

1 **PRO FORMA FINANCIAL STATEMENTS - 2012 AND 2013**

- 2 The Pro Forma Statements for the 2012 Bridge Year and the 2013 Test Year accompany this
3 Schedule as Appendix E and Appendix F respectively.

APPENDIX E
COPY OF BPI's
2012 PRO FORMA FINANCIAL STATEMENTS

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2012 BALANCE SHEET

Account Description	Total
1050-Current Assets	
1005-Cash	13,869,850
1010-Cash Advances and Working Funds	700
1020-Interest Special Deposits	0
1030-Dividend Special Deposits	0
1040-Other Special Deposits	1,117,270
1060-Term Deposits	0
1070-Current Investments	0
1100-Customer Accounts Receivable	9,450,000
1102-Accounts Receivable - Services	0
1104-Accounts Receivable - Recoverable Work	0
1105-Accounts Receivable - Merchandise, Jobbing, etc.	0
1110-Other Accounts Receivable	12,720
1120-Accrued Utility Revenues	8,541,314
1130-Accumulated Provision for Uncollectable Accounts -- Credit	(800,000)
1140-Interest and Dividends Receivable	0
1150-Rents Receivable	0
1170-Notes Receivable	0
1180-Prepayments	184,573
1190-Miscellaneous Current and Accrued Assets	0
1200-Accounts Receivable from Associated Companies	0
1210-Notes Receivable from Associated Companies	0
1050-Current Assets Total	32,376,427

1100-Inventory	
1305-Fuel Stock	0
1330-Plant Materials and Operating Supplies	1,502,142
1340-Merchandise	0
1350-Other Material and Supplies	0
1100-Inventory Total	1,502,142

1150-Non-Current Assets	
1405-Long Term Investments in Non-Associated Companies	0
1408-Long Term Receivable - Street Lighting Transfer	0
1410-Other Special or Collateral Funds	742,880
1415-Sinking Funds	0
1425-Unamortized Debt Expense	0
1445-Unamortized Discount on Long-Term Debt--Debit	0
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	0
1460-Other Non-Current Assets	0
1465-O.M.E.R.S. Past Service Costs	0
1470-Past Service Costs - Employee Future Benefits	0
1475-Past Service Costs -Other Pension Plans	0
1480-Portfolio Investments - Associated Companies	0

1485-Investment In Subsidiary Companies - Significant Influence	0
1490-Investment in Subsidiary Companies	0
1150-Non-Current Assets Total	742,880

1200-Other Assets and Deferred Charges	
1505-Unrecovered Plant and Regulatory Study Costs	0
1508-Other Regulatory Assets	890,197
1510-Preliminary Survey and Investigation Charges	0
1515-Emission Allowance Inventory	0
1516-Emission Allowance Withheld	0
1518-RCVA Retail	27,549
1521-Special Purpose Charge Assessment variance Account	0
1525-Miscellaneous Deferred Debits	82
1530-Deferred Losses from Disposition of Utility Plant	0
1531-Renewable Generation Connection Cap	8,921
1540-Deferred Losses from Disposition of Utility Plant	0
1545-Development Charge Deposits/ Receivables	0
1548-RCVA - Service Transaction Request (STR)	322,215
1550-LV Charges - Variance	0
1555-Smart Meters Recovery	5,309,287
1556-Smart Meters OM & A	910,401
1562-Deferred PILs	0
1563-Deferred PILs - Contra	642,290
1565-C & DM Costs	1,450
1566-C & DM Costs Contra	(1,450)
1568-LRAM Variance	0
1570-Qualifying Transition Costs	0
1571-Pre Market CofP Variance	0
1572-Extraordinary Event Losses	0
1574-Deferred Rate Impact Amounts	0
1580-RSVA - Wholesale Market Services	(2,350,638)
1582-RSVA - One-Time	351,954
1584-RSVA - Network Charges	290,175
1586-RSVA - Connection Charges	16,161
1588-RSVA - Commodity (Power)	(2,582,682)
1589-RSVA Global Adjustment	2,053,302
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	0
1592-PILs and Tax Variance for 2006 & Subsequent Years	0
1595-Disposition and Recovery of Regulatory Balances	(2,605,073)
1200-Other Assets and Deferred Charges Total	3,284,141

1450-Distribution Plant	
1805-Land	181,961
1806-Land Rights	70,668
1808-Buildings and Fixtures	1,163,732
1810-Leasehold Improvements	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	4,507,912
1820-Distribution Station Equipment - Normally Primary below 50 kV	74,427
1825-Storage Battery Equipment	0
1830-Poles, Towers and Fixtures	16,558,510

1835-Overhead Conductors and Devices	13,075,515
1840-Underground Conduit	13,805,349
1845-Underground Conductors and Devices	19,292,376
1850-Line Transformers	17,828,858
1855-Services	1,404,564
1860-Meters	4,149,912
1865-Other Installations on Customer's Premises	0
1450-Distribution Plant Total	92,113,783

1500-General Plant	
1905-Land	0
1906-Land Rights	0
1908-Buildings and Fixtures	0
1910-Leasehold Improvements	0
1915-Office Furniture and Equipment	5,000
1920-Computer Equipment - Hardware	1,000
1925-Computer Software	616,229
1930-Transportation Equipment	3,358,111
1935-Stores Equipment	0
1940-Tools, Shop and Garage Equipment	165,292
1945-Measurement and Testing Equipment	0
1950-Power Operated Equipment	0
1955-Communication Equipment	0
1960-Miscellaneous Equipment	0
1970-Load Management Controls - Customer Premises	0
1975-Load Management Controls - Utility Premises	0
1980-System Supervisory Equipment	743,319
1985-Sentinel Lighting Rentals	0
1990-Other Tangible Property	0
1995-Contributions and Grants	(4,475,073)
1500-General Plant Total	413,878

1550-Other Capital Assets	
2005-Property Under Capital Leases	0
2010-Electric Plant Purchased or Sold	0
2020-Experimental Electric Plant Unclassified	0
2030-Electric Plant and Equipment Leased to Others	0
2040-Electric Plant Held for Future Use	0
2050-Completed Construction Not Classified--Electric	0
2055-Construction Work in Progress--Electric	24,009
2060-Electric Plant Acquisition Adjustment	0
2065-Other Electric Plant Adjustment	0
2070-Other Utility Plant	0
2075-Non-Utility Property Owned or Under Capital Lease	0
1550-Other Capital Assets Total	24,009

1600-Accumulated Amortization	
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(32,227,071)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	0

2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	0
2160-Accumulated Amortization of Other Utility Plant	0
2180-Accumulated Amortization of Non-Utility Property	0
1600-Accumulated Amortization Total	(32,227,071)

Total Assets	98,230,188
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1650-Current Liabilities	
2205-Accounts Payable	10,845,244
2208-Customer Credit Balances	0
2210-Current Portion of Customer Deposits	1,117,270
2215-Dividends Declared	0
2220-Miscellaneous Current and Accrued Liabilities	(522,124)
2225-Notes and Loans Payable	0
2240-Accounts Payable to Associated Companies	1,140,000
2242-Notes Payable to Associated Companies	0
2250-Debt Retirement Charges (DRC) Payable	528,245
2252-Transmission Charges Payable	0
2254-Electric Safety Authority Fees Payable	0
2256-Independent Market Operator Fees and Penalties Payable	0
2260-Current Portion of Long Term Debt	991,134
2262-Ontario Hydro Debt - Current Portion	0
2264-Pensions and Employee Benefits - Current Portion	0
2268-Accrued Interest on Long Term Debt	1,419,904
2270-Matured Long Term Debt	0
2272-Matured Interest on Long Term Debt	0
2285-Obligations Under Capital Leases--Current	0
2290-Commodity Taxes	0
2292-Payroll Deductions / Expenses Payable	217,000
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(982,400)
2296-Future Income Taxes - Current	(212,000)
1650-Current Liabilities Total	14,542,273

1700-Non-Current Liabilities	
2305-Accumulated Provision for Injuries and Damages	0
2306-Employee Future Benefits	2,124,763
2308-Other Pensions - Past Service Liability	0
2310-Vested Sick Leave Liability	243,000
2315-Accumulated Provision for Rate Refunds	0
2320-Other Miscellaneous Non-Current Liabilities	0
2325-Obligations Under Capital Lease--Non-Current	0
2330-Development Charge Fund	0
2335-Long Term Customer Deposits	742,880
2340-Collateral Funds Liability	0
2345-Unamortized Premium on Long Term Debt	0
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	0
2350-Future Income Tax - Non-Current	(1,300,582)
2405-Other Regulatory Liabilities	0
2410-Deferred Gains From Disposition of Utility Plant	0

2415-Unamortized Gain on Reacquired Debt	0
2425-Other Deferred Credits	2,500,000
2440-Deferred Revenues	0
1700-Non-Current Liabilities Total	4,310,061

1800-Long-Term Debt	
2505-Debentures Outstanding - Long Term Portion	0
2510-Debenture Advances	15,930,193
2515-Required Bonds	0
2520-Other Long Term Debt	554,860
2525-Term Bank Loans - Long Term Portion	4,033,000
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0
2550-Advances from Associated Companies	24,189,168
1800-Long-Term Debt Total	44,707,221

1850-Shareholders' Equity	
3005-Common Shares Issued	22,437,505
3008-Preference Shares Issued	0
3010-Contributed Surplus	0
3020-Donations Received	0
3022-Development Charges Transferred to Equity	0
3026-Capital Stock Held in Treasury	0
3030-Miscellaneous Paid-In Capital	0
3035-Installments Received on Capital Stock	0
3040-Appropriated Retained Earnings	(424,437)
3045-Unappropriated Retained Earnings	12,401,720
3046-Balance Transferred From Income	1,005,845
3047-Appropriations of Retained Earnings - Current Period	0
3048-Dividends Payable-Preference Shares	0
3049-Dividends Payable-Common Shares	(750,000)
3055-Adjustment to Retained Earnings	0
3065-Unappropriated Undistributed Subsidiary Earnings	0
1850-Shareholders' Equity Total	34,670,633

Total Liabilities & Shareholder's Equity	98,230,188
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Balance Sheet Total	(0)
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2012 STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description	Total
3000-Sales of Electricity	
4006-Residential Energy Sales	(22,517,046)
4010-Commercial Energy Sales	0
4015-Industrial Energy Sales	0
4020-Energy Sales to Large Users	0
4025-Street Lighting Energy Sales	(530,840)
4030-Sentinel Energy Sales	(34,011)
4035-General Energy Sales	(46,161,137)
4040-Other Energy Sales to Public Authorities	0
4045-Energy Sales to Railroads and Railways	0
4050-Revenue Adjustment	(346,054)
4055-Energy Sales for Resale	(3,314,683)
4060-Interdepartmental Energy Sales	0
4062-WMS	(5,172,980)
4064-Billed WMS-One Time	0
4066-NS	(7,041,917)
4068-CS	(4,741,622)
4075-LV Charges	0
3000-Sales of Electricity Total	(89,860,290)
3050-Revenues From Services - Distirbution	
4080-Distribution Services Revenue	(14,156,066)
4080-2-SSS Revenue	(103,910)
4082-RS Rev	(31,557)
4084-Serv Tx Requests	(18,441)
4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total	(14,309,974)
3100-Other Operating Revenues	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(106,000)
4215-Other Utility Operating Income	0
4220-Other Electric Revenues	0
4225-Late Payment Charges	(122,798)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(403,588)
4240-Provision for Rate Refunds	0

4245-Government Assistance Directly Credited to Income	0
3100-Other Operating Revenues Total	(632,386)
3150-Other Income & Deductions	
4305-Regulatory Debits	0
4310-Regulatory Credits	0
4315-Revenues from Electric Plant Leased to Others	0
4320-Expenses of Electric Plant Leased to Others	0
4324-Special Purpose Charge Recovery	0
4325-Revenues from Merchandise, Jobbing, Etc.	0
4330-Costs and Expenses of Merchandising, Jobbing, Etc	0
4335-Profits and Losses from Financial Instrument Hedges	0
4340-Profits and Losses from Financial Instrument Investments	0
4345-Gains from Disposition of Future Use Utility Plant	0
4350-Losses from Disposition of Future Use Utility Plant	0
4355-Gain on Disposition of Utility and Other Property	0
4360-Loss on Disposition of Utility and Other Property	0
4365-Gains from Disposition of Allowances for Emission	0
4370-Losses from Disposition of Allowances for Emission	0
4375-Revenues from Non-Utility Operations	(3,897,395)
4380-Expenses of Non-Utility Operations	3,897,395
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(12,800)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total	(12,800)
3200-Investment Income	
4405-Interest and Dividend Income	(271,024)
4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total	(271,024)
3350-Power Supply Expenses	
4705-Power Purchased	72,903,663
4708-WMS	5,173,092
4710-Cost of Power Adjustments	0
4712-0	0
4714-NW	7,041,917
4715-System Control and Load Dispatching	0

4716-NCN	4,741,621
4720-Other Expenses	0
4725-Competition Transition Expense	0
4730-Rural Rate Assistance Expense	0
4750-LV Charges	0
3350-Power Supply Expenses Total	89,860,293

3500-Distribution Expenses - Operation	
5005-Operation Supervision and Engineering	226,223
5010-Load Dispatching	45,927
5012-Station Buildings and Fixtures Expense	29,252
5014-Transformer Station Equipment - Operation Labour	7,906
5015-Transformer Station Equipment - Operation Supplies and Expenses	75,365
5016-Distribution Station Equipment - Operation Labour	1,743
5017-Distribution Station Equipment - Operation Supplies and Expenses	400
5020-Overhead Distribution Lines and Feeders - Operation Labour	985
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	10,893
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers - Operation	2,989
5040-Underground Distribution Lines and Feeders - Operation Labour	670
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	9,508
5050-Underground Subtransmission Feeders - Operation	0
5055-Underground Distribution Transformers - Operation	665
5060-Street Lighting and Signal System Expense	0
5065-Meter Expense	464,155
5070-Customer Premises - Operation Labour	710
5075-Customer Premises - Materials and Expenses	0
5085-Miscellaneous Distribution Expense	221,832
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	7,343
5096-Other Rent	4,732
3500-Distribution Expenses - Operation Total	1,111,298

3550-Distribution Expenses - Maintenance	
5105-Maintenance Supervision and Engineering	432,478
5110-Maintenance of Structures	1,559
5112-Maintenance of Transformer Station Equipment	0
5114-Maint Dist Stn Equip	6,747
5120-Maintenance of Poles, Towers and Fixtures	32,442

5125-Maintenance of Overhead Conductors and Devices	184,573
5130-Maintenance of Overhead Services	192,135
5135-Overhead Distribution Lines and Feeders - Right of Way	415,898
5145-Maintenance of Underground Conduit	52,661
5150-Maintenance of Underground Conductors and Devices	70,158
5155-Maintenance of Underground Services	109,059
5160-Maintenance of Line Transformers	305,006
5165-Maintenance of Street Lighting and Signal Systems	0
5170-Sentinel Lights - Labour	0
5172-Sentinel Lights - Materials and Expenses	0
5175-Maintenance of Meters	153
5178-Customer Installations Expenses - Leased Property	0
5195-Maintenance of Other Installations on Customer Premises	0
3550-Distribution Expenses - Maintenance Total	1,802,869
3650-Billing and Collecting	
5305-Supervision	223,136
5310-Meter Reading Expense	274,993
5315-Customer Billing	542,425
5320-Collecting	359,916
5325-Collecting - Cash Over and Short	0
5330-Collection Charges	1,000
5335-Bad Debt Expense	300,000
5340-Miscellaneous Customer Accounts Expenses	506,862
3650-Billing and Collecting Total	2,208,332
3700-Community Relations	
5405-Supervision	0
5410-Community Relations - Sundry	156,330
5415-Energy Conservation	0
5420-Community Safety Program	12,807
5425-Miscellaneous Customer Service and Informational Expenses	0
3700-Community Relations Total	169,137
3800-Administrative and General Expenses	
5605-Executive Salaries and Expenses	533,369
5610-Management Salaries and Expenses	340,676
5615-General Administrative Salaries and Expenses	875,651
5620-Office Supplies and Expenses	58,468

5625-Administrative Expense Transferred-Credit	0
5630-Outside Services Employed	138,735
5635-Property Insurance	100,861
5640-Injuries and Damages	0
5645-Employee Pensions and Benefits	302,000
5650-Franchise Requirements	57,569
5655-Regulatory Expenses	135,500
5660-General Advertising Expenses	13,600
5665-Miscellaneous Expenses	8,341
5670-Rent	0
5675-Maintenance of General Plant	0
5680-Electrical Safety Authority Fees	16,400
5681-Special Purpose Charge Expense	0
5685-Independent Market Operator Fees and Penalties	60,000
5695-OM&A Contra Account	(120,132)
3800-Administrative and General Expenses Total	2,521,038

3850-Amortization Expense	
5705-Amortization Expense - Property, Plant and Equipment	3,837,203
5710-Amortization of Limited Term Electric Plant	0
5715-Amortization of Intangibles and Other Electric Plant	0
5720-Amortization of Electric Plant Acquisition Adjustments	0
5725-Miscellaneous Amortization	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
5735-Amortization of Deferred Development Costs	0
5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total	3,837,203

3900-Interest Expense	
6005-Interest on Long Term Debt	745,070
6010-Amortization of Debt Discount and Expense	0
6015-Amortization of Premium on Debt-Credit	0
6020-Amortization of Loss on Reacquired Debt	0
6025-Amortization of Gain on Reacquired Debt-Credit	0
6030-Interest on Debt to Associated Companies	1,419,904
6035-Other Interest Expense	161,488
6040-Allowance for Borrowed Funds Used During Construction-Credit	0
6042-Allowance for Other Funds Used During Construction	(46,000)
6045-Interest Expense on Capital Lease Obligations	0

3900-Interest Expense Total	2,280,462
3950-Taxes Other Than Income Taxes	
6105-Taxes Other Than Income Taxes	5,091
3950-Taxes Other Than Income Taxes Total	5,091
4000-Income Taxes	
6110-Income Taxes	(151,499)
6115-Provision for Future Income Taxes	436,405
4000-Income Taxes Total	284,906
4100-Extraordinary & Other Items	
6205-Donations	0
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
4100-Extraordinary & Other Items Total	0
Net Income - (Gain)/Loss	(1,005,845)

APPENDIX F
COPY OF BPI's
2013 PRO FORMA FINANCIAL STATEMENTS

2013 BALANCE SHEET

Account Description	Total
1050-Current Assets	
1005-Cash	10,614,700
1010-Cash Advances and Working Funds	700
1020-Interest Special Deposits	0
1030-Dividend Special Deposits	0
1040-Other Special Deposits	1,125,000
1060-Term Deposits	0
1070-Current Investments	0
1100-Customer Accounts Receivable	9,639,000
1102-Accounts Receivable - Services	0
1104-Accounts Receivable - Recoverable Work	0
1105-Accounts Receivable - Merchandise, Jobbing, etc.	0
1110-Other Accounts Receivable	0
1120-Accrued Utility Revenues	8,765,755
1130-Accumulated Provision for Uncollectable Accounts -- Credit	(816,000)
1140-Interest and Dividends Receivable	0
1150-Rents Receivable	0
1170-Notes Receivable	0
1180-Prepayments	153,529
1190-Miscellaneous Current and Accrued Assets	0
1200-Accounts Receivable from Associated Companies	0
1210-Notes Receivable from Associated Companies	0
1050-Current Assets Total	29,482,684

1100-Inventory	
1305-Fuel Stock	0
1330-Plant Materials and Operating Supplies	1,502,142
1340-Merchandise	0
1350-Other Material and Supplies	0
1100-Inventory Total	1,502,142

1150-Non-Current Assets	
1405-Long Term Investments in Non-Associated Companies	0
1408-Long Term Receivable - Street Lighting Transfer	0
1410-Other Special or Collateral Funds	500,000
1415-Sinking Funds	0
1425-Unamortized Debt Expense	0

1445-Unamortized Discount on Long-Term Debt--Debit	0
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	0
1460-Other Non-Current Assets	0
1465-O.M.E.R.S. Past Service Costs	0
1470-Past Service Costs - Employee Future Benefits	0
1475-Past Service Costs -Other Pension Plans	0
1480-Portfolio Investments - Associated Companies	0
1485-Investment In Subsidiary Companies - Significant Influence	0
1490-Investment in Subsidiary Companies	0
1150-Non-Current Assets Total	500,000

1200-Other Assets and Deferred Charges	
1505-Unrecovered Plant and Regulatory Study Costs	0
1508-Other Regulatory Assets	1,090,695
1510-Preliminary Survey and Investigation Charges	0
1515-Emission Allowance Inventory	0
1516-Emission Allowance Withheld	0
1518-RCVA Retail	26,069
1521-Special Purpose Charge Assessment variance Account	0
1525-Miscellaneous Deferred Debits	82
1530-Deferred Losses from Disposition of Utility Plant	0
1531-Renewable Generation Connection Cap	9,048
1540-Deferred Losses from Disposition of Utility Plant	0
1545-Development Charge Deposits/ Receivables	0
1548-RCVA - Service Transaction Request (STR)	336,284
1550-LV Charges - Variance	0
1555-Smart Meters Recovery	973,287
1556-Smart Meters OM & A	965,741
1562-Deferred PILs	0
1563-Deferred PILs - Contra	(48,847)
1565-C & DM Costs	1,450
1566-C & DM Costs Contra	(1,450)
1568-LRAM Variance	0
1570-Qualifying Transition Costs	0
1571-Pre Market CofP Variance	0
1572-Extraordinary Event Losses	0
1574-Deferred Rate Impact Amounts	0
1580-RSVA - Wholesale Market Services	(1,648,435)
1582-RSVA - One-Time	355,849

1584-RSVA - Network Charges	860,012
1586-RSVA - Connection Charges	474,764
1588-RSVA - Commodity (Power)	(2,281,778)
1589-RSVA Global Adjustment	731,277
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	0
1592-PILs and Tax Variance for 2006 & Subsequent Years	0
1595-Disposition and Recovery of Regulatory Balances	(1,028,595)
1200-Other Assets and Deferred Charges Total	815,453

1450-Distribution Plant	
1805-Land	181,961
1806-Land Rights	70,668
1808-Buildings and Fixtures	1,163,732
1810-Leasehold Improvements	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	4,507,912
1820-Distribution Station Equipment - Normally Primary below 50 kV	74,427
1825-Storage Battery Equipment	0
1830-Poles, Towers and Fixtures	16,773,510
1835-Overhead Conductors and Devices	14,033,515
1840-Underground Conduit	13,840,349
1845-Underground Conductors and Devices	20,148,476
1850-Line Transformers	18,330,858
1855-Services	1,514,564
1860-Meters	9,684,747
1865-Other Installations on Customer's Premises	0
1450-Distribution Plant Total	100,324,718

1500-General Plant	
1905-Land	0
1906-Land Rights	0
1908-Buildings and Fixtures	0
1910-Leasehold Improvements	0
1915-Office Furniture and Equipment	5,000
1920-Computer Equipment - Hardware	120,439
1925-Computer Software	928,192
1930-Transportation Equipment	3,558,111
1935-Stores Equipment	0
1940-Tools, Shop and Garage Equipment	190,292
1945-Measurement and Testing Equipment	0

1950-Power Operated Equipment	0
1955-Communication Equipment	0
1960-Miscellaneous Equipment	0
1970-Load Management Controls - Customer Premises	0
1975-Load Management Controls - Utility Premises	0
1980-System Supervisory Equipment	893,319
1985-Sentinel Lighting Rentals	0
1990-Other Tangible Property	0
1995-Contributions and Grants	(4,678,513)
1500-General Plant Total	1,016,840

1550-Other Capital Assets	
2005-Property Under Capital Leases	0
2010-Electric Plant Purchased or Sold	0
2020-Experimental Electric Plant Unclassified	0
2030-Electric Plant and Equipment Leased to Others	0
2040-Electric Plant Held for Future Use	0
2050-Completed Construction Not Classified--Electric	0
2055-Construction Work in Progress--Electric	24,009
2060-Electric Plant Acquisition Adjustment	0
2065-Other Electric Plant Adjustment	0
2070-Other Utility Plant	0
2075-Non-Utility Property Owned or Under Capital Lease	0
1550-Other Capital Assets Total	24,009

1600-Accumulated Amortization	
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(36,392,925)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	0
2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	0
2160-Accumulated Amortization of Other Utility Plant	0
2180-Accumulated Amortization of Non-Utility Property	0
1600-Accumulated Amortization Total	(36,392,925)

Total Assets	97,272,921
---------------------	-------------------

1650-Current Liabilities	
2205-Accounts Payable	10,979,891
2208-Customer Credit Balances	0
2210-Current Portion of Customer Deposits	1,125,000

2215-Dividends Declared	0
2220-Miscellaneous Current and Accrued Liabilities	0
2225-Notes and Loans Payable	0
2240-Accounts Payable to Associated Companies	1,162,800
2242-Notes Payable to Associated Companies	0
2250-Debt Retirement Charges (DRC) Payable	468,130
2252-Transmission Charges Payable	0
2254-Electric Safety Authority Fees Payable	0
2256-Independent Market Operator Fees and Penalties Payable	0
2260-Current Portion of Long Term Debt	1,038,479
2262-Ontario Hydro Debt - Current Portion	0
2264-Pensions and Employee Benefits - Current Portion	0
2268-Accrued Interest on Long Term Debt	1,419,904
2270-Matured Long Term Debt	0
2272-Matured Interest on Long Term Debt	0
2285-Obligations Under Capital Leases--Current	0
2290-Commodity Taxes	0
2292-Payroll Deductions / Expenses Payable	0
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(314,176)
2296-Future Income Taxes - Current	(216,240)
1650-Current Liabilities Total	15,663,788

1700-Non-Current Liabilities	
2305-Accumulated Provision for Injuries and Damages	0
2306-Employee Future Benefits	2,167,258
2308-Other Pensions - Past Service Liability	0
2310-Vested Sick Leave Liability	74,460
2315-Accumulated Provision for Rate Refunds	0
2320-Other Miscellaneous Non-Current Liabilities	0
2325-Obligations Under Capital Lease--Non-Current	0
2330-Development Charge Fund	0
2335-Long Term Customer Deposits	500,000
2340-Collateral Funds Liability	0
2345-Unamortized Premium on Long Term Debt	0
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	0
2350-Future Income Tax - Non-Current	(379,762)
2405-Other Regulatory Liabilities	0
2410-Deferred Gains From Disposition of Utility Plant	0
2415-Unamortized Gain on Reacquired Debt	0

2425-Other Deferred Credits	1,250,000
2440-Deferred Revenues	0
1700-Non-Current Liabilities Total	3,611,956

1800-Long-Term Debt	
2505-Debentures Outstanding - Long Term Portion	0
2510-Debenture Advances	15,445,714
2515-Required Bonds	0
2520-Other Long Term Debt	565,957
2525-Term Bank Loans - Long Term Portion	3,479,000
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0
2550-Advances from Associated Companies	24,189,168
1800-Long-Term Debt Total	43,679,839

1850-Shareholders' Equity	
3005-Common Shares Issued	22,437,505
3008-Preference Shares Issued	0
3010-Contributed Surplus	0
3020-Donations Received	0
3022-Development Charges Transferred to Equity	0
3026-Capital Stock Held in Treasury	0
3030-Miscellaneous Paid-In Capital	0
3035-Installments Received on Capital Stock	0
3040-Appropriated Retained Earnings	(485,837)
3045-Unappropriated Retained Earnings	12,471,066
3046-Balance Transferred From Income	644,604
3047-Appropriations of Retained Earnings - Current Period	0
3048-Dividends Payable-Preference Shares	0
3049-Dividends Payable-Common Shares	(750,000)
3055-Adjustment to Retained Earnings	0
3065-Unappropriated Undistributed Subsidiary Earnings	0
1850-Shareholders' Equity Total	34,317,338

Total Liabilities & Shareholder's Equity	97,272,921
Balance Sheet Total	(0)

2013 STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description	Total
3000-Sales of Electricity	
4006-Residential Energy Sales	(24,527,477)
4010-Commercial Energy Sales	0
4015-Industrial Energy Sales	0
4020-Energy Sales to Large Users	0
4025-Street Lighting Energy Sales	(681,375)
4030-Sentinel Energy Sales	(40,008)
4035-General Energy Sales	(52,633,295)
4040-Other Energy Sales to Public Authorities	0
4045-Energy Sales to Railroads and Railways	0
4050-Revenue Adjustment	151,688
4055-Energy Sales for Resale	(3,686,100)
4060-Interdepartmental Energy Sales	0
4062-WMS	(5,331,110)
4064-Billed WMS-One Time	0
4066-NS	(6,795,513)
4068-CS	(4,479,637)
4075-LV Charges	0
3000-Sales of Electricity Total	(98,022,827)
3050-Revenues From Services - Distirbution	
4080-Distribution Services Revenue	(14,365,044)
4080-2-SSS Revenue	(104,830)
4082-RS Rev	(38,639)
4084-Serv Tx Requests	(11,660)
4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total	(14,520,173)
3100-Other Operating Revenues	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(108,120)
4215-Other Utility Operating Income	0
4220-Other Electric Revenues	0
4225-Late Payment Charges	(120,000)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(422,134)
4240-Provision for Rate Refunds	0

4245-Government Assistance Directly Credited to Income	0
3100-Other Operating Revenues Total	(650,254)
3150-Other Income & Deductions	
4305-Regulatory Debits	0
4310-Regulatory Credits	0
4315-Revenues from Electric Plant Leased to Others	0
4320-Expenses of Electric Plant Leased to Others	0
4324-Special Purpose Charge Recovery	0
4325-Revenues from Merchandise, Jobbing, Etc.	0
4330-Costs and Expenses of Merchandising, Jobbing, Etc	0
4335-Profits and Losses from Financial Instrument Hedges	0
4340-Profits and Losses from Financial Instrument Investments	0
4345-Gains from Disposition of Future Use Utility Plant	0
4350-Losses from Disposition of Future Use Utility Plant	0
4355-Gain on Disposition of Utility and Other Property	0
4360-Loss on Disposition of Utility and Other Property	0
4365-Gains from Disposition of Allowances for Emission	0
4370-Losses from Disposition of Allowances for Emission	0
4375-Revenues from Non-Utility Operations	(5,165,361)
4380-Expenses of Non-Utility Operations	5,165,361
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(20,000)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total	(20,000)
3200-Investment Income	
4405-Interest and Dividend Income	(275,539)
4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total	(275,539)
3350-Power Supply Expenses	
4705-Power Purchased	81,416,568
4708-WMS	5,331,110
4710-Cost of Power Adjustments	0
4712-0	0
4714-NW	6,795,513
4715-System Control and Load Dispatching	0

4716-NCN	4,479,637
4720-Other Expenses	0
4725-Competition Transition Expense	0
4730-Rural Rate Assistance Expense	0
4750-LV Charges	0
3350-Power Supply Expenses Total	98,022,828

3500-Distribution Expenses - Operation	
5005-Operation Supervision and Engineering	273,250
5010-Load Dispatching	114,745
5012-Station Buildings and Fixtures Expense	29,322
5014-Transformer Station Equipment - Operation Labour	24,787
5015-Transformer Station Equipment - Operation Supplies and Expenses	102,609
5016-Distribution Station Equipment - Operation Labour	1,962
5017-Distribution Station Equipment - Operation Supplies and Expenses	520
5020-Overhead Distribution Lines and Feeders - Operation Labour	1,962
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	12,752
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers - Operation	5,154
5040-Underground Distribution Lines and Feeders - Operation Labour	0
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	11,990
5050-Underground Subtransmission Feeders - Operation	0
5055-Underground Distribution Transformers - Operation	0
5060-Street Lighting and Signal System Expense	0
5065-Meter Expense	593,094
5070-Customer Premises - Operation Labour	5,292
5075-Customer Premises - Materials and Expenses	0
5085-Miscellaneous Distribution Expense	329,209
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	25,403
5096-Other Rent	44,455
3500-Distribution Expenses - Operation Total	1,576,506

3550-Distribution Expenses - Maintenance	
5105-Maintenance Supervision and Engineering	499,599
5110-Maintenance of Structures	2,158
5112-Maintenance of Transformer Station Equipment	0
5114-Maint Dist Stn Equip	9,805
5120-Maintenance of Poles, Towers and Fixtures	75,414

5125-Maintenance of Overhead Conductors and Devices	242,022
5130-Maintenance of Overhead Services	247,604
5135-Overhead Distribution Lines and Feeders - Right of Way	499,535
5145-Maintenance of Underground Conduit	56,902
5150-Maintenance of Underground Conductors and Devices	82,311
5155-Maintenance of Underground Services	124,877
5160-Maintenance of Line Transformers	192,863
5165-Maintenance of Street Lighting and Signal Systems	0
5170-Sentinel Lights - Labour	0
5172-Sentinel Lights - Materials and Expenses	0
5175-Maintenance of Meters	0
5178-Customer Installations Expenses - Leased Property	0
5195-Maintenance of Other Installations on Customer Premises	0
3550-Distribution Expenses - Maintenance Total	2,033,090
3650-Billing and Collecting	
5305-Supervision	292,372
5310-Meter Reading Expense	240,556
5315-Customer Billing	964,616
5320-Collecting	536,496
5325-Collecting - Cash Over and Short	0
5330-Collection Charges	500
5335-Bad Debt Expense	306,000
5340-Miscellaneous Customer Accounts Expenses	522,675
3650-Billing and Collecting Total	2,863,215
3700-Community Relations	
5405-Supervision	0
5410-Community Relations - Sundry	152,526
5415-Energy Conservation	0
5420-Community Safety Program	19,051
5425-Miscellaneous Customer Service and Informational Expenses	61,200
3700-Community Relations Total	232,777
3800-Administrative and General Expenses	
5605-Executive Salaries and Expenses	729,401
5610-Management Salaries and Expenses	384,158
5615-General Administrative Salaries and Expenses	582,990
5620-Office Supplies and Expenses	80,250

5625-Administrative Expense Transferred-Credit	0
5630-Outside Services Employed	220,000
5635-Property Insurance	133,133
5640-Injuries and Damages	0
5645-Employee Pensions and Benefits	108,000
5650-Franchise Requirements	59,000
5655-Regulatory Expenses	144,500
5660-General Advertising Expenses	40,000
5665-Miscellaneous Expenses	(1,995)
5670-Rent	0
5675-Maintenance of General Plant	0
5680-Electrical Safety Authority Fees	19,000
5681-Special Purpose Charge Expense	0
5685-Independent Market Operator Fees and Penalties	0
5695-OM&A Contra Account	0
3800-Administrative and General Expenses Total	2,498,437

3850-Amortization Expense	
5705-Amortization Expense - Property, Plant and Equipment	2,995,584
5710-Amortization of Limited Term Electric Plant	0
5715-Amortization of Intangibles and Other Electric Plant	0
5720-Amortization of Electric Plant Acquisition Adjustments	0
5725-Miscellaneous Amortization	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
5735-Amortization of Deferred Development Costs	0
5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total	2,995,584

3900-Interest Expense	
6005-Interest on Long Term Debt	921,760
6010-Amortization of Debt Discount and Expense	0
6015-Amortization of Premium on Debt-Credit	0
6020-Amortization of Loss on Reacquired Debt	0
6025-Amortization of Gain on Reacquired Debt-Credit	0
6030-Interest on Debt to Associated Companies	1,419,904
6035-Other Interest Expense	135,144
6040-Allowance for Borrowed Funds Used During Construction-Credit	0
6042-Allowance for Other Funds Used During Construction	0
6045-Interest Expense on Capital Lease Obligations	0

3900-Interest Expense Total	2,476,808
3950-Taxes Other Than Income Taxes	
6105-Taxes Other Than Income Taxes	12,000
3950-Taxes Other Than Income Taxes Total	12,000
4000-Income Taxes	
6110-Income Taxes	(783,636)
6115-Provision for Future Income Taxes	916,580
4000-Income Taxes Total	132,944
4100-Extraordinary & Other Items	
6205-Donations	0
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
4100-Extraordinary & Other Items Total	0
Net Income - (Gain)/Loss	(644,604)

1 **RECONCILIATION BETWEEN PRO FORMA STATEMENTS AND REVENUE DEFICIENCY**
2 **STATEMENTS**

3 No reconciliation is required between the 2013 Pro Forma financial statements and the revenue deficiency
4 statement.

INFORMATION ON AFFILIATES

Brantford Energy Corporation [“BEC”] is the parent company of BPI. It is wholly owned by the Corporation of the City of Brantford. Copies of BEC’s consolidated and non-consolidated 2011 Audited financial statements accompany this Schedule as Appendix G. A copy of the BEC Annual Report is attached as Appendix H.

Two other companies, Brantford Hydro Inc. [“BHI”] and Brantford Generation Inc. [“BGI”], are also wholly owned by BEC.

BPI purchases various services from its affiliate, the Corporation of the City of Brantford under a Services Agreement.

APPENDIX G

**BEC NON-CONSOLIDATED & BEC CONSOLIDATED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Non-Consolidated Financial Statements of

Brantford Energy Corporation

December 31, 2011

Brantford Energy Corporation

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December 31, 2011

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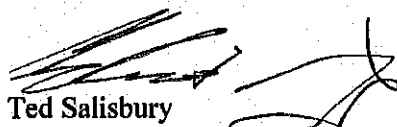
Brantford Energy Corporation
Management Report
December 31, 2011


The accompanying non-consolidated financial statements are the responsibility of management of Brantford Energy Corporation (the Company). In management's opinion, these non-consolidated financial statements prepared by management, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles are solely for the information and use of the board of directors of the Company and the provincial corporate tax authorities for corporate tax purposes. Management has selected accounting principles and methods that are appropriate to the Company's circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. The notes to the financial statements and any other supplementary information presented are consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, that transactions are properly authorized and that the Company's assets are properly accounted for and adequately safeguarded.

The non-consolidated financial statements have been examined by Deloitte & Touche LLP, the external auditors of the Company. The responsibility of the external auditors is to express their opinion on whether the non-consolidated financial statements are fairly presented, in all material respects, in accordance with the basis of accounting described in note 2 to the non-consolidated financial statements.

The board of directors, through the finance committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The finance committee meets periodically with management, as well with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting. The finance committee also reviews the financial statements and annual report and recommends their approval to the board of directors. Deloitte & Touche LLP has full and free access to the finance committee, with and without the presence of management.


Ted Salisbury
Chief Executive Officer
April 12, 2012


Brian D'Amboise, CA
Chief Financial Officer
April 12, 2012

Independent Auditor's Report

To the Board of Directors of
Brantford Energy Corporation

We have audited the accompanying non-consolidated financial statements of Brantford Energy Corporation, which comprise the non-consolidated balance sheet as at December 31, 2011, and the non-consolidated statements of retained earnings, operations and comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting described in Note 2 of the non-consolidated financial statements.

Management's responsibility for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the basis of accounting described in Note 2 of the non-consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the non-consolidated financial statements present fairly, in all material respects, the financial position of Brantford Energy Corporation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 of the non-consolidated financial statements.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist Brantford Energy Corporation to meet the requirements of their shareholder. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the shareholder of Brantford Energy Corporation and should not be distributed or used by parties other than the shareholder of Brantford Energy Corporation.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 12, 2012

Brantford Energy Corporation
Non-Consolidated Balance Sheet
as at December 31, 2011

Assets	<u>2011</u>	<u>2010</u>
	\$	\$
Current Assets		
Cash and cash equivalents	46,149	33,598
Accounts receivable	2,492	4,786
Due from subsidiaries - note 4	67,372	75,786
Prepaid expenses	1,117	1,117
	117,130	115,287
Long-Term Prepaid Expenses	3,560	4,677
Investment in Subsidiaries - note 5	23,825,511	23,825,511
	23,946,201	23,945,475

Liabilities and Shareholder's Equity

Current Liabilities		
Accounts payable and accrued liabilities	10,704	8,853
Accounts payable to the City of Brantford - note 6	39,985	41,110
	50,689	49,963

Contingent Liabilities - note 7

Shareholder's Equity		
Share capital - note 8	23,895,512	23,895,512
	23,946,201	23,945,475

Signed on behalf of the Board:

Director

Director

Brantford Energy Corporation
Non-Consolidated Statement of Retained Earnings
for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Retained Earnings, Beginning of Year	-	-
Net Income	1,800,000	1,050,000
Dividends	(1,800,000)	(1,050,000)
Retained Earnings, End of Year	-	-

Brantford Energy Corporation

Non-Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Revenue		
Dividend income	1,800,000	1,050,000
Management fees - note 6	251,735	206,875
Interest income	2,002	692
Other income	-	300
	<u>2,053,737</u>	<u>1,257,867</u>
Expenses		
General administration	253,673	207,726
Capital tax	64	141
	<u>253,737</u>	<u>207,867</u>
Net Income	1,800,000	1,050,000
Comprehensive Income	-	-
Net Income and Comprehensive Income	<u>1,800,000</u>	<u>1,050,000</u>

Brantford Energy Corporation
Non-Consolidated Statement of Cash Flows
for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Operating activities		
Net income	1,800,000	1,050,000
Changes in non-cash working capital components - note 9	12,551	(1,346)
	<u>1,812,551</u>	<u>1,048,654</u>
Financing activity		
Dividends paid	(1,800,000)	(1,050,000)
	<u>(1,800,000)</u>	<u>(1,050,000)</u>
Increase (decrease) in cash and cash equivalents	12,551	(1,346)
Cash and cash equivalents, beginning of year	33,598	34,944
Cash and cash equivalents, end of year	<u>46,149</u>	<u>33,598</u>
Supplemental disclosure of cash flows		
Interest received	2,026	748
Payments in lieu of corporate income taxes paid	64	141

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements for the year ended December 31, 2011

1. Incorporation

On March 1, 2000, Brantford Energy Corporation (the Company) was incorporated under the Business Corporations Act (Ontario) along with its wholly-owned subsidiary companies, Brantford Hydro Inc. and Brantford Power Inc. A third wholly-owned subsidiary company, Brantford Generation Inc., was incorporated in 2007. The Company is wholly owned by The Corporation of the City of Brantford. The incorporations were pursuant to the provisions of the Energy Competition Act, 1998.

The principal business of the Company is to oversee the operations of Brantford Power Inc., providing regulated electricity distribution services, Brantford Hydro Inc., providing fibre optics networks, water heater rental, sentinel lighting and other equipment rental services and Brantford Generation Inc., providing electricity generation.

2. Accounting Policies

Basis of accounting

The financial statements of the Company have been prepared in accordance with the significant accounting policies set out below. These financial statements materially differ from Canadian generally accepted accounting principles (GAAP) because they are non-consolidated. The Company's investment in its subsidiary companies have been recorded at cost. Earnings from the investments are recognized only to the extent dividends are received or receivable. For a more informative presentation of the financial statements of the Company, reference should be made to the consolidated financial statements for the same period.

Payments in lieu of corporate income taxes

Under the Electricity Act, 1998, the Company is required to make payments in lieu of corporate taxes (PILS) to the Ontario Electricity Financial Corporation (OEFC), beginning October 1, 2001. These payments are recorded in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario) and modified by the *Electricity Act, 1998*, and related regulations. The Company accounts for PILS using the liability method.

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Management made only one significant estimate related to the annual audit fee accrual. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstance. Actual results could differ from estimates.

Investments

The Company's investments in Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc., of which it owns 100% of the outstanding voting shares for all, are recorded at cost.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

Impairment of long-lived assets

The Company reviews the valuation of long-term assets when events or changes in circumstances indicate that the assets' carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. There was no impact on the financial statements as a result of asset impairments for the years ended December 31, 2011 and 2010.

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements for the year ended December 31, 2011

2. Accounting Policies - continued

Financial Instruments

The Corporation designates its financial instruments in one of the following five categories: (i) held for trading (HFT); (ii) available for sale (AFS); (iii) held to maturity (HTM); (iv) loans and receivables (LR); or (v) other liabilities (OL). All financial instruments are initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value, with any change in fair value recognized in earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has elected to add transaction costs related to financial instruments classified as other than HFT to the carrying amount of the financial instrument.

The Company has elected to use settlement-date accounting for regular-way purchases and sales of financial assets.

Long-term prepaid expenses

Long-term prepaid expenses consist of service fees paid providing the Company with the right to use non-owned specified tangible assets for future periods. These charges are amortized on a straight-line basis over 10 years.

Revenue recognition

Revenue is recorded in the period to which it relates and collection is reasonably assured. Dividend income is recorded in the period in which the dividend is declared.

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements

for the year ended December 31, 2011

3. Future Changes in Accounting Framework

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable enterprises would be required to adopt IFRS in place of Canadian GAAP effective January 1, 2011. The Company has decided to issue special purpose financial statements for its year ended December 31, 2011 under Canadian GAAP which will allow for a one year delay in the adoption of IFRS. This one year delay will coincide with the adoption date for its rate-regulated affiliate. The revised adoption date of January 1, 2012 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended December 31, 2011, and of the opening balance sheet as at January 1, 2011.

The Company is continuing to assess the financial reporting impacts of the adoption of IFRS on its non-consolidated financial statements. At this time, the Company's future financial position and results of operations are not expected to be significantly impacted. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required.

4. Due From Subsidiaries

	<u>2011</u>	<u>2010</u>
	\$	\$
Brantford Power Inc.	23,312	11,123
Brantford Hydro Inc.	7,771	3,721
Brantford Generation Inc.	36,289	60,942
	<u>67,372</u>	<u>75,786</u>

5. Investment in Subsidiaries

	<u>2011</u>	<u>2010</u>
	\$	\$
Brantford Power Inc., 1,001 common shares (100%)	22,437,505	22,437,505
Brantford Hydro Inc., 1,001 common shares (100%)	1,338,006	1,338,006
Brantford Generation Inc., 1,001 common shares (100%)	50,000	50,000
	<u>23,825,511</u>	<u>23,825,511</u>

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements for the year ended December 31, 2011

6. Related Party Transactions

The Company is a wholly owned by The Corporation of the City of Brantford (the City). Transactions between the Company, Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. occur in the natural course operations and consideration paid is on similar terms as those to unrelated parties.

The Company has entered into a shared services agreement with the City, whereby the City will provide administrative support for the Company. The exchange amount for these services has been set out in the agreement. Total charges from the City under this shared agreement were \$229,986 (2010 - \$193,560).

During the year, Brantford Energy Corporation charged a fee for management services to its subsidiaries in the following amounts:

	<u>2011</u>	<u>2010</u>
	\$	\$
Brantford Power Inc.	151,041	124,125
Brantford Hydro Inc.	50,347	41,375
Brantford Generation Inc.	50,347	41,375
	<u>251,735</u>	<u>206,875</u>

7. Contingent Liabilities

General Liability Insurance

The Company has obtained general liability and enhanced directors and officers insurance coverage from the Municipal Electric Association Reciprocal Insurance Exchange ("The Mearie Group") expiring January 1, 2013. The Mearie Group is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the Mearie Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the years in which the Company was a member.

As at December 31, 2011, the Company has not been made aware of any additional assessments. Participation in The Mearie Group covers a three year underwriting period which expires on January 1, 2013.

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements

for the year ended December 31, 2011

8. Share Capital

Authorized

Unlimited number of common shares

	<u>2011</u>	<u>2010</u>
	\$	\$
Issued		
2001 common shares	23,895,512	23,895,512

9. Statement of Cash Flows

	<u>2011</u>	<u>2010</u>
	\$	\$
Changes in non-cash working capital components		
Accounts receivable	2,294	(3,404)
Due from subsidiaries	8,414	4,621
Prepaid expenses	1,117	1,117
Accounts payable and accrued liabilities	1,851	(16,664)
Accounts payable to the City of Brantford	(1,125)	12,984
	12,551	(1,346)

10. Capital Disclosures

The Company's objectives with respect to its capital structure is to retain 100% equity capitalization and to deliver the appropriate returns achieved from its subsidiaries.

11. Financial Instruments and Risk Management

All financial instruments are initially recorded on the balance sheet at fair value except for certain related party transactions. They are subsequently valued either at fair value or amortized cost depending on the classification selected by the Company for the financial instrument. All financial instruments are classified into one of the five categories: held-for-trading, loans and receivables, other liabilities, held-to-maturity investments or available-for-sale financial assets

Held-for-trading (HFT) financial instruments are financial assets and financial liabilities typically acquired with the objective of resale or short-term buyback. The carrying amount is recorded at fair value determined using market prices. Interest earned and gains and losses incurred are recognized in net income. Cash and cash equivalents are designated as financial assets held for-trading and are measured at fair value with changes being recorded in net income at each period end.

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements

for the year ended December 31, 2011

11. Financial Instrument and Risk Management - continued

Loans and receivables (LR) are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are measured at amortized cost. Accounts receivables and due from subsidiaries are classified as loans and receivables and are measured at fair value at inception, which due to their short-term nature, approximates amortized cost.

Other liabilities (OL) are promises to repay on specified dates or on demand usually with interest. Accounts payable and accounts payable to the City of Brantford classified as other liabilities and are measured at fair value at inception, which due to their short-term nature, approximates amortized cost.

Held-to-maturity (HTM) financial assets have fixed or determinable payments and maturity, and management's intention and ability are to hold to maturity. These financial assets are measured at amortized cost. The Company does not hold any financial assets under this classification.

Available-for-sale (AFS) instruments are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading financial assets. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in OCI. The Company does not hold any financial assets under this classification.

The Company, through its financial assets and liabilities has exposure to liquidity risk from its use of financial instruments. The following analysis provides a measurement as at December 31, 2011:

Liquidity Risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cashflows generated from operations to meet its requirements.

Fair Values

a) Establishing fair value

The fair values of cash and cash equivalents, accounts receivable, due from subsidiaries, accounts payable and accrued liabilities, and accounts payable to the City of Brantford approximate their carrying values due to the relatively short periods to maturity of the instruments.

Brantford Energy Corporation

Notes to the Non-Consolidated Financial Statements

for the year ended December 31, 2011

11. Financial Instrument and Risk Management - continued

b) Fair value hierarchy

Financial instruments recorded at fair value on the Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Balance Sheet, classified using the fair value hierarchy described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total financial assets and liabilities at fair value</u>
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	46,149	-	-	46,149
Total financial assets	46,149	-	-	46,149

During the year, there has been no transfer of amounts between Level 1 and Level 2 and no financial assets or liabilities have been identified as Level 3.

Consolidated Financial Statements of

Brantford Energy Corporation

December 31, 2011

Brantford Energy Corporation

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December 31, 2011

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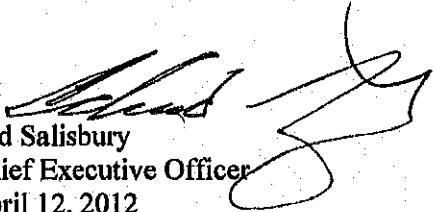
Brantford Energy Corporation
Management Report
December 31, 2011


The accompanying consolidated financial statements are the responsibility of management of Brantford Energy Corporation (the Company). In management's opinion, these consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Management has selected accounting principles and methods that are appropriate to the Company's circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. The notes to the consolidated financial statements and any other supplementary information presented are consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, that transactions are properly authorized and that the Company's assets are properly accounted for and adequately safeguarded.

The consolidated financial statements have been examined by Deloitte & Touche LLP, the external auditors of the Company. The responsibility of the external auditors is to express their opinion on whether the consolidated financial statements are fairly presented, in all material respects, in accordance with Canadian generally accepted accounting principles.

The board of directors, through the finance committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The finance committee meets periodically with management, as well with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting. The finance committee also reviews the consolidated financial statements and annual report and recommends their approval to the board of directors. Deloitte & Touche LLP has full and free access to the finance committee, with and without the presence of management.


Ted Salisbury
Chief Executive Officer
April 12, 2012


Brian D'Amboise, CA
Chief Financial Officer
April 12, 2012



Deloitte & Touche LLP
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Suite 200
Burlington ON L7P 5B1
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Independent Auditor's Report

To the Board of Directors of
Brantford Energy Corporation

We have audited the accompanying consolidated financial statements of Brantford Energy Corporation which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated statements of operations, retained earnings, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Brantford Energy Corporation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 12, 2012

Brantford Energy Corporation
Consolidated Balance Sheet
as at December 31, 2011

Assets	<u>2011</u>	<u>2010</u>
	\$	\$
Current Assets		
Cash and cash equivalents	11,277,852	12,792,478
Accounts receivable	7,486,017	8,619,834
Unbilled revenue	8,690,152	9,048,214
Inventories	720,936	821,647
Special deposits	1,155,522	1,056,193
Prepaid expenses	128,279	165,648
Payments in lieu of corporate income taxes	1,315,922	302,590
Future payments in lieu of corporate income taxes - note 22	182,438	273,845
	30,957,118	33,080,449
Property, plant and equipment - note 5	74,905,342	73,214,556
Other Assets		
Regulatory assets - note 8	4,147,328	5,046,561
Long-term special deposits	918,090	1,452,327
Long-term prepaid expenses	206,458	143,006
Future payments in lieu of corporate income taxes - note 22	2,516,492	3,367,469
Intangible assets - note 6	3,479,311	4,547,613
	11,267,679	14,556,976
	117,130,139	120,851,981

Brantford Energy Corporation
Consolidated Balance Sheet
as at December 31, 2011

Liabilities and Shareholder's Equity	<u>2011</u>	<u>2010</u>
	\$	\$
Current Liabilities		
Accounts payable and accrued liabilities	10,117,760	11,153,551
Accounts payable to the City of Brantford - note 7	2,187,578	2,166,639
Interest payable to the City of Brantford - note 9	1,509,022	1,593,281
Current portion of customer deposits	1,159,272	1,059,943
Current portion of deferred revenue	8,925	7,716
Current portion of long-term debt - note 9	598,986	1,250,304
	15,581,543	17,231,434
Long-term debt - note 9	55,174,469	54,435,718
Other Liabilities		
Regulatory liabilities - note 8	7,329,824	11,009,791
Long-term customer deposits	952,860	1,485,663
Employee future benefits - note 10	976,579	893,739
Deferred revenues	147,446	72,536
Derivative liabilities - note 21	713,683	525,435
	10,120,392	13,987,164
Contingencies and Commitments - note 11 and 12		
Shareholder's Equity		
Share capital - note 14	23,895,512	23,895,512
Retained Earnings	12,876,502	11,676,811
Accumulated Other Comprehensive Loss - note 15	(518,279)	(374,658)
	36,253,735	35,197,665
	117,130,139	120,851,981

Signed on behalf of the Board:

Director

Director

See accompanying notes

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Brantford Energy Corporation
Consolidated Statement of Retained Earnings
for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Retained Earnings, Beginning of Year	11,676,811	10,511,293
Net Income	2,999,691	2,215,518
Dividends	(1,800,000)	(1,050,000)
Retained Earnings, End of Year	12,876,502	11,676,811

Brantford Energy Corporation
Consolidated Statement of Operations
for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Revenue		
Electricity distribution service charges - note 17	15,158,434	15,293,962
Fibre optics and retail service revenue	2,517,636	2,416,539
Generation revenue	1,641,833	243,060
Interest income	299,773	140,223
Specific service charges	469,500	635,867
Ontario Power Authority conservation programs	723,014	1,130,495
Other income	290,956	248,246
	<u>21,101,146</u>	<u>20,108,392</u>
Expenses		
Operations and maintenance	4,292,845	4,082,487
Billing and collecting	1,975,469	2,068,957
General administration	2,734,507	2,829,701
Ontario Power Authority conservation programs	735,093	926,976
Interest on long-term debt	2,440,713	2,176,516
Other financing expenses	195,748	89,606
Capital tax	(1,756)	33,853
Amortization - note 19	4,802,671	4,031,289
	<u>17,175,290</u>	<u>16,239,385</u>
Income before payments in lieu of income taxes	<u>3,925,856</u>	<u>3,869,007</u>
Payments in lieu of corporate income taxes		
Current - note 22	(106,516)	1,307,796
Future - note 22	1,032,681	345,693
	<u>926,165</u>	<u>1,653,489</u>
Net income	<u>2,999,691</u>	<u>2,215,518</u>

See accompanying notes

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Brantford Energy Corporation
Consolidated Statement of Comprehensive Income
for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Net income	2,999,691	2,215,518
Other comprehensive loss		
Unrealized losses on derivative instruments designated as cash flow hedges - Note 21	(191,491)	(42,910)
Future recoveries in lieu of corporate income taxes	47,870	10,730
	(143,621)	(32,180)
Comprehensive income	2,856,070	2,183,338

Brantford Energy Corporation

Consolidated Statement of Cash Flows

for the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Operating activities		
Net income	2,999,691	2,215,518
Items not affecting cash		
Amortization - note 19	5,074,087	4,297,529
Future payments in lieu of corporate income taxes	1,032,681	345,693
Gain on disposal of property, plant and equipment	(19,025)	(51,067)
Other items not affecting cash	78,162	328,941
Working capital provided by operations	9,165,596	7,136,614
Changes in non-cash working capital components - note 18	(482,484)	(862,234)
	<u>8,683,112</u>	<u>6,274,380</u>
Investing activities		
Acquisition of property, plant and equipment	(5,991,733)	(7,640,665)
Decrease (increase) in regulatory assets	899,233	(1,446,754)
Decrease in regulatory liabilities	(3,679,967)	(79,270)
Decrease in special deposits	434,908	70,305
Proceeds from disposal of property, plant and equipment	19,025	89,488
	<u>(8,318,534)</u>	<u>(9,006,896)</u>
Financing activities		
Proceeds of issuance of long-term debt	550,000	8,714,999
Capital contributions	295,163	225,825
Repayment of long-term debt	(567,012)	(499,546)
Decrease in customer deposits	(433,474)	(79,164)
Increase in deferred revenues	76,119	8,349
Dividends paid	(1,800,000)	(1,050,000)
	<u>(1,879,204)</u>	<u>7,320,463</u>
(Decrease) increase in cash and cash equivalents	(1,514,626)	4,587,947
Cash and cash equivalents, beginning of year	12,792,478	8,204,531
Cash and cash equivalents, end of year	11,277,852	12,792,478
Supplemental Disclosure of Cash Flows		
Interest received	180,215	83,617
Interest paid	2,384,709	2,101,886
Payments in lieu of corporate income taxes paid	1,462,456	1,904,895

See accompanying notes

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Brantford Energy Corporation

Notes to the Consolidated Financial Statements for the year ended December 31, 2011

1. Description of Business

On March 1, 2000, Brantford Energy Corporation. (the Company) was incorporated under the Business Corporations Act (Ontario) along with its wholly-owned subsidiary companies, Brantford Power Inc. and Brantford Hydro Inc. A third wholly-owned subsidiary company, Brantford Generation Inc., was incorporated in 2007. The incorporations were pursuant to the provisions of the Energy Competition Act, 1998. The Company is a wholly-owned by The Corporation of the City of Brantford.

The principal business of the Company is to oversee the operations of Brantford Power Inc., providing regulated electricity distribution services, Brantford Hydro Inc., providing fibre optics networks, water heater, sentinel lighting and other equipment rental services and Brantford Generation Inc., providing electricity generation.

Brantford Generation Inc. is currently developing the Mohawk Street landfill gas collection and utilization facilities (LFG facilities) which began electricity generation during 2010.

2. Accounting Policies

Basis of accounting

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and policies set forth in the Accounting Procedures Manual issued by the Ontario Energy Board under the authority of the Ontario Energy Board Act, 1998. Significant accounting policies are summarized below:

Basis of consolidation

These consolidated financial statements reflect the results of Brantford Energy Corporation and its subsidiaries. All significant intercompany balances and transactions have been eliminated. The notes to these financial statements are disclosures and policies adopted by Brantford Energy Corporation and, if applicable, the specific subsidiary referenced in the note.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. During the years presented, management has made a number of estimates and valuation assumptions including allowance for doubtful accounts receivable, unbilled revenue, useful lives, certain accruals, valuation of financial instruments including derivatives and future income tax liabilities. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from estimates, including changes as a result of future decisions made by the Ontario Energy Board (the OEB) or the Minister of Energy.

Regulatory policies

Brantford Power Inc. is regulated by the OEB and requires OEB approval for any distribution service rates adjustments. The following accounting policies applicable to rate regulated operations differ from GAAP for companies in an unregulated environment:

Regulatory assets and liabilities

Regulatory assets primarily represent costs that have been deferred because they are expected to be recovered in future rates. Similarly, regulatory liabilities can arise from differences in amounts billed to customers under the regulated pricing mechanism and the corresponding wholesale market cost of power incurred by the utility.

Regulatory assets and liabilities will be recognized for rate-setting and financial statement purposes only to the extent allowed by the regulator. Brantford Power Inc. continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, Brantford Power Inc. judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in the results of operations in the period that the assessment is made. Asset and liability balances and current year activities are detailed in Note 8.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions towards the cost of constructing Brantford Power Inc. assets. Capital contributions for the year of \$265,560 (2010 - \$196,588) have been charged as an offset to capital assets. Amortization of contributed capital is recorded at an equivalent rate to that used for amortization of the related assets.

Allowance for use of funds during construction

Brantford Power Inc. capitalizes an allowance for use of funds during construction representing the cost of funds during the construction period. The rate used is prescribed by the OEB and updated on a quarterly basis. The total allowance for use of funds during construction capitalized for the year amounted to \$56,469 (2010 - \$63,402).

Stranded meters

As a result of the OEB's smart meter initiative, Brantford Power Inc. has removed conventional meters and replace them with smart meters. The net book value of the conventional meters removed from service prior to the end of their useful life has been classified as stranded meters and reallocated from property, plant and equipment to intangible assets. The OEB will allow Brantford Power Inc. to recover the costs of these stranded meters through a future rate application process.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

Inventories

Inventories consist of repair parts, supplies and materials and are valued at the lower of cost or net realizable value determined using a weighted average method. The Company classifies major construction related components of its electricity distribution system and equipment rental business to property, plant and equipment.

Unbilled revenue

Unbilled revenue for metered services consists of an estimate of customers' consumption of services from the last meter reading during the year to the balance sheet date. Unbilled revenues for other services is an estimate of service fees from the last billing cycle during the year to the balance sheet date.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Property, plant and equipment

Property, plant and equipment are stated at cost and removed from the accounts when disposed or retired. Costs of assets which are pooled are removed from the accounts at the end of their estimated average service lives. Gains or losses at retirement or disposition of such assets are credited or charged to other income. Amortization is calculated on a straight-line basis over the estimated useful service life as follows.

Distribution buildings	50 years
Transformer station	40 years
Distribution stations	30 years
Distribution lines - overhead	25 years
Distribution lines - underground	25 years
Distribution transformers	25 years
Distribution meters	25 years
Vehicles	5-8 years
Tools and other equipment	5-10 years
Fibre optics network	25 years
Fibre optics electronics	3-5 years
Water heaters and other rental units	10 years
Generation plant and equipment	20 years
Landfill gas collection system	20 years
Generation building and fixtures	10-20 years
Capital contribution	25 years
Other electric plant and work in progress are amortized when put in service.	

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Intangible assets

Intangible assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis. Stranded meters represent distribution meters that have been replaced with smart meters and reallocated from property, plant and equipment. The OEB has allowed these retired meters to remain in rate base for rate making purposes. Amortization is calculated on a straight-line basis over the estimated useful service life as follows.

Stranded meters	25 years
Software	5 years

Long-term prepaid expenses and special deposits

Long-term prepaid expenses consist of service fees paid providing the Company with the right to use non-owned specified tangible assets for future periods. These charges are amortized on a straight-line basis over 10 years representing the expected benefit period. Long-term prepaid expenses also include current expenditures that relate to future major overhaul procedures that occur when the generating engines reach a designated level of operating hours. These charges will be capitalized when the overhaul is performed and amortized on a straight-line basis over the expected time between overhauls.

Amounts are recorded as special deposits when cash is collected related to customer deposits and are expected to be held for a period exceeding one year.

Impairment of long-lived assets

The Company reviews the valuation of long-term assets when events or changes in circumstances indicate that the assets' carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. There was no impact on the financial statements as a result of asset impairments for the years ended December 31, 2011 and 2010.

Revenue recognition

Distribution and generation revenue is recorded as revenue in the period to which it relates. Distribution revenue includes an estimated accrual for the variable component of the distribution rate based on the electricity delivered but not yet billed to customers from the last meter reading date to the year end. Installation revenue related to fibre optics is capitalized and amortized on a straight line basis over the life of the related capital assets. Any revenues related to the irrevocable right to use fibre optics, are deferred and amortized on a straight line basis over the term of the contract.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Customer deposits

Customer deposits are cash collections from customers to guarantee the payment of billings. Deposits expected to be refunded to customers within the next fiscal period are classified as a current liability.

Employee future benefits

The Company provides post-retirement medical and life insurance benefits to eligible employees. The cost of post-retirement medical and life insurance benefits is expensed using the projected benefit cost method prorated on services.

The Company has adopted the corridor method of accounting for the actuarially determined gains and losses. Cumulative gains and losses in excess of 10% of the beginning accrued benefit obligation are amortized into expense on a straight-line basis over the expected remaining lifetime of the inactive members receiving benefits under the plan (15 years).

Asset retirement obligations

The Company recognizes the liability for an asset retirement that results from acquisition, construction, development or normal operations. The liability for an asset retirement is initially recorded at its fair value in the year in which it is incurred and when a reasonable estimate of fair value can be made. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Payments in lieu of corporate income taxes and capital taxes

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act. Under the Electricity Act, 1998, the Company is required to make payments in lieu of corporate taxes to Ontario Electricity Financial Corporation (OEFC), beginning October 1, 2001. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario) as modified by the *Electricity Act, 1998*, and related regulations.

The Company uses the asset and liability method of accounting for payments in lieu of corporate income taxes. Accordingly, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax rates. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. In addition, the effect of future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment or substantive enactment date.

Comprehensive Income

CICA Handbook Section 1530 requires the presentation of comprehensive income and its components in a financial statement. Comprehensive income is composed of the Company's net income and other comprehensive income (OCI), which includes unrealized gains and losses on changes in the fair value of the effective portion of cash flow hedging instruments. The Company discloses comprehensive income in the financial statement "Statement of Comprehensive Income". The cumulative changes in OCI are included in accumulated other comprehensive income (loss) (AOCI), which is presented as a category of Shareholder's equity on the Company's Balance Sheet.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

2. Accounting Policies - continued

Financial Instruments

The Corporation designates its financial instruments in one of the following five categories: (i) held for trading (HFT); (ii) available for sale (AFS); (iii) held to maturity (HTM); (iv) loans and receivables (LR); or (v) other liabilities (OL). All financial instruments are initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value, with any change in fair value recognized in earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has elected to add transaction costs related to financial instruments classified as other than HFT to the carrying amount of the financial instrument.

The Company has elected to use settlement-date accounting for regular-way purchases and sales of financial assets.

3. Future Changes in Accounting Framework

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable enterprises would be required to adopt IFRS in place of Canadian GAAP effective January 1, 2011. Subsequently, in September 2010, the AcSB issued an optional one year deferral in adoption of IFRS for rate-regulated entities. The Company qualifies for this deferral and has elected to defer adoption until January 1, 2012. The adoption date of January 1, 2012 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended December 31, 2011, and of the opening balance sheet as at January 1, 2011.

The Company is continuing to assess the financial reporting impacts of the adoption of IFRS on its financial statements. The Company does anticipate significant changes to those accounting policies which are unique to rate regulated entities under Canadian GAAP. In particular, the adoption of IFRS is expected to result in significant changes to the accounting of regulatory assets and liabilities and to the capitalization and other accounting policies applicable to self constructed property, plant and equipment. The Company also anticipates a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required. At this time, the impact on the Company's future financial position and results of operations is not reasonably determinable or estimable.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

4. Rate Setting

The rates of the Company's electricity distribution business are subject to regulation by the OEB. The Company purchases electricity from the Independent Electricity System Operator (the IESO) at spot market or prescribed rates and charges its customers unbundled rates. The unbundled rates include the actual cost or prescribed cost of the electricity, transmission, wholesale market service charges and an approved rate for electricity distribution. The cost of electricity transmission and connection charges and debt retirement charges are collected by Brantford Power Inc. and remitted to the IESO and the Ontario Electricity Financial Corporation (the OEFC) respectively. The Company retains the distribution charges reflected on the customer billings. The distribution charges also incorporate, where applicable, OEB approved rate adders or riders that are necessary to dispose of regulatory assets and liabilities.

The OEB has the general power to include or exclude costs, revenues, losses or gains in the distribution rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from customers in the future and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities which represent amounts of expenses incurred in different periods than would be the case had the company been unregulated.

Specific regulatory assets and liabilities are disclosed in note 8.

In the absence of rate regulation, distribution revenue would have been lower by \$3,367,713 (2010 - \$1,707,866), cost of power would have been lower by \$985,278 (2010 - \$3,753,601), other income would have been lower by \$14,601 (2010 - \$16,144), distribution operations and maintenance would have been higher by \$51,216 (2010 - lower by \$46,971), general administration would have been higher by \$57,877 (2010 - \$68,032), amortization would have been higher by \$315,364 (2010 - \$373,781), and interest income would have been higher by \$48,937 (2010 - \$43,600). The net effect, in the absence of rate regulation, is a pre-tax decrease in net income for 2011 of \$2,772,556 (2010 - increase of \$1,678,349).

The Company administers several programs through the Ontario Power Authority (OPA) conservation project. The revenues and expenses related to these programs are not subject to the regulation of the OEB.

On October 21, 2009 the Company filed an application for 2010 rates on the basis of the OEB's third generation Incentive Regulation Mechanism (IRM) policy which incorporates an OEB-approved formula that considers inflation and efficiency targets. On April 12, 2010, the OEB released its decision. This decision included the repayment of \$7,650,132 in regulatory liabilities over a two year period. The revised rates were approved with an effective date of May 1, 2010.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

4. Rate Setting - continued

On October 29, 2010 the Company filed an application for 2011 rates also on the basis of the OEB's third generation IRM policy. On March 28, 2011, the OEB released its decision. This decision included the repayment of \$1,192,282 in regulatory liabilities. The revised rates were approved with an effective date of May 1, 2011.

On November 10, 2011 the Company filed an application for 2012 rates also on the basis of the OEB's third generation IRM policy. This application has proposed the repayment of \$5,841,761 in regulatory liabilities. Included in this total is \$2,021,450 in PILs that resulted from the OEB PILs proceeding concluded during 2011. The PILs amount was previously not reflected in the regulatory liabilities total and will reduce distribution revenue as it is returned to the customers. These rates would be effective May 1, 2012. The OEB has not released its decision regarding the application.

5. Property, Plant and Equipment

	<u>2011</u>			<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land	181,961	-	181,961	181,961
Distribution buildings	1,163,732	171,258	992,474	1,015,748
Transformer station	4,507,912	780,833	3,727,079	3,801,417
Distribution stations	74,427	27,544	46,883	49,364
Distribution lines - overhead	28,522,309	9,630,502	18,891,807	18,624,257
Distribution lines - underground	32,009,172	9,026,027	22,983,145	22,225,393
Distribution transformers	17,352,178	5,670,172	11,682,006	11,830,709
Distribution meters	3,988,195	1,014,467	2,973,728	1,984,840
Vehicles	3,033,111	2,142,108	891,003	852,652
Tools and other equipment	800,611	209,499	591,112	640,041
Other utility plant	54,756	-	54,756	51,816
Fibre optics	2,859,166	1,042,448	1,816,718	1,756,224
Water heater rental units	1,805,142	940,726	864,416	770,732
Generation plant and equipment	8,844,257	660,287	8,183,970	8,579,382
Landfill gas collection system	3,556,523	239,161	3,317,362	2,929,850
Generation building & fixtures	1,214,847	89,404	1,125,443	1,151,150
Office furniture and fixtures	41,710	5,307	36,403	29,244
Accumulated capital contribution	(4,288,736)	(778,349)	(3,510,387)	(3,386,785)
Work in progress - generation	31,455	-	31,455	22,454
Work in progress - other	24,008	-	24,008	104,107
	<u>105,776,736</u>	<u>30,871,394</u>	<u>74,905,342</u>	<u>73,214,556</u>

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

6. Intangible Assets

	2011			2010
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land rights and easements	5,968	-	5,968	5,968
Stranded meters	5,269,572	2,032,381	3,237,191	4,457,373
Software	435,330	199,178	236,152	84,272
	5,710,870	2,231,559	3,479,311	4,547,613

7. Related Party Transactions

The Company is a wholly owned by The Corporation of the City of Brantford (the City). Transactions between the Company, Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. occur in the natural course of operations and consideration paid is on similar terms as those to unrelated parties.

The Company has entered into a shared services agreement with the City, whereby the City will provide administrative support, customer care, maintenance and operational services for the Company. The exchange amount for these services has been set out in the agreement. Total charges from the City under this shared agreement were \$8,822,771 (2010 - \$9,372,852). As at December 31, 2011 the balance owing to the City for these services was \$2,187,578 (2010 - \$2,166,639)

For the year ended December 31, 2011, the Company provided electricity to the City in the amount of \$5,109,891 (2010 - \$5,113,692). The Company also provided other services to the City including street light maintenance in the amount of \$138,410 (2010 - \$273,143) and fibre optic services in the amount of \$185,749 (2010 - \$195,568).

For the year ended December 31, 2011, the Company paid property tax to the City in the amount of \$16,868 (2010 - \$18,887)

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

8. Regulatory Assets and Liabilities

Based on existing regulatory orders or the expectation of future regulatory orders, the Company has recorded the following amounts, net of income tax and amortization where applicable, which are expected to be recovered from or refunded to customers:

	<u>2011</u> \$	<u>2010</u> \$
Regulatory Assets		
Retail Market Settlement		
Retail settlement variance account - Global Adjustment	-	527,990
Retailer cost variance accounts	339,637	320,955
Other		
Smart meters	3,048,342	3,520,157
Distribution revenue rate change	527,214	388,432
Special purpose charge	19,478	136,836
Other regulatory assets	212,657	152,191
Net regulatory assets	4,147,328	5,046,561
 Regulatory liabilities		
Retail Market Settlement		
Retail settlement variance accounts	4,265,592	5,117,572
Retail settlement variance account - Global Adjustment	205,504	-
Other		
Regulatory future income tax liability	509,205	466,778
Regulatory liabilities refundable through approved rate riders	2,349,523	5,425,441
Net regulatory liabilities	7,329,824	11,009,791

Retail settlement variance accounts

The retail settlement variance accounts represent differences between charges billed to customers using the prescribed prices as outlined in the OEB's Retail Settlement Code and the actual costs billed to Brantford Power Inc. by the IESO.

Retail cost variance accounts

The retailer cost variance accounts represent differences between charges billed to retailers using the prescribed prices as outlined in the OEB's Retail Settlement Code and the actual costs paid by Brantford Power Inc. to operate and maintain the systems related to the retail market.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

8. Regulatory Assets and Liabilities - continued

Smart meters

On April 12, 2006, the OEB approved the establishment of regulatory deferral accounts for smart meter-related expenditures and approved a monthly rate adder charge of \$0.28 per metered customer for the Company. Effective May 1, 2009, the OEB increased the monthly adder to \$1.00 per metered customer. Effective May 1, 2010, the OEB increased the monthly adder to \$2.07 per metered customer. Effective May 1, 2011, the OEB maintained the monthly adder at \$2.07 per metered customer. In its 2012 application to the OEB, the Company has requested the monthly adder be removed.

The Company has recorded a regulatory asset consisting of the net balance of capital and operating expenditures for smart meters, less recoveries received from the rate adder. These expenditures and recoveries will continue to be reported as regulatory assets or liabilities until the Company applies to the OEB to redistribute the amounts to capital or operations.

Distribution revenue rate change

On February 25, 2009, Brant County Power Inc. (BCPI) filed a motion with the OEB to review and vary the Company's 2008 Electricity Distribution Rates. BCPI disputed the rates they were being charged as well as the date that the Company could bill retroactively. The OEB released its decision and order related to this motion on August 10, 2010. The decision allowed the Company to record a regulatory asset consisting of the revenue deficiency between the rates that were approved during the 2008 cost of service application for the Company's embedded distributor and the rates that were approved as a result of the BCPI motion.

Special purpose charge

On April 9, 2010, the OEB informed electricity distributors of a Special Purpose Charge (SPC) assessment under Section 26.1 of the OEB Act, for the Ministry of Energy and Infrastructure conservation and renewable energy program costs. The OEB assessed the Company the amount of \$376,534 for its apportioned share of the total provincial amount of the SPC of \$53,695,000 in accordance with the rules set out in Ontario Regulation 66/10 (the SPC Regulation). In accordance with Section 9 of the SPC Regulation, the Company was allowed to recover this balance. The recovery was completed as at April 30, 2011. As at December 31, 2011, the balance in the account consists of the Company's assessment less the recoveries received from customers.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

8. Regulatory Assets and Liabilities - continued

Regulatory future income tax liability

The Company has recorded a regulatory liability account that relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of future tax assets.

Regulatory liabilities refundable through approved rate riders

The regulatory liabilities refundable through approved rate riders consists of balances of regulatory assets or regulatory liabilities approved for disposition by the OEB through rate riders. The amount is subject to carrying charges following the OEB prescribed methodology and related rates.

9. Long-Term Debt

	<u>2011</u> \$	<u>2010</u> \$
Notes payable, bearing interest at 5.87%, repayable to the City, interest only payable annually - due February, 2016	24,189,168	24,189,168
Notes payable, bearing interest at 6.25%, repayable to the City, interest only payable annually - due February, 2016	1,303,335	1,303,335
Royal Bank, non-revolving term facility with interest at prime repayable in quarterly instalments, due January 2013	4,361,278	4,715,635
Royal Bank, non-revolving term facility with interest at prime repayable in quarterly instalments, due November 2016	683,657	798,292
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest 5.14% repayable in semi annual instalments due December 2032	2,212,664	2,268,400
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest 4.95% repayable in semi annual instalments due December 2050	4,769,966	4,808,821
Ontario Infrastructure and Lands Corporation construction advances with interest at 1.75% (2010 - 1.54%)	18,253,387	17,602,371
	<u>55,773,455</u>	<u>55,686,022</u>
Less current portion	598,986	1,250,304
	<u>55,174,469</u>	<u>54,435,718</u>

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

9. Long-Term Debt - continued

The City has an option to extend the maturity date of the promissory notes for successive five year periods. The City also has the option to convert the principal sums outstanding into common shares of the Company at a conversion ratio of \$ 100 per common share. Interest payable to the City of \$1,509,022 (2010 - \$1,593,281) was outstanding as at December 31, 2011.

The Company entered into a swap agreement during 2006 with Royal Bank to hedge against exposure to interest rate fluctuations. The first agreement represents a notional principal amount of \$ 5,900,000. Under the terms of the agreement, the company has contracted to pay interest at a fixed rate of 4.71% while receiving a variable rate equivalent to the one month Canadian Dollar Offered Rate to be repriced quarterly.

The Company entered into a second swap agreement during 2006 with Royal Bank to hedge against exposure to interest rate fluctuations. The agreement represents a notional principal amount of \$ 1,200,000. Under the terms of the agreement, the company has contracted to pay interest at a fixed rate of 4.97% while receiving a variable rate equivalent to the one month Canadian Dollar Offered Rate to be repriced quarterly.

The Company entered into a financing agreement with the Ontario Infrastructure and Lands Corporation (OILC) to advance funds for the construction of the LFG facilities. The financing agreement for the LFG facilities has approved funds up to \$14,000,000 including accrued interest. Interest was being accrued monthly at rates set monthly by the OILC. Effective June 1, 2011, the Company is required to pay interest expense as it is incurred. As at December 31, 2011, advances of \$12,637,659 (2010 - \$12,637,659) have been received and interest has been accrued in the amount of \$314,024 (2010 - \$214,348). Upon completion on construction, the term of the loan is expected to be 20 years.

The Company also entered into a financing agreement with the Ontario Infrastructure and Lands Corporation (OILC) to advance funds for the installation of smart meters. The financing agreement for smart meter installation has approved funds up to \$5,538,000 excluding interest. Interest is being paid monthly at rates set monthly by the OILC. As at December 31, 2011, advances of \$5,301,704 (2010 - \$4,750,364) have been received. Upon completion on installation, the term of the loan will be 15 years.

These credit facilities are secured by general security agreement over all assets of the Company and an assignment of related fire insurance.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

9. Long-Term Debt - continued

Estimated principal repayment requirements are as follows:

	\$
2012	598,986
2013	4,230,214
2014	249,710
2015	263,489
2016	24,466,732
Thereafter	25,964,324

10. Employee Future Benefits

The Company acquired various life insurance, health care related and dental coverage plan liabilities for certain retired employees of the former Hydro-Electric Commission of the City of Brantford. Travel, dental, vision and semi-private health care coverage is continued until the retiree reaches 65 years of age. Life insurance and extended health care coverage is continued until the retiree's death. The Company also provides similar employee benefits to an active employee.

The Company measures the accrued benefit obligation for accounting purposes as of December 31 of each year. The accrued benefit obligation as at December 31, 2011 and the expense for the period ended December 31, 2011 are based on an actuarial valuation done as at January 1, 2008.

The obligation is unfunded since no assets have been segregated and restricted to provide the post-retirement benefits.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

10. Employee Future Benefits - continued

Significant Assumptions

The key weighted-average assumptions used by the Company for the measurement of the benefit obligation and benefit expense are summarized as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
To determine benefit obligation at end of year		
Discount rate	3.25%	4.50%
Assumed long-term rate of return on assets	N/A	N/A
To determine benefit expense (income) for the year		-
Discount rate	4.5%	5.0%
Assumed long-term rate of return on assets	N/A	N/A
Rate of increase in future compensation	N/A	N/A
Health care cost trend rates at end of year		
Initial rate	6.45%	7.30%
Ultimate rate	4.75%	4.75%
Year ultimate rate reached	2013	2013

Sensitivity Analysis

	<u>Change in</u>	<u>Change in</u>
	<u>Obligation</u>	<u>Expense</u>
	\$	\$
Impact of 1% increase in assumed health care trend rate	119,000	13,000
Impact of 1% decrease in assumed health care trend rate	(103,000)	(11,000)

Brantford Energy Corporation
Notes to the Consolidated Financial Statements
for the year ended December 31, 2011

10. Employee Future Benefits - continued

	<u>2011</u>	<u>2010</u>
	\$	\$
Change in benefit obligation		
Benefit obligation at beginning of year	1,810,444	1,713,447
Interest cost on benefit obligation	80,151	85,054
Benefits paid	(58,616)	(24,737)
Actuarial (gain) loss on accrued benefit obligation	(68,747)	36,680
Benefit obligation at end of year	1,763,232	1,810,444
Change in fair value of assets		
Fair value of assets at beginning of year	-	-
Employer contributions	58,616	24,737
Benefits paid	(58,616)	(24,737)
Fair value of assets at end of year	-	-
Reconciliation of funded status to accrued benefit liability		
Deficit of fair value of assets over benefit obligation at end of year	1,763,232	1,810,444
Unamortized actuarial loss	(786,653)	(916,705)
Accrued benefit liability at end of year	976,579	893,739
Reconciliation of accrued benefit liability		
Accrued benefit liability at beginning of year	893,739	774,365
Benefit expense recognized	141,456	144,111
Benefits paid	(58,616)	(24,737)
Accrued benefit liability at end of year	976,579	893,739
Annual benefit expense		
Interest cost on benefit obligation	80,151	85,054
Actuarial loss	61,305	59,057
Benefit expense recognized	141,456	144,111
Cash payments		
Benefit premiums paid	91,633	86,464

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

11. Contingencies and Commitments

General Liability Insurance

The Company has obtained general liability and enhanced directors and officers insurance coverage from the Municipal Electric Association Reciprocal Insurance Exchange (The Mearie Group) expiring January 1, 2013. The Mearie Group is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the Mearie Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the years in which the Company was a member.

As at December 31, 2011, the Company has not been made aware of any additional assessments. Participation in The Mearie Group covers a three year underwriting period which expires on January 1, 2013.

Smart Meter Initiative

The Province of Ontario has committed to have "Smart Meter" electricity meters installed in 800,000 homes and small businesses throughout Ontario by the end of 2010. Smart Meters permit consumption to be recorded within specific time intervals and specific tariffs to be levied within such intervals.

The Company has installed approximately 37,134 (2010 - 35,255) Smart Meters as of the end of 2011 and anticipates having installed a total of 37,240 Smart Meters upon completion of its mass deployment.

12. Contractual Obligations

The Company has contracted Wajax Power Systems (Wajax) to design and build the LFG facilities for a fixed amount of \$13,193,446. In addition, the contract provides for Wajax to provide operation and maintenance services for a period of ten years beginning with the commercial operations of the facilities. The Company also has an option to extend the term of these services for an additional ten years.

The Company has also entered into an agreement with the City allowing the Company access to the Mohawk Street landfill to install, operate and maintain a landfill gas collection and utilization system. This agreement expires August 22, 2030.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

13. Subsequent Event

During December 2011, the City announced plans to restructure Brantford Power Inc. to better meet the Affiliate Relationship Code of the OEB. The major change relates to approximately 60 staff members currently employed by the City becoming employees of Brantford Power Inc. The restructuring was effective April 1, 2012. At this time, the impact on the Company's future financial position and results of operations is not reasonably determinable or estimable.

14. Share Capital

Authorized

Unlimited number of common shares

	<u>2011</u>	<u>2010</u>
	\$	\$
Issued		
2,001 common shares	23,895,512	23,895,512

15. Accumulated Other Comprehensive Loss

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance at beginning of year	(374,658)	(342,478)
Other comprehensive loss, net of tax	(143,621)	(32,180)
Balance at end of year	(518,279)	(374,658)

16. Pension Plan

The Company participates in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit pension plan. Contributions are 7.4% for employee earnings below the year's maximum pensionable earnings and 10.7% thereafter. The contribution rates are expected to change to 8.3% for employee earnings below the year's maximum pensionable earnings and 12.8% thereafter for 2012. During 2011, the Company expensed contributions totaling \$24,518 (2010 - \$25,413) made to OMERS in respect of the employer's required contributions to the plan.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

17. Electricity Distribution Service Charges

The company is licensed by the OEB to distribute electricity. As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers. The Company may file to recover uncollected debt retirement charges from OEFC once each year. Otherwise, the Company is unable to recover uncollected amounts formerly remitted to these third parties. The Company retains only its electricity distribution service charge that is regulated by the OEB.

Electricity distribution service charges comprise:

	<u>2011</u>	<u>2010</u>
	\$	\$
Gross customer billings	105,109,712	102,691,543
Less: Pass through charges billed by the Company		
Electricity charges paid through to generators	(66,724,020)	(62,528,186)
Transmission and miscellaneous charges	(10,618,115)	(12,192,434)
Market service charges	(6,186,857)	(6,234,467)
Debt retirement charges	(6,422,286)	(6,442,494)
<u>Total electricity distribution service charges</u>	<u>15,158,434</u>	<u>15,293,962</u>

18. Statement of Cash Flows

	<u>2011</u>	<u>2010</u>
	\$	\$
Changes in non-cash working capital		
Accounts receivable	1,133,817	(1,197,678)
Unbilled revenue	358,062	618,746
Inventories	100,711	51,481
Prepaid expenses	37,369	(730)
Accounts payable and accrued liabilities	(1,035,791)	(975,549)
Accounts payable to the City of Brantford	20,939	242,162
Interest payable to the City of Brantford	(84,259)	-
Payments in lieu of corporate income taxes	(1,013,332)	399,334
	<u>(482,484)</u>	<u>(862,234)</u>

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

19. Amortization

	<u>2011</u> \$	<u>2010</u> \$
Amortization of capital assets	4,802,671	4,031,289
Amortization of capital assets charged to operations and capital	271,416	266,240
	<u>5,074,087</u>	<u>4,297,529</u>

20. Capital Disclosures

The Company's main objectives when managing capital are to:

- ensure ongoing access to funding to meet any capital needs should needs arise;
- ensure compliance with covenants related to its credit facilities; and
- align its capital structure with the debt to equity structure deemed by the OEB.

As at December 31, 2011, the Company's definition of capital includes shareholder's equity and long-term debt. This definition remains unchanged from prior years. As at December 31, 2011, shareholder's equity amounts to \$36,253,735 (2010 - \$35,197,665) and long-term debt, amounts to \$55,773,455 (2010 - \$55,686,022). The Company's capital structure as at December 31, 2011 is 61% debt and 39% equity (2010 - 61% debt and 39% equity). There have been no changes in the Company's approach to capital management during the year.

The Company's long-term debt agreements include both financial and non-financial covenants. As at December 31, 2011 and as at December 31, 2010, the Company was in compliance with all covenants.

21. Financial Instruments and Risk Management

All financial instruments are initially recorded on the balance sheet at fair value except for certain related party transactions. They are subsequently valued either at fair value or amortized cost depending on the classification selected by the Company for the financial instrument. All financial instruments are classified into one of the five categories: held-for-trading, loans and receivables, other liabilities, held-to-maturity investments or available-for-sale financial assets

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

21. Financial Instruments and Risk Management - continued

Held-for-trading (HFT) financial instruments are financial assets and financial liabilities typically acquired with the objective of resale or short-term buyback. The carrying amount is recorded at fair value determined using market prices. Interest earned and gains and losses incurred are recognized in net income. Cash and cash equivalents and special deposits are designated as financial assets held-for-trading and are measured at fair value with changes being recorded in net income at each period end. Derivative liabilities are designated as financial liabilities held-for-trading and are measured at fair value with changes being recorded in other comprehensive income at each period end.

Loans and receivables (LR) are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are measured at amortized cost. Accounts receivable and unbilled revenue are classified as loans and receivables and are measured at fair value at inception, which due to their short-term nature, approximates amortized cost.

Other liabilities (OL) are promises to repay on specified dates or on demand usually with interest. Accounts payable and accrued liabilities and accounts payable to the City of Brantford, interest payable to the City of Brantford and due to affiliates are classified as other liabilities and are measured at fair value at inception, which due to their short-term nature, approximates amortized cost. Long-term debt and customer deposits are also classified as other liabilities. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

Held-to-maturity (HTM) financial assets have fixed or determinable payments and maturity, and management's intention and ability are to hold to maturity. These financial assets are measured at amortized cost. The Company does not hold any financial assets under this classification.

Available-for-sale (AFS) instruments are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading financial assets. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in OCI. The Company does not hold any financial assets under this classification.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

21. Financial Instruments and Risk Management - continued

Interest Rate Risk

Interest is paid on electricity customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board.

Two term facility loans bear interest at floating rates and thus, the carrying values approximate fair values. However, the Company has entered into two interest rate swap transactions, derivative instruments designated as a cash flow hedges, the effect of which is to fix the interest rate on the first \$4,369,000 term facility loan at 4.71% and the second \$686,000 term facility loan at 4.97% to the maturity date. The potential replacement cost to Brantford Power Inc. of the interest rate swaps, representing estimated fair value as presented on the balance sheet, was \$713,683 (2010 - \$525,435), which was in the favour of Royal Bank. Net unrealized loss in fair value of \$191,491 (2010 - \$42,910) is presented in current year Other Comprehensive Loss. The Company entered into these interest rate swap transactions to fix the interest rates over the long term and intends to hold these to maturity at which time there should be no replacement cost.

Credit Risk

The Company grants credit to its customers in the normal course of business and monitors their financial condition and reviews the credit history of new customers. The Company is currently holding customer deposits on hand in the amount of \$2,121,057 (2010 - \$2,553,322) which is reflected on the Balance Sheet. The deposits held in the regulated operations are limited to those allowed under the OEB's Retail Settlement Code. Allowances of \$695,000 (2010 - \$626,000) are also maintained for potential credit losses. Management believes that it has adequately provided for any exposure to normal customer and retailer credit risk.

Liquidity Risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cashflows generated from operations to meet its requirements.

Prudential Support

Brantford Power Inc. is required, through the Independent Electricity System Operator (IESO), to provide security to mitigate the company's risk of default based on its expected activity in the electricity market. The IESO could draw on this guarantee if the Company fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the face value of the bank letter of credit. As at December 31, 2011, the Company provided prudential support in the form of a bank letter of credit of \$9,375,721 (2010 - \$9,375,721).

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

21. Financial Instruments and Risk Management - continued

Revolving Term Facility

As at December 31, 2011, the Company has been authorized for a revolving term facilities of \$7,200,000 of which NIL had been drawn upon. The facilities bears interest at prime and are secured by a general security agreement over all assets of the Company and assignment of related fire insurance.

Non-Revolving Term Facility

As at December 31, 2011, the Company has been authorized for a non-revolving term facility of \$ 100,000 of which NIL had been drawn upon. The facility bears interest at a rate to be determined at time of borrowing and is secured by a general security agreement over all assets of the Company, and an assignment of related fire insurance.

Fair Value of Other Financial Instruments

a) Establishing fair value

The carrying values of cash and cash equivalents, accounts receivable, special deposits, accounts payable and accrued liabilities, accounts payable to the City of Brantford, and interest payable to the City of Brantford approximate their fair values due to the immediate or short-term maturity of these financial instruments.

Fair values for other financial instruments, detailed below, have been estimated with reference to quoted market prices for actual or similar instruments where available, except for certain related party transactions.

Customer deposits fair value equals carrying value. Interest is paid on deposits on a monthly basis at a market rate, reset quarterly, as directed by the Ontario Energy Board.

The fixed rate long-term debt facility, maturing December 2032, funded by Ontario Infrastructure and Lands Corporation (OILC) has an estimated fair value of \$2,492,700 (carrying value - \$2,212,664). The fair value was determined using the present value of the cash flows using the quoted OILC market rate for the debt at December 31, 2011, of 3.78% per annum, (actual rate - 5.14% per annum). Loan is classified as OL with no resulting adjustment to carrying value.

The fixed rate long-term debt facility, maturing December 2050, funded by the OILC has an estimated fair value of \$5,442,200 (carrying value - \$4,769,966). The fair value was determined using the present value of the cash flows using the quoted OILC market rate for the debt at December 31, 2011, of 4.00% per annum, (actual rate - 4.95% per annum). Loan is classified as OL with no resulting adjustment to carrying value.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

21. Financial Instruments and Risk Management - continued

Construction advances funded by the OILC, classified as OL are valued at face value. Upon completion of construction, the terms of the loans are expected to be 15 and 20 years.

The promissory notes payable to the Corporation of the City of Brantford, classified as an Other Liability (OL), are valued at face value. It is not practicable within constraints of timeliness or cost to measure reliably the fair value of these financial liabilities that originated in a related party transaction.

The fair value of derivative instruments is calculated using pricing models that incorporate current market prices and the contractual prices of the underlying instruments, the time value of money and yield curves.

b) Fair value hierarchy

Financial instruments recorded at fair value on the Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

21. Financial Instruments and Risk Management - continued

The following table presents the financial instruments recorded at fair value in the Balance Sheet, classified using the fair value hierarchy described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total financial assets and liabilities at fair value</u>
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	11,277,852	-	-	11,277,852
Special deposits	2,073,612	-	-	2,073,612
Total financial assets	13,351,464	-	-	13,351,464
Financial liabilities				
Customer deposits	2,112,132	-	-	2,112,132
Total financial liabilities	2,112,132	-	-	2,112,132

During the year, there has been no transfer of amounts between Level 1 and Level 2 and no financial assets or liabilities have been identified as Level 3.

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

22. Payments in Lieu of Corporate Income Taxes

The Company's income tax expense for the year ended December 31, 2011 consists of the following:

Temporary differences and carryforwards which give rise to future income tax assets and liabilities are as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Regulatory assets	643,641	1,658,807
Unrealized losses on derivative liabilities	171,620	123,750
Cumulative eligible capital	157,080	170,370
Employee future benefits	244,390	224,150
Allowance for doubtful accounts	182,438	176,845
Property, plant and equipment	(850,395)	1,088,082
Tax loss carry forward	2,150,156	199,310
Future income tax assets	2,698,930	3,641,314

Distributed as such:

Future payments in lieu of corporate income tax asset

Current	182,438	273,845
Non-current	2,516,492	3,367,469
	2,698,930	3,641,314

Brantford Energy Corporation

Notes to the Consolidated Financial Statements

for the year ended December 31, 2011

22. Payments in Lieu of Corporate Income Taxes - continued

The impact of differences between the Company's reported payments in lieu of corporate income taxes and the expense that would otherwise result from the application of statutory rates is as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Income tax expense at the combined basis federal and provincial statutory tax rate	1,268,093	1,517,625
Net change in regulatory assets	8,794	1,161,325
Scientific Research and Educational Development tax credits	(65,453)	(147,038)
Capital cost allowance in excess of amortization	1,803,228	(861,563)
Net change in tax reserves	(95,268)	47,254
Tax effect of gain on sale of fixed assets	(6,373)	(15,831)
Tax effect of expenses that are not deductible for income tax purposes	1,056	1,165
Small business deduction	(36,250)	-
Tax effect of loss carry forwards	(1,950,857)	(48,910)
Other items	(805)	(538)
	<u>926,165</u>	<u>1,653,489</u>

23. Comparative Figures

Certain prior year figures have been reclassified to conform with the current year's presentation.

Brantford Energy Corporation
Consolidated Schedule of Segmented Reporting
for the year ended December 31, 2011

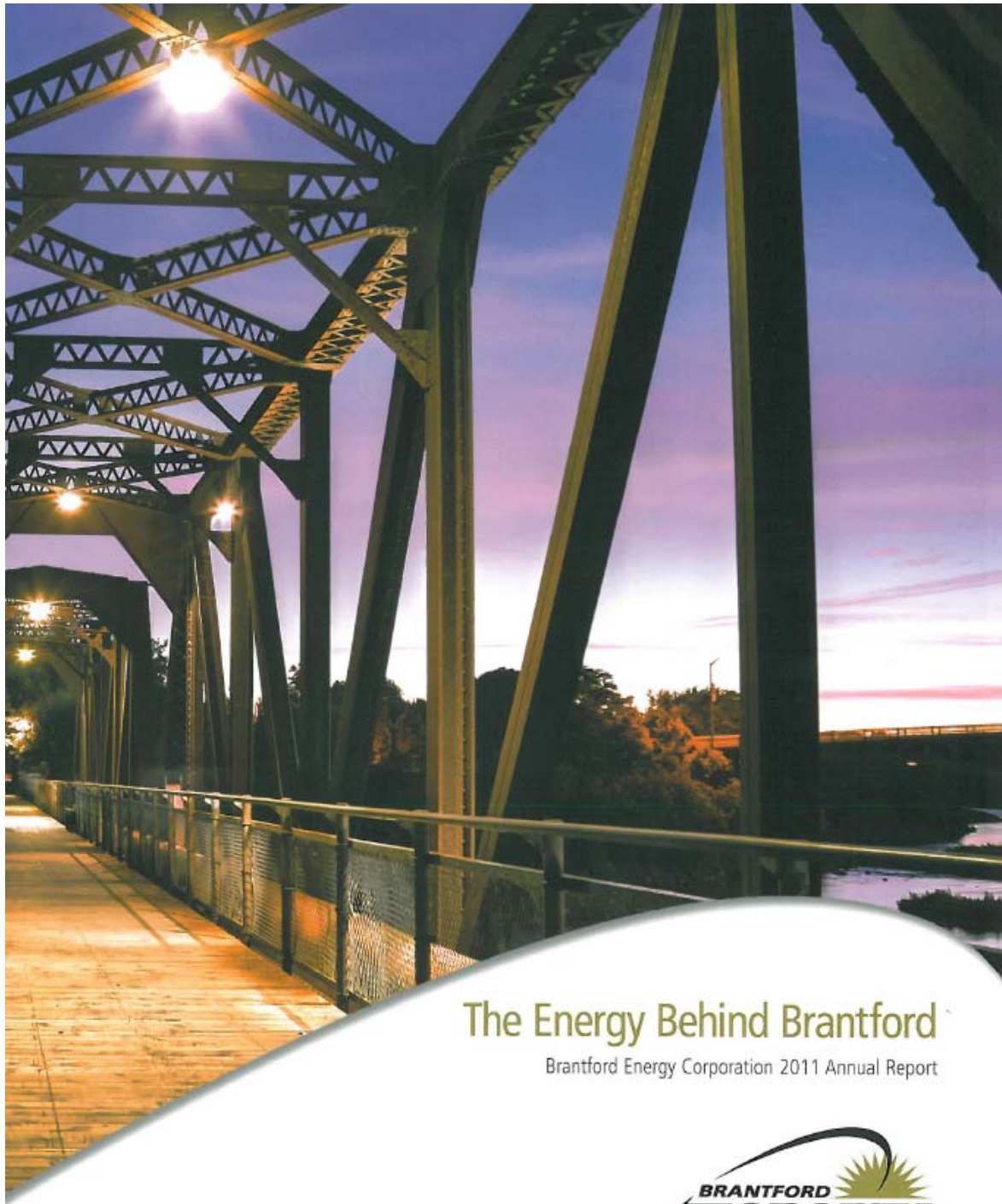
	<u>Distribution</u>	<u>Rental and Fibre Optics</u>	<u>Generation</u>	<u>Other</u>	<u>Consolidated</u>
	\$	\$	\$	\$	\$
2011 Segment Profit					
Revenues	16,919,050	2,534,788	1,645,306	2,002	21,101,146
Expenses					
Operations and maintenance	2,954,060	827,976	510,809	-	4,292,845
Billing and collection	1,921,628	53,841	-	-	1,975,469
General administration	1,944,350	345,257	191,226	253,674	2,734,507
Ontario Power Authority	735,093	-	-	-	735,093
Interest on long-term debt	2,159,034	81,458	200,221	-	2,440,713
Other financing expenses	195,748	-	-	-	195,748
Capital tax	(1,318)	(52)	(450)	64	(1,756)
Amortization	3,842,300	292,660	667,711	-	4,802,671
	13,750,895	1,601,140	1,569,517	253,738	17,175,290
Income before payments in lieu of corporate income taxes	3,168,155	933,648	75,789	(251,736)	3,925,856
Capital expenditures	4,611,584	437,297	647,689	-	5,696,570
2010 Segment Profit					
Revenues	\$ 17,434,385	\$ 2,428,459	\$ 244,556	\$ 992	\$ 20,108,392
Expenses					
Operations and maintenance	3,338,647	654,916	88,924	-	4,082,487
Billing and collection	2,023,191	45,766	-	-	2,068,957
General administration	2,063,003	331,393	227,578	207,727	2,829,701
Ontario Power Authority	926,976	-	-	-	926,976
Interest on long-term debt	2,030,478	81,458	64,580	-	2,176,516
Other financing expenses	89,606	-	-	-	89,606
Capital tax	24,236	2,300	7,176	141	33,853
Amortization	3,374,841	330,285	326,163	-	4,031,289
	13,870,978	1,446,118	714,421	207,868	16,239,385
Income before payments in lieu of corporate income taxes	3,563,407	982,341	(469,865)	(206,876)	3,869,007
Capital expenditures	5,651,096	311,658	1,452,086	-	7,414,840
Total assets by segment			2011	2010	
			\$	\$	
Distribution			99,412,210	104,113,547	
Generation			13,654,445	13,310,146	
Rental and fibre optics			4,010,166	3,384,110	
Other			53,318	44,178	
			117,130,139	120,851,981	

See accompanying notes

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APPENDIX H

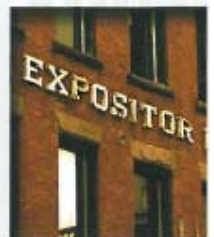
BEC ANNUAL REPORT FOR 2011



The Energy Behind Brantford

Brantford Energy Corporation 2011 Annual Report





Brantford Energy Corporation

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

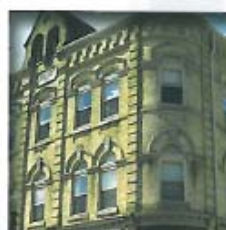


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Brantford Energy Corp.



James F. Ryan, Chair
Timothy B. Curtis, CA
(to March 2011)
Regional Controller, TransUnion

Leo Renzella
(to March 2011)
Retired

Ron Stewart
(from April 2011)
Retired

Gerald T. Smits
(from April 2011)
Gerry Smits Law Firm

Mayor Chris Friel
City of Brantford

Councillor Vince Bucci
Ward 2, City of Brantford

Councillor John Utley
Ward 2, City of Brantford
(from December 2011)

Councillor Larry Kings
Ward 1, City of Brantford

Councillor Debi Dignan-Rumble
Ward 3, City of Brantford
(from December 2011)

Councillor Dave Wrobel,
(to November 2011)
Ward 2, City of Brantford

Councillor Jan Vanderstelt
(to November 2011)
Ward 1, City of Brantford

Brantford Power Inc.



Ron Stewart, Chair
(from April 1, 2011)
Retired

Timothy B. Curtis, CA, Chair
(to March 2011)
Regional Controller, TransUnion

Scott Saint
CEO, Electrical Safety Authority

Paul Kwasnik
Principal
PJK Advisory Group

Councillor Dave Wrobel
(to November, 2011)
Ward 3, City of Brantford

Councillor John Utley
(from December 2011)
Ward 2, City of Brantford

Brantford Hydro Inc.



Gerald T. Smits, Chair
(from April 2011)
Gerry Smits Law Firm

Leo Renzella, Chair
(to March 2011)
Retired

Rob Kinnaid
(to February 2011)
Director of Business Development
Aecon Infrastructure Group

Craig Mann
(to February 2011)
Owner/Operator
Blue Dog Coffee Roasters Ltd.

Rick Sterne
(from March 2011)
Retired

Drew Hill
(from March 2011)
The Abor Group

Councillor Larry Kings
Ward 1, City of Brantford

Brantford Generation Inc.



Gerald T. Smits, Chair
(from April 2011)
Gerry Smits Law Firm

Leo Renzella, Chair
(to March 2011)
Retired

Rob Kinnaid
(to February 2011)
Director of Business Development
Aecon Infrastructure Group

Craig Mann
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Blue Dog Coffee Roasters Ltd.

Rick Sterne
(from March 2011)
Retired

Drew Hill
(from March 2011)
The Abor Group

Councillor Larry Kings
Ward 1, City of Brantford

Executive Team

Ted Salisbury
CAO, City of Brantford
CEO, Brantford Energy Corporation

George Mychailenko
CEO, Brantford Power Inc.

Brian D'Amboise
CEO, Brantford Hydro Inc.
CEO, Brantford Generation Inc.

Officers

Brian D'Amboise
Treasurer, CFO – Utilities

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

Heather Wyatt
Board Secretary

Auditor

Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants

Brantford Energy

An eventful year



Jim Ryan
Chair,
Brantford Energy Corp.

An eventful year for the Brantford Energy family of companies called on the resources of all our employees—who came through with flying colours. We acknowledge their contribution at the outset.

Brantford Power

The largest items for change at Brantford Power were the rollout of time-of-use billing and the restructuring activity to meet Ontario Energy Board expectations and turn the utility into a truly stand-alone operation.

Implementing time-of-use billing required a tremendous amount of effort by staff to get the system operational, plus the actual physical effort to deliver the new meters to customers.

Some residual implications remain, including OEB approval for cost recovery, both for the actual implementation and the cost of our "stranded" meters. There are also implications for customers whose costs, in my opinion, will go up despite how they use electricity. I continue to be concerned about low income customers despite the programs put in place to assist them. These programs also place a greater burden on the rest of us because they are subsidized out of the costs of supply.

The restructuring activity, which required a significant amount of effort by staff at both the City of Brantford and Brantford Power, had many implications for our employees. I know I speak for all Board members when I express our appreciation for their continued outstanding performance during a period of change. Despite some uncertainty, I think the process was handled very fairly and we can now move forward from here.

The Ontario Government's Green Energy Act also called for a significant effort on the part of Brantford Power as we geared up to connect green energy producers to our grid. That is not an insignificant effort in terms of time, effort and cost.

Throughout this period, our focus has been to continue to provide reliable cost-effective service to customers. Brantford Power, I am proud to say, rates 10th lowest of all utilities in Ontario in terms of residential customer rates. This demonstrates that bigger is not better in terms of delivering low cost power.

Brantford Hydro

The two major items for the retail company were the continued expansion of the NetOptiks fibre network, with 6-per cent sales growth, and our entry into the gas water heater rental business, which had been in the planning stage for some time. Gas water heaters constitute some 80 to 90 per cent of the market, so our participation, with our experience, was a sound business decision.

The addition of staff at both the fibre and retail business negatively affected the expense line. Notwithstanding this fact, BHI's financial performance for 2011 exceeded those of 2010. We continue to play for the long term, looking to build value for our shareholder.

Brantford Generation

The good news: we basically broke even as production at the Mohawk Street facility geared up. The bad news: we only broke even. But this was not a bad outcome at this stage of the Company's development.

We continue to be well below our business plan projections despite the best efforts of staff. The fundamental issue is installing the clay cap that seals the site and gives us year-round production. The cap is scheduled for completion in 2012.

Unfortunately delays in reaching full production means we have been prevented from maximizing the higher contract price for production during that time period. But it was still a sound business investment.

Financial results

Consolidated net income of \$3,000,000 compares to \$2,216,000 level reported in 2010 and represents a \$790,000 or 35.7% improvement over the expected 2011 budget target. Interestingly, the financial gains for both Brantford Power and Brantford Hydro were tax driven.

The pre-tax net income for Brantford Power was actually down 12.1 per cent. But net income after tax was up 22 per cent. This is a part of a complex accounting system in how you handle regulatory assets and their tax implications as the Ontario Energy Board provided more clarity.

Similarly, Brantford Hydro's pre-tax income was 4.9 per cent below last year, but net income was up 7.5 per cent.

Analysis of 2011 Net Income Contribution

Company	2011	2010	2009
Brantford Energy Corporation	Nil	Nil	Nil
Brantford Power Inc.	2,290,000	1,873,000	2,219,000
Brantford Hydro Inc.	710,000	660,000	535,000
Brantford Generation Inc.	Nil	(317,000)	(217,000)
Total	\$3,000,000	\$2,216,000	\$2,537,000

Brantford Power

Focus on service and quality



Ron Stewart
Chair
Brantford Power Inc.
(March 2011— March 2012)

Brantford Power Inc. (BPI) continued its strong operating performance and investment in Brantford's electricity infrastructure to ensure that service quality and reliability are maintained and the City's future needs are met.

Affiliate relationship

On April 1, 2012, Brantford Power Inc. successfully restructured its corporate relationship with the City of Brantford to ensure compliance with the Ontario Energy Board's Affiliate Relationship Code and more effectively align our operations.

The transition affected the Shared Services Agreement between the City and BPI, under which BPI purchased services, including employment services, from the City. The Board fully supports this development and feel that it is very positive for everyone concerned. We are particularly gratified with the continued high performance of our staff during a period of some uncertainty.

Time-of-use billing

Brantford Power customers began to see the impact of time-of-use (TOU) pricing on bills received after December 15, the culmination of a three-year transition process.

BPI began collecting the data needed to implement TOU pricing from residential and most small commercial customers on November 1. A communication package sent out in October helped prepare customers for the transition.

Preparations for TOU pricing, part of a provincial plan to create a culture of conservation in Ontario, began in 2008. TOU provides an incentive for customers to shift and/or reduce electricity consumption at times of peak demand.

Conservation and Demand Management

Two additions to staff in 2011 helped launch BPI's 2011-2014 suite of Conservation and Demand Management (CDM) programs. During 2011:

- 588 appliances were retired.
- 524 energy efficient residential HVAC systems were installed.
- 194 peaksaver devices were installed.
- 79 small businesses replacements of inefficient lighting with energy efficient lighting.
- 47 incentive applications were processed and \$351,416.68 in incentives were paid for 28 completed applications.

Capital improvements

Total investment in property, plant and equipment during the year was \$4.9 million, compared to \$5.9 million in 2010, bringing total property plant and equipment to \$59.9 million, up from \$58.3 million in 2010. The investments included:

- Completion of the Brantwood Park and Dundson Street Rebuild Project, including the installation of about 10 kilometres of new primary cable, two primary padmount switches and the upgrade of 17 transformers from below grade vaults to above ground padmounts in order to improve reliability, safety and customer service.
- Completion of the 2011 phase of the Powerline Feeder Rebuild Project, including a rebuild of about 1.5 kilometres of Powerline Overhead Feeder with three circuits on 70-foot poles to increase load transfer capabilities and to meet system contingencies.

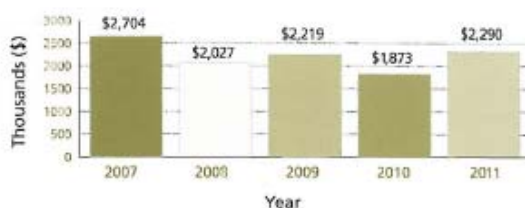
Financial Results

The Company achieved a net income of \$2,290,000 compared to \$1,874,000 level in 2010. Pre-tax net income was actually down 12.1 per cent but was up 22 per cent after tax, part of a complex accounting system for regulatory assets and their tax implications.

The year's performance reflects a 6.7% return on average equity, compared to 5.7% in 2010, and a 2011 return on assets of 2.3% compared to 1.8% in 2010.

The Company's long-term debt has increased by \$639,000 resulting from \$550,000 borrowed from the Ontario Infrastructure and Lands Corporation in 2011 for smart meters and a reduction of existing Royal Bank debt that came due and was renewed in 2011. The planned borrowing of \$4,000,000 for 2011 General Capital Expenditures has been deferred to 2012.

BRANTFORD POWER INC.
COMPARISON OF NET INCOME
2007 - 2011



Appreciation

The Board appreciates the contributions of former Councillor Dave Wrobel, who left the Board in 2010, and who has been replaced by Councillor John Utley.

It has been a pleasure working with everyone on the Board. It is an excellent team and I am proud to be part of it. I now have the pleasure of working with Scott Saint, who was appointed Chair in April 2012.

Brantford Hydro Expanding the business



Gerry Smits
Chair
Brantford Hydro Inc.
(April 2011 – April 2012)

Brantford Hydro Inc. (BHI) has made a promising start in achieving its strategic goal to offer new products and services under a new home-based marketing banner.

The expanded product line in the equipment rental business now includes natural gas water heaters, tankless water heaters and water conditioners, complementing the existing line of electric water heaters. The new business primarily came from new residential customers through relationships developed with new home builders and service providers.



NetOptiks

The fibre division continues to implement its wholesale business strategy through expanding its customer base and providing additional value-added products and services, including the development of a VOIP (Voice Over Internet Protocol) telephone service.



As a result of growth in recent years, NetOptiks now has 280 kilometers of fibre installed in Brantford, providing the needed bandwidth to the city's business and institutional community.

Financial results

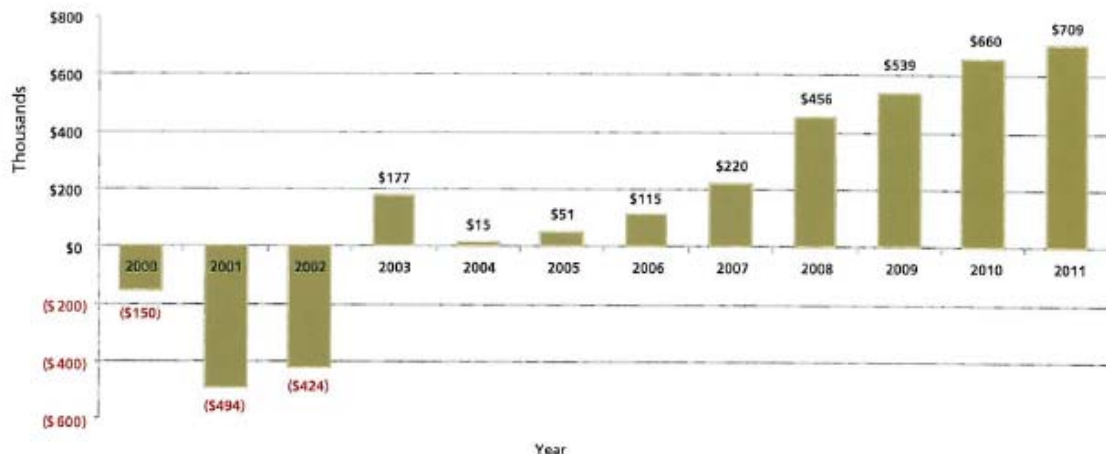
BHI's net income of \$709,000 represents an increase of \$49,000 over 2010. The increase was recorded while hiring two new full time positions during the year to focus on increased NetOptiks' sales and to expand the equipment rental business unit. Both individuals made significant contributions in the growth of the respective business units. The 2011 performance translates to a return on average equity of 30.4% (2010 – 33.5%) and a return on assets of 15.8% (2010 – 16.0%). The chart below illustrates the multi-year trend of returns for BHI. Capital expenditures totaled \$467,000 or 1.4 times the \$341,000 expended in 2010.

Thanks to solid financial performance, BHI has provided generous dividend payments to its shareholder, Brantford Energy Corporation that were subsequently passed onto the City of Brantford to the benefit of City taxpayers. The Company increased its 2011 dividend to \$350,000, up from \$300,000 in 2010 and its first dividend payment of \$50,000 in 2009.

Appreciation

I would like to express my appreciation for the opportunity to serve as Chair of the Brantford Hydro and Brantford Generation Boards during the year. I look forward to another successful year under the leadership of Leo Renzella, who was appointed Chair in April, 2012.

BRANTFORD HYDRO INC.
COMPARISON OF NET INCOME
2000 - 2011



Brantford Generation Prospects remain positive



Gerry Steits
Chair
Brantford Generation Inc.
(April 2011 – April 2012)

Thanks to a significant increase in electricity generation during 2011, Brantford Generation Inc. (BGI) ended the year with a virtual break even position and the Company's prospects remain positive.

The Company reported a \$150 loss compared to a \$317,000 operating loss the previous year. Total generation revenues of \$1.6 million compared to \$243,000 in 2010. The break even plateau was achieved despite a significant increase in operating costs, which are based on generation engine operating hours.

The Company has not yet been able to achieve the production levels anticipated in the original business plan due to the lack of cap at the Mohawk Street Landfill Gas Collection and Utilization site. With the planned installation of the cap in the second and third quarters of 2012, BGI anticipates improving the production levels by the end of the year.

BGI has been generating operating losses since incorporation in 2007 while the Company designed, built and commissioned the facilities. Despite the operating loss, the cash flows from operations totaled almost \$1,000,000 during 2011, a significant improvement over the \$1.4 million operating cash flow deficit in 2010.

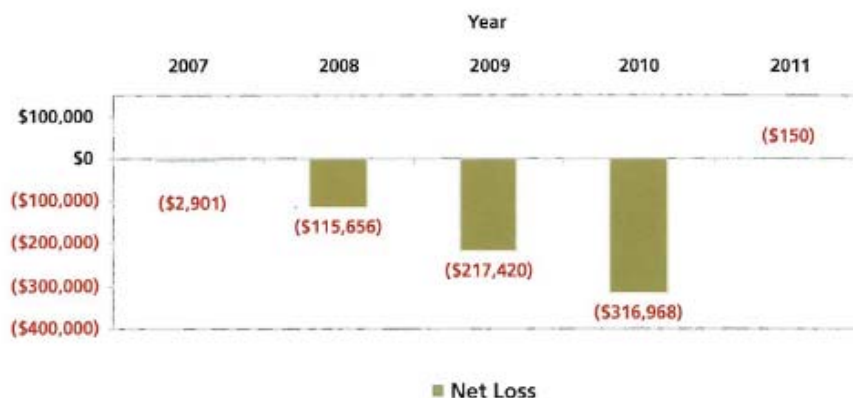
Most of this positive cash flow was used to finance capital expenditures during the year. While the Ontario Infrastructure and Lands Corporation has suspended construction advances pending an evaluation of the long term outlook of the Company, Management expects to secure the financing for any unfunded capital expenditures, which will provide funds to begin repaying the arrears in charges from affiliates.


BGI ended the year with \$580,000 in cash but with \$802,000 in negative working capital. This is consistent with the financing plan which provided for the borrowing in the form of construction advances from the Ontario Infrastructure Projects Corporation.

Environmental benefits

During 2011, BGI operations collected and destroyed 12,260,000 cubic metres of landfill gas, or 77,312 tonnes of carbon dioxide equivalents. This represents the same greenhouse gas reductions achieved by removing 15,159 passenger vehicles from the roadways.

BRANTFORD GENERATION INC.
2007 - 2011 Net Loss





Financial Statements

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Shareholder of Brantford Energy Corporation,
Brantford Power Inc., Brantford Hydro Inc.
and Brantford Generation Inc.

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2011, the summary consolidated income statement and retained earnings, and summary consolidated statement of flows for the year then ended, and related notes, are derived from the audited financial statements of Brantford Energy Corporation. The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2011, the summary income statement and retained earnings, and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. (the "Companies") for the year ended December 31, 2011. We expressed unmodified audit opinions on those (consolidated) financial statements in our reports dated April 12, 2012, March 29, 2012, April 12, 2012, and April 12, 2012; respectively. Those (consolidated) financial statements, and the summary (consolidated) financial statements, do not reflect the effects of events that occurred subsequent to the dates of our report on those (consolidated) financial statements.

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

Management's Responsibility for the Summary (Consolidated) Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Brantford Energy Corporation and the summary financial statements derived from the audited financial statements of Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. for the year ended December 31, 2011 are a fair summary of those (consolidated) financial statements, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants
Burlington, Ontario

Brantford Energy Corporation

SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2011 (\$)	2010 (\$)
ASSETS		
Current assets	30,957,118	33,080,449
Property, plant and equipment	74,905,342	73,214,556
Regulatory assets	4,147,328	5,046,561
Other assets	7,120,351	9,510,415
TOTAL ASSETS	117,130,139	120,851,981
LIABILITIES		
Current liabilities	15,581,543	17,231,434
Regulatory liabilities	7,329,824	11,009,791
Long term debt	55,174,469	54,435,718
Other liabilities	2,790,568	2,977,373
TOTAL LIABILITIES	80,876,404	85,654,316
SHAREHOLDER'S EQUITY		
Capital stock	23,895,512	23,895,512
Retained earnings	12,876,502	11,676,811
Accumulated other comprehensive loss	(518,279)	(374,658)
TOTAL EQUITY	36,253,735	35,197,665
TOTAL LIABILITIES & EQUITY	117,130,139	120,851,981

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

	2011 (\$)	2010 (\$)
Revenue		
Distribution and service revenue	17,676,070	17,710,501
Other revenue	3,425,076	2,397,891
	21,101,146	20,108,392
Expenses		
Operations, maintenance and administration	9,737,914	9,908,121
Other expenses	7,437,376	6,331,264
	17,175,290	16,239,385
Income Before Income Taxes	3,925,856	3,869,007
Current and Future Income Taxes	926,165	1,653,489
Net Income	2,999,691	2,215,518
Retained Earnings - Beginning of Year	11,676,811	10,511,293
Dividends	(1,800,000)	(1,050,000)
Retained Earnings - End of Year	12,876,502	11,676,811

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31

	2011 (\$)	2010 (\$)
Cash Flows from Operating Activities		
Net income	2,999,691	2,215,518
Changes to income not involving cash	6,165,905	4,921,096
Net change in non-cash working capital balances related to operations	(482,484)	(862,234)
	8,683,112	6,274,380
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and special deposits	(5,537,800)	(7,480,872)
Change in regulatory assets and liabilities	(2,780,734)	(1,526,024)
	(8,318,534)	(9,006,896)
Cash Flows from Financing Activities		
Proceeds of issuance of long-term debt	550,000	8,714,999
Repayment of long-term debt	(567,012)	(499,546)
Capital contribution, customer deposits and deferred revenues	(62,192)	155,010
Dividends	(1,800,000)	(1,050,000)
	(1,879,204)	7,320,463
Net Increase (Decrease) in Cash and Cash Equivalents	(1,514,626)	4,587,947
Cash and Cash Equivalents, Beginning of Year	12,792,478	8,204,531
Cash and Cash Equivalents, End of Year	11,277,852	12,792,478

Brantford Power Inc.

SUMMARIZED BALANCE SHEET AS AT DECEMBER 31

	2011 (\$)	2010 (\$)
ASSETS		
Current assets	28,634,115	31,439,231
Property, plant and equipment	59,873,172	58,307,002
Regulatory assets	4,147,328	5,046,561
Other assets	6,784,956	9,337,502
TOTAL ASSETS	99,439,571	104,130,296
LIABILITIES		
Current liabilities	14,303,812	16,386,487
Regulatory liabilities	7,329,824	11,009,791
Long term debt	40,919,451	40,280,376
Other liabilities	2,608,352	2,871,501
TOTAL LIABILITIES	65,161,439	70,548,155
SHAREHOLDER'S EQUITY		
Capital stock	22,437,505	22,437,505
Retained earnings	12,358,906	11,519,294
Accumulated other comprehensive loss	(518,279)	(374,658)
TOTAL EQUITY	34,278,132	33,582,141
TOTAL LIABILITIES & EQUITY	99,439,571	104,130,296

SUMMARIZED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDING DECEMBER 31

	2011 (\$)	2010 (\$)
Revenue		
Distribution revenue	15,158,434	15,293,962
OPA Conservation programs revenue	723,014	1,130,495
Other revenue	1,080,134	1,051,030
	16,961,582	17,475,487
Expenses		
Operations, maintenance and administration	7,706,172	8,475,942
Other expenses	6,195,764	5,519,161
	13,901,936	13,995,103
Income Before Income Taxes	3,059,646	3,480,384
Current and Future Income Taxes	770,034	1,606,928
Net Income	2,289,612	1,873,456
Retained Earnings - Beginning of Year	11,519,294	10,395,838
Dividends	(1,450,000)	(750,000)
Retained Earnings - End of Year	12,358,906	11,519,294

SUMMARIZED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31

	2011 (\$)	2010 (\$)
Cash Flows from Operating Activities		
Net income	2,289,612	1,873,456
Changes to income not involving cash:		
Changes to income not involving cash	5,170,194	4,296,971
Net change in non-cash working capital balances related to operations	(599,969)	534,028
	6,859,837	6,704,455
Cash Flows from Investing Activities		
Purchase of property, plant and equipment, and special deposits	(4,423,211)	(5,687,891)
Change in regulatory assets and liabilities	(2,780,734)	(1,526,024)
	(7,203,945)	(7,213,915)
Cash Flows from Financing Activities		
Proceeds of issuance of long-term debt	550,000	5,700,000
Repayment of long-term debt	(567,012)	(499,546)
Capital contributions and customer deposits	(169,348)	126,283
Dividends	(1,450,000)	(750,000)
	(1,636,360)	4,576,737
Net Increase (Decrease) in Cash and Cash Equivalents	(1,980,468)	4,067,277
Cash and Cash Equivalents, Beginning of Year	11,180,750	7,113,473
Cash and Cash Equivalents, End of Year	9,200,282	11,180,750

Brantford Hydro Inc.

SUMMARIZED BALANCE SHEET

AS AT DECEMBER 31	2011 (\$)	2010 (\$)
ASSETS		
Current assets	2,214,326	1,997,313
Property, plant and equipment	2,274,111	2,126,474
Other assets	15,290	10,353
TOTAL ASSETS	4,503,727	4,134,140
LIABILITIES		
Current liabilities	447,447	522,874
Long term debt	1,303,335	1,303,335
Other liabilities	240,871	155,337
TOTAL LIABILITIES	1,991,653	1,981,546
SHAREHOLDER'S EQUITY		
Capital stock	1,338,006	1,338,006
Retained earnings (Deficit)	1,174,068	814,588
TOTAL EQUITY	2,512,074	2,152,594
TOTAL LIABILITIES & EQUITY	4,503,727	4,134,140

SUMMARIZED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDING DECEMBER 31

	2011 (\$)	2010 (\$)
Revenue		
Service revenue	2,529,576	2,419,524
Other revenue	25,321	19,250
	2,554,897	2,438,774
Expenses		
Operations, maintenance and administration	1,245,771	1,041,254
Other expenses	371,066	411,043
	1,616,837	1,452,297
Income Before Income Taxes	938,060	986,477
Current and Future Income Taxes	228,580	326,321
Net Income	709,480	660,156
Retained Earnings (Deficit) - Beginning of Year	814,588	454,432
Dividends	(350,000)	(300,000)
Retained Earnings (Deficit) - End of Year	1,174,068	814,588

SUMMARIZED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31

	2011 (\$)	2010 (\$)
Cash Flows from Operating Activities		
Net income	709,480	660,156
Changes to income not involving cash	295,770	313,141
Net change in non-cash working capital balances related to operations	(172,825)	(21,379)
	832,425	951,918
Cash Flows from Investing Activity		
Purchase of property, plant and equipment	(466,900)	(340,895)
Cash Flows from Financing Activities		
Capital contributions, customer deposits and deferred revenues	106,446	36,391
Dividends	(350,000)	(300,000)
	(243,554)	(263,609)
Net Increase in Cash and Cash Equivalents	121,971	347,414
Cash and Cash Equivalents, Beginning of Year	1,329,364	981,950
Cash and Cash Equivalents, End of Year	1,451,335	1,329,364

Brantford Generation Inc.

SUMMARIZED BALANCE SHEET


AS AT DECEMBER 31	2011 (\$)	2010 (\$)
ASSETS		
Current assets	594,142	398,383
Property, plant and equipment	12,761,433	12,785,205
Other assets	375,200	207,348
TOTAL ASSETS	13,730,775	13,390,936
LIABILITIES		
Current liabilities	1,382,187	1,141,874
Long term debt	12,951,683	12,852,007
TOTAL LIABILITIES	14,333,870	13,993,881
CAPITAL DEFICIENCY		
Capital stock	50,000	50,000
Deficit	(653,095)	(652,945)
TOTAL CAPITAL DEFICIENCY	(603,095)	(602,945)
TOTAL LIABILITIES & EQUITY	13,730,775	13,390,936

SUMMARIZED STATEMENT OF LOSS AND RETAINED EARNINGS

FOR THE YEAR ENDING DECEMBER 31	2011 (\$)	2010 (\$)
Revenue		
Generation revenue	1,641,833	243,060
Other revenue	10,984	1,496
	1,652,817	244,556
Expenses		
Operations, maintenance and administration	854,184	441,490
Other expenses	871,232	399,794
	1,725,416	841,284
Loss Before Income Taxes	(72,599)	(596,728)
Current and Future Income Taxes	(72,449)	(279,760)
Net Loss	(150)	(316,968)
Deficit - Beginning of Year	(652,945)	(335,977)
Deficit - End of Year	(653,095)	(652,945)

SUMMARIZED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING DECEMBER 31	2011 (\$)	2010 (\$)
Cash Flows from Operating Activities		
Net loss	(150)	(316,968)
Changes to income not involving cash	700,285	322,883
Net change in non-cash working capital balances related to operations	278,872	(1,394,224)
	979,007	(1,388,309)
Cash Flows from Investing Activity		
Purchase of property, plant and equipment	(647,689)	(1,452,086)
Cash Flows from Financing Activity		
Proceeds of issuance of long-term debt	-	3,014,999
Net Increase in Cash and Cash Equivalents	331,318	174,604
Cash and Cash Equivalents, Beginning of Year	248,767	74,163
Cash and Cash Equivalents, End of Year	580,085	248,767



Brantford Energy Corporation

Brantford Hydro Inc.

Mission

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

Vision

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

Values

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

Brantford Power Inc.

Mission

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

Vision

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

Values

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



Thank you to our contributing photographers.



(L to R): Brian Ronald, Sunset on the Rocks – www.flickr.com/people/30100117@N07
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Cover photo courtesy of
Randi Scott
randiscottphotography.blogspot.ca

Randi is a freelance photographer that calls Brantford home. He picked up his first DSLR in 2008 and has been shooting ever since. This photo was taken with a Canon 5D II just as the bridge lights were coming on. He encourages everyone to go out and discover the beauty of Brantford.



Brantford Energy Corporation

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MATERIALITY THRESHOLDS

Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued by the Board on June 28, 2012 states the relevant default materiality threshold as:

“0.5% of distribution revenue requirement for distributors with a revenue requirement greater than \$10 million and less than or equal to \$200 million.”

As Table 1.7 indicates, the lowest materiality during the past 4 years for BPI is \$80,845 To ensure a thorough analysis, all variances greater than \$70,000 have been analyzed.

Table 1.7 Materiality Thresholds

Description	2008 Board Approved	2008 Actuals	2009 Actuals	2010 Actuals	2011 Actuals	2012 Bridge Year CGAAP)	2013 Test Year (CGAAP)
Distribution Revenue Requirement	\$16,879,874	\$16,492,164	\$16,169,057	\$16,544,331	\$16,259,794	\$16,260,626	\$17,864,601
Materiality - 0.5%	\$ 84,399	\$ 82,461	\$ 80,845	\$ 82,722	\$ 81,299	\$ 81,303	\$ 89,323