

2020 ANNUAL REPORT

BRANTFORD ENERGY CORPORATION

STRONGER
TOGETHER



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.

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MESSAGE FROM THE

CHAIR AND CEO & PRESIDENT

Brantford Energy Corporation (BEC) successfully rose to unprecedented challenges in 2020 and worked collaboratively with various stakeholders to achieve significant milestones. The results are tangible proof that our employees, our customers and our community are **stronger together**.

2020 represented the culmination of years of executing on BEC's strategic plan, as approved by the Board of Directors. The plan outlined investments in systems, people, assets, and technology, including a key priority to invest in a new home for Brantford Power, allowing us to consolidate our operations under one roof. Brantford Hydro established a state-of-the-art date centre at our new facility and continued to add to its customer base during a pandemic. We accomplished all of this while remaining true to our values, achieving best in class system reliability, providing value to our shareholder and limiting residential distribution rate increases to an average of \$0.60 a month since 2013.

However, in 2020 the health and safety of our employees and the public remained our number one priority. COVID-19 presented us, and all of society, with additional daunting health and safety challenges. We were required to quickly adapt to an unforeseen global pandemic that resulted in unimaginable impacts for our employees and our customers. We focused our efforts on the physical safety of our employees and the public, while continuing to provide reliable service and assist our community partners as we collectively navigated our way through COVID-19.

In 2020, Brantford Power earned an award from the Infrastructure Health & Safety Association (IHSA) for 750,000 hours without a lost-time injury. To support our exemplary safety record, we provided online and on-the-job training, improved record keeping and received valuable input from our Joint Health and Safety Committee. We also launched the WSIB Health & Safety Excellence program; which will help guide us for years to come. The program will support Brantford Power's continuous improvement in four key areas: competency, health and safety training, control of documents and health and safety objectives.

Brantford Power leveraged new ways in 2020 to continue our commitment to employee and public safety. We consistently promote safety in our community and conduct a bi-annual Public Awareness of Electrical Safety Survey. The results are shared with the Ontario Energy Board (OEB) and the public. In 2020, Brantford Power's overall Public Safety Awareness Score was 85%; a 1% increase from the last survey in 2018. Our safety partners, MySafeWork and Electricity Safety and Conservation, adopted virtual platforms as innovative, safe ways to continue delivering life-saving safety messages to elementary, secondary and post-secondary students on behalf of Brantford Power.

The move to our new facility at 150 Savannah Oaks Drive positioned us to welcome our cornerstone long-term tenant and shared services partner, neighbouring utility Energy+ Inc. to the building. Brantford Power and Energy+ are **stronger together** as a result of shared benefits from co-locating personnel, equipment, vehicles and space at 150 Savannah Oaks Drive.

The shared service partnership between Brantford Power and Energy+ has significant potential for expansion into other utility functions. We are also exploring the benefits and risks of consolidating the holding companies, affiliates and local electricity distribution companies Energy+ and Brantford Power.



PHOTO TAKEN PRIOR TO COVID-19

“The health and safety of our employees and the public remained our number one priority in 2020. Our employees, our customers and our community are stronger together.”

Our employees showed amazing resilience throughout the COVID-19 pandemic by implementing and adapting new work procedures and arrangements and implementing several provincially mandated changes and programs to provide emergency relief for Ontario electricity customers. In 2020, the Ontario government also introduced a major change for regulated price plan customers; the opportunity to choose the electricity pricing plan that best meets their energy needs and lifestyle: Time-of-Use (TOU) pricing or Tiered pricing. All of these changes happened quickly and required an immediate response from Brantford Power to communicate to our customers and implement the necessary modifications to our internal processes and billing system.

In addition to keeping employees and the public safe and maintaining service, we did not lose sight of innovation. Brantford Power launched a refreshed website with a new streamlined look, improved functionality, increased stability and enhanced security. We completed a multi-year project to install automated switches to help maintain system reliability in downtown Brantford and initiated construction of an overhead distribution line on the Oak Park Road extension to service new industrial and residential developments. Brantford Power initiated a cybersecurity program in accordance with the cybersecurity framework requirements of the OEB. We will continue to expand this program in 2021 and beyond.

Brantford Power was busy in 2020 preparing for its 2022-2026 Cost of Service rate application, for filing in 2021 with our regulator, the OEB. The outcome of the application will impact the services our customers receive and the rates that they pay for the delivery of electricity. This lengthy and detailed process includes the development of a five-year distribution system plan and a comprehensive customer engagement program. Our extensive outreach to all customers included an invitation via email, social media and our website to provide input by participating in an online survey that contained details on our proposed plan. We received valuable feedback from more than 1,500 customers who participated and are encouraged that a majority of Brantford Power customers, in all rate classes, are supportive of our plan.

Brantford Power and Brantford Hydro have always believed in giving back to the community they serve. In 2020, the need for assistance was magnified by the effects of COVID-19. Brantford Power proudly donated much-needed N95 and surgical masks to frontline health care workers and continued to support the

Brantford Food Bank. Our employees came together during this difficult time to help put food on the table for those in need by making online donations that were matched by Brantford Power. Brantford Hydro sponsored the Brant Community Healthcare System Foundation’s “Hope for Healthcare” campaign and supported Child Hunger Brantford and the Brantford Food Bank.

Despite the effects of COVID-19, Brantford Energy Corporation and its affiliates had strong financial performances in 2020. Brantford Power made an extraordinary effort to work with all customers (residential, small business and large commercial) to help them manage their electricity bills and made a conscious effort to manage expenses, allowing us to minimize rate increases.

In 2020, NetOptiks, the telecommunications division of Brantford Hydro, completed a milestone event; the construction and activation of its new data centre at 150 Savannah Oaks Drive. This new data centre will provide future capacity to all existing customers with a brand new operating platform. This state-of-the-art facility checks all of the boxes on industry standards for a data centre of its size. Although a challenging year for all businesses, NetOptiks increased its optical capacity to almost 350 km of fibre within the City of Brantford, and welcomed 61 new business-to-business customers in 2020, the majority of which are small to medium-sized businesses in our community who are dependent on reliable, fast network connections now more than ever.

Brantford Hydro’s Enensure Home Comfort division continued its growth trajectory even under uncertain conditions related to the COVID-19 pandemic. Enensure continues to be the local brand of choice for energy-efficient home comfort products; including tankless and gas power vent hot water heaters, water softeners and home heating and cooling products. In 2020, despite the pandemic, Enensure increased its customer base by close to 10%, bringing the total rental count to over 4,500 units.

BEC is optimistic to see what 2021 will bring as we enter a new chapter. As we learned in 2020, sometimes the future can be unpredictable. However, what we can be sure of is that our experience has made us more resilient than ever and BEC remains committed to growing **stronger together** with our employees, our customers and our community.



SCOTT SAINT
CHAIR, BOARD OF DIRECTORS



PAUL KWASNIK
CEO & PRESIDENT

KEY STRATEGIC PRIORITIES

BEC OPERATES AS A HOLDING COMPANY FOR TWO BUSINESSES -
BRANTFORD POWER INC. AND BRANTFORD HYDRO INC.

BEC'S 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

OFFICERS

Paul Kwasnik
CEO & President

Brian D'Amboise
CFO & Vice President,
Corporate Services

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

EXECUTIVE TEAM

Paul Kwasnik
CEO & President

Brian D'Amboise
CFO & Vice President,
Corporate Services

BRANTFORD HYDRO INC.

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

EXECUTIVE TEAM

Paul Kwasnik
CEO & President

Brian D'Amboise
CFO & Vice President,
Corporate Services

James Nagle
COO

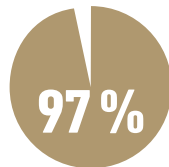
BEC BY THE NUMBERS



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

\$5,410

DONATED TO THE BRANTFORD FOOD BANK EMPLOYEE AND COMPANY CONTRIBUTIONS

34,404

CALLS ANSWERED

MORE THAN **794,700**

WITHOUT A LOST-TIME INJURY

DELIVERED

982,207,759

KILOWATT HOURS OF ELECTRICITY

534 km

OF POWERLINES MAINTAINED

ON AVERAGE CUSTOMERS EXPERIENCE

1 POWER

INTERRUPTION



MAINTAINS **346 km**

OF FIBRE-OPTIC CABLE 61 NEW CONNECTIONS

419 NEW UNITS INSTALLED **4,512** RENTAL UNITS

SUPPORTING OUR COMMUNITY

DONATING COVID-19 PERSONAL PROTECTIVE EQUIPMENT FOR HEALTH CARE WORKERS

Throughout 2020, Brantford Power worked closely with community partners to help stop the spread of COVID-19 and to minimize the risk for the most vulnerable in Brantford. On April 8, 2020, Brantford Power donated 500 surgical masks and 260 N95 masks to health care workers in Brantford in recognition of the dedication and selflessness of local doctors, nurses and all health care workers who are helping to save lives during the COVID-19 pandemic.



Brantford Power's Health and Safety Manager, Patricia Evans, delivers our donation of surgical and N95 masks for health care workers in Brantford. Kevin Finney, Director of Economic Development for the City of Brantford, accepted the donation and expressed sincere appreciation for Brantford Power's continued community support.

ONLINE DONATION CAMPAIGNS RAISES \$5,410 FOR THE BRANTFORD FOOD BANK

More people are relying on community resources such as the Brantford Food Bank to help feed their family due to the COVID-19 pandemic. Brantford Power has a longstanding commitment to supporting the Brantford Food Bank. Employees came together in 2020 to help put food on the table for those in need by making online donations. Brantford Power employees held two donation campaigns and the utility supported the initiative by matching all employee donations. Thanks to the generosity of employees and company support, Brantford Power responded to the need in our community and donated a total of \$5,410 to the Brantford Food Bank in 2020.



Sheri Ojero, Manager, Communications and Stakeholder Relations for Brantford Power (right), provides a cheque for the first of two donations from Brantford Power to Ashley Singleton, Community Food Procurement Co-ordinator, at the Brantford Food Bank.

TO BECOME **STRONGER** TOGETHER

PROMOTING SAFE WORK PRACTICES TO STUDENTS ACROSS ONTARIO

In 2020, Brantford Power continued to promote safe work among youth with our partnership with safety champion Rob Ellis, Founder and President of 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.

We expanded our safety outreach to students that began in 2019 with the introduction of school safety sessions for elementary students. Brantford public and Catholic secondary schools and Six Nations Polytechnic participated in the Courageous Broadcast on April 27, 2020. Courageous is a broadcast that empowers students and workers to stand up to unsafe work.

Brantford Power also continued to participate in post-secondary safety sessions with MySafeWork and fellow safety leaders. A new virtual format was adopted in 2020 following the onset of COVID-19; allowing multiple colleges and universities to participate at the same time while abiding by safety precautions.



On February 5, 2020, Paul Kwasnik, CEO & President of Brantford Power, and Patricia Evans, Health & Safety Manager, joined Rob Ellis from MySafe Work (middle) and fellow safety champions from other utilities to speak with 400 Mohawk College skilled trades students about the importance of health and safety in the workplace.

DONATION TO HABITAT FOR HUMANITY BRANT-NORFOLK CHAPTER PROVIDES DOUBLE THE IMPACT



In August 2020, Brantford Power made a donation to the Brant-Norfolk Chapter of Habitat for Humanity Heartland Ontario to show our support during this difficult time and to secure a future Build Day for Brantford Power. Thanks to a matching donation campaign, Brantford Power donated \$5,000 and provided the added benefit of a matching \$5,000 donation from Habitat for Humanity's Matching Gift Partner VG Construction. The value-added donation secures Brantford Power employees a future Build Day to lend a hand with the Brantwood Park Project - one of the first of its kind in Brantford.

BEC 2020 FINANCIAL STATEMENTS

BRANTFORD ENERGY CORPORATION

The Brantford Energy Group of Companies recorded a \$1.97 million net income in 2020 compared to the \$2.89 million net income reported in 2019. This net income includes the 2020 operating results from Brantford Power Inc. and Brantford Hydro Inc.

BRANTFORD POWER INC.

Brantford Power Inc. reported a 2020 net income of \$1.73 million which exceeded budget expectations for the year. The 2020 net income decreased by 29.2% or \$715,000 compared to the \$2.45 million reported in 2019. The decrease in net income is attributable to an increase in operating expenses and income tax expense. 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 2020 net income of \$431,000, which exceeded budget expectations for the year. The 2020 net income decreased by 1.9% or \$8,000 from the \$439,000 reported in 2019. 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 5, 2021. 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	2020 (\$)	2019 (\$)
ASSETS		
Current assets	42,667,620	34,466,418
Property, plant and equipment	103,178,128	93,516,783
Other assets	4,654,447	4,175,102
TOTAL ASSETS	150,500,195	132,158,303
Regulatory assets	4,829,545	6,413,314
TOTAL ASSETS AND REGULATORY BALANCES	155,329,740	138,571,617
LIABILITIES		
Current liabilities	26,753,979	23,149,027
Long-term debt	61,204,723	50,651,279
Other liabilities	15,234,960	12,329,314
TOTAL LIABILITIES	103,193,662	86,129,620
SHAREHOLDER'S EQUITY		
Share capital	23,895,512	23,895,512
Retained earnings	28,082,802	27,262,440
Accumulated other comprehensive (loss) income	(1,498,266)	329,250
TOTAL EQUITY	50,480,048	51,487,202
TOTAL LIABILITIES & EQUITY	153,673,710	137,616,822
Regulatory liabilities	1,656,030	954,795
TOTAL LIABILITIES, EQUITY AND REGULATORY BALANCES	155,329,740	138,571,617

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

	2020 (\$)	2019 (\$)
REVENUE		
Sale of energy	127,505,201	111,743,409
Electricity distribution and service revenue	19,347,319	17,908,538
Fibre optic and retail service revenue	3,441,235	3,459,685
IESO conservation programs	304,847	1,553,047
Other revenue	1,311,348	680,685
	151,909,950	135,345,364
EXPENSES		
Cost of power purchased	125,347,147	118,301,973
Operations, maintenance and administration	14,797,404	13,617,270
IESO conservation programs	284,847	1,658,795
Other expenses	4,884,433	4,230,586
	145,313,831	137,808,624
Income (loss) from operating expenses	6,596,119	(2,463,260)
Finance income and costs		
Finance income	463,132	626,417
Finance costs	(1,713,516)	(1,779,583)
Income (loss) before income taxes and regulatory movement	5,345,735	(3,616,426)
Income tax expense	1,090,369	1,318,413
Net income (loss) before regulatory movement	4,255,366	(4,934,839)
Movement in regulatory balances, net of tax	(2,285,004)	7,819,884
Net income for the year and net movement in regulatory balances	1,970,362	2,885,045
Retained earnings - Beginning of year	27,262,440	25,529,997
Transitional Adjustment	-	(2,602)
Dividends paid	(1,150,000)	(1,150,000)
Retained earnings - End of year	28,082,802	27,262,440

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

	2020 (\$)	2019 (\$)
OPERATING ACTIVITIES		
Net income	1,970,362	2,885,045
Changes to net income not involving cash	8,330,916	(1,199,831)
Net change in non-cash working capital balances related to operations	890,039	2,045,323
	11,191,317	3,730,537
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(16,017,332)	(23,871,587)
Proceeds from disposal of property, plant and equipment	2,405,722	197,740
	(13,611,610)	(23,673,847)
FINANCING ACTIVITIES		
Proceeds of issuance of long-term debt	12,750,000	13,000,000
Repayment of long-term debt	(1,665,692)	(1,156,341)
Changes in current loans and other changes	(145,367)	(122,820)
Dividends paid	(1,150,000)	(1,150,000)
	9,788,941	10,570,839
Increase (decrease) in cash and cash equivalents	7,368,648	(9,372,471)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,117,473	17,489,944
CASH AND CASH EQUIVALENTS, END OF YEAR	15,486,121	8,117,473



BRANTFORD ENERGY CORPORATION

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