

20

Connecting our Community

16



TABLE OF CONTENTS

Board and Officers.....	3
A Message from the Chair and CEO.....	4
2016: In Review.....	6
Brantford Power at a Glance	8
Brantford Power's Commitments	9
Brantford Hydro: A Year of Growth and New Opportunities.....	10
2016 Financial Statement	12
Who We Are	15

Board and Officers

Brantford Energy Corporation (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:

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

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.

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

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

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 2016



Brantford Energy Corporation

Scott Saint, Chair
Councillor Richard Carpenter
(left Oct. 2016)
Craig Mann
Councillor Greg Martin
(joined November 2016)
Gerry Smits
Councillor John Utley
Peter Vicano



Brantford Power Inc.

Scott Saint, Chair
Councillor Richard Carpenter
(left Oct. 2016)
Craig Mann
Councillor Greg Martin
(joined Nov. 2016)
Neil Sandford
Terry Smith
Gerry Smits
Ron Stewart
Councillor John Utley
Peter Vicano



Brantford Hydro/ Brantford Generation Inc.*

Craig Mann, Chair
Councillor Richard Carpenter
(left Oct. 2016)
Councillor Greg Martin
(joined Nov. 2016)
Scott Saint
Gerry Smits
Councillor John Utley
Peter Vicano



Officers

Paul Kwasnik,
CEO & President

Brian D'Amboise,
CFO, Vice President,
Corporate Services &
Corporate Secretary

Executive Team Management

Paul Kwasnik,
CEO & President
Brantford Energy Corporation

Brian D'Amboise,
CFO & Vice President,
Corporate Affairs
Brantford Energy Corporation

Susan Tulloch,
Vice President,
Customer Service and Conservation
Brantford Power Inc.

Mark Simpson,
Vice President,
Operations and Engineering
Brantford Power Inc.

James Nagle
COO,
Brantford Hydro Inc. and
Brantford Generation Inc.

Auditor KPMG LLP

*In 2016, the Brantford Energy Corporation completed a sale of its operating assets to the City of Brantford.



A MESSAGE FROM THE CHAIR AND CEO

At Brantford Energy Corporation, we are committed to providing the City of Brantford and its residents and businesses with safe, reliable, efficient and locally-operated services. It is a goal that requires teamwork, a dedicated focus on the health and safety of our employees and the public, and constant communication with our customers and stakeholders.

2016 was a significant year of achievement for our businesses as we continued to work towards the strategic objectives established by our Board of Directors, and delivered financial performances that met or exceeded our goals. In setting this strategy, the Board of Directors looks for opportunities to align with the City of Brantford's goal of making our community a great place to work and live.

At Brantford Power, we remain mindful of our responsibility to our customers, and continue to take the necessary steps to balance rate impacts while building and maintaining a local distribution network to meet the community's needs. That is why we pursue opportunities to collaborate and work with other utilities to seek efficiencies. For example, in 2016, Brantford Power joined 12 other local distribution companies as a member of the GridSmartCity Cooperative.

Our customers come first in everything we do and we have maintained an open dialogue with residents and businesses to ensure that we are offering the best possible service, despite the changing and challenging landscape of the energy sector.

Our conservation team is committed to supporting local manufacturers, helping them to improve energy efficiency and save money. These conservation efforts have paid off for local manufacturers, including Hematite, recognized by Glenn Thibeault, Minister of Energy, in October for saving 1,903,496 kWh or approximately \$194,439 per year in electricity consumption, equivalent to the electricity used by 200 homes in a year.

This year, we reached beyond our everyday customer service feedback processes and invited the community to help us plan for the future, as we prepared our Cost of Service rate application for approval by the Ontario Energy Board. We shared our plans and solicited input in person, online and by phone, so that we can pursue a shared goal of prudent spending for today and a safe, reliable system for years to come.

Safety means more to us than just compliance with legislation – it is our daily commitment to our employees and the public. This is why we invest in programs and events that promote awareness of electrical safety.

We communicate with local contractors at our annual Powerline Safety Seminar and the community at large through our on-going sponsorship of the Children's Safety Village of Brant, with the goal of keeping our friends, neighbours and fellow Brantford residents safe. We are proud of Brantford Power's record of zero lost time accidents in 2016, and the recognition that we have received from the Infrastructure Health and Safety Association (IHSA) for our continued dedication to safety.

We understand that people rely on the everyday services that we provide to support their households and their livelihoods. That's why reliability is always front of mind in the work that we do. From small precautionary measures, like Brantford Power's tree trimming program, to major planning projects, our Distribution System Plan and smart grid technology, we are building a system that our community can rely on today, and that our next generation of customers can enjoy tomorrow.

Reliability also requires investment in technologies that help protect telecommunications services. At Brantford Hydro, this includes the completion of a major investment in its fibre optic network, providing a secondary point of distribution and fully autonomous transit redundancy – measures that allow us to optimize our network and make it one of the most resilient in Brantford.

Brantford Hydro and Enersure Home Comfort are dedicated to the community, because this is where we live and work. Maintaining a local presence is important to us, because we know that our customers are choosing to welcome our services into their homes and businesses. We are proud to earn their business: 2016 was Enersure's biggest year to date, with almost 370 new installations. As awareness of our services continues to grow, we remain focused on providing reliable, efficient solutions to meet our customers' needs.

The Brantford Energy Corporation is proud of the progress made in 2016 to connect our community, and the stories of success in the pages that follow. But our work is never complete. The industry and the marketplace are ever-changing, and we are committed to continued investments in solutions that modernize our businesses and provide the highest levels of service today and into the future.

None of this is possible without the continued commitment of our employees. From our Board of Directors, to the front line crews, working tirelessly to maintain services, to our customer service team, responding to questions and finding solutions, to the management teams working every day to find efficiencies and plan for the future, our people are at the root of our local presence. We thank them for their efforts, and look forward to sharing their accomplishments with you.



Scott Saint, Chair (second from right), Paul Kwasnik, CEO and President (far right).

2016: In Review

Recognized by Infrastructure Health and Safety Association (IHSA) for achieving ZeroQuest Outcomes Level III in March 2016.



On April 13, 53 local contractors and businesspeople attended our second annual Powerline Safety Seminar - a 130% increase over the 2015 seminar attendance.



Brantford Power completed its Distribution System Plan, detailing planned capital investments from 2017 to 2021. We used focus groups, online workbooks and in person meetings to consult with our community, to ensure that our plans meet our customers' needs and preferences.



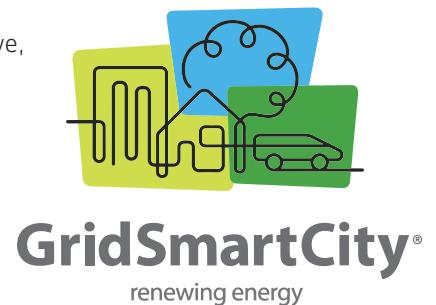
Every year, Brantford Power employees come together to raise funds for Participation House. In 2016, our annual Dan Ritchie BBQ raised over \$6,500 dollars for this local charity, which supports adults with physical disabilities.



More than 365 new Enersure Home Comfort customers welcomed us into their homes in 2016, our most successful year-to-date.



Brantford Power is now a member of the GridSmart City Cooperative, a collection of 13 local distribution companies working together to find efficiencies and share expertise and purchasing power, while maintaining local presence and autonomy.



Safety is our

number one priority. That's why we are proud sponsors of the Children's Safety Village and special events like Hallowe'en in the Village.



We partnered

with Metro on our Thanksgiving Stuff-a-Bucket Truck event, in support of the Brantford Food Bank. With the generous support of shoppers, we collected over 2,000 pounds of food and \$500 for those in need!



We are helping customers

save money and conserve electricity with initiatives like our Spring Coupon event. Together, we have achieved impressive results: in 2016, Brantford Power was recognized with the IESO's Target Champion Award.



Brantford Power is proud

to present the Annual Brantford Santa Claus Parade. We celebrated the Christmas Around the World theme with a nod to Canada's 150th Anniversary and a Classic Cabin Christmas.



Enersure Home Comfort

believes in bringing comfort to our community in other ways as well, such as supporting the Brantford Food Bank & Brant County SPCA. In total, we donated \$4,000 to community groups in 2016.



Brantford Power and

the Electrical Safety Authority (ESA) recognized Powerline Safety Week in May with a visit to an active McKay-Cocker Construction Ltd. site on Fen Ridge Court to deliver important powerline safety messages to local construction workers.



Brantford Power at a Glance

Building a network for the future

In 2016, Brantford Power completed its Distribution System Plan, providing a roadmap for safe, reliable service in our community over the next 5 years.



Putting customers first

94% of customers reported their overall satisfaction with Brantford Power.



Giving back where we live, work and play

We donated over \$18,500 to community events, including Participation House, the Children's Safety Village of Brant, Laurier Brantford students and the JCI Brantford Santa Claus Parade.



Powering Brantford

- 36,155 residences (up 3% over 2015).
- 3,285 local business and manufacturers (up 3% over 2015).



Health and Safety at work and in the community

- 250,000 hours worked without a lost time accident.
- Brantford residents scored 81% in the first ever Public Awareness of Electrical Safety Survey.



Keeping the lights on

On average, customers experienced less than 39 minutes of disruption for all of 2016.

Leading the way in conservation and demand management

From 2011 – 2015, Brantford Power and its customers reduced carbon dioxide emissions by 2,998 metric tonnes.

That's the equivalent of keeping 633 cars off the road for a year!

Brantford Power is committed to

Safety We are committed to health and safety, and are proud of our strong track record.

This year, Brantford Power was found to be fully compliant in a third-party audit conducted by the Electrical Safety Authority (ESA), covering management and oversight of the distribution system infrastructure, engineering, design, field construction, inspection, maintenance, and health and safety.



Reliability

Brantford Power is building a smart grid for the future. Our team has installed new smart grid equipment that will positively impact the reliability of our network, and provide customers with an improved electricity delivery experience.

This smart grid will eventually lead to us having the ability to remotely restore power to sections of downtown Brantford.

Efficiency

In 2016, Brantford Power completed the design of our new Financial Information System (FIS), which was ready to implement by year's end.

This new system allows us to automate processes that are manual and data-intensive, making it easier to report to the Ontario Energy Board and supporting the growth and development of our business.



Community

We understand our responsibility to the community of Brantford and to our customers.

In 2016, we welcomed the community's input during our Cost of Service rate application: we shared our five-year plan and its proposed rate impacts, and encouraged feedback at in-person consultations and through telephone surveys.

These conversations helped us to finalize a plan that ensures a sustainable distribution system for our community while also managing the impact on our customers' bills.



**BRANTFORD HYDRO: A YEAR OF GROWTH
AND
NEW
OPPORTUNITIES**

A commitment to local homes and business

We understand that the services we provide are crucial to 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. That's why we are here in the community to serve Brantford 24 hours a day, 7 days a week.



Enersure

Efforts to build brand awareness paid off with Enersure's strongest year to date.

More than 365 new rentals were installed over the course of the year – an increase of 9.3% from the previous year.

Performance in retrofits, water-softeners and tankless (on-demand) water tanks also exceeded targets in 2016.

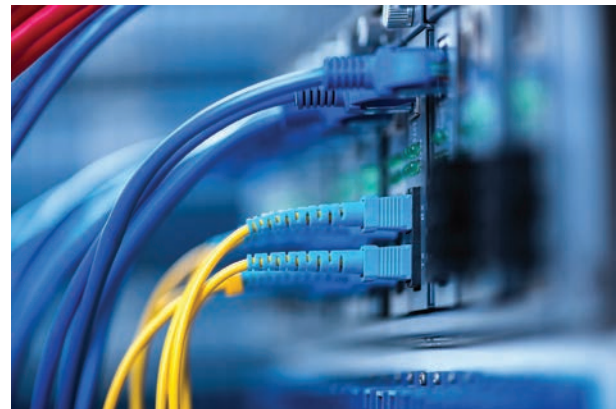
Part of this success is attributable to the addition of two new local contractors, allowing for the installation of more new units.

Through digital marketing and promotion - and by supporting the expansion of new home builds in our rapidly-growing region - we continue to shine a spotlight on Enersure as a top-tier provider of home comfort solutions.

NetOptiks

NetOptiks is dedicated to providing the most up-to-date, affordable, high-speed, high bandwidth telecommunications services to businesses, institutions and organizations in our community.

We set out in 2016 to complete a major investment in our network. The successful completion and integration of our secondary point of presence and data centre on Clarence Street and a new Cisco ASR Operating Platform are significant steps forward in optimizing our network and improving reliability.



Already one of the most resilient networks in Brantford, NetOptiks made further investments in reliability with the completion of a fully autonomous transit redundancy project, protecting customers from interruptions and downtime by strengthening the network.

We continue to expand in the private sector, offering customers a competitive product that supports their business beyond traditional telecommunications. A fast, reliable network has become a critical utility for business success and continuity, and we are proud to offer a great product at a great value.



2016

FINANCIAL STATEMENT

Brantford Energy Corporation (BEC)

The Brantford Energy Group of Companies recorded a \$14.8 million net income representing a significant improvement to the \$3.2 million net income reported in 2015. In addition to reflecting the operating results from Brantford Power Inc. and Brantford Hydro Inc., the Brantford Energy Corporation reported 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 2016 net income of \$1.9 million which exceeded budget expectations for the year. The resulting higher than expected net income is largely due to higher than expected distribution revenues, lower than planned operations and maintenance expenses and the receipt of \$320,000 in Conservation and Demand Management performance incentives. As a result of this favorable performance, Brantford Power Inc. continues to reflect a 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 2016 net income of \$573,000 which is a 20.6% or \$97,000 increase to the \$476,000 reported in 2015. This better than planned net income is attributable to improved operating margins in both the NetOptiks and Enersure business units, and reduced corporate overhead and business development costs for the year. As a result of this favorable performance, Brantford Hydro Inc. continues to reflect a 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 audited financial statements of Brantford Power Inc. and the consolidated financial statements of Brantford Energy Corporation are available on the companies' respective websites.

The following summary financial statements are based upon the audited financial statements upon which our auditors (KPMG LLP) expressed an unmodified opinion dated April 26, 2017.

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.

BEC SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2016 (\$)	2015 (\$)
ASSETS		
Current assets	39,974,661	39,233,279
Property, plant and equipment	69,515,911	68,477,555
Other assets	1,582,147	840,019
TOTAL ASSETS	111,072,719	108,550,853
Regulatory assets	3,951,867	6,897,781
TOTAL ASSETS and Regulatory Balances	115,024,586	115,448,634
LIABILITIES		
Current liabilities	19,040,695	33,058,747
Long-term debt	41,190,842	42,223,052
Other liabilities	4,589,041	3,155,057
TOTAL LIABILITIES	64,820,578	78,436,856
SHAREHOLDER'S EQUITY		
Capital stock	23,895,512	23,895,512
Retained earnings	21,720,595	8,117,796
Accumulated other comprehensive loss	690,279	715,416
TOTAL EQUITY	46,306,386	32,728,724
TOTAL LIABILITIES & EQUITY	111,126,964	111,165,580
Regulatory liabilities	3,897,622	4,283,054
Total Liabilities, Equity and Regulatory Balances	115,024,586	115,448,634

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

	2016 (\$)	2015 (\$)
REVENUE		
Sale of energy	122,179,183	110,089,757
Electricity distribution and service revenue	17,468,409	17,058,931
Fibre optic and retail service revenue	3,025,811	2,871,068
IESO conservation programs	2,152,870	2,537,140
Other revenue	559,541	738,421
	145,385,814	133,295,317
EXPENSES		
Cost of power purchased	120,083,640	108,636,420
Operations, maintenance and administration	12,221,249	11,160,836
IESO conservation programs	1,832,908	2,283,586
Other expenses	3,609,749	3,390,148
	137,747,546	125,470,990
Income from operating expenses	7,638,268	7,824,327
Finance income and costs		
Finance Income	422,429	370,366
Finance Costs	(1,948,845)	(2,531,804)
Income before the undernoted	6,111,852	5,662,889
Impairment of property, plant and equipment	-	286,638
Discontinued operations	(12,271,502)	(141,100)
Income before income taxes and regulatory movement	18,383,354	5,517,351
Income tax expense	1,070,074	1,374,756
Net income (loss) before regulatory movement	17,313,280	4,142,595
Movement in regulatory balances, net of tax	(2,560,482)	(975,414)
Net income for the year and net movement in regulatory balances	14,752,798	3,167,181
Retained earnings - Beginning of year	8,117,797	6,100,616
Dividends	(1,150,000)	(1,150,000)
Retained earnings - End of year	21,720,595	8,117,797

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

	2016 (\$)	2015 (\$)
OPERATING ACTIVITIES		
Net income (loss)	14,752,798	3,167,181
Changes to income not involving cash	4,608,487	6,754,031
Net change in non-cash working capital balances related to operations	(5,067,096)	(848,330)
	14,294,189	9,072,882
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and special deposits	(5,768,692)	(5,409,580)
Proceeds from disposal of property, plant and equipment	3,289,972	70,315
	(2,478,720)	(5,339,265)
FINANCING ACTIVITIES		
Gain on forgiveness of Infrastructure Ontario debt	(8,659,543)	-
Repayment of long-term debt	(4,405,676)	(1,316,424)
Dividends paid	(1,150,000)	(1,150,000)
	(14,215,219)	(2,466,424)
(Decrease) increase in cash and cash equivalents	(2,399,750)	1,267,193
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,726,360	13,459,167
CASH AND CASH EQUIVALENTS, END OF YEAR	12,326,610	14,726,360

Who We Are

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



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