every day, and we were proud to end 2019 with more than 695,700 hours without a lost-time injury. We also expanded our public safety outreach with several new initiatives. We launched a partnership with the Grand Erie District School Board and the Brant Haldimand Norfolk Catholic District School Board to sponsor electricity safety sessions for all elementary schools in our service territory.

In addition, Brantford Power formed a partnership with MySafeWork, a non-profit organization that inspires companies to build a strong safety culture and is committed to preventing vulnerable workers from being killed, injured, and harassed on the job. Founder and President Rob Ellis was joined by Brantford Power personnel for impactful, two-way discussions to increase workplace safety awareness among our employees, contractors and post-secondary students. Our free annual Powerline Safety Seminar provides us with an important opportunity to talk face-to-face with contractors and first responders about how to safely work in close proximity to powerlines. Our ongoing partnership with the Children's Safety Village of Brant ensures that school-age children learn life-saving safety tips.

Brantford Power invested \$9.79 million in 2019 in technology, equipment and distribution system infrastructure. Our investments were focused on upgrading our technology to ensure that it is **future ready**, with the most significant advancement being the implementation of a new customer information system (CIS). This project supports the BEC key strategic priority to maintain a continued focus on providing operational excellence and customer service. The new, modern CIS is designed and supported by a leading firm in the industry, and is utilized by 38 other local distribution companies. The agile system provides us with enhanced capabilities to respond to industry and billing changes, offers the flexibility to introduce more self-serve options for our customers and will allow us to adopt future technological advancements. We also formulated and finalized a cyber security road map for the next four years which is in line with the framework and the expectations of the Ontario Energy Board. We take this commitment seriously and are committed to achieving this goal.

When planning investments in our distribution system infrastructure, our focus is on ensuring reliable service for a growing community, while mitigating the impact on customer rates. Brantford Power was very busy in 2019 connecting 406 new services to our distribution system; almost double the 207 connections in 2018. The increase in activity was driven by the fact that the City of Brantford had a record year in 2019 for building single family homes.



In 2019, Brantford Power made significant progress on a multi-year project to install automated switches to help maintain high system reliability in downtown Brantford. We also implemented improvements to the transformer station on Powerline Road that Brantford Power jointly owns with Energy+ Inc. to protect the station equipment, improve performance and ensure continuity of service. In addition, we undertook a significant line relocation project in response to a Hydro One Networks Inc. request to decommission an idle transmission line carrying a Brantford Power distribution circuit. Brantford Power was able to complete this major request from Hydro One within one year, which required rerouting almost three km of powerlines in our distribution system in multiple areas, including successfully completing a highly complex initiative to string new powerlines across Highway 403.

Brantford Power continues to collaborate with industry partners to help us reduce operating, maintenance and administration costs, and improve customer service. In 2019 we joined the Utilities Standards Forum, a non-profit, volunteer based corporation comprised of 53 Ontario local distribution companies (LDCs) who collaborate, share best practices and troubleshoot common challenges. We continue to realize efficiencies thanks to our membership in the GridSmartCity Cooperative and we gain valuable insight and information as a member of the Electricity Distributors Association. Playing an active role in these important industry organizations ensures that we are **future ready** for the rapid changes in our evolving sector.

Brantford Power is proud to give back to the community. We provide ongoing support to the Brantford Food Bank through employee food donations and an annual volunteer event.

Once again in 2019, we were the main sponsor of the JCI Santa Claus Parade and entered a team in the Rotary Brantford Classic Run. Our employees rallied together to support the 21st Annual Dan Ritchie Barbecue and Raffle, an event that has raised over \$80,000 to date for Participation Support Services.

In order to be **future ready**, Brantford Power planned ahead by developing new leaders and creating opportunities to pass on valuable knowledge to the next generation of skilled employees. In previous annual reports, we forecasted the departure of a large amount of institutional knowledge, especially in Operations. As predicted, in 2019 key Operations personnel retired. We took the first step in the anticipated transition and recruited and promoted from within. While we are still learning and adjusting to the new roles, we have bridged the gap and continue to maintain our high service levels. The business also had to adapt to changes in the delivery of energy conservation programs that affected our customers. We have been managing through the wind down of the programs and assisting customers in any way that we can.

One of Brantford Power's most significant achievements in 2019, and a key strategic priority, was the acquisition of a new home. The purchase of the facility at 150 Savannah Oaks Drive and the surrounding land provides great value for ratepayers, employees and our shareholder. It also allows the utility to consolidate its operations by repurposing the existing building.

As well as housing all Brantford Power employees in one location, we will receive the benefit of collaborating with Energy+ Inc., our neighbouring LDC, as a long-term tenant and a shared service partner. We will also be renting additional office space to our affiliate organization Brantford Hydro, to house its operations and telecommunications servers.

The first phase of the renovations, which involves modifications to the office space, is progressing well and we remain committed to our goal of relocating all employees to the new facility by the end of 2020. The purchase and renovation of 150 Savannah Oaks will ensure that Brantford Power is **future ready**, operating out of its own local facility and continuing to serve Brantford for generations to come.

Brantford, like any city, is not immune to emergencies; as evidenced by floods, wind storms and at the time of writing this report, the Coronavirus pandemic. In 2019, Brantford Power had the forethought to invest in emergency preparation. We focused on becoming proficient with the incident management approach to emergency management and our leadership team achieved certification. Training that included mock emergency simulations paid off in Q1 2020, as the organization began managing through the effects of COVID-19. A session on resiliency held in 2019 also proved very helpful and relevant.

In 2019, NetOptiks, the telecommunications division of Brantford Hydro, experienced another solid year of growth and technical investment. NetOptiks added 13 kilometres of fibre optic cable and 71 new connections to its core network to provide additional transport capacity and customer connectivity. In the fall of 2019, NetOptiks embarked on a new technical journey to start constructing a data centre at 150 Savannah Oaks that will provide critical infrastructure and a **future ready** geographically redundant point of presence at the new headquarters of Brantford Hydro.

Brantford Hydro's Enersure Home Comfort division continues to be one of the top choices in Brantford and surrounding areas for reliable and energy-efficient water softeners, water heaters, furnaces, and central air conditioning systems, installing 221 new rental units in 2019. Enersure's modern fleet of ultra-high-efficiency products such as "hot water on demand" tankless heaters and combined heat pump furnace technology allows our customers a wide range of new options for their homes as well as cost savings over traditional heating and cooling options.

At the time that this report was being produced, BEC, along with the rest of the world, was experiencing the impacts of COVID-19 and as a result, we chose to condense the 2019 BEC Annual Report.

We are optimistic about the year ahead. In 2020, we will be preparing for a rate application that will involve customer engagement to ensure that our long-term plans are aligned with customer needs and expectations. We are also looking forward to having all employees under one roof to further enhance our service.

BEC remains committed to investing in people, systems and assets to ensure that we are **future ready** and able to continue to provide exceptional service to the growing City of Brantford for decades to come.

Scott Saint
Chair, Board of Directors

Paul Kwasnik
CEO & President

“

WE ARE OPTIMISTIC
ABOUT THE YEAR AHEAD.
BEC REMAINS COMMITTED
TO INVESTING IN PEOPLE,
SYSTEMS AND ASSETS
TO ENSURE THAT WE
ARE FUTURE READY.

”

KEY STRATEGIC PRIORITIES

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.

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

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

BOARD OF DIRECTORS

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.



Brantford Energy Corporation

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

Brantford Power Inc.

Scott Saint, Chair
Craig Mann
Councillor Greg Martin
Neil Sandford
Terry Smith
Gerry Smits
Ron Stewart
Councillor John Utley
Peter Vicano
Andy Woodburn (joined June 2019)

Brantford Hydro Inc.

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

Officers

Paul Kwasnik
CEO & President

Brian D'Amboise
CFO, Vice President, Corporate Services

Executive Team

Paul Kwasnik
CEO & President

Brian D'Amboise
CFO & Vice President, Corporate Services

Sinisa Grkovic
Vice President, Engineering & Operations

Executive Team

Paul Kwasnik
CEO & President

Brian D'Amboise
CFO & Vice President, Corporate Services

James Nagle
COO

BEC BY THE NUMBERS



DELIVERED AN
AVERAGE OF OVER

\$2.2

MILLION

ANNUALLY TO THE CITY OF BRANTFORD
OVER THE LAST 5 YEARS



OF CUSTOMERS REPORTED OVERALL
**CUSTOMER SERVICE
SATISFACTION**

37,814
CALLS ANSWERED

**SPONSORED ELECTRICITY SAFETY SESSIONS
FOR 5,786
ELEMENTARY STUDENTS**



**MORE THAN
695,700**
HOURS
WITHOUT A LOST-TIME INJURY



**DELIVERED
994,307,847
KILOWATT HOURS
OF ELECTRICITY**

515 km
OF POWERLINES MAINTAINED

ON AVERAGE,
CUSTOMERS EXPERIENCED
**1 POWER
INTERRUPTION**



NetOptiks

MAINTAINS
338 km

OF FIBRE-
OPTIC CABLE

**71 NEW
CONNECTIONS**



enersure
Home Comfort

221

**NEW UNITS
INSTALLED**

4,387

**RENTAL
UNITS**

CONTRIBUTING TO OUR COMMUNITY



The Brantford Power Inc. Board of Directors advanced the vision of a new local home for Brantford Power at 150 Savannah Oaks Drive in April 2019, allowing us to continue to serve the community for future generations.



Brantford Power joined forces with MySafeWork, a non-profit organization that inspires companies to build a strong safety culture and is committed to preventing vulnerable workers from being killed, injured, and harassed on the job. Founder and President Rob Ellis (middle) was joined by Brantford Power employees for an impactful discussion with Powerline students at Conestoga College.

Our employees rallied together in 2019 to support the 21st Annual Dan Ritchie Barbecue and Raffle. This event has raised over \$80,000 to date for Participation Support Services.



An enthusiastic team of over 30 participants proudly represented Brantford Power in the 37th Rotary Brantford Classic Run. We enjoyed supporting a great cause and participating in some friendly competition. Our team rose to the challenge and finished in first place in the 5 km Corporate Teams Category!

Brantford Power is proud to provide ongoing support to the Brantford Food Bank through employee food donations and an annual volunteer event that provides us with the opportunity to see firsthand the need for the foodbank and the positive impact that it has on the community.



Brantford Power formed a partnership with the Grand Erie District School Board and the Brant Haldimand Norfolk Catholic District School Board in 2019 to sponsor electricity safety sessions for all elementary schools in our service territory. Our safety messages have reached 5,786 students so far.



BEC 2019 FINANCIAL STATEMENTS

Brantford Energy Corporation

The Brantford Energy Group of Companies recorded a \$2.89 million net income in 2019 compared to the \$2.46 million net income reported in 2018. This net income reflects the 2019 operating results from Brantford Power Inc. and Brantford Hydro Inc.

Brantford Power Inc.

Brantford Power Inc. reported a 2019 net income of \$2.44 million which exceeded budget expectations for the year. The resulting higher than expected net income is largely due to higher than planned distribution and other income and lower than planned operations and maintenance expenses. As a result of this favourable 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 2019 net income of \$439,000, which exceeded budget expectations for the year. The 2019 net income decreased by 11.1% or \$55,000 from the \$494,000 reported in 2018. The better than planned net income is attributable to reduced business development costs for the year. As a result of this favourable performance, Brantford Hydro Inc. continues to reflect the strong financial position necessary for the Company to proceed with its future growth plans.

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 May 27, 2020.

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 | 2019 (\$) | 2018 (\$) |
|--|--------------------|--------------------|
| ASSETS | | |
| Current assets | 34,466,418 | 40,797,492 |
| Property, plant and equipment | 93,516,783 | 75,031,402 |
| Other assets | 4,175,102 | 3,005,403 |
| TOTAL ASSETS | 132,158,303 | 118,834,297 |
| Regulatory assets | 6,413,314 | 3,572,534 |
| TOTAL ASSETS and Regulatory Balances | 138,571,617 | 122,406,831 |
| LIABILITIES | | |
| Current liabilities | 23,149,027 | 19,608,204 |
| Long-term debt | 50,651,279 | 38,979,394 |
| Other liabilities | 12,329,314 | 7,566,803 |
| TOTAL LIABILITIES | 86,129,620 | 66,154,401 |
| SHAREHOLDER'S EQUITY | | |
| Capital stock | 23,895,512 | 23,895,512 |
| Retained earnings | 27,262,440 | 25,529,997 |
| Accumulated other comprehensive income | 329,250 | 893,022 |
| TOTAL EQUITY | 51,487,202 | 50,318,531 |
| TOTAL LIABILITIES & EQUITY | 137,616,822 | 116,472,932 |
| Regulatory liabilities | 954,795 | 5,933,899 |
| Total Liabilities, Equity and Regulatory Balances | 138,571,617 | 122,406,831 |

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

| | 2019 (\$) | 2018 (\$) |
|--|--------------------|--------------------|
| Sale of energy | 111,743,409 | 109,916,976 |
| Electricity distribution and service revenue | 17,908,538 | 17,437,596 |
| Fibre optic and retail service revenue | 3,459,685 | 3,166,768 |
| IESO conservation programs | 1,553,047 | 1,690,308 |
| Other revenue | 680,685 | 347,736 |
| | 135,345,364 | 132,559,384 |

EXPENSES

| | | |
|--|--------------------|--------------------|
| Cost of power purchased | 118,301,973 | 107,788,878 |
| Operations, maintenance and administration | 13,617,270 | 13,036,400 |
| IESO conservation programs | 1,658,795 | 1,325,866 |
| Other expenses | 4,230,586 | 3,774,690 |
| | 137,808,624 | 125,925,834 |
| Income (loss) from operating expenses | (2,463,260) | 6,633,550 |

Finance income and costs

| | | |
|--|--------------------|------------------|
| Finance Income | 626,417 | 569,382 |
| Finance Costs | (1,779,583) | (1,799,794) |
| Income (loss) before income taxes and regulatory movement | (3,616,426) | 5,403,138 |

| | | |
|---|--------------------|------------------|
| Income tax expense | 1,318,413 | 838,898 |
| Net income (loss) before regulatory movement | (4,934,839) | 4,564,240 |

| | | |
|---|-----------|-------------|
| Movement in regulatory balances, net of tax | 7,819,884 | (2,106,611) |
|---|-----------|-------------|

| | | |
|--|------------------|------------------|
| Net income for the year and net movement in regulatory balances | 2,885,045 | 2,457,629 |
|--|------------------|------------------|

Retained earnings - Beginning of year

| | | |
|--|-------------------|-------------------|
| Transitional Adjustment | (2,602) | - |
| Dividends | (1,150,000) | (1,150,000) |
| Retained earnings - End of year | 27,262,440 | 25,529,997 |

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

| | 2019 (\$) | 2018 (\$) |
|---|------------------|------------------|
| Net income | 2,885,045 | 2,457,629 |
| Changes to net income not involving cash | 7,622,129 | 6,153,924 |
| Changes to regulatory accounts and income taxes | (8,821,960) | 1,426,309 |
| Net change in non-cash working capital balances related to operations | 2,045,323 | (482,205) |
| | 3,730,537 | 9,555,657 |

INVESTING ACTIVITIES

| | | |
|---|---------------------|--------------------|
| Purchase of property, plant and equipment and intangible assets | (23,871,587) | (7,277,965) |
| Proceeds from disposal of property, plant and equipment | 197,740 | 32,150 |
| | (23,673,847) | (7,245,815) |

FINANCING ACTIVITIES

| | | |
|---|--------------------|--------------------|
| Proceeds of issuance of long-term debt | 13,000,000 | - |
| Repayment of long-term debt | (1,156,341) | (1,082,608) |
| Other financing activities | (122,820) | - |
| Dividends paid | (1,150,000) | (1,150,000) |
| | 10,570,839 | (2,232,608) |
| (Decrease) increase in cash and cash equivalents | (9,372,471) | 77,234 |

| | | |
|---|-------------------|-------------------|
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 17,489,944 | 17,412,710 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 8,117,473 | 17,489,944 |



Brantford Energy Corporation
P.O. Box 308 Brantford, Ontario N3T 5N8

brantfordpower.com | enersure.ca | netoptiks.com