

1

BRANTFORD POWER INC.

2

APPLICATION FOR APPROVAL OF ELECTRICITY RATES

3

EFFECTIVE JANUARY 1, 2017

Table of Contents

1.0 EXHIBIT 1: ADMINISTRATIVE DOCUMENTS

1.1 MANAGEMENT DISCUSSION AND ANALYSIS

1.1.1 Overview

1.1.2 Company Goals and Planning

1.1.3 Overview of Budget Process Methodology

1.2 EXECUTIVE SUMMARY

1.2.1 Executive Summary Overview

1.2.2 Revenue Requirement

1.2.3 Budgeting Assumptions

1.2.4 Load Forecast Summary

1.2.5 Rate Base and Capital Plan

1.2.6 OM&A Expense

1.2.7 Cost of Capital

1.2.8 Cost Allocation and Rate Design

1.2.9 Deferral and Variance Accounts

1.2.10 Summary of Bill Impacts

1.3 CUSTOMER ENGAGEMENT

1.3.1 Customer Engagement Overview

1.4 FINANCIAL INFORMATION

1.4.1 Audited Financial Statements:

1.4.2 Reconciliation between Audited Financial Statements and Regulatory Accounting

1.4.3 Annual Report and Management's Discussion and Analysis:

1	1.4.4 Rating Agency Reports:
2	1.4.5 Prospectus or Information Circulars:
3	1.4.6 Change in Tax Status
4	1.4.7 Existing Accounting Orders
5	1.4.8 Accounting for Non-Utility Businesses
6	1.5 ACCOUNTING STANDARDS USED IN APPLICATION
7	1.6 MATERIALITY THRESHOLD
8	1.7 ADMINISTRATION
9	1.7.1 List of Specific Approvals Requested
10	1.7.2 Executive Certification
11	1.7.3 Primary Contact Information
12	1.7.4 Statement of Representation
13	1.7.5 Applicant's Internet Address
14	1.7.6 Statement as to who is Affected by this Application
15	1.7.7 Statement of Publication
16	1.7.8 Bill Impacts for Notice of Application
17	1.7.9 Form of Hearing Requested
18	1.7.10 Proposed Effective Date of Rate Order
19	1.7.11 Deviations from the Filing Requirements
20	1.7.12 Change in Methodology Used
21	1.7.13 Previous Board Directives
22	1.7.14 Conditions of Service
23	1.7.15 Service Territory

1	1.7.16 Transmission Assets Deemed as Distribution Assets
2	1.8 BPI SCORECARD PERFORMANCE EVALUATION
3	1.8.1 BPI Scorecard Performance Evaluation
4	1.9 CORPORATE GOVERNANCE
5	1.9.1 Corporate and Utility Organizational Structure
6	1.9.3 Board Mandate
7	1.9.4 Orientation and Continuing Education
8	1.9.5 Ethical Business Conduct
9	1.9.6 Process for Nomination of Directors
10	1.9.7 Board Committees
11	1.10 LETTERS OF COMMENT
12	1.10.1 Letters of Comment
13	List of Attachments
14	Attachment 1-A: Convergys Transactional Survey Reports
15	Attachment 1-B: Convergys Top Down Survey Reports
16	Attachment 1-C: Innovative Report
17	Attachment 1-D: 2014 Audited Financial Statements
18	Attachment 1-E: 2015 Audited Financial Statements
19	Attachment 1-F: Reconciliation of Financial Statements to RRR
20	Attachment 1-G: 2014 Annual Report
21	Attachment 1-H: Map of BPI Service Territory
22	Attachment 1-I: Shareholder Declaration
23	Attachment 1-J: Conflict of Interest Policy and Procedure

1	Attachment 1-K: Board Audit Committee Terms of Reference
2	2.0 Rate Base
3	2.1 Overview
4	2.1.1 Overview
5	2.2 Gross Assets– Property, Plant and Equipment and Accumulated Depreciation
6	2.2.1 Gross Assets– Property, Plant and Equipment and Accumulated Depreciation
7	2.3 Allowance for Working Capital
8	2.3.1 Allowance for Working Capital
9	Overview
10	Cost of Power Calculations
11	2.4 Treatment of Stranded Assets Related to Smart Meter Deployment
12	2.4.1 Treatment of Stranded Assets Related to Smart Meter Deployment
13	2.5 Capital Expenditures
14	2.5.1 Planning
15	2.5.2 Required Information
16	2.5.3 Capitalization Policy
17	2.5.4 Capitalization of Overhead
18	2.6 Costs of Eligible Investments
19	2.6.1 Costs of Eligible Investments
20	2.7 New Policy Options for Funding of Capital
21	2.7.1 New Policy Options for Funding of Capital
22	2.8 Addition of ICM Assets to Rate Base
23	2.8.1 Addition of ICM Assets to Rate Base

1	2.9 Service Quality and Reliability Performance
2	2.9.1 Service Quality and Reliability Performance Reliability Performance
3	List of Attachments
4	Attachment 2-A - Distribution System Plan
5	Attachment 2-B - Brantford Energy Corporation- Rental of Space
6	Attachment 2-C - AECOM Space Needs Assessment Report
7	3.0 Operating Revenue
8	3.1.1 Operating Revenue
9	Overview
10	Throughput Revenue
11	Other Revenue
12	3.2 Load and Revenue Forecasts
13	3.2.1 Load and Revenue Forecasts
14	Weather Normalized and Customer/Connection Forecast
15	3.2.2 Forecast Methodology - Multivariate Regression Model
16	Purchased kWh Load Forecast
17	Billed kWh Load Forecast
18	Billed kWh Load forecast and Customer/Connection Forecast by Rate Class
19	3.3 Accuracy of load forecast and Variance Analysis
20	3.3.1 Variance Analysis of Distribution Revenue and Billing Determinants
21	2013 Actual vs 2013 Board Approved
22	2013 Actual vs 2014 Actual
23	2014 Actual vs 2015 Actual

1	2015 Actual vs 2016 Bridge Year
2	2016 Bridge Year vs 2017 Test Year
3	3.4 Other Revenue
4	3.4.1 Variance Analysis of Other Revenue
5	List of Attachments
6	Attachment 3-1 - Monthly Data used in Regression Model
7	4.0 Operating Costs
8	4.1 Overview
9	4.1.1 Overview
10	4.2 Summary and Cost Driver Tables
11	4.2.1 Summary and Cost Driver Tables
12	4.3 Program Delivery Costs with Variance Analysis
13	4.3.1 Program Delivery Costs with Variance Analysis
14	4.4 Employee Compensation Breakdown
15	4.4.1 Compensation Strategy
16	4.4.2 Compensation Variance Analysis
17	4.4.3 Changes to Compensation Not Yet Negotiated
18	4.4.4 Employee Benefits
19	4.5 Shared Services and Corporate Cost Allocation
20	4.5.1 Shared Services and Corporate Cost Allocation
21	4.6 Purchases of Non-Affiliated Services
22	4.6.1 Purchases of Non-Affiliated Services
23	4.7 One-Time Costs and Regulatory Expenses

1	4.7.1 One-Time Costs
2	4.7.2 Regulatory Costs
3	4.8 Low-Income Energy Assistance Program and Charitable and Political Donations
4	4.8.1 Low-Income Energy Assistance Program ("LEAP")
5	4.8.2 Charitable and Political Donations
6	4.9 Depreciation, Amortization and Depletion
7	4.9.1 Depreciation, Amortization and Depletion
8	4.10 Taxes or Payments in Lieu of Taxes and Property Taxes, Non-Recoverable and Disallowed Expenses,
9	Integrity Checks
10	4.10.1 Taxes or Payments in Lieu of Taxes (PILs) and Property Taxes
11	4.10.2 Non-recoverable and Disallowed Expenses
12	4.10.3 Integrity Checks
13	4.11 Conservation and Demand Management
14	4.11.1 Lost Revenue Adjustment Mechanism ("LRAM")
15	4.11.2 LRAM for pre-2011 CDM activities
16	4.11.3 LRAM Variance Account (LRAMVA)
17	Exhibit 4: List of Attachments
18	4-A: 2015 Actuarial Report – Post-Employment Benefits for Employees of Brantford Power Inc.
19	4-B: Shared Services Agreement between the City of Brantford and Brantford Power Inc.
20	4-C: Purchasing Policy
21	4-D: Services Agreement between BEC Group
22	4-E: Capital Asset Accounting Policy
23	4-F: PILs Workform
24	4-G: 2015 Draft Income Tax Return and 2014 Income Tax Return

1	4-H: Burman Report
2	4.I: 2010 Final CDM Report
3	4.J: 2014 Final CDM Report
4	5.0 Cost of Capital and Capital Structure
5	5.1 Overview of Capital Structure
6	5.1.1 Capital Structure
7	Debt Instruments
8	5.2 Cost of Capital (Return on Equity and Cost of Debt)
9	5.2.1 Cost of Capital (Return on Equity and Cost of Debt)
10	Cost of Debt- Long-Term
11	Cost of Debt- Short-Term
12	Capital Structure and Cost of Capital
13	Forecasts of new debt anticipated in the bridge and test years- Financing Plans
14	Notional Debt
15	Profit or Loss on Redemption of Debt
16	5.3 Not-For-Profit Organizations
17	5.3.1 Not-For-Profit Organizations
18	List of Attachments
19	Attachment 5-A – Promissory Note with the City of Brantford
20	6.0 CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY
21	6.1 REVENUE DEFICIENCY OVERVIEW
22	6.1.1 REVENUE DEFICIENCY OVERVIEW
23	Revenue Requirement

1	6.2 DETERMINATION OF NET UTILITY INCOME
2	6.2.1 DETERMINATION OF NET UTILITY INCOME
3	6.3 STATEMENT OF RATE BASE
4	6.3.1 STATEMENT OF RATE BASE
5	6.4 ACTUAL UTILITY RETURN ON RATE BASE
6	6.4.1 ACTUAL UTILITY RETURN ON RATE BASE
7	Indicated Rate of Return
8	Requested Rate of Return
9	6.5 DEFICIENCY OR SUFFICIENCY IN REVENUE
10	6.5.1 DEFICIENCY OR SUFFICIENCY IN REVENUE
11	6.6 GROSS DEFICIENCY OR SUFFICIENCY IN REVENUE
12	6.6.1 GROSS DEFICIENCY OR SUFFICIENCY IN REVENUE
13	6.7 COST DRIVERS ON REVENUE DEFICIENCY
14	6.7.1 COST DRIVERS ON REVENUE DEFICIENCY
15	List of Attachments
16	Attachment 6-A - Revenue Requirement Work Form
17	7.0 Cost Allocation
18	7.1 Cost Allocation
19	7.1.1 Cost Allocation Study Requirements
20	Overview
21	7.1.2 Cost Allocation Model Inputs/Weighting Factors
22	Weighting Factors for Services and Billing and Collecting (Sheet I5.2)
23	Meter Capital (Sheet I7.1)

1	Meter Reading (Sheet I7.2)
2	Direct Allocation (Sheet I9)
3	Embedded Distributor Class
4	Unmetered Loads (unmetered Scattered Load, Sentinel Lighting and Street Lighting)
5	MicroFIT class
6	Standby Rates
7	New Customer Classes
8	Eliminated Customer Classes
9	Summary of Results and Proposed Changes
10	7.2 Class Revenue Requirements
11	7.2.1 Class Revenue Requirements
12	7.3 Revenue to Cost Ratios
13	7.3.1 Revenue to Cost Ratios
14	List of Attachments
15	Attachment 7-A - Chapter 2 Appendix 2-P – Cost Allocation
16	Attachment 7-B - Cost Allocation Model – Specific Input and Output Sheets
17	Attachment 7-C - Letter to Energy+ - Embedded Distributor Communication
18	Attachment 7-D - Communication to Unmetered Scatter Load Customers
19	8.0 Rate Design
20	8.1 Rate Design Overview
21	8.1.1 Overview
22	Fixed/Variable Proportion
23	8.2 Rate Design Policy

1	8.2.1 Rate Design Policy
2	8.3 Retail Transmission Service Rates (“RTSRs”) and Other Charges
3	8.3.1 Retail Transmission Service Rates (“RTSRs”)
4	8.3.2 Retail Service charges
5	8.3.3 Wholesale Market Service Rate
6	8.3.4 Smart Metering Charge
7	8.3.5 Specific Service Charges
8	8.3.6 Low Voltage Service Rates
9	8.4 Loss Adjustment Factors
10	8.4.1 Loss Adjustment Factors
11	8.5 Tariff of Rates and Charges
12	8.5.1 Tariff of Rates and Charges
13	Condition of Service
14	Existing Rate Classes
15	8.5.2 Existing 2016 Rate Schedule
16	8.5.3 Proposed Rates and Charges Schedule
17	8.5.4 Revenue Reconciliation
18	8.6 Bill Impact
19	8.6.1 Bill Impact
20	8.6.2 Rate Mitigation
21	Mitigation Plan Approaches
22	Rate Harmonization Mitigation Issues
23	List of Attachments

1	Attachment 8-A - Chapter 2 Appendix 2-PA – New Rate Design for Residential Customers
2	Attachment 8-B - Chapter 2 Appendix 2-W – Bill Impacts
3	Attachment 8-C – 2016 RTSR Model V4.0
4	9.0 Deferral and Variance Accounts
5	9.1 Deferral and Variance Accounts Overview
6	9.1.1 Overview
7	Request of new accounts/sub-accounts
8	Adjustments to Deferral and Variance Accounts
9	Energy Sales and Cost of Power Expenses
10	9.1.2 PILS and Tax Variance for 2006 and Subsequent Years- Account 1592
11	9.1.3 Harmonized Sales Tax Deferral Account
12	9.1.4 One-time Incremental IFRS Costs
13	9.1.5 Account 1575, IFRS-CGAAP Transitional PP&E Amounts
14	9.1.6 Account 1576, Accounting Changes under CGAAP
15	9.1.7 Retail Service Charges
16	9.2 Disposition of Deferral and Variance Accounts
17	9.2.1 Accounts Submitted for Disposition
18	9.2.2 Method of Disposition
19	9.2.3 Proposed Rate Riders
20	9.3 Global Adjustment
21	9.3.1 Global Adjustment
22	List of Attachments
23	Attachment 9-B - 1580/1582- Continuity Schedule

1 Attachment 9-A - EDDVAR Model

2

3

1.0 EXHIBIT 1: ADMINISTRATIVE DOCUMENTS

APPLICATION

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, 3 Schedule B, as amended ("the OEB Act");

AND IN THE MATTER OF an Application by Brantford Power Inc. under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2017.

Applicant's Name: Brantford Power Inc. (the "Applicant" or "BPI")

Background

1. The Applicant is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) with its head office at 84 Market Street, Box 308, Brantford, Ontario. The Applicant carries on the business of distributing electricity within the City of Brantford.
2. The Application has been prepared pursuant to the OEB's *Renewed Regulatory Framework for Electricity Distributors* as detailed in the Report of the Board dated October 18, 2013 ("the RRFE").
3. The Applicant followed Chapter 2 of the OEB's Filing Requirements for Electricity Distribution Rate Applications last revised on July 16, 2015 (the "Filing Requirements") in preparing the Application. There are no deviations from the Filing Requirements in this Application.
4. The Applicant has prepared a Consolidated Distribution System Plan ("DSP") in accordance with Chapter 5 of the OEB's Filing Requirements for Electricity Transmission and Distribution Applications.
5. The Applicant acknowledges that the OEB will publish an update to the cost of capital parameters and that these matters will affect the Revenue Requirement that the Applicant has requested in this Application.

Brian D'Amboise



Chief Financial Officer and
Vice President, Corporate Services

Paul Kwasnik



President and Chief Executive Officer

1.1 MANAGEMENT DISCUSSION AND ANALYSIS

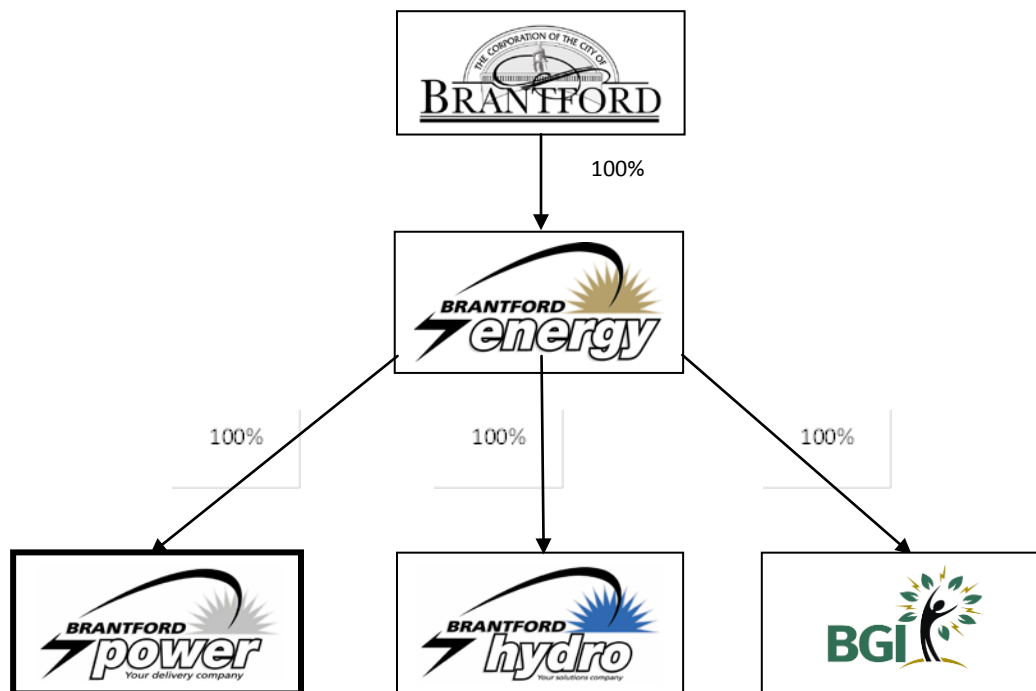
1.1.1 Overview

BPI is a Local Distribution Company ("LDC") operating in the City of Brantford, Ontario. BPI is incorporated pursuant to the Ontario *Business Corporations Act* and is regulated and licensed by the OEB. BPI serves over 39,000 residential and commercial customers.

Brantford Energy Corporation Inc. ("BEC") is the parent holding company of Brantford Power Inc. BEC in turn is fully owned by its municipal shareholder, the Corporation of the City of Brantford ("the City").

The City appoints the Directors to the Boards of BEC and BPI. The Board of Directors of BEC consists of six (6) Directors and the BPI Board of Directors consists of nine (9) Directors, three of the BPI Directors are different from the BEC Directors in order to maintain independence as required by the OEB's *Affiliate Relationships Code for Electricity Distributors and Transmitters* (the "ARC").

Table 1.1-A: Brantford Energy Group of Companies Corporate Structure



BPI's mission is to provide safe, reliable and affordable power to Brantford residents, while providing steady financial returns to its municipal shareholder.

Mission Statement and Values

BPI's mission statement and values are set out below:

Mission Statement: Brantford Power is driven to be a leading electricity distribution company by providing safe, reliable and competitively priced services to our customers, while ensuring excellent shareholder returns.

Values:

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

1.1.2 Company Goals and Planning

Since its last rebasing in 2013 (EB-2012-0109), BPI has developed a new strategic plan with involvement of BPI's shareholder, staff and members of the community. The key strategic goals of the 2014-2017 strategic plan are as follows:

1. Develop all aspects of the organization through investment in human capital including safety, performance management, staff succession, training and development and organizational culture change.
2. Pursue operational efficiencies, service excellence and quality across the organization.
3. Raise community visibility and establish the BPI brand
4. Adopt a larger role in energy efficiency and conservation
5. Grow the business by directing capital to industry levels by increasing our systems, facilities, technology, customer base and infrastructure.

These new Strategic Plan goals were developed as the Board introduced its RRFE, and relate to the OEB's RRFE outcomes as shown below in table 1.1-B

1

Table 1.1-B: Strategic Goals- Ties to OEB RRFE Outcomes

Strategic Goal	RRFE - Outcomes			
	Customer Focus	Operational Effectiveness	Public Policy Responsiveness	Financial Performance
1) Develop all aspects of the organization through investment in human capital including safety, performance management, staff succession, training and development and organizational culture change.	X	X	X	X
2) Pursue operational efficiencies, service excellence and quality across the organization.	X	X	X	X
3) Raise community visibility and establish the BPI brand	X	N/A	X	N/A
4) Adopt a larger role in energy efficiency and conservation	X	N/A	X	X
5) Grow the business by directing capital to industry levels by increasing our systems, facilities, technology, customer base and infrastructure.	X	X	X	X

2

3

BPI is including the following significant programs related to the strategic goals with this Application:

Develop all aspects of the organization through investment in human capital including safety, performance management, staff succession, training and development and organizational culture change.

- Performance Management program and short term variable incentive pay - described in Exhibit 4;
- Ongoing annual training programs – described in Exhibit 4;
- Hires for staff succession in the Operations departments in anticipation of pending retirements - described in Exhibit 4.

These activities are intended to advance the RRFE as follows:

Customer Focus:

- The introduction of a performance management program that provides for merit pay increases based on twelve leadership attributes which include customer responsiveness and variable incentive pay which is earned based on BPI's performance on its KPI's which include customer satisfaction metrics will incent BPI leaders to ensure customer interest are given primary consideration when making decisions and that any customer issues are given priority considerations.
- The proactive recognition of succession planning will ensure there are minimal service disruption to customers as new business leaders and operational staff are mentored and achieve sufficient knowledge and experience about the specific BPI distribution system attributes prior to BPI losing its long service employees due to retirement.
- The delivery of training programs will ensure that BPI leaders gain and retain the management skills necessary to motivate and engage all staff towards providing the best service possible for customers. Training will also ensure that BPI staff remain current with industry and technical developments allowing leaders and staff to be better equipped to respond to customer inquiries and concerns.

Operational Effectiveness

- The introduction of a performance management program that provides for merit pay increases based on twelve leadership attributes which include achieving business objectives

and variable incentive pay which is earned based on BPI's financial performance on its KPI's will incent BPI leaders to ensure that cost effectiveness and efficiency are given primary consideration when making decisions. The alignment of personal interest with business financial performance will ensure that leaders will strive for operational efficiencies.

Public Policy Responsiveness

- As the OEB is expecting BPI to meet the four objectives of the RRFE, the introduction of a performance management program that incents customer focus and operational efficiencies will contribute to achieving the RRFE goals.
- As BPI's internal KPI's address many of the items tracked on the LDC Scorecard, incenting leaders with merit and variable incentive pay will increase the desired improvements in performance reported on the OEB mandated public scorecard.

Financial Performance

- The introduction of a performance management program that provides for merit pay increases based on twelve leadership attributes which include achieving business objectives and variable incentive pay which is earned based on BPI's financial performance on its KPI's will incent BPI leaders to ensure that cost effectiveness and efficiency are given primary consideration when making decisions. The alignment of personal interest with business financial performance will ensure that BPI maintains a strong financial position while pursuing operating efficiencies.

Pursue operational efficiencies, service excellence and quality across the organization.

- Implementation of Meter To Cash study recommendations (described at Exhibit 4);
- Budget process review (Exhibit 4);
- Strategic budget—the financial plan provides for an annual review of BPI's Strategic Plan to ensure it remains current with rapidly changing industry developments.
- Implementation of a new Financial Information System and Customer Information System, plus other System Integration Projects (SIP). These projects will provide additional operating efficiencies by eliminating manual procedures and improving the timeliness of business information by integrating shared data between systems. The SIP will provide superior management information to allow the review of business process and cost performance for potential efficiency opportunities.

1 These activities are intended to advance the RRFE as follows:

2 **Customer Focus:**

- 3 • The implementation of Meter to Cash recommendations will streamline business process
4 and allow for focused attention on customers in the Customer Service group and focus on
5 timely and accurate billing in the Billing and Settlement Group
- 6 • The implementation of a replacement CIS and other System Integration initiatives such as
7 the Outage Management System will allow BPI to provide more timely information to
8 customers and allow BPI customers access to many self serve options regarding their
9 account and consumption that are already offered by many LDCs but are currently not
10 available to Brantford customers.

11 **Operational Effectiveness**

- 12 • The review of a multi-year budgeting and forecasting process combined with the linkage to
13 annual strategic plan review will ensure that current year budget decisions are
14 commensurate with the longer term direction of the business and expected longer term
15 outcomes for the industry and customers. Management considerations of spending options
16 in the current year must produce sufficient benefits to be sustainable over the forecast
17 period. This ensures that decisions take the long view so that projects selected will be those
18 with the greatest opportunity to achieve longer term efficiencies for the same amount of
19 effort or investment.

20 **Public Policy Responsiveness**

- 21 • As the RRFE is intended to move LDC planning to the long term view, Management
22 considerations of spending options in the current year must produce sufficient benefits to
23 be sustainable over the forecast period. The annual assessment of strategic issues, allows
24 BPI to incorporate into its business plans, recent policy pronouncements by policy makers.

25 **Financial Performance**

- 26 • Having a long term view when preparing budgets and financial plans, BPI can assess the
27 longer term impact of current year budget requests. Requests that cannot be sustained over
28 the longer term based on expected revenues will not be considered unless they can be
29 funded from productivity savings or other sustainable source of funding within the levels
30 expected by Customers.

Raise community visibility and establish the BPI brand

- Customer Engagement Program, described in the section below;
- Establishment of the VP of Customer Service, Conservation and Communication position during the SLT restructuring in 2014 – described in Exhibit 4
- Enhancing the dedicated customer and business communication capabilities to provide more timely and more accessible information to customers

These activities are intended to advance the RRFE as follows:

Customer Focus:

- The reorganization of SLT with a dedicated executive role on Customer Service and Communications as well as additional dedicated resources on the communication function, provides a clear increase in focus on the customer. As the Executive responsible for Customer Service, a customer perspective will be at the leadership level to ensure customer considerations are always assessed during decision making.
- Enhanced focus on communications will allow improvements to BPI's web presence and the introduction of more active BPI presence on social media.

Public Policy Responsiveness

- As the RRFE clearly indicated a direction to increase customer engagement and ensure the customer is a focus of the LDC, BPI has embraced this objective by pursuing a more active customer engagement program which includes:
 - Early adoption of top down customer satisfaction survey and the goal of measuring satisfaction annually instead of the OEB's directed biennial surveys;
 - Introduction of a customer transactional customer satisfaction survey to obtain ongoing and more timely feedback on how well BPI is meeting customer need.
 - Introduction of multiple community customer engagement events.
 - Replacement of CIS and other key systems to provide enhanced and more timely customer information.
 - Establishment of a weekly cross departmental company internal conference call to review the status of all customer connection requests.

- Increase staffing in the Customer Service Department to improve BPI performance on customer service metrics.

Adopt a larger role in energy efficiency and conservation

- Continue to meet existing OPA (now IESO) targets;
- New position budgeted in CDM Department for 2016 described in exhibit 4 (compensation section).

These activities are intended to advance the RRFE as follows:

Customer Focus:

- The provision of additional resources will provide more capacity to assist customers in understanding and availing themselves of CDM programs.
- As one of the few Ontario LDC's that qualified for CDM performance incentives under the former CDM framework, BPI has indicated a strong commitment in assisting customers to maximize the benefit of CDM opportunities to achieve the maximum benefit from conservation.
- By assisting business in Brantford to maximize the benefits of conservation, BPI is assisting Companies to reduce their energy costs and improve their financial viability.

Public Policy Responsiveness

- As BPI was among the stronger LDC performers with respect to achieving their CDM targets, BPI has embraced this new role for LDC's to ensure BPI does its share in achieving the Province's goals under its Long Term Energy Plan.
- BPI has submitted and received approval for its new Conservation Framework Plan and provided in its financial plan the necessary resources to meet its conservation targets.

Financial Performance

- By providing the internal capacity to achieve or exceed BPI's performance targets, BPI is eligible for performance incentives that could improve BPI's financial performance.

1 **Grow the business by directing capital to industry levels by increasing our systems, facilities,**
2 **technology, customer base and infrastructure.**

- 3 • Making the planned investments outlined in the Distribution System Plan related to the
4 distribution system;
- 5 • Pursuing a new single-site consolidated facility to prepare for the expected repurposing of
6 BPI's existing facilities by its landlord as well as to address current accommodation
7 challenges. The business has been operating under three facilities, which can impede
8 operating efficiencies and effective communication ultimately impacting the level and cost
9 of service to the customers;
- 10 • Implementing the findings of the System Integration Study including a replacement
11 Financial Information System (FIS) and Customer Information System (CIS) with the
12 objective of modernizing BPI's Information Systems infrastructure to be in keeping with
13 current good utility practice:
 - 14 ○ to improve functionality for customers and BPI;
 - 15 ○ to achieve enhanced integration between diverse systems;
 - 16 ○ to reduce or mitigate the business and performance risk of antiquated systems
 - 17 ○ to automate and reduce cumbersome manual business processes; and
 - 18 ○ to provide more timely and enhanced management information to better identify
19 and analyze cost and performance drivers in the business.
- 20

21 These activities are intended to advance the RRFE as follows:

22 **Customer Focus:**

- 23 • The introduction of a consolidated facility will provide the customer with the opportunity for
24 a single site to conduct business with BPI avoiding the need to interact with officials in three
25 locations.
- 26 • The implementation of consolidated facilities and renewed information systems will allow
27 BPI to increase the level of service to customers in keeping with good utility practices
28 already in place in other LDCs.
- 29 • The investments outlined in the Distribution System Plan will provide for required new
30 customer connections and through system renewal investments, ensure that reliability
31 levels are in keeping with customer issues.
- 32 •

Operational Effectiveness

- The implementation of a consolidated facility will allow the elimination of duplicated costs replicated in multiple facilities and streamline interdepartmental collaboration and enhanced communication.
- The implementation of an FIS will not only streamline some of the business processes currently in place for accounting and reporting, but it will allow more detailed project cost accounting to review deviations from plans, improving estimating capabilities and providing an improved ability to analyze variances from plans, to allow the timely implementation of corrective measures.
- The integration of multiple systems will allow the sharing of data without manual intervention reducing or eliminating the need to input and analyze the same information multiple times across non integrated systems.

Public Policy Responsiveness

- As the RRFE objectives provide for both Customer Focus and Operational efficiencies, the investments planned for a consolidated facility and renewed systems will be enabling to provide improved customer access to BPI services and information and provide BPI with the necessary and timely information to identified potential operational efficiencies.

Financial Performance

- By renewing BPI's IT infrastructure, BPI will address its General Plant Information Infrastructure deficit. By reducing the inherent risk of operating antiquated systems, the implementation of streamlined business processes in keeping with good utility practice is expected to allow BPI to deliver the expected productivity savings necessary to maintain the desired financial performance.
- By making the investments outlined in system renewal elements of the Distribution System Plan, BPI will replace old infrastructure with new infrastructure that has reached the end of its useful lives maintaining the level of rate base and reducing maintenance costs in order to maintain BPI's financial performance.

1.1.3 Overview of Budget Process Methodology

BPI begins the preparation of its annual budget during the second quarter preceding the next budget year. Typically, BPI prepares a proposed budget for the following year along with a multi-year financial forecast for the subsequent four years. For the preparation of this Application, BPI began preparing its budget in June 2015 and included in anticipation of the pending 2017 Cost of Service rate application, a requirement during this budget cycle for both 2016 and 2017 (the Bridge and Test Years) as formal budget years, and the period of 2018 to 2020 as forecast years.

Prior to initiating the formal budget process with departments, the Finance Department reviews the current environment to determine what if any changes are required to the process. Among the factors considered are the following:

- Any update to BPI's strategic plan;
- Recent financial performance including a review of the progress on the capital expenditure plan;
- Changes in customer demographics or requirements;
- New Government, OEB or other agency requirements; and
- Desired budget process improvements identified from the previous budget cycle.

Based on the above review, the Finance Department will update its proposed budget templates and process requirements and review with the Senior Leadership Team (SLT) prior to issuing updated preparation instructions to departmental leaders. If changes are significant, the Finance Department will hold a training session with departmental leaders.

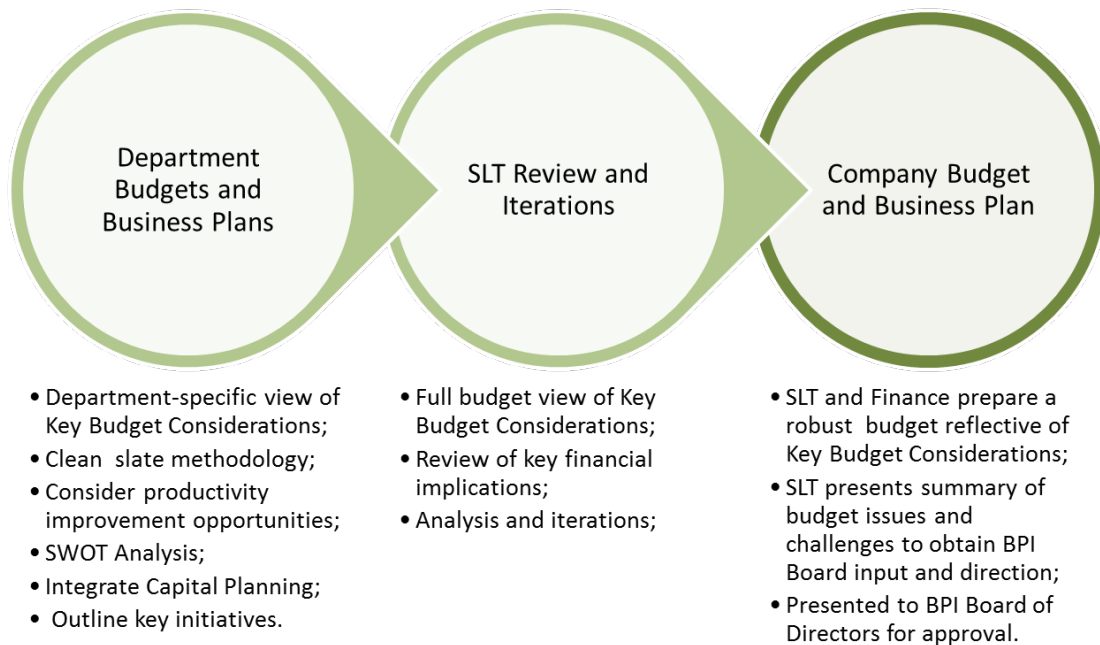
At this point, the budgeting process formally begins with the preparation of departmental budgets and related department business plans which reflect current strategic goals and operational requirements. This business planning process allows the leaders to review current and projected departmental outputs, key priorities and initiatives and rationale for requested funding. These business plans address the departments' current strengths, weaknesses, opportunities and threats (SWOT). They also summarize the current year's performance highlights along with a clear view of departmental initiatives whether externally mandated or internally initiated.

The preparation of the department budget incorporates a number of specific requirements, some of which are highlighted below:

- 1 • **“Clean Slate” Framework** - reflecting a method of budgeting in which all expenses must be
2 justified for each new period. “Clean Slate” budgeting starts from a blank page and every
3 function within an organization is analyzed for its needs and costs. Budgets are then built
4 around what is needed for the upcoming period, regardless of whether the budget is higher or
5 lower than the previous one.
6
- 7 • **Productivity Improvements** – Review of alternatives approaches to service delivery, including
8 the potential repurposing or elimination of vacant positions. This would also reflect the
9 annualization of any productivity savings achieved in the current fiscal year.
10
- 11 • **Integrated Capital budgeting** - which integrates elements of BPI’s asset management program
12 and annual asset inspection outcomes in determining priority projects; other priority
13 infrastructure or general plant projects including any resulting from customer engagement
14 activities; investments supporting productivity improvements; and investments required under
15 the Integrated Regional Resources Plan (IRRP). These varied initiatives are considered and
16 evaluated based on priority and available resources as set out in BPI’s Distribution System Plan.
17

1

Table 1.1-C: Budget Process



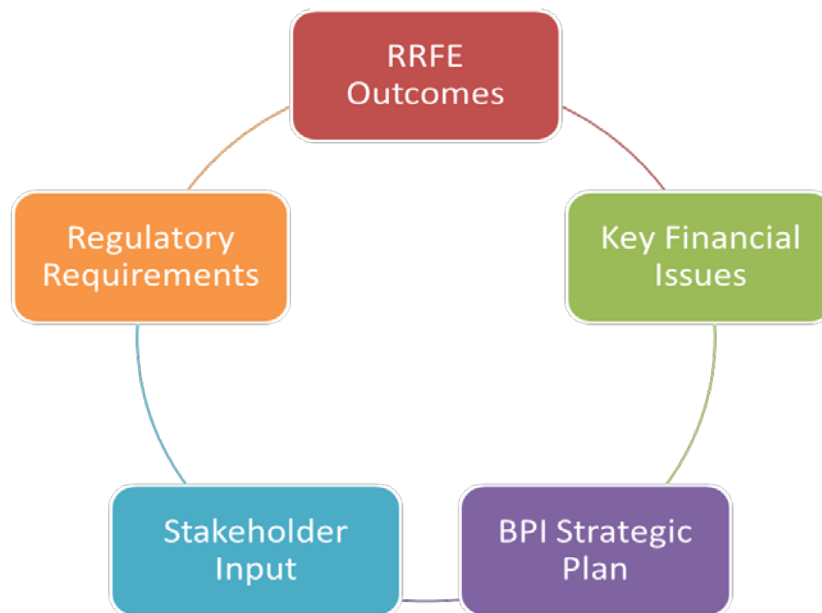
2

3 The department business plans and budget proposal are first reviewed by the applicable SLT member,
 4 after which the department business plans are presented by the applicable Manager to the SLT. The SLT,
 5 which is comprised of the President & CEO, CFO & VP of Corporate Services, the VP of Operations &
 6 Engineering, and the VP of Customer Service & Conservation, then review the submitted department
 7 budgets, Department Business Plans, and the complete financial plan (which incorporates each of the
 8 department budgets).

9 This review is conducted in light of expected RRFE outcomes, specific BPI Strategic Goals and the desire
 10 to balance the interest of stakeholders in the budget forming the overall financial plan. This approach is
 11 taken to ensure that BPI can assess the longer term impact of current budget decisions on the future
 12 financial position of the business and the longer term impacts on various stakeholders. The budget
 13 submission presented to the Board of Directors for approvals represents an updated business plan after
 14 reflecting upon the following factors:

15

Table 1.1-D: Key Budget Considerations



RRFE Outcomes & BPI Strategic Plan

As outlined above BPI's business plan reflects the direction set by BPI's strategic and contains projects and activities that are supportive of RRFE expected outcomes

Stakeholder Input

The framework requires the business to consider and assess the impacts of any significant decision on the following four major stakeholders:

- Customers
- Employees
- Regulator
- Shareholder

The business plan also reflects projects and activities that are in line with the feedback BPI has received through various and ongoing customer engagement activities.

Regulatory Requirements

1 The business plan reflects necessary funding to meet expected regulatory requirements resulting from
2 government directives or OEB policy in fulfilment of BPI's Electricity Distribution License obligations.

3
4
5 Key Financial Issues

6 The business plan also considers the general financial position of the business including specific issues
7 that must be addressed in the current financial plan, for example known changes in labour and other
8 costs, current capital structure, level of required capital expenditures and related financing
9 requirements to ensure the final budget proposal reflects a business plan that is financial sustainable yet
10 provides for the funds necessary for required priority initiatives.

1.2 EXECUTIVE SUMMARY

1.2.1 Executive Summary Overview

The approvals requested in this Application will allow BPI to meet its strategic objectives as described in the Management Discussion and Analysis, as well as those of the OEB'S Renewed Regulatory Framework for Electricity.

The following table 1.2-A summarizes the key elements of the Application

Table 1.2- A: Key Application Statistics

Item	Proposed Value
Rate Base	\$ 88,429,953
Working Capital	\$ 9,464,949
OM&A	\$ 10,495,506
Capital Expenditures	\$ 4,151,982
Service Revenue Requirement	\$ 20,245,835
Revenue Offsets	\$ (1,335,003)
Base Revenue Requirement	\$ 18,910,832
Revenue at Existing Rates	\$ 16,289,800
Revenue Deficiency	\$ 2,621,032

1.2.2 Revenue Requirement

The Service Revenue Requirement requested for the 2017 year is \$20,245,835. This is an increase of 18.8% from the Service Revenue Requirement of \$17,046,563 approved in BPI's 2013 Cost of Service Rate Application (EB-2012-0109).

The following Table 1.2-B shows a comparison of the Revenue Requirement calculations between the 2013 Application and the 2017 Application

Table 1.2- B: Summary of Revenue Requirement Calculations

Item	2013 Board Approved	2017 Test Year Proposed
Average net Fixed Assets	\$ 63,626,746	\$ 78,965,004
Working Capital Allowance	\$ 12,111,175	\$ 9,464,949
Rate Base	\$ 75,737,921	\$ 88,429,953
Weighted Average Cost of Capital	6.19%	6.06%
Regulated Return On Capital	\$ 4,689,961	\$ 5,355,940
OM&A	\$ 8,866,025	\$ 10,495,506
Amortization Expense	\$ 2,900,650	\$ 3,696,567
PILS	\$ 589,927	\$ 697,822
Service Revenue Requirement	\$ 17,046,563	\$ 20,245,835
Less: Revenue Offsets	\$ (1,220,000)	\$ (1,335,003)
Base Revenue Requirement	\$ 15,826,563	\$ 18,910,832

1.2.3 Budgeting Assumptions

Economic Overview

BPI has identified two specific economic factors that BPI needed to consider in developing its financial plans plus a specific area of business focus that impacts BPI's cost of service in the near term. With respect to economic factors, BPI would like to highlight the following two issues:

- **Load and Customer growth** – BPI's distribution service territory is largely developed resulting in modest annual growth from one year to the next. This reality combined with BPI's successful delivery of conservation programs results in BPI not reflecting significant growth in customers or in consumption. As a result, BPI has not identified any material cost impacts related to growth of the utility.
- **Succession Planning and Labour Cost Inflation:** BPI is forecasting a number of pending retirements from its pool of long serving employees, BPI continues to plan for succession as significant utility knowledge will be leaving the Company over the next few years

In recent years, virtually every local distribution company surrounding Brantford has been sold or merged into larger entities. This is resulting in considerable inflationary cost pressures on skilled labour rates as neighbouring utilities migrate their staff in their new expanded service territories to a standard wage rate which is typically higher than the rates paid in the former stand-alone neighboring LDCs. BPI has historically been diligent in ensuring wage inflation is reflective of the customers' ability to pay by achieving settlements that were more in keeping with non-utility wage inflation to the extent possible. BPI typically avoided positioning its labour settlements as market leaders and usually followed the market trends.

Unfortunately, with the recent trend in Brantford's surrounding area, BPI's current wages for skilled trades are falling further behind the effective market rate in the area. The ability of BPI to retain existing and compete for future skilled technical resources when all utilities are facing the same succession planning pressures, is presenting BPI with unique challenges to remain competitive in this regard. BPI's budget has identified measures in the Test Year Budget to address this issue.

In addition to the above general economic developments, BPI has identified a specific area of business focus which has necessitated some change in BPI's immediate short term investment plans. These plans will result in higher operating costs during this transition period. This is required to enable BPI to renew its facilities and information systems. For BPI to continue as an economically sustainable business over the long term and produce the required productivity

gains, BPI must first deal with the existing inefficiencies caused by the above noted legacy circumstances. The renewal of these elements would produce outcomes that are consistent with the four primary objectives of the RRFE and BPI's strategic goal of pursuing operational efficiencies, service excellence and quality across the organization.

Historically, BPI focused a significant proportion of its capital investments on distribution plant projects to meet customer connection requirements and to strengthen the distribution system with the goal of achieving and maintaining high system reliability. This focus has resulted in BPI reporting relatively strong and consistent reliability figures which has resulted in high levels of customer satisfaction. This is in large part due to the fact that BPI has focused on developing and maintaining a robust distribution system without significant infrastructure deficits to address. Similarly, BPI has focused past investment in General Plant in assets that have direct impacts on the operations and maintenance of the distribution system such as fleet additions or major tools.

The proposed DSP continues to identify required distribution plant investments to ensure appropriate reliability levels or to address specific new or existing customer requirements. It has become clear that BPI has fallen significantly behind industry best practices in the approach to facilities and information systems infrastructure. This is best illustrated in the following examples:

- **Multiple Operating Facilities:** BPI operates in three distinct leased facilities with approximately one third of its employees working out of each facility. Each facility is now at capacity with some operating departments split across multiple locations. BPI is aware that its landlords are actively reviewing these facilities for possible repurposing for their own use. As a result BPI is planning to consolidate the three locations by the end of 2016. Please refer to Exhibit 2 for further details.

The current arrangement presents challenges in achieving effective communication and collaboration since cross departmental teams are seldom based in the same facility.

Furthermore, by operating multiple facilities, BPI incurs duplicate costs for certain common elements and equipment required in each location plus the higher cost of coordination and supporting employees located in multiple locations.

- **Information Systems Infrastructure:** BPI operates multiple information systems to operate its business with the FIS, CIS and GIS systems representing three of its core systems. BPI engaged a consultant to review the current state of IT infrastructure to develop a road map for the future of this infrastructure including the integration of systems to share common data. The resulting

1 “Systems Integration Project” report findings indicated a number of priority projects including
2 FIS and CIS.

3 These systems are very old and are costly to operate partially due to the lack of electronic
4 integration of common shared data between the three core systems and the need to support
5 significant program customization that has been implemented over the past decades.
6 Considerable manual effort is required to maintain the integrity of this shared data between
7 systems and significant time is required to process information manually between the key
8 systems. Because of system limitations, BPI is severely limited in the timeliness and availability
9 of management information

10 BPI has been able to maintain a Group 3 cost profile for its customers. However, BPI must
11 assign resources to monitor and compensate for these system shortcomings limiting the
12 available resources to further develop opportunities for business process automation ,other
13 efficiency measures or service enhancements to customers.

14 As a result, BPI has identified the transition to consolidated facilities and the renewal of its IT
15 infrastructure as priority activities that are essential enabling investments to allow BPI to transition to
16 utility best practices which are expected to result in additional efficiencies, enhanced customer service
17 and improved management information.

18 Because of these two priority areas, the 2016 and 2017 budgetary plans reflect the need to establish the
19 organizational capacity to fund, transition and implement these initiatives. As existing processes must
20 continue during the transition and transition to new facilities requires some time after acquisition to be
21 ready for occupancy, BPI must provide overlapping and implementation costs to successfully achieve
22 these transitions. Where possible, BPI has proposed measures to mitigate the impact of these
23 transitional costs in the 2017 Test Year. Nevertheless, these priorities will increase OM&A costs beyond
24 normal inflation to allow BPI to expedite its business renewal to achieve greater efficiencies to better
25 serve Brantford customers.

26 **OM&A Budget**

27 As previously indicated, BPI’s OM&A budget is prepared using the “clean slate” approach requiring the
28 Department Manager to review each line item to determine the requirement for the upcoming year.
29 Where there are known and quantifiable changes to a budget item, these will be incorporated into the
30 budget, and where assumptions must be made, BPI employs the best available indicator of cost change.
31 For this reason, BPI does not apply an across the board general inflationary adjustment throughout the
32 budget.

1 Once all Managers have submitted their requests, the SLT will review the quantum of the cumulative
2 increase and compare it to the general inflation rate and the customer's ability to pay. Based on this, SLT
3 will revisit specific departmental requests until the proposal balances the business requirements with
4 the overall level of expenses. In this way, BPI considers the interest of the key stakeholders including
5 customers.

6 With respect to labour rates, BPI has not yet finalized the collective agreements for its employee groups
7 for the Test Year. In this regard, BPI has reflected in its 2017 Test Year reasonable provisions for these
8 yet to be negotiated settlements BPI has provided a confidential schedule to Exhibit 4 which contains
9 the budget assumptions used as the labour cost increases related to the collective agreements.
10 Confidentiality is required to prevent the compromise of the upcoming labour negotiations.

11 This is among the grounds for confidential treatment set out in the OEB's *Practice Direction on*
12 *Confidential Filings* (the "Practice Direction"), and it is contemplated by the *Freedom of Information and*
13 *Protection of Privacy Act*; and they are, in BPI's submission, reasonable. BPI is prepared to provide
14 copies of the subject material to individuals who have executed and delivered the OEB's Form of
15 Declaration and Undertaking regarding confidential material, subject to BPI's right to oppose any
16 request for access to the confidential material. BPI will deliver to the OEB unredacted copies of the
17 material in respect of which confidentiality is claimed, in accordance with the Practice Direction.

18
19 As the Shared Services Agreement related to the purchase of services from the City of Brantford expires
20 on December 31, 2016, BPI intends to renew the agreement for at least 2017 until BPI has evaluated the
21 requirements after it has transitioned to consolidated facilities and successfully implemented the new
22 FIS. Services directly affected by the FIS project where BPI has determined to perform those services in
23 house, will not be renewed. Although BPI and the City have entered into discussions regarding the
24 renewal, these discussions have yet to be concluded. BPI expects the terms and conditions to be
25 substantially in keeping with those of the existing agreement. As a result, with the exception of
26 Accounts Payable and Payroll and rental of facilities, the Test Year Budget assumes a renewal of existing
27 arrangements.

28 *Capital Budget-*

29 As outlined above, BPI has initiated a major general plant renewal program which begins in 2016 with
30 the acquisition of a repurposed consolidated facility and the implementation of a new FIS. This results in
31 an unusual level of capital spending in 2016 and related financing. BPI has funded all capital
32 expenditures through working capital since 2012 to establish sufficient debt capacity to fund a
33 consolidated facility in 2016.

Filed: May 4, 2016

With these major initiatives identified for completion in 2016, the proposed capital expenditures reflected in BPI's first DSP reflects a level of investment more in keeping with the pre 2016 levels after removing the impact of non discretionary Integrated Regional Resources Plan (IRRP) projects. The planned capital investments reflect projects across each of the OEB's System Access, System Renewal, System Service and General Plant driver categories focused on the following:

- Capital contributions towards upgrades to the Transmission system in keeping with the Integrated Regional Resources Plan (IRRP) recommendations;
- Priority projects identified from BPI's asset management program;
- Expected investments for new customers connections;
- Other investments necessary to respond to customer concerns raised during the various customer engagement initiatives.
- Continued investments for the renewal of BPI's Information Systems infrastructure most notably the CIS and OMS systems in 2017

With respect to the assumptions used in establishing capital expenditure values a number of methods have been used depending on the particular project and circumstances:

- With respect to the investments resulting from the IRRP, BPI has established budget provisions based on the available information provided to the regional local distribution companies involved in the IRRP process;
- Projects identified from the asset management system are initially costed using the high level estimation protocol contained in the asset management system decision model for estimating financial impacts for use in establishing project priority. Once project priorities have been identified, all selected priority projects are budgeted using the standard budget estimation process where estimated time and materials are calculated and costed at expected rates using historical patterns for similar work.
- Other distribution system or general plant projects are costed using estimated time and materials using historical patterns for similar projects where applicable or available, publicly available information, and preliminary discussions with potential service providers.

Accounting Standard Applied

Beginning January 1 2015, BPI has used Modified IFRS as its accounting standard. A discussion of the impacts of BPI's change in accounting standard to MIFRS from CGAAP in 2015 can be found in Tab 5 of this Exhibit. The total impact of the change in accounting standard is a decrease of \$531, representing

1 the revenue requirement impact of early disposals on pooled assets and the impact of prepaid expenses
2 written off for IFRS purposes.
3

1.2.4 Load Forecast Summary

For 2017, BPI has forecasted power purchases of 924,712,894 kWh, compared to 961,331,688 approved in its 2013 Rate Application, representing a 3.8% decrease. In terms of billed kWh, comparable figures are 884,853,885 kWh forecasted for 2017, or a 4.2% decrease. BPI has forecasted an overall customer increase of 3.0% compared to the 2013 Board Approved level. Table 1.2-C summarizes these load forecast components.

1.2-C: Load Forecast Comparison- 2013 Board Approved to 2017

	Load *		Customers (Residential and General Service)
	Purchased kWh	Billed kWh	
2013 Board Approved	961,331,688	923,329,195	38,548
2017 Proposed	924,712,894	884,853,885	39,721
% Change	-3.8%	-4.2%	3.0%
*Excludes Embedded Distributor kWh			

The Load Forecast has been prepared on the basis of a multivariate regression analysis of BPI's historic power purchases. The power purchases are weather normalized and the factors considered in the regression are related to weather, economic, and calendar data, as well as a "negative impact variable" is related to consumption decreases. The weather normalized Bridge and Test Year forecasts are adjusted by a historical loss factor in order to translate purchased power forecasts into billed energy forecasts. The billed energy forecast is then split among the rate classes.

BPI has prepared its customer/connection forecast based on the geometric average of the historical customer growth per year (with some exceptions detailed in Exhibit 3). The forecast for billed energy per rate class is based on historic patterns in consumption per customer. For those rate classes which are weather sensitive, this forecast was adjusted to account for the weather-normalized billed energy forecast derived from the regression model.

For applicable rate classes which are billed on monthly peak demand kW for distribution rates, the kW forecast was developed by applying a historic relationship between kWh and kW for that class.

CDM results were incorporated in the regression-based forecast as they were considered in one of the regression variables. Additionally, BPI has made manual CDM adjustments to its Residential, General Service less than 50 kW and General Service 50 to 4,999 kW classes. The adjustments are outlined in detail in Exhibit 3 and correspond with BPI's CDM Plan for the 2015 to 2020 framework.

1.2.5 Rate Base and Capital Plan

The Rate Base calculated in Exhibit 2 of this Application is \$88,429,953, which is an increase of \$12,692,032 or 16.8% compared to the Rate Base of \$75,737,921 approved in BPI's 2013 Cost of Service Application.

The major drivers in BPI's DSP are:

- Capital additions related to the System Access investment driver represent 41% of the total spending proposed in 2017, related to the connection or modification of connections to the system enabling customers to receive electricity;
- Increases in the General Plant related to BPI's investment in its systems, including its FIS, CIS and other System Integration Projects (including its Outage Management System);
- A planned investment related to BPI's Integrated Regional Resource Plan, currently forecasted to be in-service in 2018.

Table 1.2-B above outlines the calculation of Rate Base. Capital Expenditures proposed for the Test Year are \$4,151,982 before work in progress (WIP). This represents an increase of \$1,250,482 or 43.1% over the 2013 Board-Approved Capital Expenditure level of \$2.9 Million.

BPI has no investments included in its DSP related to REG investments (investments that accommodate the connection of renewable energy generation) and no investments amounts for renewable energy connection planned for recovery through O. Reg. 330/09.

BPI has included in its DSP Forecast Period the following projects which take advantage of the advancements in smart grid technology and communications:

- installation of Automatic Reclose Switches (including some which are part of the "Downtown Automation Project");
- Outage Management System; and
- SCADA Projects.

Pursuant to the Board's letter of June 3rd, 2015 BPI has applied the rate of 7.5% in calculating the allowance for working capital to be included in Rate Base.

1.2.6 OM&A Expense

Exhibit 4 sets out the details of BPI's operating expenses. BPI is proposing to recover Operations, Maintenance and Administrative ("OM&A") expenses of \$10,495,506 in the 2017 Test Year. This figure represents an increase of \$1,641,840 or 18.5% over the 2013 Board Approved OM&A of \$8,854,026

The OM&A Drivers are summarized in Table 1.2-D Below. Please note the total below does not include LEAP donations of \$25,000.

Table 1.2-D: Summary of OM&A Cost Drivers

Item	\$ Amount
2013 Board Approved OM&A (excluding LEAP)	8,854,025
System Integration Projects	495,143
Changes in Staffing, Wages and Benefits	1,019,894
Shared Services to Affiliates	(175,856)
Organizational Improvements/Strategic Initiatives	272,000
Restructuring of Shared Services Agreement	(186,758)
Direct Labour Project Mix / Payroll Burden Allocation	(176,131)
Other Charges (net)	368,189
2017 Test Year OM&A	10,470,506

Expenses related to the Systems Integration Project, including implementation of a new CIS, FIS and other systems. BPI has proposed to amortize the costs of this one-time multi-year project over the 5-year cost of service cycle, reducing the related OM&A requested for the 2017 Test Year.

1.2.7 Cost of Capital

BPI has applied the following cost of capital parameters in calculating its cost of Capital.

Table 1.2-E: Deemed Capital Structure and Cost of Capital

Description	Deemed Portion	Effective Rate	Calculation Method
Long-Term Debt	56.00%	4.13%	Blended Rate, using actual 3 rd party costs and actual rate for affiliated debt.
Short-Term Debt	4.00%	1.65%	OEB Cost of Capital parameters from November 2015 Report
Return On Equity	40.00%	9.19%	
Weighted Debt Rate		3.97%	Calculation
Regulated Rate of Return		6.06%	Calculation

BPI has included the rate of 4.20% for the cost of its Promissory Note with the City of Brantford, which is affiliated debt, representing the actual cost of debt rate on the agreement. This is consistent with the treatment in the *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities* (EB-2009-0084), as it is the lower of the actual rate and the deemed debt rate. This Note was renewed on February 1, 2016. The actual debt instruments have been included in the blended long term debt rate based on the actual rates paid by BPI.

BPI acknowledges that the Board will release an updated Cost of Capital Report before BPI's rates for 2017 are approved by the Board. If this is the case, BPI will update the Cost of Short-Term debt and Return on Equity according to the updated report.

BPI has not deviated from the OEB's cost of capital methodology.

1.2.8 Cost Allocation and Rate Design

In preparing its Cost Allocation and Rate Design, BPI has not deviated from the Filing Requirements.

The following Revenue to Cost Ratios and Class Revenue Requirements are proposed in this Application.

All proposed Revenue to Cost Ratios are within the Board's target ranges for the respective class.

BPI is not proposing any mitigation plans at this time, as all total bill impacts fall below the 10% mitigation threshold.

Table 1.2- F: Revenue to Cost Ratios by Class and Class Base Revenue Requirements

	Proposed Revenue to Cost Ratio	Proposed Class Revenue Requirement
Residential	95.9%	\$ 11,153,627
General Service less than 50 kW	86.3%	\$ 1,845,883
General Service 50-4999 kW	119.2%	\$ 5,282,238
Street Lighting	80.0%	\$ 228,441
Sentinel Lighting	103.9%	\$ 60,320
Unmetered Scattered Load	116.3%	\$ 88,442
Embedded Distributor	100.0%	\$ 251,881
Total		\$ 18,910,832

On April 2, 2015, the Board released its Policy "A New Distribution Rate Design for Residential Electricity Customers", (OEB file number EB-2012-0410). Consistent with this Policy, BPI began the transition to fully fixed distribution rates for the Residential Class in its 2016 IRM distribution rates (EB-2015-0055, Decision dated December 10, 2015). BPI has completed Appendix 2-PA, which proposes a further increase in the fixed proportion of rates to be recovered from the Residential class (with an offsetting decrease in the variable proportion).

BPI has consulted its unmetered customers and made updates to the forecasts used as inputs to its cost allocation and rate design accordingly. BPI has also consulted with its Embedded Distributor regarding the cost allocation proposed in this Application. The details and outcomes of these consultations are outlined in Exhibit 7.

1.2.9 Deferral and Variance Accounts

BPI is proposing to dispose of Deferral and Variance Account balances up to December 31, 2015, as well as projected interest to January 1, 2017. The following

The disposition period for all new Deferral and Variance Account Rate Riders will be 1 year.

Table 1.2- G: Summary of Deferral and Variance Accounts Requested for Disposition

<u>Category</u>	<u>Amount Proposed for Disposition</u>
Group 1 Accounts(excl. GA)	\$ (3,629,970)
<i>Global Adjustment Account (recovered from non-RPP customers only)</i>	\$ 1,638,281
Total Group 1 (incl. GA)	\$ (1,991,689)
1592- PILS and Tax Variance (all sub accounts)	\$ 39,481
1568- LRAMVA	\$ 163,398
1575- IFRS-CGAAP Transition PP&E Amounts	\$ 227,206
Other Group 2	\$ 803,282
Total Group 2	\$ 1,233,367
Total Claim (Group 1+ Group 2)	\$ (758,322)

Account 1589 RSVA- Global Adjustment has been allocated to Non-RPP customers only. The balance of this account has been split between Class A and non-Class A customers, with \$175,754 allocated to Class A customers. BPI has proposed a set of rate riders which allocate the Deferral and Variance Account balances appropriately to Class A customers and Wholesale Market Participants.

BPI has requested with the discussion in Exhibit 9 an accounting order to establish a new deferral account to capture any material variances in capital or OM&A costs resulting from the introduction of the Ontario Provincial Cap and Trade Program.

1.2.10 Summary of Bill Impacts

The following table summarizes the bill impacts arising from the proposals in this Application for the typical customer in each class.

Table 1.2-H Summary of Bill Impacts at Typical Consumption

Class	kWh	kW	# of connections	2016 Bill Amount	2017 Bill Amount	Difference	Total Bill Impact %	Distribution Bill Impact %
Residential	750			\$ 134.14	\$ 136.22	\$ 2.08	1.55%	7.11%
Residential (10th percentile)	277			\$ 61.45	\$ 66.44	\$ 4.99	8.13%	22.00%
Residential (non-RPP)	800			\$ 176.17	\$ 177.71	\$ 1.54	0.88%	4.78%
General Service Less than 50 kW	2000			\$ 333.68	\$ 336.57	\$ 2.90	0.87%	5.02%
General Service Less than 50 kW	3000			\$ 480.85	\$ 482.78	\$ 1.94	0.40%	3.00%
General Service 50 to 4,999 kW	195000	500		\$ 26,629.97	\$ 26,420.63	\$ (209.34)	-0.79%	-5.94%
Street Light	325	1	1	\$ 46.89	\$ 49.82	\$ 2.92	6.23%	41.78%
Sentinel	325	1	1	\$ 72.88	\$ 76.48	\$ 3.60	4.94%	12.70%
Unmetered Scattered Load	275			\$ 56.44	\$ 57.52	\$ 1.08	1.92%	10.93%
Embedded Distributor	1500000	4000		\$187,067.21	\$189,843.15	\$ 2,775.95	1.48%	34.74%

1.3 CUSTOMER ENGAGEMENT

1.3.1 Customer Engagement Overview

As discussed, the RRFE Report includes Customer Focus as one of the OEB's RRFE outcomes. This involves the promotion of greater electricity sector literacy among customers, as well as an expectation that utilities make decisions in a way that responds to identified customer preferences.

BPI has included as part of its Strategic Plan goals "raise community visibility and establish the BPI brand", which relates to increased outreach and communication with customers including improving energy literacy, assessing customer satisfaction and identifying customer preferences.

Since its last Cost of Service Rebasing, BPI has enhanced and formalized its customer engagement program.

Transactional Survey Program

In the spring of 2014, following the introduction of the VP of Customer Service and Conservation role, BPI conducted a joint "mini-RFP" in together with Entegrus Powerlines Inc. (EPI), with the objective of retaining a third party to assist the utilities in measuring Customer Satisfaction and First Contact Resolution for their respective Distributor Scorecards, in addition to identifying opportunities for improvement in the Customer Service areas for each distributor. Specifically, BPI and EPI required a "transactional survey" approach to surveying, being a survey for customers who had contacted the customer service call centre. Following a detailed review process of three proposals from service providers, BPI and EPI selected Convergys Corporation Inc. (Convergys) to implement its transactional survey program. By coordinating with EPI in this initiative, BPI was able to benefit from some reduced elements of pricing as some costs, primarily related to survey design, were shared between the utilities. BPI was also able to benefit from the sharing of knowledge with EPI.

The transactional survey program was implemented in 2014 and is ongoing. On a monthly basis, 50 customers who have called BPI's call centre are surveyed on fourteen questions. The transactional survey reports from March 2015 and November 2015 as **Attachment 1-A**.

Top-Down Survey Program

In fall of 2014 and 2015, BPI also engaged Convergys to complete a "top – down" survey. With these surveys, BPI sought feedback from a sample of all residential and general service customers in various metrics. These surveys and the associated analysis from Convergys helped BPI to assess customer

satisfaction levels as well as the drivers of customer satisfaction and opportunities for improvement. The 2014 and 2015 Convergys Top-Down Survey Reports are included as **Attachment 1-B**.

In addition, BPI communicates with its customers on a regular basis about their preferences and feedback. BPI has built in a feedback mechanism in its website, conducts an Annual President's Luncheon, and interacts with customers at CDM events, its annual Powerline Safety Seminar, the Brantford Children's Safety Village.

Based on the feedback identified in the transactional surveys and top-down surveys, and from other informal touch points, BPI developed its 2016 and 2017 Budgets keeping in mind the following identified customer preferences:

- Billing accuracy is a key driver of satisfaction;
- Customers need tools to view and manage their energy consumption;
- There is a preference for greater self-service options related to billing and payments;
- Customers are generally satisfied with the quality of customer service and overall power service, however,
- quality of power service and customer service are key drivers of satisfaction;
- Customers would prefer more affordable service;
- There is an opportunity to increase the accessibility of communication; and
- Larger customers are concerned about power quality and reliability as well as notification during outage;

Appendix 2-AC below summarizes the customer preferences identified in both formal and informal customer engagement activities, and BPI's actions to address these preferences.

Actions Taken to Respond to Customer Preference

With respect to access to billing and account information, BPI rolled out its e-services portal in 2015, which currently displays billing and payment information. BPI plans to make online consumption data available to customers in 2017, together with the implementation of its new CIS, as well as further enhanced self-service options including payments processing through credit card.

Filed: May 4, 2016

1 The implementation of a new CIS will improve BPI's ability to provide excellent customer service and
2 mitigate risks to billing accuracy, and first contact resolution. BPI also believes there will be improved
3 and more efficient customer service as a result of its relocation to a consolidated facility.

4 For outage management, BPI plans to procure and implement a new Outage Management System
5 (OMS) in 2017. BPI plans to use this new system to reduce outage durations and also to improve
6 communication with customers during unplanned outages. BPI is also proposing a communications
7 position in the 2016 Bridge Year whose responsibilities will include the design and management of BPI's
8 social media, with a focus on communication of outages.

9 BPI's DSP includes the Line Capacitor and Automatic Reclose Switches projects which will address issues
10 with power quality. Given the general satisfaction with power quality and reliability, BPI did not include
11 extensive spending to improve reliability statistics, but focused on maintaining the levels of reliability
12 currently experienced by customers.

13 With respect to compensation, BPI's plans reflect the compensation levels needed to attract and retain
14 talent within BPI, allowing BPI to continue the quality of customer service which has led to high levels of
15 customer satisfaction.

16 In its budget review, BPI includes the expected customer bill impacts in its review of stakeholder
17 considerations. Additionally, BPI has proposed in this Application measures to mitigate rate impacts in
18 the 2017 year- specifically, the amortization of System Integration Project costs as described in Exhibit 4,
19 and certain adjustments to the capital and OM&A expenses proposed in relation to BPI's consolidated
20 Facility, as outlined in Exhibit 2.

21 Having developed its 2016 and 2017 budgets and its DSP based on the observed customer preferences
22 listed above, in the fall of 2015, BPI engaged Innovative Research Group Inc. ("Innovative") to assist BPI
23 in presenting its plans and its rates proposals to its customers. Innovative, with input from BPI,
24 developed a workbook based on the following principles:

- 25 1. Ensure all BPI customers have an opportunity to be heard;
- 26 2. Use random-sampling research elements to ensure a representative sample of customers is
27 engaged;
- 28 3. Create open voluntary processes that allow anyone who wants to be heard an opportunity to
29 express themselves;
- 30 4. Focus on fundamental value choices. Look for questions that ask people to choose between key
31 outcomes rather than focus on the technical questions of how to reach those outcomes; and

5. Create an opportunity for the public to learn the basics of the distribution system so they can provide a more informed point of view.

Two versions of the workbook were created- one for Residential and one for General Service less than 50 kW customers. BPI's customer consultation included testing the workbooks with focus groups, followed by posting and advertising an online version of the workbooks for all BPI customers to provide input, and finally a telephone survey of a random sample of 500 Residential and 100 General Service less than 50 kW customers. The methodology and findings related to this process are included as **Attachment 1-C**. The report provides valuable feedback from customers. BPI has considered the customer feedback, focusing on the responses from the telephone survey (results outlined in beginning on page 49 of the Innovative Report), which represents a random sample large enough to be statistically valid.

The results of the telephone survey again indicated that customers are generally satisfied with the services received from BPI. The overall response to the question: *"Thinking specifically about the services provided to you and your community by Brantford Power, overall, how satisfied are you with the services that you receive from Brantford Power"* are outlined in Table 1.3-A below:

Table 1.3-A: Customer Satisfaction

Response	Directional (Focus Groups)		Directional (Online Workbook)	Generalizable (Telephone Surveys)	
	General Service	Residential	Customers	General Service	Residential
Very satisfied	1	2	12	39%	45%
Somewhat satisfied	2	3	13	46%	41%
Neither satisfied nor dissatisfied	1	0	2	3%	4%
Somewhat dissatisfied	1	0	1	3%	5%
Very dissatisfied	0	0	0	5%	2%
Don't know / Refused	1	0	0	5%	3%
TOTAL	n=6	n=5	n=28	n=100	n=502

As seen on page 10 of the Innovative report, the majority of respondents in both the Residential and General Service classes have indicated BPI should spend what is necessary to maintain the current level (number) and length of outages. This is consistent with BPI's planning as described above

The majority of customers also supported BPI in investing in aging infrastructure, even taking into account bill increases.

Regarding BPI's proposal for a new consolidated facility, when customers were presented with options including building a new facility on greenfield, buying an existing facility and refurbishing it, finding new rental space, the most popular response among the customers surveyed was to buy and refurbish an existing building, consistent with BPI's plans.

BPI also presented its customers a preliminary bill impact analysis associated with the plans included in its consultation. Customers were asked to choose between four statements to indicate whether they would give "social permission" for BPI to implement its plans. Respondents who either support the rate increase, or see why the rate increase is necessary are deemed to have given social permission. The responses to the question "*Considering the cost of Brantford Power's proposed plan, would you say ...*" are listed below.

Table 1.3-B: Social Permission for BPI Plan

Response	Directional (Focus Groups)		Directional (Online Workbook)	Generalizable (Telephone Surveys)	
	General Service	Residential	Customers	General Service	Residential
The rate increase is reasonable and I support it	-	3	6	20%	28%
I don't like it, but I think the rate increase is necessary	4	2	12	48%	37%
The rate increase is unreasonable and I oppose it	2	-	8	27%	29%
Don't know / Refused	-	-	2	4%	6%
Social Permission	4/6	5/5	18/28	68%	65%
TOTAL	n=6	n=5	n=28	n=100	n=502

The responses indicate that a clear majority of customers have provided social permission for BPI to implement its plans. BPI notes that since this consultation, it has refined certain elements of its rate application including cost allocation and rate design. As a result, the bill increases originally presented to customers were higher than those being proposed with this Application. BPI has assumed that

customers who have provided social permission assuming a higher level of bill increase would still provide permission when presented with a lower bill increase

Table 1.3-C: Proposed Bill Impacts vs. Bill Impacts in Workbook

Class	2017 Bill Impact on Proposed Rates (Dist. Excluding Pass Through)	Distribution (excl. Pass Through) bill impact presented in Workbook
Residential	\$ 4.12	\$ 4.93
General Service <50 kW	\$ 8.66	\$ 10.91

BPI reviewed the customer feedback from the Innovative report and concluded that the report confirms, at a high level, that BPI has responded to customer preferences and needs in its planning. The projects outlined above (and summarized in Appendix 2-AC below) have been included in BPI's planning specifically in response to customer preferences.

1

Table 1.3-D: Customer Engagement Summary

Appendix 2-AC
Customer Engagement Activities Summary

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
Large customer face-to-face meetings	Power quality and reliability; outage notification	Line Capacitors, Automatic Reclose Switches, Outage Management System
Large customer face-to-face meetings	Industrial Conservation Initiative/Class A GA	
Large customer face-to-face meetings	Billing accuracy and bill presentation	CIS project and e-Services (bill redesign, electronic presentation)
Large customer face-to-face meetings	Rate changes and impacts	
Lunch with the President	Sector update and business priorities	
Website feedback	Detailed billing and account transaction information	e-Services/CIS Project
Website feedback	Tools to view and manage consumption	e-Services portal enables future enhancement
Annual customer satisfaction survey 2014	Tools to view and manage consumption (residential)	e-Services portal enables future enhancement
Annual customer satisfaction survey 2014	Billing accuracy	CIS project
Annual customer satisfaction survey 2014	Self-service billing and payment functionality	CIS project
Annual customer satisfaction survey 2014	Affordability	
Annual customer satisfaction survey 2014	Power quality and reliability	Line Capacitors, Automatic Reclose Switches
Annual customer satisfaction survey 2014	Customer service quality	Ongoing and annual satisfaction surveys
Annual customer satisfaction survey 2014	Value and affordability of service	
Annual customer satisfaction survey 2015	Power quality and reliability	Line Capacitors, Automatic Reclose Switches
Annual customer satisfaction survey 2015	Technological and self-service enhancements	CIS project and e-Services
Annual customer satisfaction survey 2015	Customer service quality	Ongoing and annual satisfaction surveys
Annual customer satisfaction survey 2015	Community leadership	Customer Access to Self-Service Portal Outage Management System
Annual customer satisfaction survey 2015	Communicate unplanned outage information	Outage management system
Annual customer satisfaction survey 2015	Consumption information	e-Services portal enables future enhancement
Ongoing transactional customer satisfaction survey	Self-service billing and account information	CIS project
Ongoing transactional customer satisfaction survey	Credit card payment functionality	CIS project
OEL meetings and Channel Partner/Contractor events	Educate re: CDM programs and incentives	
Powerline Safety Seminar	Identify electrical hazards and promote safety	
Children's Safety Village	Identify electrical hazards and promote safety	
CDM outreach (large commercial, industrial, institutional)	Programs to lower energy consumption	
CDM outreach (large commercial, industrial, institutional)	Programs available to manage peak demand	
Innovative Research Group Telephone Survey	Spend what is needed to maintain the current level of outages	Line Capacitors, Automatic Reclose Switches
Innovative Research Group Telephone Survey	Spend what is needed to maintain the current length of unexpected outages	Line Capacitors, Automatic Reclose Switches
Innovative Research Group Telephone Survey	Invest what it takes to replace the system's aging infrastructure to maintain system reliability	Rebuilds - Pole Replacements, Transformer Replacements, Vault Replacements and General Rebuilds
Innovative Research Group Telephone Survey	Invest now in modernizing the grid	SCADA, Line Capacitors, Automatic Reclose Switches

2

1.4 FINANCIAL INFORMATION

1.4.1 Audited Financial Statements:

BPI Inc. has filed the non-consolidated audited financial statements of the utility for the three most recent historical years i.e. for the years ending December 31, 2013 to 2015 respectively. These statements exclude the operations of affiliated companies that are not rate regulated. In addition, non-utility businesses being conducted by BPI have been segregated in the financial reporting from its rate regulated activities.

Copies of BPI's 2014 and 2015 audited financial statements are filed as **Attachment 1-D** and **Attachment 1- E** respectively.

1 **1.4.2 Reconciliation between Audited Financial Statements and Regulatory**
2 **Accounting**

3
4 BPI has followed the accounting principles and main categories of accounts as stated in the OEB's
5 Accounting Procedures Handbook (the "APH") and the Uniform System of Accounts ("USoA) in the
6 preparation of the Application.

7
8 **Attachment 1-F** includes the annual financial statement reconciliations to the RRR Trial Balance
9 reporting for 2013, 2014 and 2015.

10
11

1 **1.4.3 Annual Report and Management's Discussion and Analysis:**

2 BPI has included the most recent Annual Report (2014) as the 2015 Annual Report is not yet available.

3 Brantford Power Inc.'s Annual Report is filed in **Attachment 1-G**. BPI does not publish an MD&A, as a

4 result, this requirement is not applicable.

- 1 **1.4.4 Rating Agency Reports:**
- 2 Not applicable. BPI Inc. does not produce Rating Agency Reports.

- 1 **1.4.5 Prospectus or Information Circulars:**
- 2 Not applicable.

1 **1.4.6 Change in Tax Status**

2 Not applicable. BPI has not had a change in tax status since its last Cost of Service Application.

1 **1.4.7 Existing Accounting Orders**

2 There are no existing Accounting Orders specific to BPI.

3 BPI has applied the accounting principles and used the categories of accounts in the Board's Accounting
4 Procedures Handbook ("APH"), and the Uniform System of Accounts ("USoA") in the preparation of this
5 Application.

1.4.8 Accounting for Non-Utility Businesses

BPI's Application has been prepared to show BPI as a regulated entity, separately from its parent company or any of its affiliates that are not regulated by the Board. No amounts associated with Non-Utility Business have been included in the costs proposed for recovery in this Application.

BPI confirms that the accounting treatment it has used in this Application has segregated all of non-utility activities from its rate-regulated activities. BPI delivers Conservation and Demand Management programs for its customers, performs Street Light Maintenance Services and provides Management Services to its Affiliates. The accounting for these activities is segregated from BPI's rate-regulated activities in accordance with the OEB's APH.

Conservation and Demand Management

For the 2017 Test Year Budget, BPI has assumed that CDM revenues and CDM costs match exactly. This is shown in Appendix 2-H. The CDM revenues and expenses are recorded in accounts 4375-Revenues from Non Rate-Regulated Utility Operations and 4380- Expenses of Non Rate-Regulated Utility Operations, respectively.

Provision of Management Services to Affiliate Companies

The revenues and expenses associated with the provision of shared corporate services to BPI's affiliates are recorded in accounts 4375-Revenues from Non Rate-Regulated Utility Operations and 4380- Expenses of Non Rate-Regulated Utility Operations. In accordance with its Service Level Agreements with its Affiliates within the BEC Group of Companies, BPI applies fully allocated costing to the provision of services to its affiliates; therefore the costs exactly match the revenues.

Street Light services are tracked through billable work orders, and are not included with OM&A.

1.5 ACCOUNTING STANDARDS USED IN APPLICATION

In accordance with the Filing Requirements, BPI has provided information for the 2013 historic year using CGAAP method of presentation. BPI has provided the 2014 and 2015 historic years, 2016 Bridge Year and 2017 Test Year under MIFRS. For the 2014 transition year, there are no material changes from the transition to MIFRS from CGAAP.

As set out in the OEB's letter dated July 17, 2012, electricity distributors were required to implement regulatory accounting changes for depreciation expenses and capitalization policies by January 1, 2013. BPI confirms it implemented the regulatory accounting changes for depreciation and overhead capitalization in 2013, which were reflected in the 2013 Board Approved Cost of Service Application.

BPI presents the impact on the 2017 Revenue Requirement relating to the transition to MIFRS in Table 1.5-A which is a copy of Appendix 2-Y.

Table 1.5-A: Summary of Revenue Requirement Impacts of MIFRS Transition

Revenue Requirement Component	2017 MIFRS	2017 CGAAP without policy changes	Difference	Reasons why the revenue requirement component is different under
Closing NBV 2016	\$ 78,846,434	\$ 79,058,455	-\$ 212,021	Early disposals on pooled assets recorded under MIFRS but not CGAAP
Closing NBV 2017	\$ 79,083,575	\$ 79,395,596	-\$ 312,021	Early disposals on pooled assets recorded under MIFRS but not CGAAP
Average NBV	\$ 78,965,004	\$ 79,227,025	-\$ 262,021	
Working Capital	\$ 9,464,949	\$ 9,464,949	\$ -	2017 prepaid expenses would be \$4.67 higher under CGAAP (see prepaid
Rate Base	\$ 88,429,953	\$ 88,691,974	-\$ 262,021	
Return on Rate Base	\$ 5,355,940	\$ 5,371,810	-\$ 15,870	
			\$ -	
OM&A	\$ 10,495,506	\$ 10,449,995	\$ 45,511	Prepaid expense written off for IFRS purposes - 2017 expense on those
Depreciation	\$ 3,696,567	\$ 3,714,679	-\$ 18,112	Amortization on the cumulative early disposition from 2014-2017
PILs or Income Taxes	\$ 697,822	\$ 709,882	-\$ 12,060	Tax impact on lower OM&A (\$4,363-49,874) * 26.5% = 12,060 higher
			\$ -	
Less: Revenue Offsets	-\$ 1,335,003	-\$ 1,335,003	\$ -	
			\$ -	
			\$ -	
			\$ -	
Insert description of additional item(s)			\$ -	
Total Base Revenue Requirement	\$ 18,910,832	\$ 18,911,364	-\$ 531	

The 2013 and 2014 Audited Financial Statements were prepared in accordance with CGAAP, and the 2015 Financial Statements have been prepared in Accordance with IFRS, with 2014 comparative information under IFRS. BPI adopted IFRS in 2015 with 2014 as the transition year. The 2017 Cost of Service Application is to be filed on a MIFRS accounting basis, as such, BPI has prepared its Application on an MIFRS basis.

1.6 MATERIALITY THRESHOLD

In accordance with the Filing Requirements, BPI has calculated its materiality threshold as 0.5% of its total distribution revenues proposed in this Application (2017 Service Revenue Requirement). BPI has applied the materiality threshold of \$100,000 in its analysis throughout this Application. BPI notes that throughout in some sections, it has chosen to provide explanations for variances below its materiality threshold, where these explanations were necessary for meaningful analysis.

Table 1.6-A: Calculation of Materiality Threshold

<u>Service Revenue Requirement</u>	<u>0.5%* Revenue Requirement</u>
\$20,245,835	\$101,229

1.7 ADMINISTRATION

1.7.1 List of Specific Approvals Requested

In this proceeding, BPI is requesting the following approvals:

1. Approval to charge distribution rates effective January 1, 2017 to recover a Service Revenue Requirement of 20,245,835 including a revenue deficiency of \$2,621,032 as outlined in Exhibit 6. BPI's proposed schedule of rates is included in Exhibit 8.
2. Approval of BPI's Distribution System Plan as set out in Exhibit 2.
3. Approval of updated Retail Transmission Rates as set out in Exhibit 8.
4. Approval to continue the Wholesale Market Service Rate and Rural Rate Protection Charges in the Decision and Order to BPI's 2016 IRM Rate Application (EB-2015-0055);
5. Approval to continue the Specific Service Charges and Transformer Allowance approved in EB-2015-0055;
6. Approval of the proposed Loss Factors as calculated in Exhibit 8;
7. Approval of the Rate Riders for disposition of Group 1 and Group 2 balances as at December 31, 2015 over a one-year period, as calculated in Exhibit 9;
8. Approval of Rate Rider for a one-year disposition of Lost Revenues in 2013 associated with the persistence of 2006 to 2010 CDM Programs;
9. Approval for Rate Riders to dispose of the balance in Account 1568- LRAMVA, associated with Lost Revenues in 2014 from 2011 to 2014 CDM programs.
10. Approval of the Rate Riders for a one year period to dispose of the difference in Account 1575 IFRS-CGAAP Transitional PP&E Amounts to dispose of the forecasted balance in 2016
11. Approval for an accounting order permitting the use of Uniform System of Account Number 1525 Misc. Deferred debits and approve the creation of a new sub account – Cap and Trade to record any material variances in capital or OM&A costs resulting from the introduction of the Cap and Trade Program.

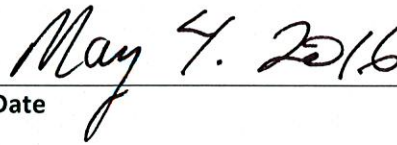
- 1 BPI is not filing this Application in advance of its scheduled rebasing. BPI has already aligned its rate year
- 2 with its fiscal year pursuant to the Decision and Order in its 2013 Cost of Service Rate Application (OEB
- 3 file EB-2012-0109).

1.7.2 Executive Certification

I, Paul Kwasnik, President and Chief Executive Officer of Brantford Power Inc., hereby certify that the evidence in this Application is accurate, consistent and complete to the best of my knowledge



Paul Kwasnik, President and CEO



Date

1.7.3 Primary Contact Information

Please address all communications in this matter to:

Brian D'Amboise, CPA, CA

Chief Financial Officer & Vice President Corporate Services

Brantford Power Inc.

Box 308, Brantford, Ontario N3T 5N8

Phone: 519-751-3522 ext. 5133

Email: bdamboise@brantford.ca

www.brantfordpower.com

1.7.4 Statement of Representation

BPI is represented by Borden, Ladner Gervais, LLP in this Application. BPI requests that any communications from the Board, Intervenor, and other Parties be directed to its legal counsel (contact information below), in addition to BPI's Primary Contact, which was listed above in section 1.7.4.

Legal Counsel:

James C. Sidlofsky

Partner

Borden, Ladner, Gervais LLP,

Scotia Plaza, 40 King St W, Toronto, ON, Canada M5H 3Y4

Phone: 416-367-6277

Fax: 416-361-2751

Email: jsidlofsky@blg.com

1 **1.7.5 Applicant's Internet Address**

2 BPI's web site can be found at the following internet address:

3 <http://www.brantfordpower.ca/>

4 BPI does not currently have any social media accounts used to communicate with customers

1 **1.7.6 Statement as to who is Affected by this Application**

2 All customers of Brantford Power Inc. will be affected by this Application. Additionally, the plans
3 proposed in this Application, especially in the Distribution System Plan, will have positive impacts to the
4 regional and provincial electricity systems.

1 **1.7.7 Statement of Publication**

2 BPI will follow the Board's instructions regarding the publication of Notice in relation to this Application.

3 BPI proposes to publish the Notice of Application in the Brantford Expositor, which is the highest paid
4 circulation local newspaper in BPI's service territory with daily circulation (excluding Sundays).

5

1.7.8 Bill Impacts for Notice of Application

The following table 1.7-A summarizes the Bill Impacts, as required in the Filing Requirements, for inclusion in the Notice of Application:

Table 1.7-A: Bill Impacts for Notice of Application

Customer Class	Typical Usage per Month	Distribution Bill Impact Sub-Total A, excluding pass through))
Residential	750 kWh	\$4.12
General Service less than 50 kW	2,000 kWh	\$8.66

1.7.9 Form of Hearing Requested

BPI requests that his Application be completed through a written hearing. At this time, BPI has made allotments in its budget assuming a written hearing. Should the Board decide to proceed with an oral hearing in this manner, BPI will respectfully request to amend the forecast to incorporate the incremental consultants', intervenor, OEB costs and legal fees, as well as travel and other expenses related with attendance at and preparation for an Oral Hearing into the Regulatory One-time Costs requested in Exhibit 4.

1 **1.7.10 Proposed Effective Date of Rate Order**

2 BPI requests that the OEB make its Rate Order Effective January 1, 2017.

3 In the event that the OEB is not able to provide a Decision and Rate Order in time for BPI to implement
4 its rates effective January 1, 2017, BPI requests that the OEB declare BPI's current rates interim effective
5 January 1, 2017, and approve rate riders to recover the incremental revenue between the
6 implementation date of the OEB's 2017 Rate Order and January 1, 2017.

1 **1.7.11 Deviations from the Filing Requirements**

2 BPI has not deviated from the Filing Requirements in preparing its Application, except where expressly
3 mentioned. BPI has worked with OEB Staff to obtain unlocked versions of the models for 2016 Cost of
4 Service filers. These were the most up to date models available as models for January 1, 2017 filers are
5 not available. BPI made changes to some of the models to accommodate a 2017 Test Year.

1 **1.7.12 Change in Methodology Used**

2 The methodologies used in this Application are generally consistent with those applied in BPI's 2013
3 Cost of Service. BPI has made changes as required as the Filing Requirements have evolved since those
4 used in the 2013 Application. In particular, where BPI's 2013 Application was prepared on the basis of
5 "modified" CGAAP, this Application has been prepared on MIFRS.

1 **1.7.13 Previous Board Directives**

- 2 BPI does not have any Board Directives from its previous Cost of Service Application (or from other
3 regulatory proceedings).

1.7.14 Conditions of Service

BPI's current Conditions of Service are available for viewing on its website, at:

<http://brantfordpower.com/my-home/sign-services/conditions-of-service/>

In accordance with the Report of the Board: Review of the Board's Cost allocation Policy for Unmetered Loads (EB-2012-0383) issued on December 19, 2013 and with the Distribution System Code amendment issued on May 14, 2014, BPI has reviewed and updated its Conditions of Service effective January 1, 2015 to include the following items in relation to unmetered loads:

- The rights and obligations of unmetered load customers and BPI in relation to each other.
- The process by which unmetered load customers are to file updated data and evidence necessary to validate the data.
- The process by which unmetered load customers billing updates will take place.
- Communication and engagement with unmetered load customers in relation to the preparation of cost allocation studies, load profile studies or other rate related materials which may materially affect unmetered load customers.

1 **1.7.15 Service Territory**

2 BPI's service territory is within the boundaries of the City of Brantford. BPI's only neighboring utility is
3 Energy+ (formerly Brant County Power Inc.).

4 BPI is a Host Distributor to Energy+ and Energy+ is the only customer in BPI's Embedded Distributor
5 Class, and represents a material amount of distribution revenue. BPI is also embedded to Energy+,
6 however this embedded point only represents 0.04% of BPI kWh purchases.

7 **Attachment 1-H** is a map of BPI's Service Territory.

- 1 **1.7.16 Transmission Assets Deemed as Distribution Assets**
- 2 BPI shares ownership of Powerline Transformer Station with Energy + (formerly Brant County Power).
- 3 These assets represent high voltage assets deemed to be distribution assets.

1.8 BPI SCORECARD PERFORMANCE EVALUATION

1.8.1 BPI Scorecard Performance Evaluation

The table below reproduces BPI's performance on its Scorecard metrics. BPI has used 2015 actual data to populate its expected performance for 2015. Please note that, certain measures are calculated by third parties and are not yet available.

BPI Discusses its performance in each measure below.

Table 1.8-A: BPI Scorecard (2011 to 2015)

Performance Categories	Measures	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Service Quality	New Residential/Small Business Services Connected on Time	98.70%	99.60%	99.70%	100.00%	99.44%
	Scheduled Appointments Met on Time	100%	99.50%	100%	100%	99.69%
	Telephone Calls Answered on Time	72.20%	64.70%	67.50%	76.90%	75.33%
Customer Satisfaction	First Contact Resolution	0	0	0	82%	82.75%
	Billing Accuracy	0	0	0	100%	99.94%
	Customer Satisfaction Survey Results	0	0	0	95%	94.00%
Safety	Public Awareness	0	0	0	N/A	81.00%
	Ontario 22/04 Compliance	0	0	0	C	C
	Serious Electrical Incident	0	0	0	0%	0.00%
System Reliability	Avg. Hours Power to a Customer is Interrupted	0.49	0.21	0.56	0.42	0.51

Performance Categories	Measures	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	Avg. Times Power to a Customer is Interrupted	1.24	0.81	0.71	0.66	0.99
Asset Management	Distribution System Plan Implementation Progress	0	0	0	87.4%	80.9%
Cost Control	Efficiency Assessment	0	3	3	3	3
	Total Cost per Customer	\$ 484	\$ 496	\$ 507	\$ 503	505
	Total Cost per KM of Line	\$ 28,234	\$ 37,066	\$ 39,373	\$ 39,047	39,667
Conservation & Demand Management	Net Annual Peak Demand Savings (% of target)	12%	11%	16.20%	79.27%	N/A
	Net Cumulative Energy Savings (% of target)	37%	69%	89.50%	167.94%	140.60%
Connection of Renewable Generation	Renewable Generation CIAs Complemented on Time	83.33%	100%	100%	100%	100%
	New Micro-embedded Generation Facilities Connected On Time	0	0	100%	100%	100%
Financial Ratios	Liquidity : Current Ratio (current assets/current liabilities)	2.23	2.15	2.05	1.92	1.88
	Leverage: Total Debt (short-term and long-term) to Equity Ratio	1.23	1.3	1.2	1.11	1.01
	Profitability: Deemed ROE	8.57%	8.57%	8.98%	8.98%	8.98%

Performance Categories	Measures	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	Profitability: Achieved ROE	7.50%	3.20%	11.60%	11.15%	11.06%

SERVICE QUALITY

For the measures for New Residential/Small Business Services Connected on Time and Scheduled Appointments Met on Time, BPI has consistently provided excellent results to customers, exceeding the OEB's industry targets each year. This level of performance is attributed to the diligent coordination of BPI's engineering, construction, and operations teams with the local municipality, developers and contractors.

With the exception of the performance in 2012, BPI has met or exceeded the industry target for Telephone Calls Answered on Time. The improved performance in 2013 to 2015 reflects BPI's ongoing focus on managing inbound customer telephone inquiries in a timely and efficient manner, while striving for service excellence.

CUSTOMER SATISFACTION

The measure for First Contact Resolution was introduced beginning in 2014. BPI's performance in 2014 and 2015 indicates a majority of customers responded favourably when asked whether their specific question or issue was resolved during their initial call to BPI's customer service group.

The Billing Accuracy measure was introduced in 2014. BPI's performance in 2014 and 2015 has exceeded the OEB's prescribed target of 98%. To derive this number, BPI tracks and reports all adjustments made to a bill after it is issued to and received by the customer as a percentage of total bills issued within the stated period.

BPI worked with a leading market research organization to implement and administer its annual customer satisfaction survey, with questions focused on key areas identified by both the OEB and the distributor, including: power quality and reliability, price, billing and payment, communications, customer service experience, and brand image. The overall satisfaction results of 95% in 2014 and 94% in 2015 were derived from a survey of 500 residential and 100 business customers conducted in each year.

Filed: May 4, 2016

1 The survey has proven valuable in identifying both customer preferences and opportunities for
2 improvement, many of which have been incorporated into BPI's distribution system planning activities.
3 BPI will complete its next annual survey in 2017, using a new standardized survey tool and methodology,
4 and until then, will continue to survey a sample of customers who have made contact with the
5 distributor through its transactional survey program to monitor satisfaction on a regular and ongoing
6 basis.

8 SAFETY

9 The OEB introduced the Safety measure in 2015. This measure looks at safety from a customers' point of
10 view as safety of the distribution system is a high priority. Safety is first on its list of commitments to
11 customers, employees and the shareholder. The Safety measure is generated by the Electrical Safety
12 Authority ("ESA") and includes three components: Public Awareness of Electrical Safety, Compliance
13 with Ontario Regulation 22/04, and the Serious Electrical Incident Index. Residents of BPI's service area
14 scored 81% on their awareness of electrical safety for 2015 (Component A). BPI is a sponsor of the
15 Children's Safety Village of Brant and provides educational materials related to electrical safety. BPI
16 promotes electrical safety to the public through its website and through annual safety seminars.

17 Over the past five years, BPI was found to be compliant with Ontario Regulation 22/04 (Electrical
18 Distribution Safety, "Component B"). This was achieved through a strong commitment to safety, and
19 adherence to company procedures and policies. Ontario Regulation 22/04 establishes objective-based
20 electrical safety requirements for the design, construction and maintenance of electrical distribution
21 systems owned by licensed distributors.

22 Over the past five years, BPI has recorded zero serious electrical incidents ("Component C"). BPI owns
23 and maintains over 500 km of high voltage distribution feeders in the City of Brantford. BPI runs an
24 annual power line safety seminar directed at the local construction industry employers that are
25 indirectly working around electricity at their job sites.

26 SYSTEM RELIABILITY

27 BPI's results in 2011 (SAIDI 0.49, SAIFI 1.24) were unusually high for both measures due to seven
28 incidents of tree contact, four of which resulted in interruptions to the complete feeder. In 2013, the
29 December 2013 ice storm caused BPI's SAIDI measure to reach 0.556. BPI's SAIDI result for 2015 is
30 0.507. Two incidents in 2015 contributed to the increase from 2015 SAIDI/SAIFI. In February 2015 a
31 motor vehicle accident occurred and BPI crews were prevented by the police investigation from
32 sectionalizing and switching as required, this contributed to the increased duration of the outage for
33 customers. In March 2015 an ice and rain storm caused a large number of pole fires and BPI did not
34 have the immediate resources to deal with the high number of outage sites.

ASSET MANAGEMENT

Distribution System Plan Implementation Progress

BPI currently measures its Asset Management performance by comparing its capital expenditures to its annual capital budget. The measure reported on its scorecard represents a rolling 5-year average of the percentage of the capital budget complete. BPI considers the capital budget before capital contributions from customers (ie: unreduced for capital contributions) in this measure. In 2014, BPI reported a rolling average of 87.4%. In 2015, this decreased to 80.9% due to a large one-time general plant asset originally budgeted for 2015 but deferred into 2016.

BPI acknowledges that this number does not represent implementation of a DSP, however with the filing of this Application, BPI is also filing its first DSP. In its DSP, BPI has proposed an updated methodology for measuring Distribution System Plan Implementation Progress, which BPI will report on beginning with the 2017 Scorecard in 2018. BPI is proposing that going forward, its annual DSP implementation measure will compare the actual vs. planned cumulative spending for each year in the DSP.

BPI is also aware of the OEB's intent to create a uniform methodology for distributors to measure their distribution system plan implementation, and will apply this methodology when it is available.

Cost Control

The Pacific Economics Group LLC evaluates a total cost level and an efficiency assessment for each Ontario local electricity distribution company annually on behalf of the OEB. Total cost is calculated as the sum of BPI's capital and operating costs, including certain adjustments to make the costs more comparable between distributors. During the last five years, Brantford Power has demonstrated its ability to minimize annual cost increases. The Total Cost per Customer and Total Cost per KM of Line measures have reflected this.

BPI is continually looking for ways to improve its business processes to enable it to comply with increasing responsibilities and obligations for local distribution companies without negatively impacting overall costs to the customers where possible. The total costs in 2015 was \$505,000 or 2.7% higher than the costs reported in 2014 but only \$225,000 or 1.2% higher than the costs incurred two years ago in 2013 as 2014 costs represented a reduction to the costs incurred in 2013. When averaged over the two years, the average cost increase was 0.6% per year. For 2015, BPI was able to mitigate overall cost increases as increases in general administration were partially offset by cost reductions in distribution operations and maintenance and billing and collecting costs.

Filed: May 4, 2016

Electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2015, for the fourth year in a row, BPI was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered "average efficiency" – in other words, BPI's costs are within the average cost range for distributors in the Province of Ontario.

CONSERVATION & DEMAND MANAGEMENT

Under the 2011- 2014 CDM Framework, BPI achieved 79.7% of its Net Annual Peak Demand Savings, an 167.9% of its Net Cumulative energy Savings.

Under the 2015-2020 Conservation First Framework, BPI submitted a plan with a target of achieving 5.2 GWh of Net Energy Savings in the first year. The preliminary, unverified results provided by the IESO of 7.4 GWh indicate the target was exceeded. Under the new 2015-2021 Conservation first Framework, there is no LDC target set for Net Annual Peak Demand Savings.

CONNECTION OF RENEWABLE GENERATION

Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Connection Impact Assessments ("CIAs") within 60 days of receiving a complete application. Distributors are also required to connect micro-embedded generation facilities within five business days of receiving all required authorizations, signed agreements and connection fees for a micro-embedded generation facility. BPI has met these requirements consistently in the last years, with the exception of 2011 when upstream timing delays caused BPI to miss the timeline for 2 CIAs.

FINANCIAL RATIOS

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations. BPI's current ratio decreased from 1.92 in 2014 to 1.88 in 2015. Despite the reduction, BPI continues to report a strong liquidity position.

Filed: May 4, 2016

1 BPI continues the recent trend downwards as capital expenditures have been funded from working
2 capital reducing the level of cash in the business. BPI last obtained external capital financing in 2012.
3 BPI's current ratio in subsequent years is expected to remain in the 1.5 to 2.0 range.
4
5

6 **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**
7

8 The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when
9 establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to
10 equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital
11 structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty
12 generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5
13 indicates that the distributor is less levered than the deemed capital structure. A low debt-to equity
14 ratio may indicate that an electricity distributor is not taking advantage of the increased profits that
15 financial leverage may bring.
16

17 BPI's leverage position has declined to 1.01 times indicating that the current outstanding debt is only
18 slightly higher than the equity level. In order to fund BPI's proposed DSP, BPI anticipates securing
19 additional financing in the next few years to finance the capital program necessary to continue to
20 replace aging infrastructure and equipment as their useful lives expire. This will ensure BPI maintains its
21 reliability performance and allow funding to make necessary investments to improve productivity or to
22 meet other customer requirements. Once this external financing is secured, BPI expects its Total Debt to
23 Equity Ratio to range between 1.25 and
24 1.50.

25 BPI's current distribution rates were approved by the OEB and include an expected (deemed) regulatory
26 return on equity of 8.98% (per the OEB's Decision and Order in EB-2012-0109). The OEB allows a
27 distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside
28 of this range, the actual performance may trigger a regulatory review of the distributor's revenues and
29 costs structure by the OEB.
30

31 **Profitability: Regulatory Return on Equity – Achieved**

32 BPI's return achieved in 2015 was 11.06%, which is within the +/-3% range allowed by the OEB. The
33 average return over the past 3 years was 11.27% which is slightly above the return included in BPI's
34 approved rates, but within the OEB's 300 basis point dead band. BPI's 2015 profitability reflects the third
35 year of improved financial performance. As described below, the improved performance in each of the
36 past three years is largely due to one-time items as described below.

1
2 The increased performance in 2013 was largely due to a one-time tax planning opportunity that allowed
3 BPI to advance the timing of future tax deductions related to the installation of electricity distribution
4 infrastructure. The results also reflected some temporary cost savings due to short term staff vacancies.

5
6 With respect to 2014, BPI's performance was positively impacted by new distribution rates which went
7 into effect on March 1, 2014. This was the first time BPI's distribution rates had been "rebased", or re-
8 aligned with the current cost of service since 2008. In addition Payments in Lieu of Taxes ("PILs")
9 payable were reduced as a result of being eligible for additional tax deductions resulting from the \$2.2
10 million dollar increase in net regulatory asset balances. Once BPI collects these amounts, BPI will record
11 higher taxable income which will result in higher taxes at that time. BPI also benefited from some
12 temporary cost savings due to short term staff vacancies.

13
14 With respect to 2015, BPI's performance was positively impacted by higher than expected specific
15 service charges, additional efficiencies by sharing executives and financial services with BPI's affiliated
16 companies and reduced financing costs. BPI also benefited from some temporary cost savings due to
17 short term staff vacancies.

18
19 **Expected Performance**

20 With the approvals requested in this Application, BPI will be well positioned to deliver on its goals.

21 The implementation of a new FIS system during 2016 is expected to provide more timely and
22 meaningful management information to help achieve BPI's goals with respect to cost control. With a
23 streamlined financial system, BPI will be able to complete more timely analyses allowing for greater
24 ability to find cost savings. Details on the implementation of the FIS system can be found in Exhibit 4.

25 The implementation of a new CIS will allow BPI to enhance the services provided to customers, with a
26 goal of maintaining and improving BPI's customer satisfaction scores. The current system is well beyond
27 its useful life and contains extensive customization. Additionally the use of this system among Ontario
28 distributors is in decline, presenting a risk to continued support and responsiveness to sector changes.

29 All of these factors together generally present a risk to scorecard measures including first call resolution
30 and billing accuracy. The declining market share of the existing CIS software poses a both a financial and
31 operational risk to BPI's performance. A declining group of "takers" for each programming changes
32 required for public policy responsiveness results in a higher share of costs allocated to BPI.

33 Additionally, if the support were to no longer be made available by the vendor, this would pose a
34 significant threat to BPI's ability to implement required regulatory and legislated changes. With a more

streamlined and efficient system, BPI expects there may be improvements to each of the measures in the Service Quality performance category.

As discussed above, BPI's system reliability ratios generally fare well against comparable utilities, and BPI tends to meet its reliability targets. BPI's customer engagement activities indicate that while reliability is a key concern to BPI's customer base, customers are generally satisfied with the level of reliability the experience.

BPI's capital budget includes several investments to help maintain current levels of system reliability, and particularly to mitigate the risk of outages. There are also investments included in the Test Year and forecast period to address customer concerns regarding momentary outages. The implementation of an Outage Management System will also provide needed enhancements in available management information to better address the cause and possible prevention of outages.

BPI is proposing with this Application several items which will enable the continuation of excellent service to customers including investments in new systems and facilities. While these types of investments tend to have a significant impact to costs, BPI has modelled the forecast COS cycle using PEG's benchmarking tool, which indicates that costs over the 2016-2021 will not have an impact on BPI's efficiency ranking and BPI should remain in Efficiency Group 3.

For 2013 and 2014, BPI has included both the actual results and the modelled results as an indicator of the prediction strength of the model used.

Table 1.8-B: Projected Total Cost and Efficiency

Assessment

Year		Total Cost	Cost per customer	Cost Per km of line	% Difference from Predicted	3 Year Average Performance	Efficiency Assessment
2013	Actual	\$ 19,528,936.00	\$ 507.00	\$ 39,373.00	0.50%	0.90%	3
2014	Actual		\$ 503.00	\$ 39,047.00			3
2013	Modelled	\$ 19,391,353.02	\$ 506.64	\$ 39,372.86	0.71%	0.97%	3
2014	Modelled	\$ 20,052,028.66	\$ 495.96	\$ 38,595.45	-4.14%	0.42%	3
2015	Modelled	\$ 21,124,973.05	\$ 502.59	\$ 39,488.44	-7.16%	-3.53%	3
2016	Modelled	\$ 22,181,005.39	\$ 589.79	\$ 46,387.34	4.56%	-2.24%	3
2017	Modelled	\$ 23,345,342.05	\$ 576.71	\$ 45,594.00	-1.78%	-1.46%	3
2018	Modelled	\$ 24,615,173.17	\$ 580.66	\$ 46,136.09	-5.39%	-0.87%	3
2019	Modelled	\$ 26,012,217.76	\$ 585.46	\$ 46,751.34	-9.09%	-5.42%	3

1.9 CORPORATE GOVERNANCE

1.9.1 Corporate and Utility Organizational Structure

Since its last Cost of Service Rate Application (EB-2012-0109), BPI has undergone some changes in organizational structure, both at the corporate group level and within the company.

The following is a summary timeline of the changes:

March 12 2014:

Reduction in the number of senior leadership team roles from four to three; reorganization of departments under this amended leadership team.

- The former CFO took on the position of CFO and Vice President of Corporate Services, now responsible for the Corporate Services, Regulatory Affairs, and Finance Departments

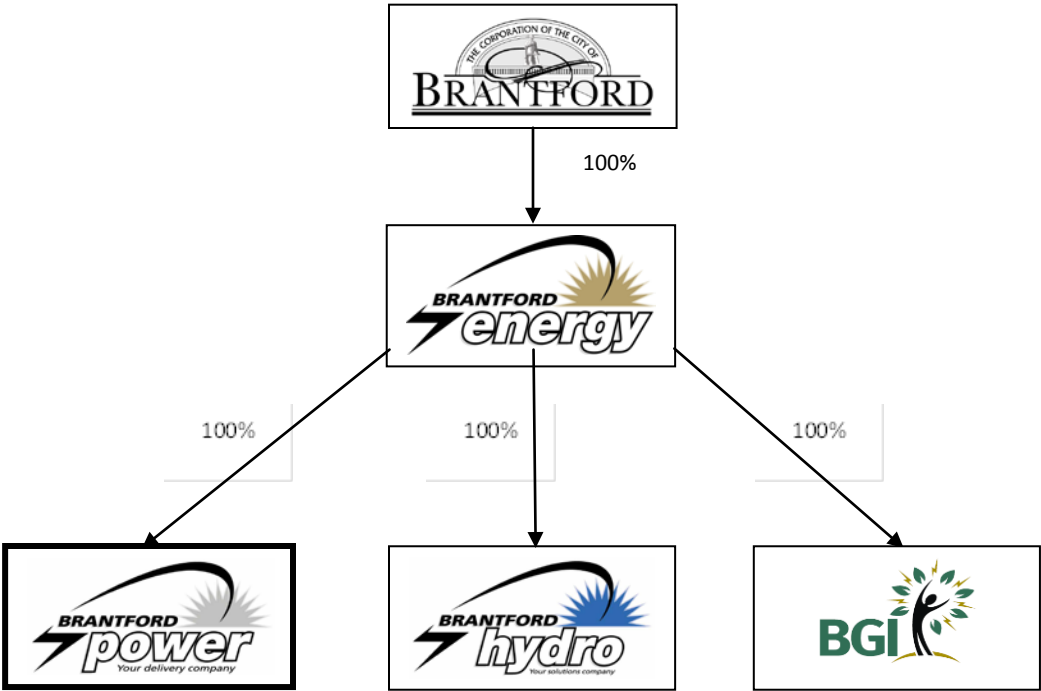
- The former Director of Operations was appointed Vice President of Operations and Engineering, responsible for Operations, Engineering and SCADA, Metering and Settlement, Stores and Dispatch.

- The new position of Vice President of Customer Service and Conservation was created, responsible for Customer Service, Communications and Conservation and Demand Management departments.

March 25, 2014

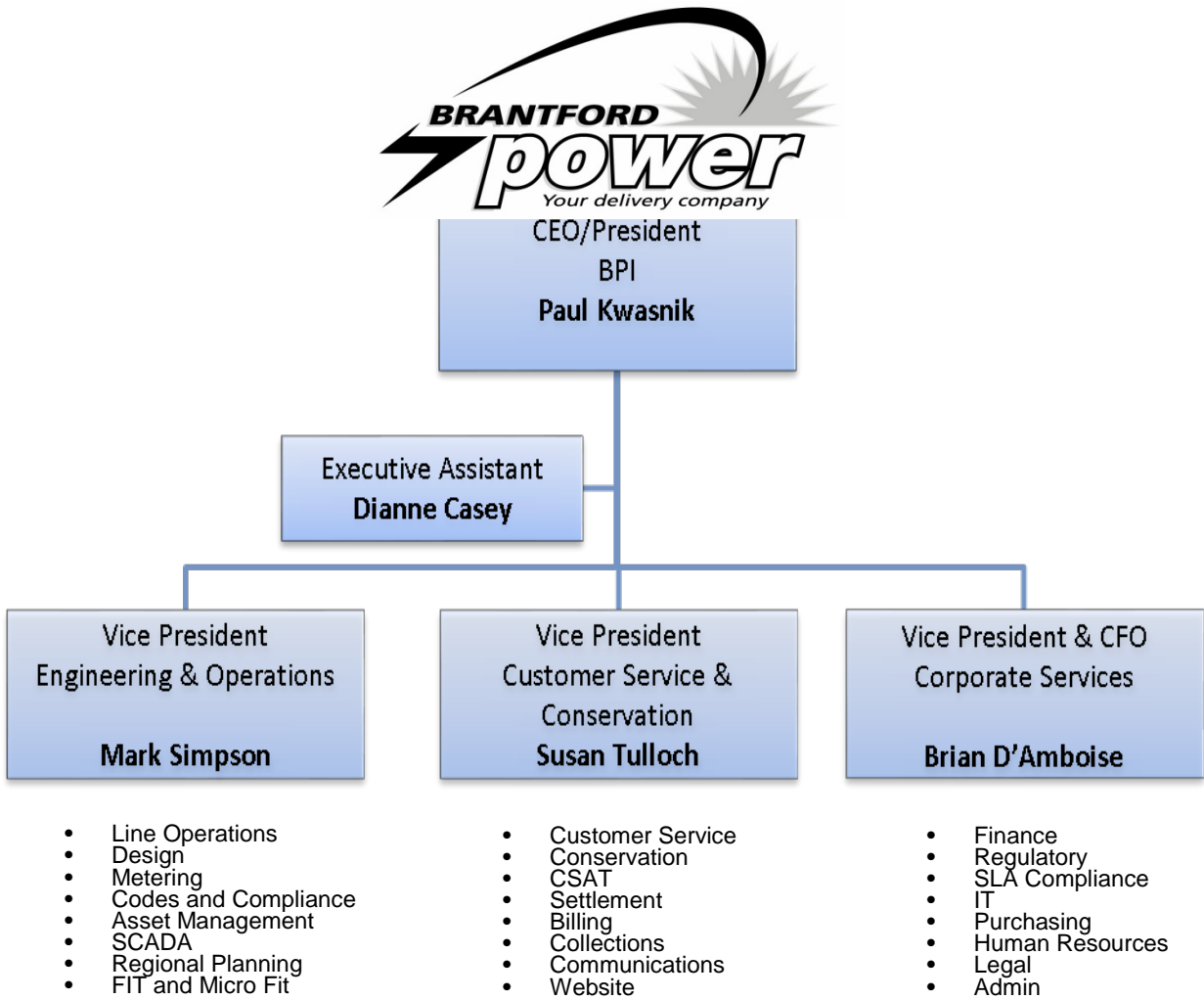
CEO of BPI appointed as CEO and President of Brantford Energy Corporation and all its subsidiary companies, BPI, Brantford Hydro and Brantford Generation. March 25, 2014

Chart 1.9- A: Brantford Energy Group Corporate Structure



1

Chart 1.9-B: BPI Utility Organizational Chart



2

1.9.2 Board of Directors

Brantford Energy Corporation (BEC) has a six (6) member Board of Directors in accordance with the Shareholders Agreement. The Board is comprised of two City Councillors plus four (4) other independent members from the business community. The three (3) independent members of the BPI Board of Directors are invited to attend as observers to any Board meeting in the Brantford Energy Group of Companies.

BPI has a nine (9) member Board of Directors. The Board is comprised of the Six (6) members of the BEC Board of Directors outlined above plus three (3) independent members appointed to BPI in keeping with the Affiliate Relationships Code requirement that one third of the distributor's Board of Directors to be independent.

The Boards elect the Chair and there are no Vice Chair positions. In the event that the Chair is unable to attend a Board Meeting, the Directors will appoint an acting Chair for that particular meeting.

1.9.3 Board Mandate

The Board delineates its roles and responsibilities through the Shareholder Declaration. This Declaration which is approved by City Council for the Brantford Energy Corporation is followed by all entities in the Brantford Energy Group of Companies. In BPI's case, it applies to its relationship with its Shareholder, the Brantford Energy Corporation. BPI has provided the current Shareholder Declaration in **Attachment 1-I** to this Exhibit.

The Board of Directors set a schedule of meetings for the upcoming fiscal year. Shown below is the 2016 schedule:

- January 27, 2016
- February 24, 2016
- March 23, 2016
- April 27, 2016
- May 25, 2016
- June 22, 2016
- July – No meeting scheduled – at the call of the Chair
- August – No meeting scheduled – at the call of the Chair
- September 28, 2016
- October 26, 2016
- November – No meeting scheduled – at the call of the Chair
- December 21, 201

1.9.4 Orientation and Continuing Education

Continuing education is provided to directors periodically throughout the year. Examples of continuing education include:

- Registration at MEARIE group AGM and Enercom Conference
- BPI Board retreats with Guest Speakers on topical subjects
 - 2015 - Good governance practices – Finance and Audit Committees - KPMG
 - 2015 – Governance and the Affiliate Relationships Code – Gowlings
 - 2015 - Industry Trends – Gowlings
 - 2016 – Powering a Reliable and Sustainable Energy Future for Ontario - IESO

In addition, discussions in Board meetings and management presentations cover topics on regulatory legislation and requirements, energy policy, technology trends, customer engagement, Board operations, and Shareholder/Board/Management relations. With respect to major industry developments, the Board will be provided internally developed regulatory bulletins that provide highlights of these emerging regulatory decisions, consultation processes or discussion papers.

BPI provides new Directors with an orientation program that includes available information about the structure of the industry, the ownership structure of the corporations, the business of the company, the duties and obligations of Directors, and background on the other Board members and the Senior Leadership Team.

The President & CEO facilitates an orientation meeting with the new Directors and depending on the matters of interest for the Directors, other members of the Senior Leadership Team to provide an opportunity for discussion with the Senior Leadership Team as well as tour the Corporation's facilities.

The President & CEO with the input of the Chair will tailor the orientation program to reflect the needs, experience, and areas of interest of the new Director.

A Board member orientation would typically include information on Board operations, Shareholder/Board/Management relations, Regulatory legislation and requirements, and current industry issues.

1.9.5 Ethical Business Conduct

The BPI Board of Directors adopted a Conflict of Interest Policy and Procedure in 2015 that apply to all Board members. The Conflict of Interest Policy and Procedure is in **Attachment 1-J**. The Conflict of Interest Policy and Procedure provides for the specific obligation of directors to declare conflicts and also obligations of other directors who have reasonable cause to believe an undeclared conflict exists, to raise it with that Director to afford that Director the opportunity to address the matter.

1.9.6 Process for Nomination of Directors

The City of Brantford is responsible for the process for recruitment and appointing Board members. Such recruiting is conducted when a Director vacancy is created or when the term of an existing Director is ending. The process provides for recruiting Directors with the required qualifications outlined in the Shareholder Declaration. A recruiting Committee established by City Council will conduct interviews and recommend candidates to City Council for appointment. Current Directors ending their term must re-apply and compete for re-appointment with other eligible applicants.

The Board Chair and President and CEO will provide input to the process on the current requirements. Such input will be considered during the recruiting process. Brantford City Council approves the appointment of directors.

1.9.7 Board Committees

The Board generally operates as a full Board of Directors on all matters requiring Board attention. The Shareholder Declaration provides the ability to the Board to establish Committees at its discretion. Currently, the Board has established a single Committee – the Audit Committee.

The Audit committee is a joint committee between the BEC, BPI, BHI and BGI Boards and is responsible for the oversight of the external audit function. The Terms of Reference for the Audit Committee are included as **Attachment 1-K**.

While the Terms of Reference do not outline the need for members to be “financially literate” directly, the Board takes the background of Board Members into consideration as one of the qualifications for the appointment of directors.

1 **1.10 LETTERS OF COMMENT**

2 **1.10.1 Letters of Comment**

3 BPI is not aware of any letters of comment filed with the OEB during the course of this proceeding and
4 therefore has not responded to any such letters.

- 1 **List of Attachments**
- 2 **Attachment 1-A: Convergys Transactional Survey Reports**
- 3 **Attachment 1-B: Convergys Top Down Survey Reports**
- 4 **Attachment 1-C: Innovative Report**
- 5 **Attachment 1-D: 2014 Audited Financial Statements**
- 6 **Attachment 1-E: 2015 Audited Financial Statements**
- 7 **Attachment 1-F: Reconciliation of Financial Statements to RRR**
- 8 **Attachment 1-G: 2014 Annual Report**
- 9 **Attachment 1-H: Map of BPI Service Territory**
- 10 **Attachment 1-I: Shareholder Declaration**
- 11 **Attachment 1-J: Conflict of Interest Policy and Procedure**
- 12 **Attachment 1-K: Board Audit Committee Terms of Reference**

Attachment 1-A

Convergys Transactional Survey Reports



Brantford Power Transactional Survey

Pilot Results

March 13, 2015



Table of Contents

1. Transactional Research Overview
2. Findings & Key Metrics
3. Call Satisfaction & Key Drivers
4. Contact Reasons & Call Handling
5. Recommendations
6. Looking Ahead

Critical to measure general population & transactions

Comprehensive

* TOP-DOWN SATISFACTION *



- Measures enterprise-wide satisfaction
- Influenced by multiple factors
- Harder for service ops to control

Process-Oriented

* OPERATIONAL SATISFACTION *



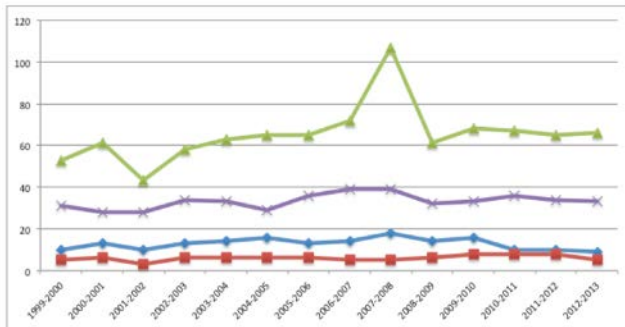
- Granular view of frontline performance
- Deep cross-channel insight
- Controllable by service ops

... and an understanding of where service 'fits'

Improving interactions drives Satisfaction

Satisfaction KPI

NPS, Overall CSAT



up to

45%

Touchpoint KPI

Customer Effort



of satisfaction variance can be accounted
for by call center experience ratings

Why track performance?

Infuse the **voice of your customers** into service & operations

CAPTURE

feedback across channels

TRUST

resulting intelligence



APPLY

and act on insights

IMPROVE

the end-to-end experience

multi-channel flexibility • centralized platform • seamless integration • ongoing support

VOC is more than collecting Customer feedback

8 Tenets of Successful Programs



Cross-Channel



Customer Lifecycle



Frontline Insight



Service Recovery



Online Portal



Linkage Analysis



Root Cause



Take Action



Findings & Key Metrics

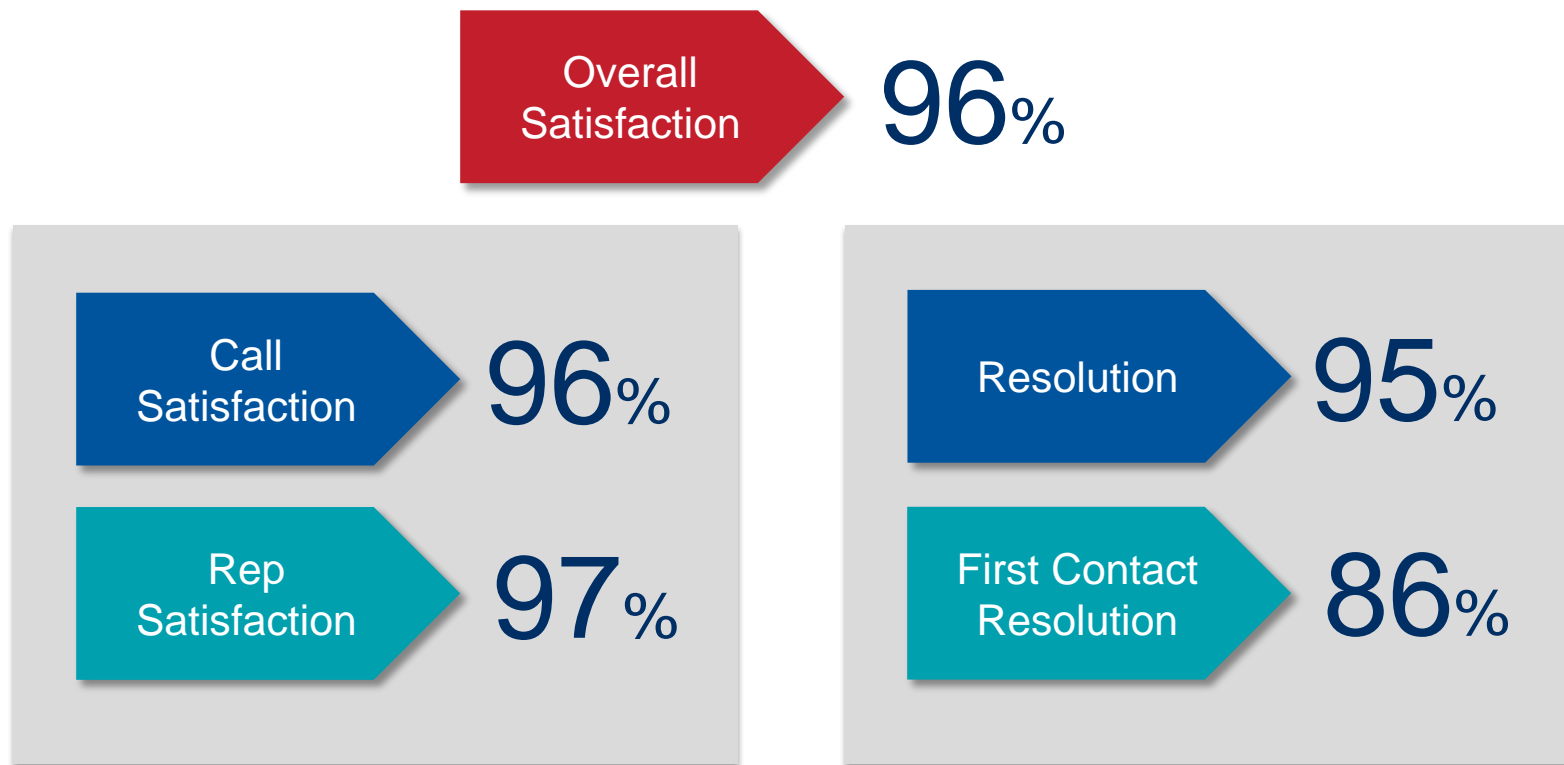
Key Findings

- **Overall Measures:** Overall Satisfaction and Call Satisfaction are both 96% (Top 3 Box).
- **Key Drivers:** Rep handling of the call has the largest impact on overall Call Satisfaction.
 - Reps need to ensure that they are courteous during all interactions.
- **Contact Reasons:** Making *Payments* and *Billing Inquiries* account for more than half of Customer contacts.
 - Customers may find it faster, easier and more convenient to address their billing and payment needs through self-service channels.
- **Rep Performance:** Customers were very satisfied (97%) with the overall quality of service they received from Reps when they called.
- **Resolution:** Nearly all Customers (95%) had their issue resolved on the call, but First Contact Resolution (86%) has some room for improvement.
 - FCR = Issue was resolved on the call and no previous contacts with Brantford were made to attempt to resolve the issue (derived from survey questions).

Results are reported with a margin of error of +/- 6.9% at a 95% confidence level.

Key Metrics

The following measures provide an overview of how satisfied Customers are when they call Brantford Power, and how often their issue is resolved when they call.





Call Satisfaction & Key Drivers

Key Drivers Introduction

Key Drivers help us to understand what is most important to Customers and where to focus efforts to have the greatest impact on Call Satisfaction.

1

What are the attributes' relationship to Call Satisfaction?

Action: Calculate each attributes' correlation to Call Satisfaction

2

If several attributes have a moderate to strong relationship to Satisfaction, how can attributes be prioritized?

Action: Calculate the Relative Importance

3

Once a Relative Importance model is developed, how much does it explain Satisfaction?

Action: Calculate the proportion of variance that explains Satisfaction

Key Drivers

Improving satisfaction with key drivers will improve Call Satisfaction.

The Rep's handling of the call is the primary driver of Call Satisfaction.

Drivers of Satisfaction



Call Satisfaction

Top
3 Box
96%

% Variance explained: 55%

Percentages represent the relative impact of each attribute on Call Satisfaction.

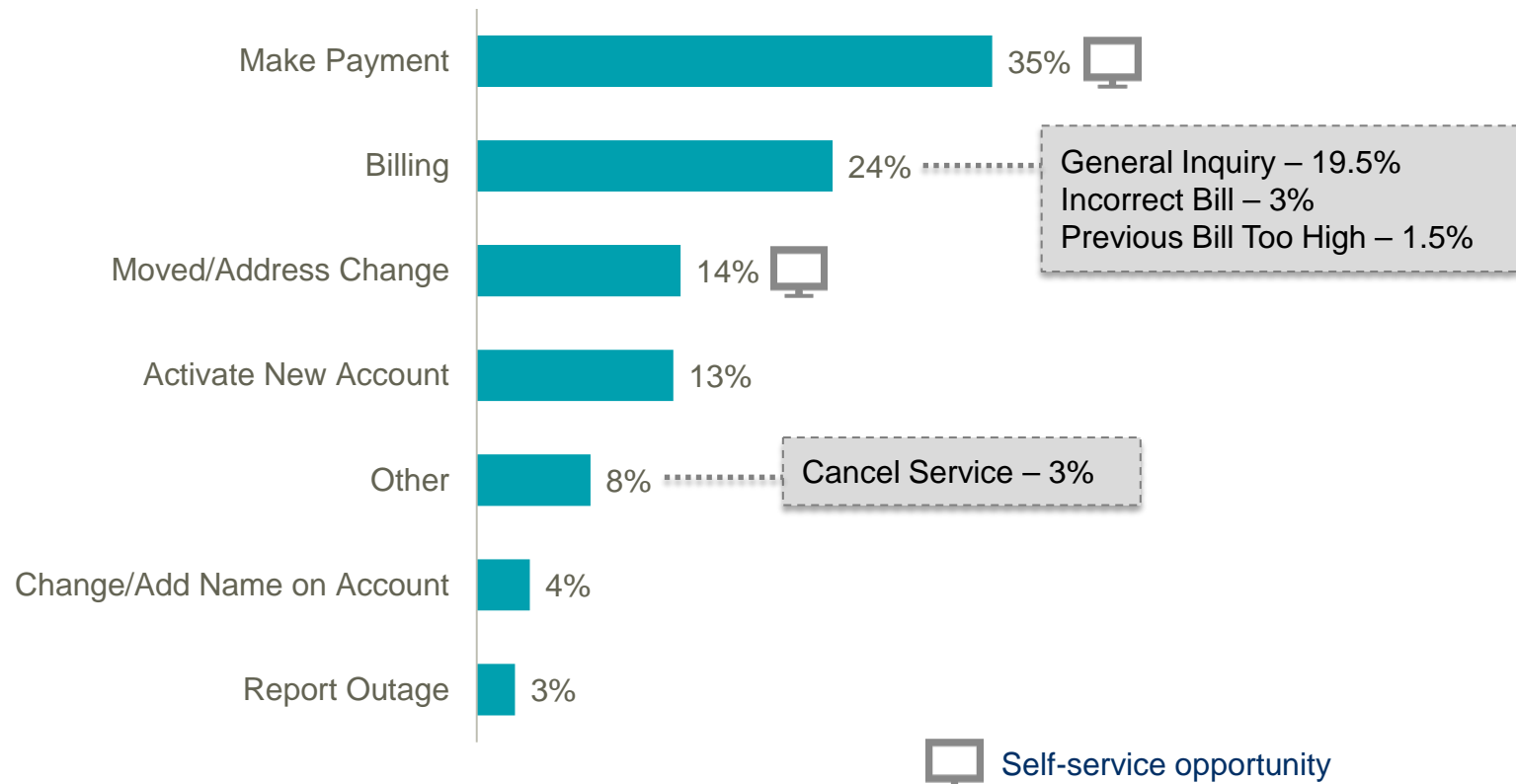


Contact Reasons & Call Handling

Reason for Contact

Some contacts may be able to be handled via self-service channels.

Contact Reasons



Rep Evaluation – Excellent Service

The majority of Customers (85%) feel that the Overall Quality of Service provided was Excellent.

Reps earn an Excellent rating when they demonstrate that they are helpful, courteous, and knowledgeable, throughout the entire call, and are able to answer the Customer's question.

“They were pleasant and helpful from the beginning to the end. They were very professional, courteous, helpful, and knowledgeable about their job.”

"The person I spoke to was very friendly, knowledgeable, gave me everything that I needed right away, and was very helpful."

“From beginning to the end the rep was courteous. The rep answered my questions and dealt with my issue.”

"They were really helpful and gave me phone numbers and contact information above and beyond their services. They were very polite."

The bigger the word, the more frequently it is used in verbatims.
Among Customers who rated the Rep a 5 Overall (Excellent).

Rep Evaluation – Poor Service

Most Customers who indicate that their service was poor felt that the Rep was rude.

Less than 4% of Customers provide a Bottom 2-Box rating for the Overall Quality of Service provided by the Rep.

Overall Quality of Service (Rep Satisfaction)

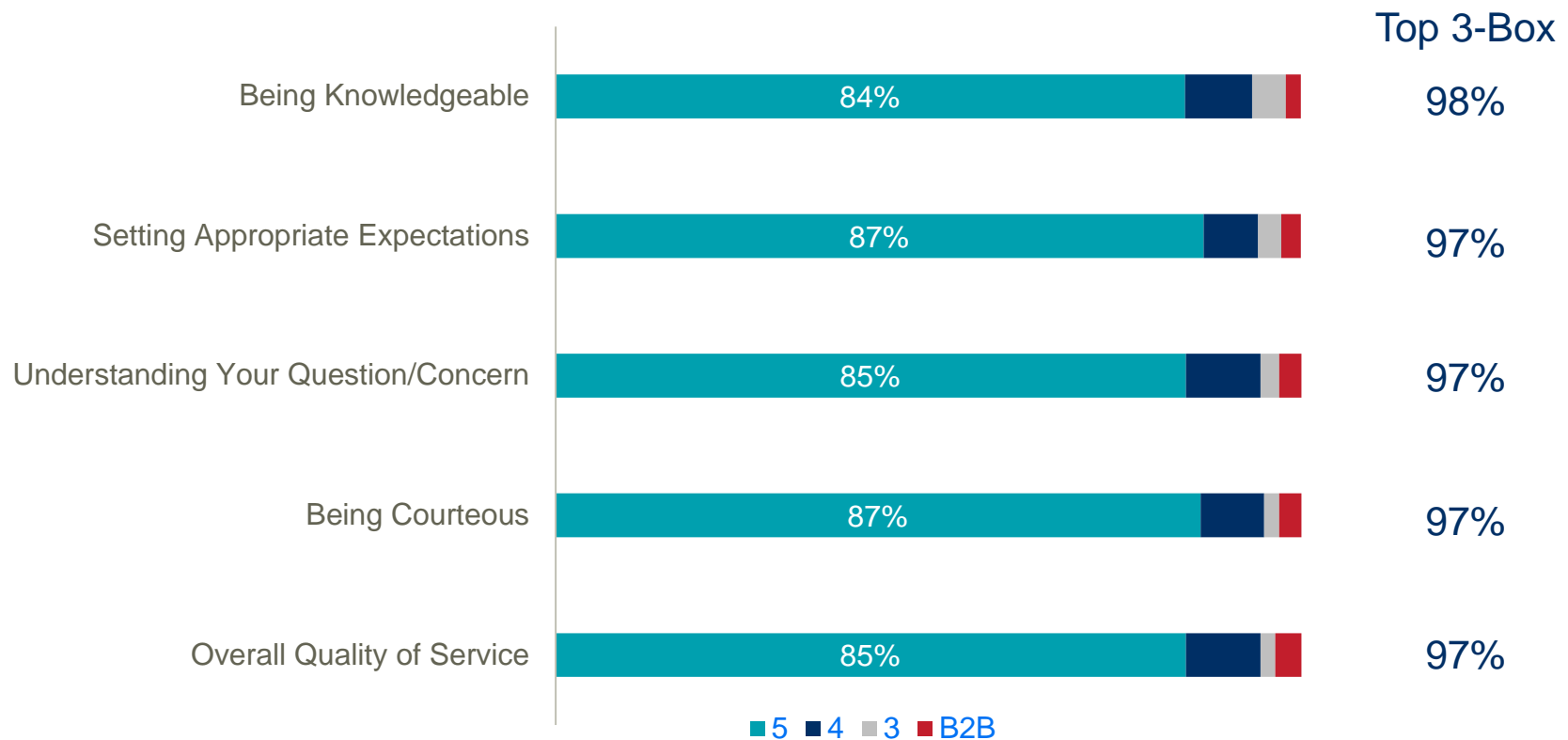


Use DataLink to monitor Rep performance and follow-up with Dissatisfied Customers

Rep Evaluation – Rating Summary

Reps receive high ratings for the service provided to Customers who called.

Rep Performance Top 3 Box



How To Improve Rep Scores

Focus on positive language to help convey a sense of confidence and knowledge.

Going from **negative** language to **positive** language will help drive rep improvement.

From negative language...



...to positive language

*"We **don't** know when service will be restored."*



*"**We are** aware of the outage and are working to restore service."*

*"We **can't** send you your information until..."*



*"**We can** send you the information you requested on..."*

*"You'll **have to** talk with another department for that."*



*"The **best way** for me to handle this is..."*

*"Your account information **won't** be available until..."*



*"Your account information **will be** available on..."*

*"You'll **need to** call Brantford Hydro for that issue."*



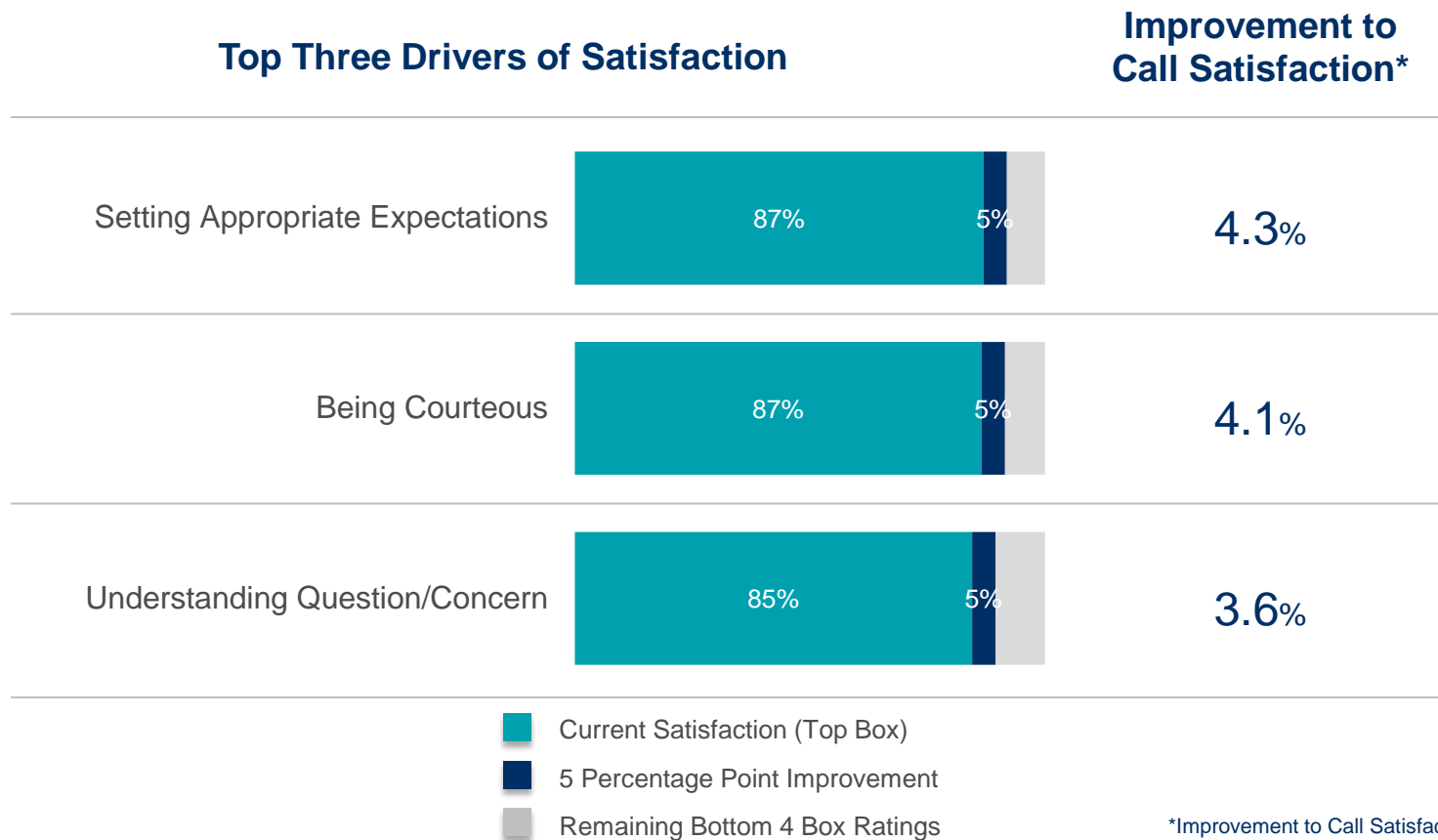
*"Brantford Hydro **can** help you with that. Let me give you their number."*

Information shown from 'The Effortless Experience'; *Conquering the New Battleground for Customer Loyalty* - 2013

Impact of Improvements on Call Satisfaction

Call Satisfaction can be improved by focusing on the top Drivers of Satisfaction.

A 5 percentage point increase in Top Box ratings for any of these key driver Rep Attributes of Call Satisfaction will result in the following improvement to Call Satisfaction.

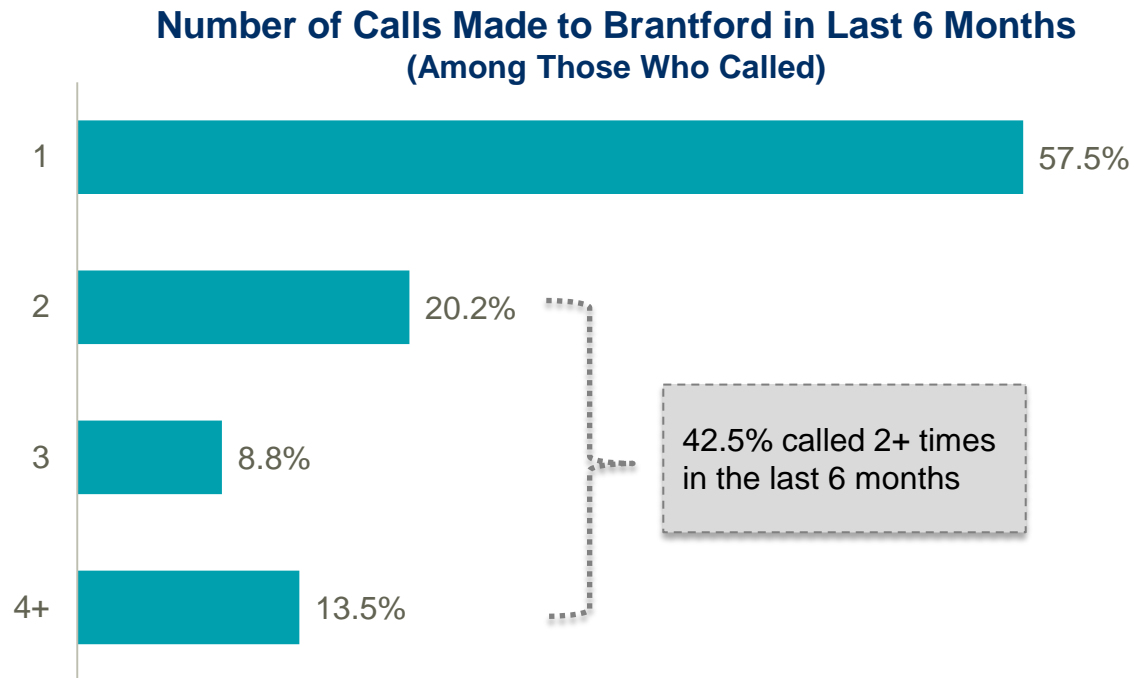


*Improvement to Call Satisfaction top Box rating (74.5%).

Contacts

More than 4 in 10 Customers who called Brantford made multiple calls.

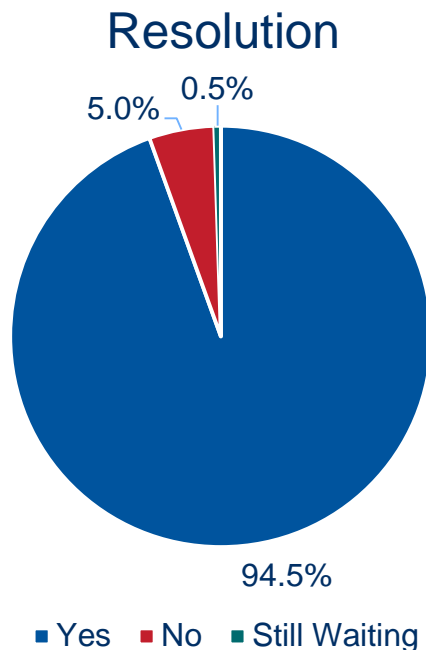
1 in 4 Customers contacted Brantford in the last 6 months and 91% contacted via a telephone call (Top Down Study).



Resolution

Most Customers indicate that their issue was resolved when they called.

Reps should focus on resolving the Customer's issue the first time they call in order to improve the rate of First Contact Resolution.



Prior Contact Methods

Website – 2%
Email – 1%
Toll-free number – 1%
Other – 11%

About half of "Other" contacts were not a contact with Brantford (e.g., called bank, looked at bill, etc.). These responses were reclassified as FCR.

First Contact Resolution

86%

FCR = Issue was resolved on the call and no previous contacts with Brantford were made to attempt to resolve the issue (derived from survey questions).

How Can Reps Improve FCR?

Making the interaction easy is key to resolving issues.

Engage the Customer

- Demonstrate a professional, confident, and engaging demeanor throughout the call
- Match the Customer's tone and pace and allow his/her personality to dictate the tone of the call

Identify Needs of the Customer

- Actively listen and probe where required to understand what the Customer needs
- Encourage Reps to take the time required to make sure the Customer needs are clear

Offer Relevant Options

- Explain to the Customer how he/she can reach resolution
- Help the Customer assess the different options and then provide a recommendation

Inform/Educate the Customer

- Provide sufficient detail and share knowledge that the Customer would not likely be exposed to otherwise
- Play the role of expert – help the Customer make an informed decision


Show Commitment

- Communicate the actions being taken and assure the Customer
- Explain the next steps clearly to the Customer

Source: 'The Effortless Experience'; Conquering the New Battleground for Customer Loyalty - 2013

Key Rep Behaviors to Reinforce

Making the call experience as 'effortless' as possible will help improve scores.

Engage the Customer	Identify Needs	Offer Relevant Options
<ul style="list-style-type: none"> • Have a warm, engaged, interested, and outgoing demeanor • Convey information with authority and insight • Make the conversation interactive • Demonstrate a personal understanding of the Customer perspective 	<ul style="list-style-type: none"> • Identify spoken and unspoken needs of the Customer • Ask well-timed and appropriate questions – qualify the Customer needs • Confirm needs have been met by asking close-ended questions 	<ul style="list-style-type: none"> • Provide relevant recommendations for both spoken and unspoken Customer needs • Guide the Customer through options that are available and provide clear explanations on how/why solutions would alleviate their concerns • Cross-sell if appropriate
Inform/Educate	Show Commitment	<div data-bbox="1302 762 1821 1162"> <p>Suggestion: Print this slide, laminate it and give to each Rep. Hanging a copy in their personal workspace will serve as a great reminder of what will drive success!</p>  </div>
<ul style="list-style-type: none"> • Provide a comprehensive explanation of what FCR of the issue will be • If appropriate, provide additional details or benefits of products/services • Use value statements to explain why the Customer would benefit from additional information • Attempt to educate the Customer on something new 	<ul style="list-style-type: none"> • Take responsibility for the Customer's needs • Go above-and-beyond what is necessary to directly address the request • Take extra actions that are not directly requested to add convenience/ease for the Customer 	

Source: 'The Effortless Experience'; Conquering the New Battleground for Customer Loyalty - 2013



Recommendations

Recommendations

Overall, transactional satisfaction is very high but some opportunities for improvement exist.

■ Focus on Key Drivers of Satisfaction

- Coach Reps on call handling, especially remaining calm and courteous when they encounter challenging situations.
- Use positive language to influence the Customer's perception of the interaction.

■ First Contact Resolution

- Identify the type of issues and calls that require multiple contacts to resolve in order to improve processes and Rep training.

■ Self-Service Opportunities

- Educate Customers on self-service options for payments and account changes. Use Customer bills, email marketing and Brantford's website to inform Customers of self-service options.

■ Survey Modification

- Modify wording of Q10 (What other contact methods did you use, if any, to attempt to resolve your issue BEFORE you called on (date))?
- Specify prior contact with Brantford in order to best measure FCR.



Looking Ahead

Future Analysis Possibilities

- **Business vs. Residential**

- Determine if call handling differences exist between business and residential Customers.
 - Most Customers called regarding their Residence (96%).

- **Call Reason Analysis**

- Measure which call types are handled most effectively and which have room for improvement.

- **Impact of Holds and Transfers**

- Evaluate whether placing Customers on hold or transferring them has an impact on Satisfaction.
 - About 1 in 5 Customers were placed on hold (21%) or transferred (19%) during their call.

- **Customer Effort**

- Develop a Customer Effort Index in order to measure and trend Effort.

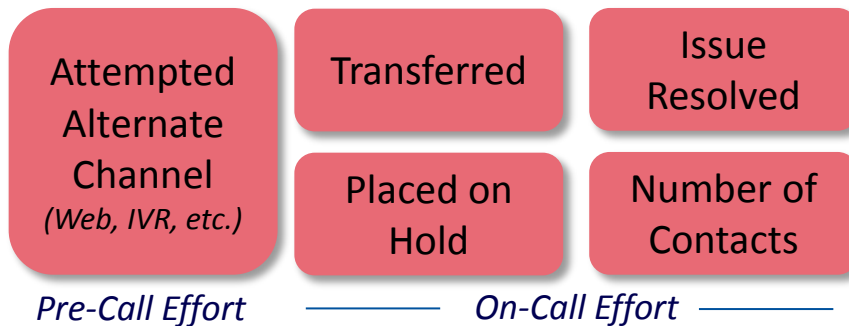
What is Customer Effort?

How hard Customers have to work to get their issues resolved or questions answered

What We Know...

- Effort has a direct impact on Overall Satisfaction
- High Effort interactions can drive more Dissatisfied Customers
- Reps can help mitigate High Effort situations
- Assessment of Effort must go beyond the center to the overall business
- Managing Effort is a win-win – increasing Satisfaction and driving down operational costs

What Is Typically Included?



APPENDIX

Survey Overview & Methodology

Objective

- To measure Customer Satisfaction related to a specific transaction.
- Measure First Contact Resolution (FCR) for OEB and scorecard reporting.

Timing

- Surveying conducted October 1, 2014 – January 29, 2015

Methodology

- Telephone Survey

Sampling

- 200 completed surveys

Question Scales & Reporting

- Quality asked on a 5 (Excellent) to 1 (Poor) scale
- Top 3-Box (3, 4 and 5 ratings) reporting used for reporting of survey attributes



Brantford Power Transactional Survey

Wave II Results

November 20, 2015



Agenda

- 1 Transactional Research Refresher
- 2 Executive Summary & Key Metrics
- 3 Call Satisfaction & Key Drivers
- 4 Contact Reasons & Call Handling
- 5 Holds & Transfers
- 6 Recommendations
- 7 Looking Ahead

Top Down and Transactional provide different views of the customer experience

Comprehensive

* TOP-DOWN SATISFACTION *



- Measures enterprise-wide satisfaction
- Influenced by multiple factors
- Harder for service ops to control

Process-Oriented

* OPERATIONAL SATISFACTION *



- Granular view of frontline performance
- Deep cross-channel insight
- Controllable by service ops



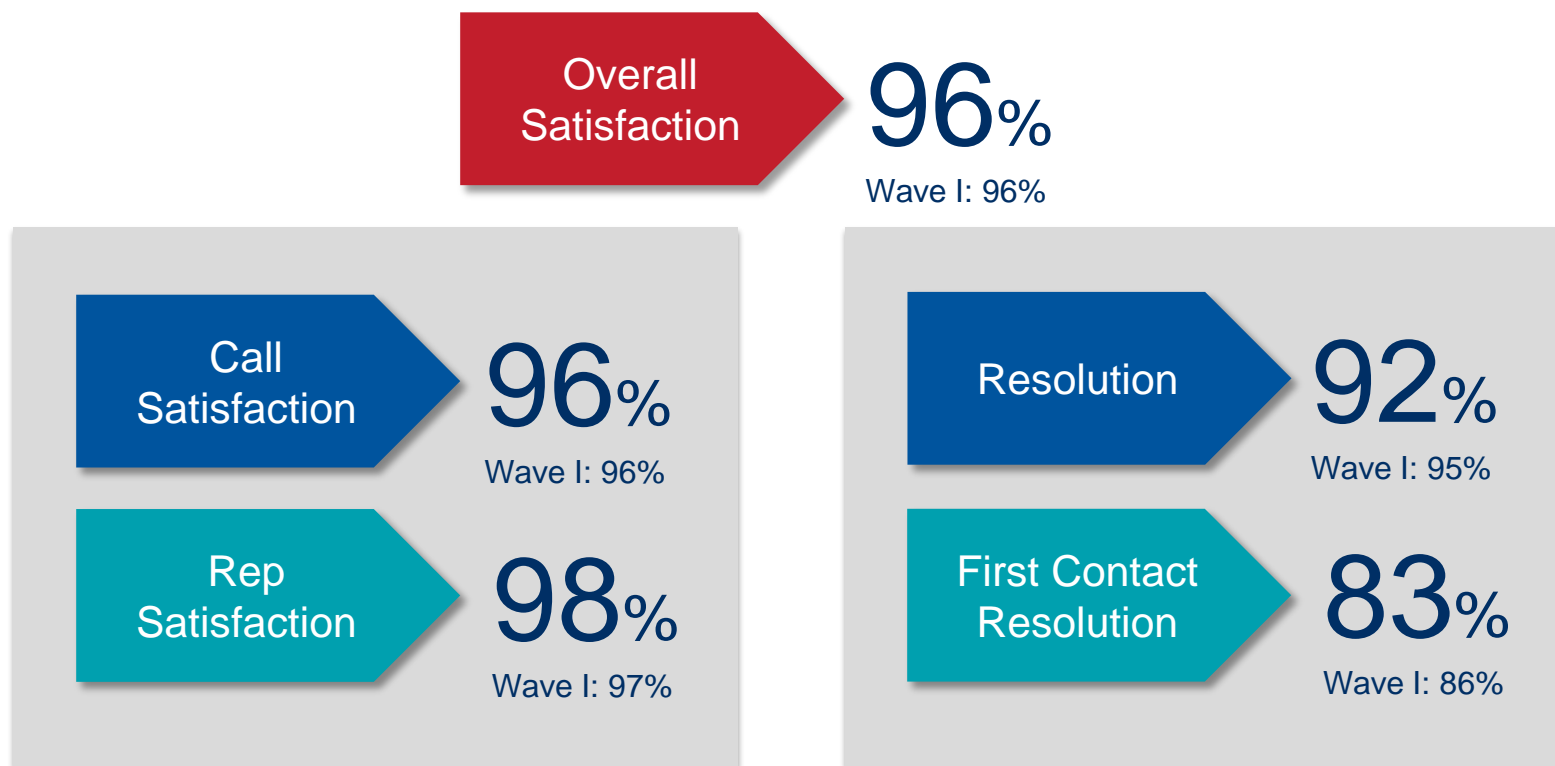
Executive Summary & Key Metrics

Executive Summary

- **Overall Measures:** Overall Satisfaction and Call Satisfaction both remained 96% Top 3 Box.
- **Contact Reasons:** From Wave I to Wave II, fewer Customers called to *Make Payments*.
- **Rep Performance:** Customers continued to be very satisfied (98% Top 3 Box) with the overall quality of service Reps provided on calls.
- **Resolution:** The vast majority of Customers (92%) had their issue resolved during their call, but First Contact Resolution (83%) continued to be an opportunity area.
- **Holds & Transfers:** A sizeable portion of Customers were placed on hold (20%) or transferred (12%) during their call.
 - Customers are significantly less likely to be extremely satisfied with their call experience if they are placed on hold or transferred.

Key Metrics

Issue Resolution decreased slightly compared to Wave I, but encouragingly Customers continued to be very satisfied with Brantford and their call experience.



Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.



Call Satisfaction & Key Drivers



Just
a
Reminder!

What is Key Driver Analysis?

Key Drivers represent what is most important to Customers and where to focus efforts to have the greatest impact on Call Satisfaction.

1 What are the attributes' relationship to Call Satisfaction?

Action: Calculate each attributes' correlation to Call Satisfaction

2 If several attributes have a moderate to strong relationship to Call Satisfaction, how can attributes be prioritized?

Action: Calculate the Relative Importance

3 Once a Relative Importance model is developed, how much does it explain Call Satisfaction?

Action: Calculate the proportion of variance that explains Call Satisfaction

Just
a
Reminder!

Key Drivers

The Rep's handling of the call is the primary driver of Call Satisfaction.

Drivers of Satisfaction



Call Satisfaction

Key Drivers Analysis created for Wave I
% Variance explained in Wave I: 55%
Percentages represent the relative impact of each attribute on Call Satisfaction

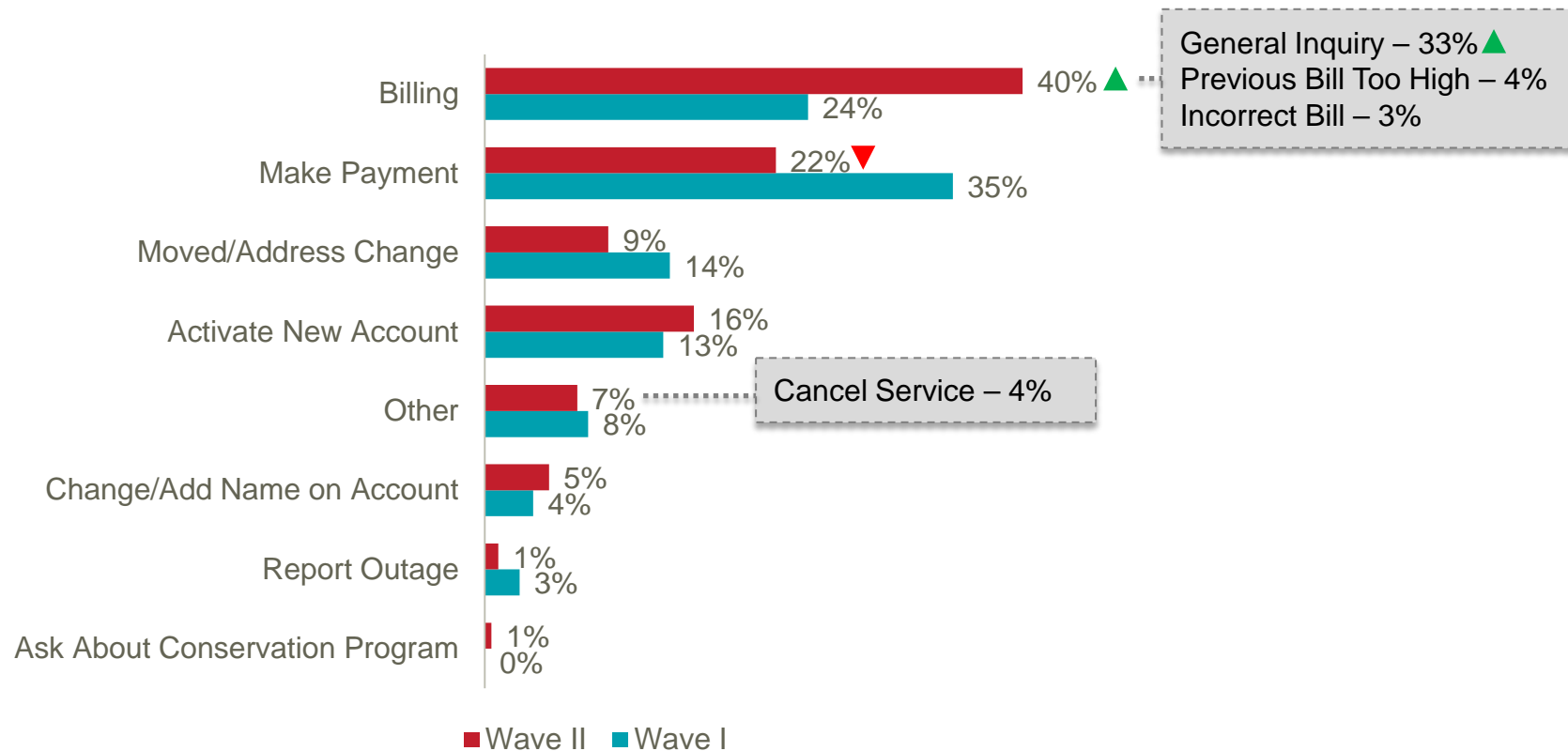


Contact Reasons & Call Handling

Reason for Contact

Fewer Customers contacted Brantford to make a payment.

Contact Reasons



▲ / ▼ Indicates significantly higher/lower performance vs. previous time period.
Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

Rep Evaluation – Excellent Service

The majority of Customers (79%) feel that the Overall Quality of Service Reps provided was Excellent.

Reps earn an Excellent rating when they are consistently helpful, polite, understanding, and able to answer the Customer's question.

“Every question that I had, they answered. They made everything very easy for me.”

“The rep understood. **They could relate** that I was on a fixed income and got behind because of Christmas gifts and stuff like that. The rep was **very understanding.**”

“They were **very helpful to me**, and definitely wanted to look into it and check it all out. That’s basically what we did. My understanding is that there is an ongoing investigation.”

"I thought the rep was very friendly with **good demeanor**. They were **very polite and easy to talk to** and answered my questions right away."

[illegible]

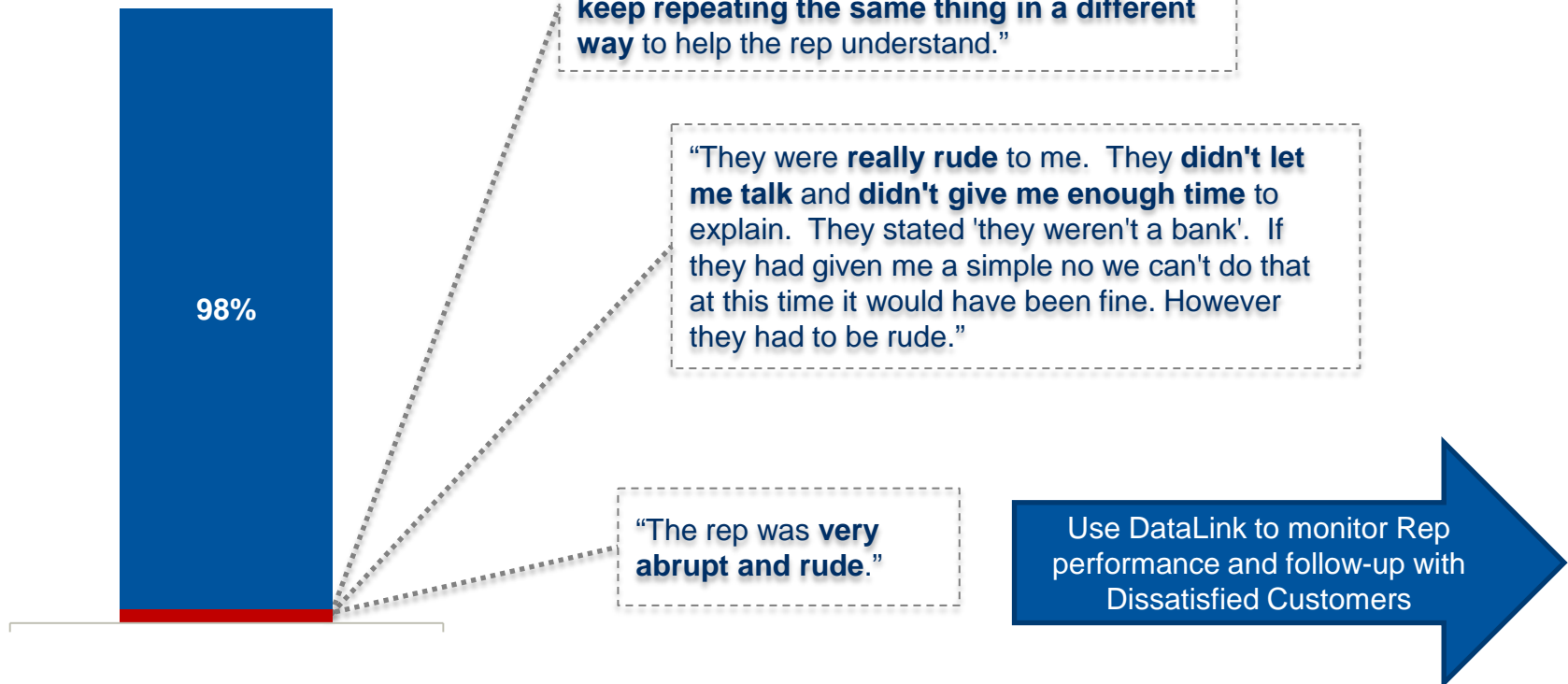
The bigger the word, the more frequently it is used in verbatims.
Among Customers who rated the Rep a 5 Overall (Excellent).

Rep Evaluation – Poor Service

Customers who indicate that their service was poor comment on rude or unknowledgeable Reps.

Less than 3% of Customers provide a Bottom 2-Box rating for the Overall Quality of Service provided by the Rep.

Overall Quality of Service (Rep Satisfaction)



DataLink Low Score Alert Manager

DataLink offers a customizable, “in the moment” alert system for low Rep scores to enable front line coaching

Low Score Alert Manager facilitates Team Leader notification



Customer expresses dissatisfaction with recent interaction, which creates incident in DataLink



Team Leader receives notification of Low Score



Team Leader reviews call for any key drivers of dissatisfaction



Team Leader provides immediate coaching to the Rep

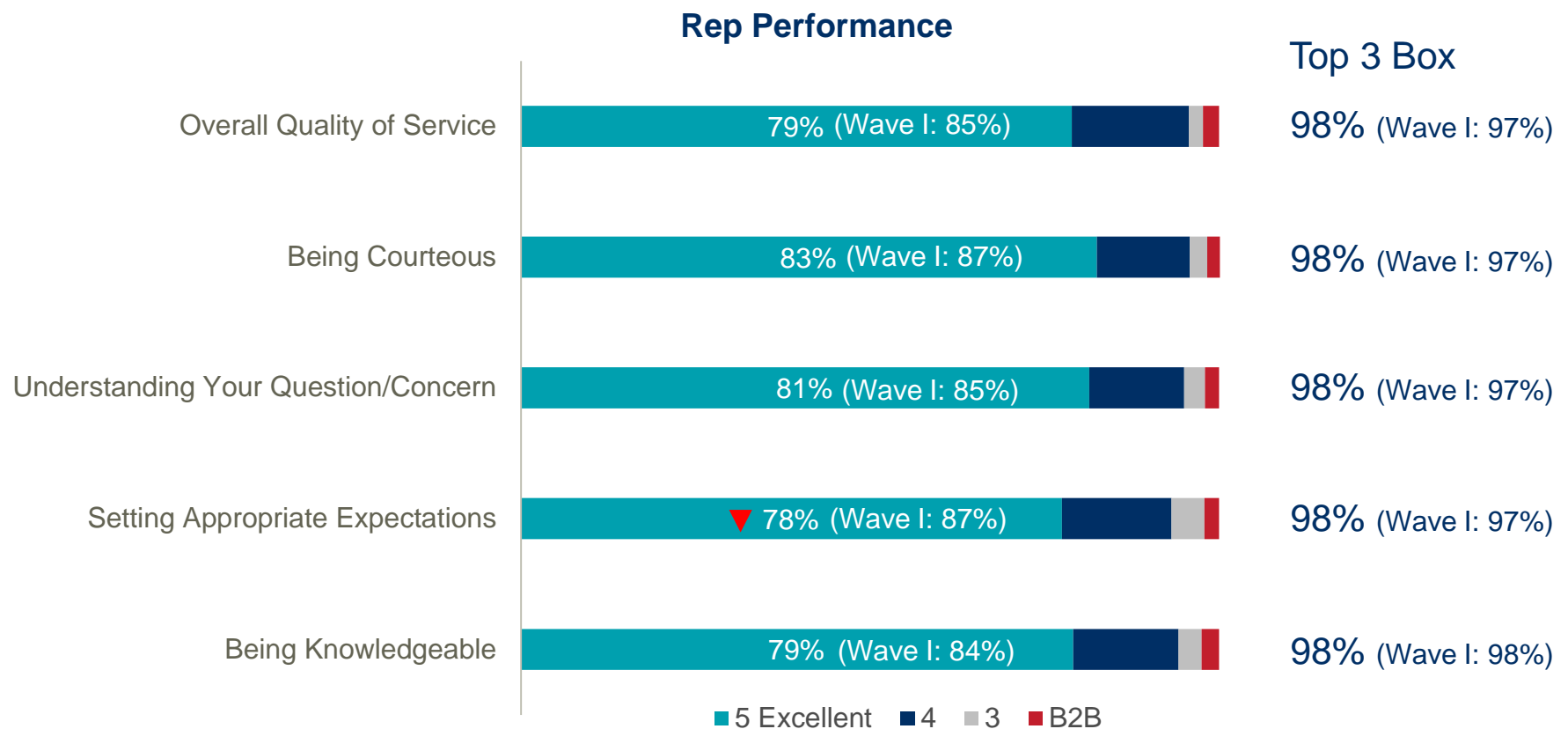


Team Leader categorizes root cause of dissatisfaction for future coaching & trending

Rep Evaluation – Rating Summary

Reps continue to receive high ratings for the service provided to Customers who called.

Fewer Customers rated Reps “Excellent” compared with Wave I, particularly on Setting Appropriate Expectations.

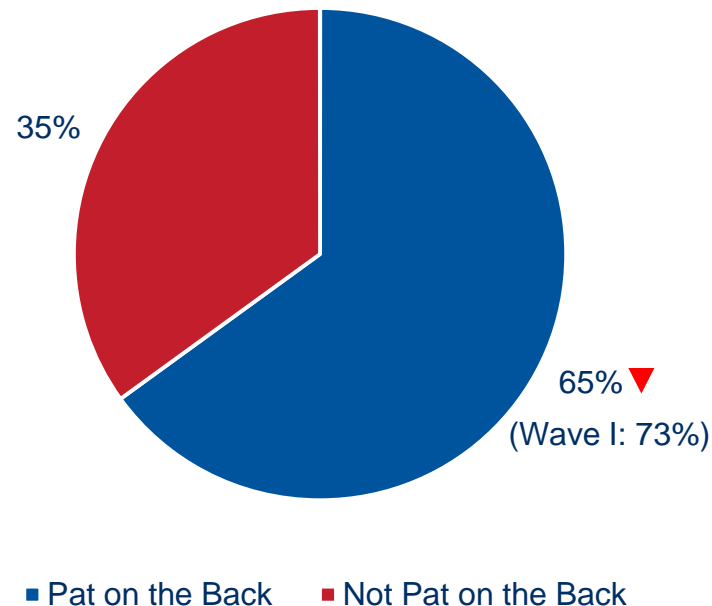


▲ / ▼ Indicates significantly higher/lower performance vs. previous time period.
Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

Rep Evaluation – Pats on the Back

Compared with Wave I, Pats on the Back for “Excellent” ratings on all attributes were awarded to Reps at a lower rate.

Pats on the Back



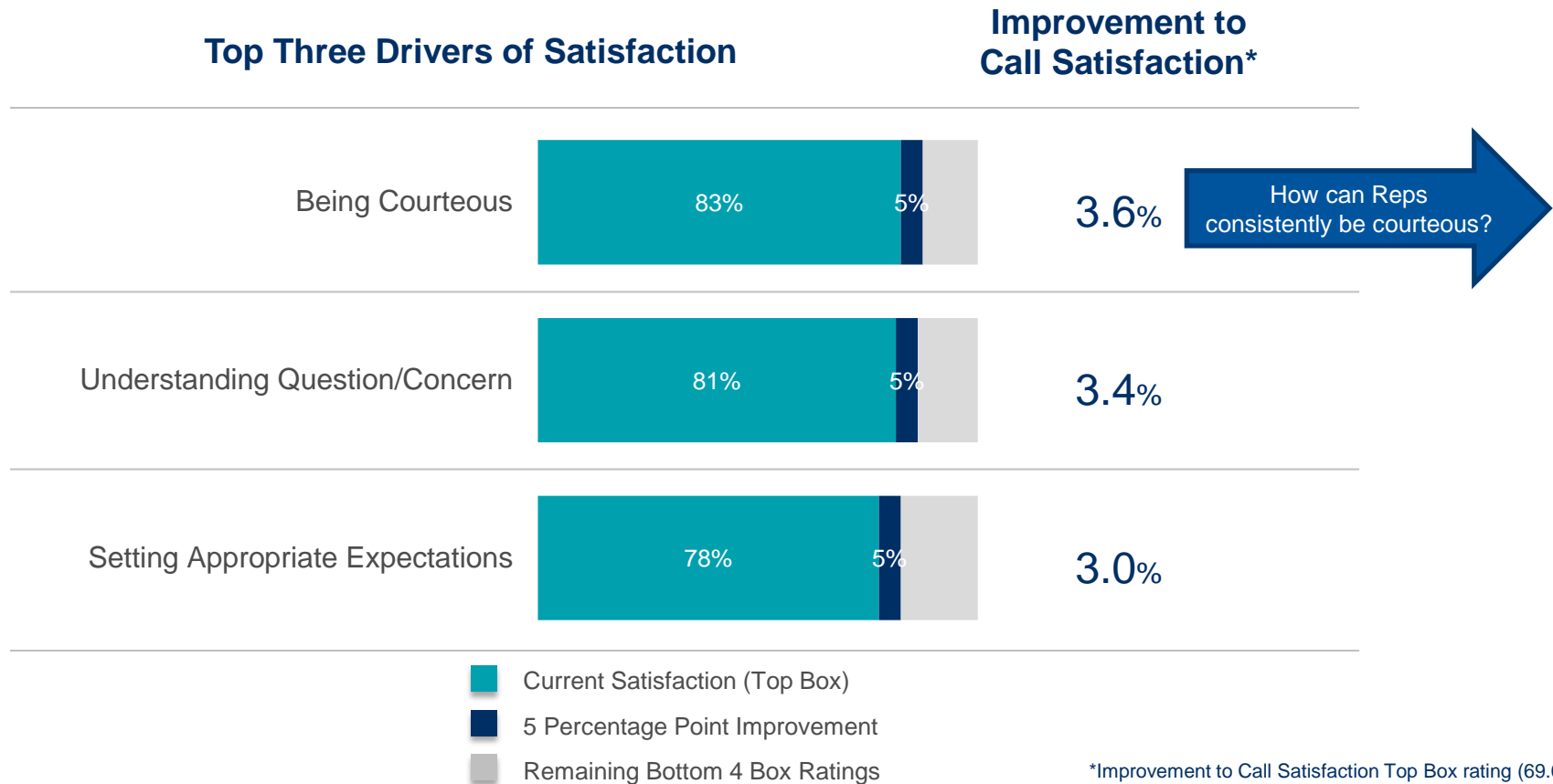
▲ / ▼ Indicates significantly higher/lower performance vs. previous time period.

A Pat on the Back is recorded when a Customer rates a Rep “5” on all attributes.
Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

Impact of Improvements on Call Satisfaction

Call Satisfaction can be improved by focusing on the top Drivers of Satisfaction.

A 5 percentage point increase in Top Box ratings for any of these key driver Rep Attributes of Call Satisfaction will result in the following improvement to Call Satisfaction.



Improving Rep Courtesy

How can Reps consistently be courteous?

Rep Behavior

- Does not interrupt
- Speaks in enthusiastic, friendly and assertive tone
- Polite and respectful
- Displays empathy
- Asks if there's anything else they can help with before closing

Customer Mindset

- Easily understood the Rep
- Confidence in the Rep
- Confidence in the resolution
- Does not feel spoken down to

Tips & Strategies

- Be friendly
- Be sincere
- Be compassionate
- Refrain from speaking in a monotone voice
- Speak at a reasonable rate

What it sounds like

"I will help walk you through your bill immediately... Does that answer your question? Is there anything else I can help you with today?" – Brantford Rep

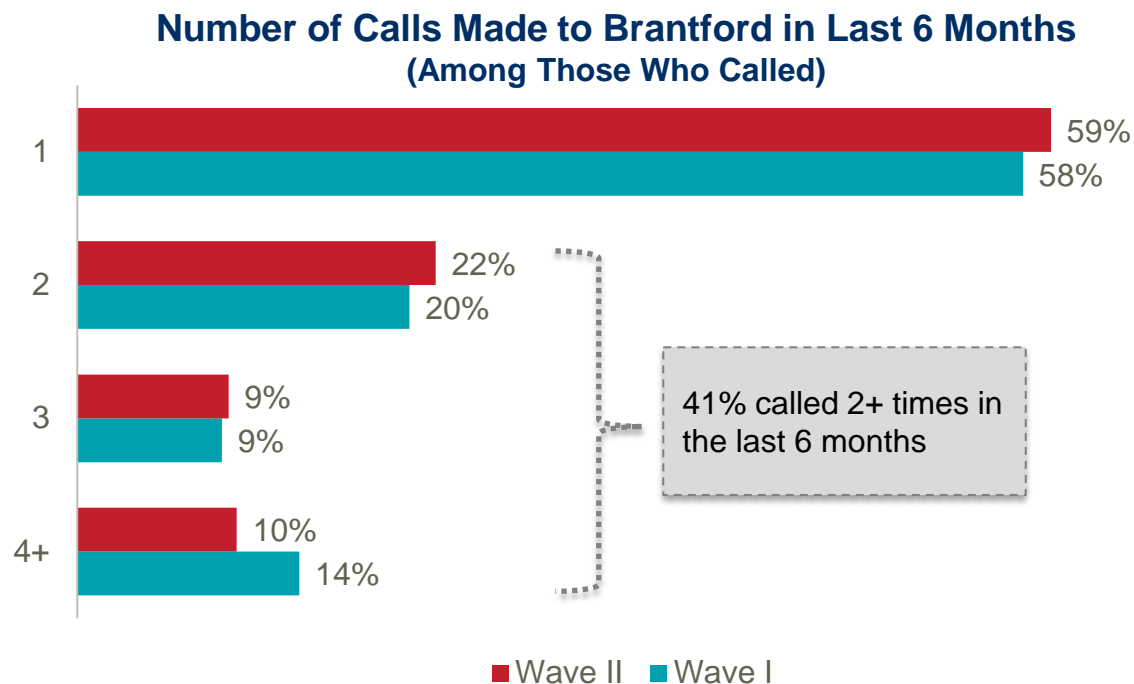
Customer feedback

"They were very cordial and polite and treated me with respect; they did not pass me off to the next person." – Brantford Residential

Contacts

4 in 10 Customers who called Brantford made multiple calls.

Slightly fewer Customers called Brantford 4 or more times in the past 6 months compared with Wave I.

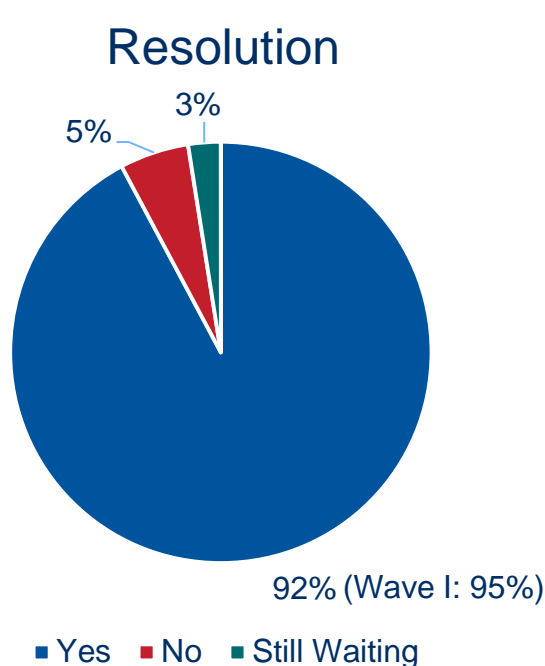


Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

Resolution

Most Customers indicate that their issue was resolved when they called.

To improve the rate of First Contact Resolution, Reps can ask questions to clarify Customer inquiries to ensure they are meeting the Customer's spoken and unspoken needs.



Prior Contact Methods

Toll-free number – 3%
Website – 3%
Email – 1%
Other – 2%

One “Other” contact was not a contact with Brantford (called ODSP). This response was reclassified as FCR.

First Contact Resolution

83%

(Wave I: 86%)

For more information on improving FCR from Wave I, see the appendix.

FCR = Issue was resolved on the call and no previous contacts with Brantford were made to attempt to resolve the issue (derived from survey questions). Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

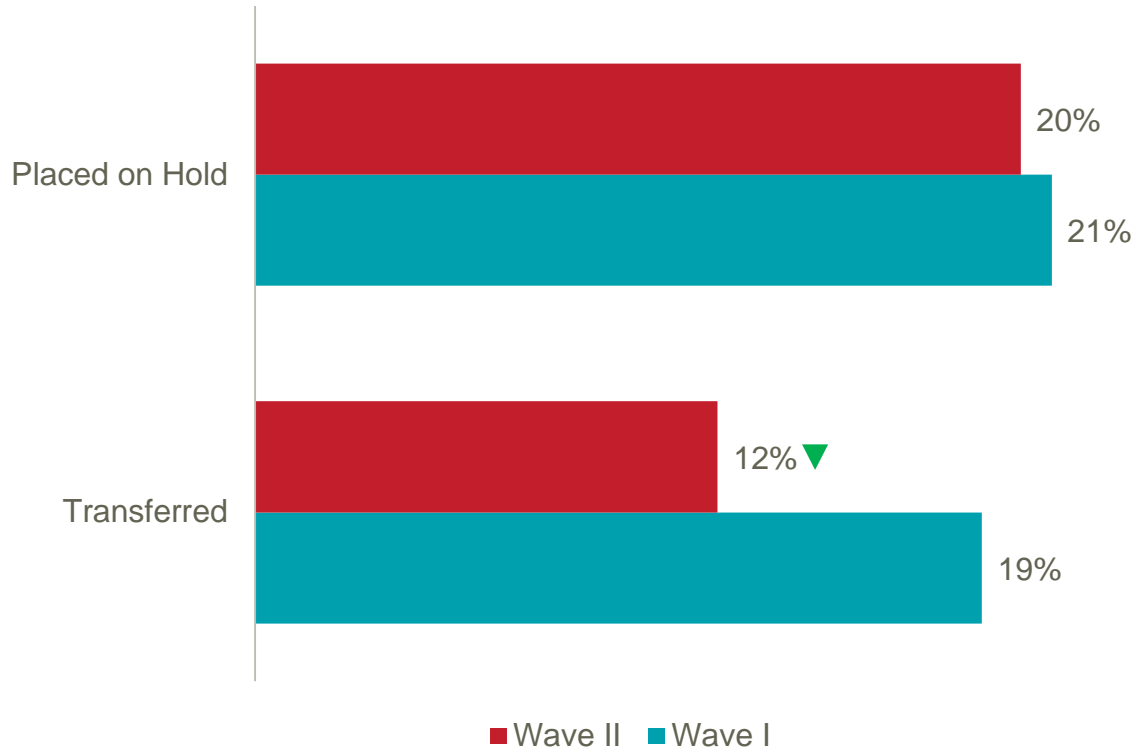


Holds & Transfers

Holds & Transfers

1 in 5 Customers were put on hold when they called; slightly more than 1 in 10 were transferred.

Encouragingly, fewer Customers were transferred during calls compared with Wave I.

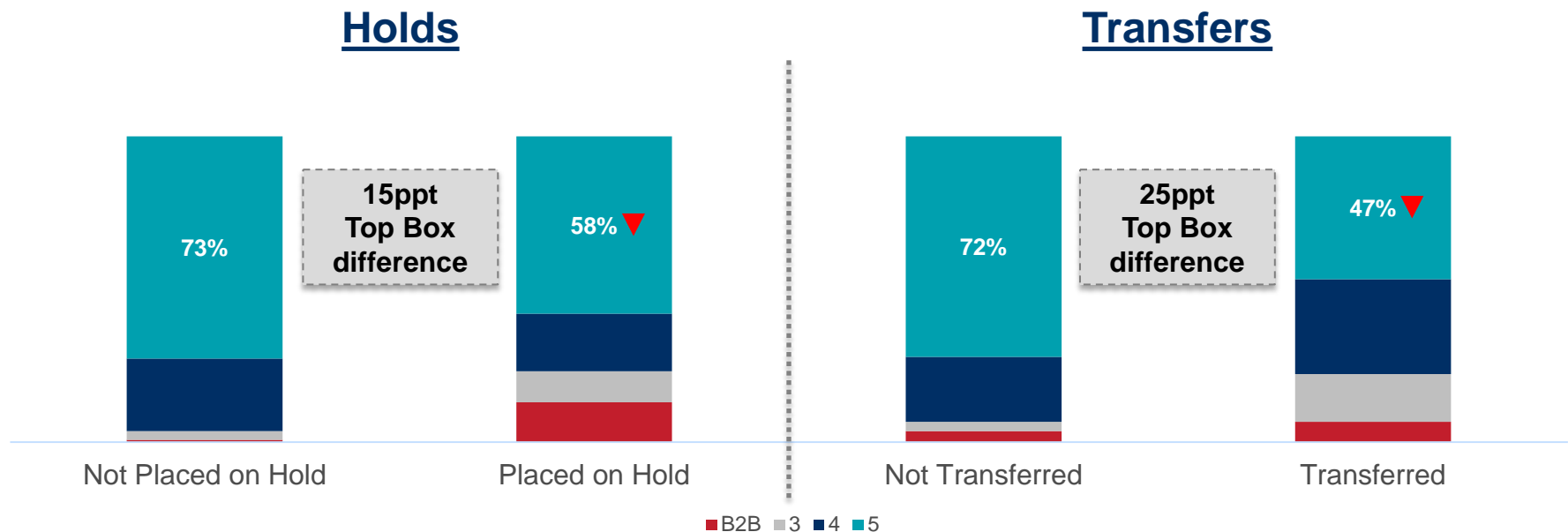


▲ / ▼ Indicates significantly higher/lower performance vs. previous time period.
Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

Holds & Transfers – Impact on Call Satisfaction

Customers put on hold or transferred are less likely to rate their Call Satisfaction as Excellent.

Call Satisfaction

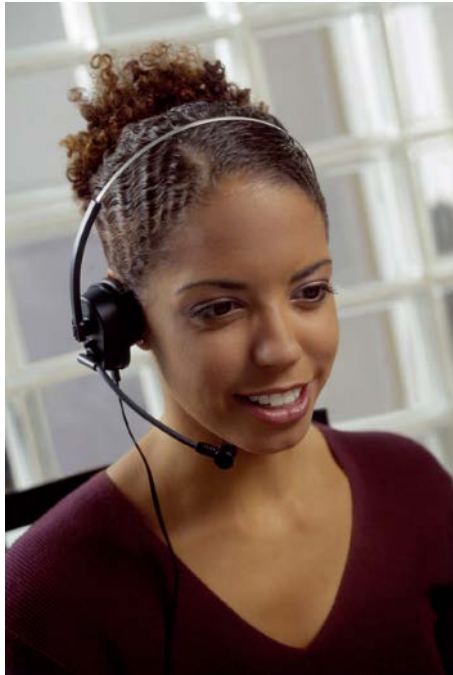


▲ / ▼ Indicates significantly higher/lower performance compared to complementary subset of data.
Results are reported with a margin of error of +/- 4.9% at a 95% confidence level.

Holds & Transfers – Handling

Optimally handling holds and transfers minimizes impact to satisfaction.

Keeping a Customer on the phone as opposed to placing them on hold...



Improves Customer satisfaction by...

- Keeping the Customer informed of steps taken
- Allowing the opportunity to ask clarifying questions
- Showing the urgency/desire to resolve the issue

Reduces Average Handle Time by...

- Placing pressure on the Rep to handle the issue with more urgency
- Reducing communication errors between Rep and Customer

What if holds are necessary?

Holds & Transfers – Handling

If a hold must be used, key steps can help improve the Customer experience:

How to avoid negative effects of holds



I. Avoid multiple holds in same call

- If it appears a second hold may be common on certain call types, consider a process review of operating procedures for that call type.

II. Have Reps decide early if issue requires outside expertise

- Extended hold times that end in non-resolution can cause worse experiences than transferring.

III. Ask Customer permission first

- If a hold is necessary, asking the Customer for permission helps maintain a positive experience.

IV. Keep Customer informed

- Make sure to keep the Customer informed during the call if the hold is taking longer than expected. Keep them up to date on status and steps being taken.



Recommendations

Recommendations

Overall, transactional satisfaction continues to be strong, but improvement opportunities exist.

■ Rep Coaching

- Show consistent courtesy to Customers by speaking with an enthusiastic, friendly voice, being empathetic to their concerns, and asking if they require any additional assistance at the end of the call.
- Set appropriate expectations for the Customer by stating a timeline for resolution when possible, or giving clear next steps when not.
- Utilize DataLink to aid in identifying and improving instances of lower Rep performance.

■ Holds & Transfers

- Stay on the line with Customers while working through an issue when possible, rather than placing the Customer on hold.
- Identify early in the call process when a call should be transferred to reduce call times in instances of non-resolution.

■ First Contact Resolution

- Ensure the website offers answers to commonly asked questions as well as opportunities for self-service, especially concerning billing and making a payment.
- Ask clarifying questions during calls to ensure both spoken and unspoken Customer needs are being met to prevent additional contacts from being necessary.



Looking Ahead

Future Analysis Possibilities

■ **Business vs. Residential**

- Determine if call handling differences exist between business and residential Customers.
 - Most Customers called regarding their Residence (97%).

■ **Call Reason Analysis**

- Measure which call types are handled most effectively and which have room for improvement.

■ **Customer Effort**

- Develop a Customer Effort Index in order to measure and trend Effort.

■ **Rep Performance**

- If the Rep base expands enough, create a Rep Segmentation Analysis to “bridge the gap” between higher and lower performing Reps.
- With strong Rep Performance through two Waves, continue monitoring Pats on the Back trends (Reps rated “5” on all attributes).

APPENDIX

Survey Overview & Methodology

Objective

- To measure Customer Satisfaction related to a specific transaction.
- Measure First Contact Resolution (FCR) for OEB and scorecard reporting.

Timing

- Surveying conducted March 16, 2015 – October 25, 2015

Methodology

- Telephone Survey

Sampling

- 400 completed surveys

Question Scales & Reporting

- Quality asked on a 5 (Excellent) to 1 (Poor) scale
- Top 3-Box (3, 4 and 5 ratings) reporting used for reporting of survey attributes

How Can Reps Improve FCR?

Making the interaction easy is key to resolving issues.

Engage the Customer

- Demonstrate a professional, confident, and engaging demeanor throughout the call
- Match the Customer's tone and pace and allow his/her personality to dictate the tone of the call

Identify Needs of the Customer

- Actively listen and probe where required to understand what the Customer needs
- Encourage Reps to take the time required to make sure the Customer needs are clear

Offer Relevant Options

- Explain to the Customer how he/she can reach resolution
- Help the Customer assess the different options and then provide a recommendation

Inform/Educate the Customer

- Provide sufficient detail and share knowledge that the Customer would not likely be exposed to otherwise
- Play the role of expert – help the Customer make an informed decision

Show Commitment

- Communicate the actions being taken and assure the Customer
- Explain the next steps clearly to the Customer

Source: 'The Effortless Experience'; Conquering the New Battleground for Customer Loyalty - 2013

Attachment 1-B

Convergys Top Down Survey Reports



Brantford Power Top-Down Survey

February 4, 2015



Table of Contents

1. Overview & Key Findings
2. Ontario Energy Board Requirements
3. Customer Satisfaction & Key Drivers
4. Customer Touch Points & Feedback
5. Recommendations

Our objective as a business partner is to help Brantford Power increase Customer Satisfaction.



Increase overall customer satisfaction

How we do this...

- Outline what factors have the largest impact on satisfaction
 - Identify differences in Business and Residential customer segments
 - Identify underperforming areas to target for improvement
 - Mine customer comments to determine what common themes reflect opportunities for improvement
-



Reduce and improve customer interactions

How we do this...

- Reduce the need for customers to contact customer service by identifying self-service opportunities
- Provide recommendations to improve the customer's experience when they do need to contact customer service

Key Findings

- Overall Satisfaction is 95%, but there are opportunities to improve the Customer Experience.
- Some differences exist between Business and Residential Customers.
 - Unique drivers of Satisfaction for Business and Residential
 - Top Satisfaction driver for Businesses is Billing Accuracy
 - Top Satisfaction driver for Residential is Tools to Manage Energy Consumption
 - Higher Overall Satisfaction for Business Customers
 - Business Customers have a higher preference for email communication than Residential Customers
- Primary Opportunities for Improvement Include:
 - **Providing Tools to Manage Consumption** – Customers want to better understand how to manage their costs.
 - **Billing** – Accuracy of billing is important to customers. The transactional study will provide additional insight into Customer concerns and solutions.
 - **Affordability** – Continued education of rates, fees and ways to reduce expenses will help improve Customer perception of pricing and affordability.
 - **Self-Service** – To reduce contacts, enhance online and self-service Billing & Payment capabilities.



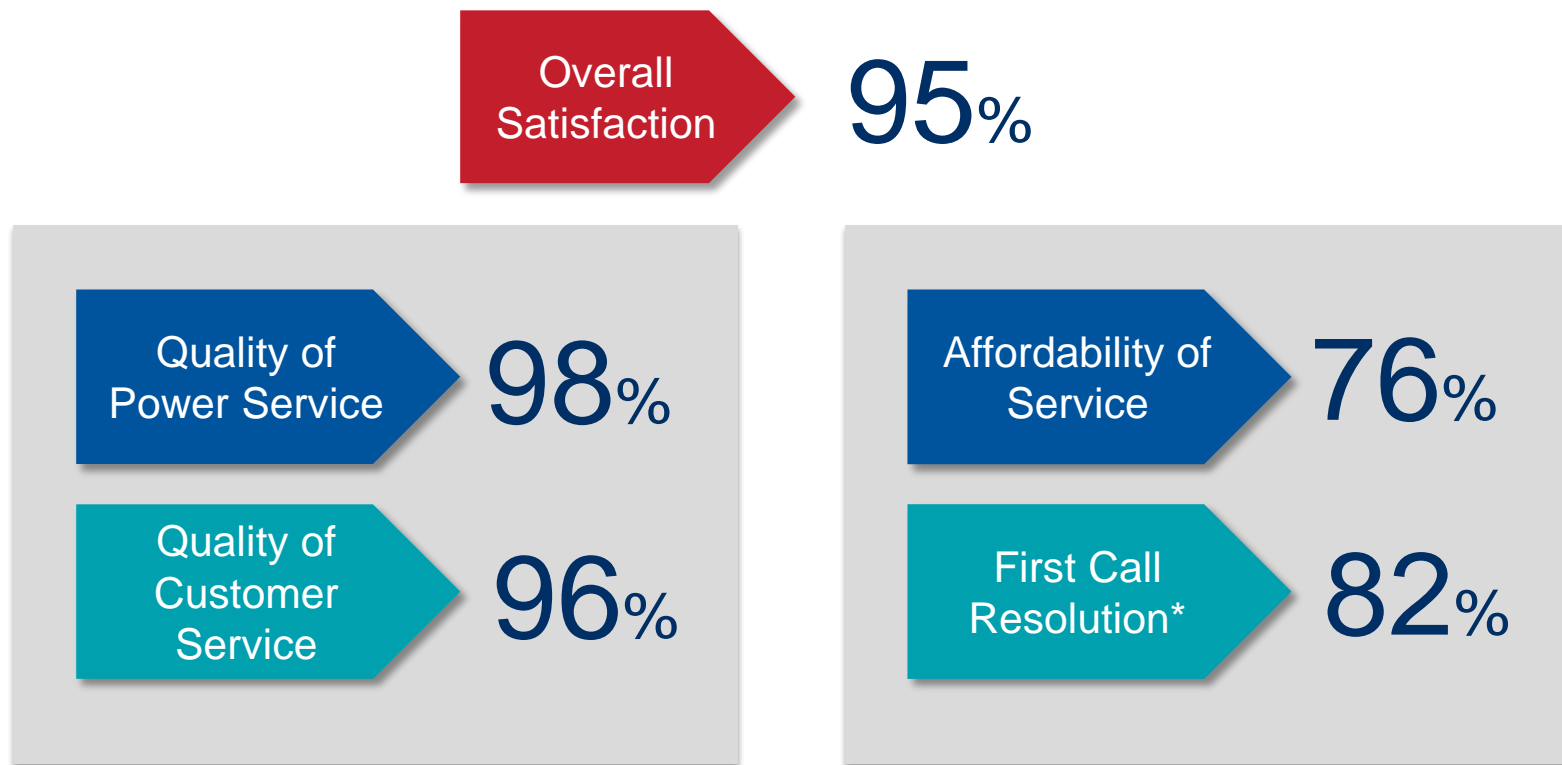
Ontario Energy Board Requirements



Ontario Energy Board (OEB) Requirements

Effectiveness and improvement in customer focus.

The following measures will serve as the baseline for Brantford Power's performance relative to Customer Satisfaction.



Results are reported with a margin of error of +/- 3.94% at a 95% confidence level.

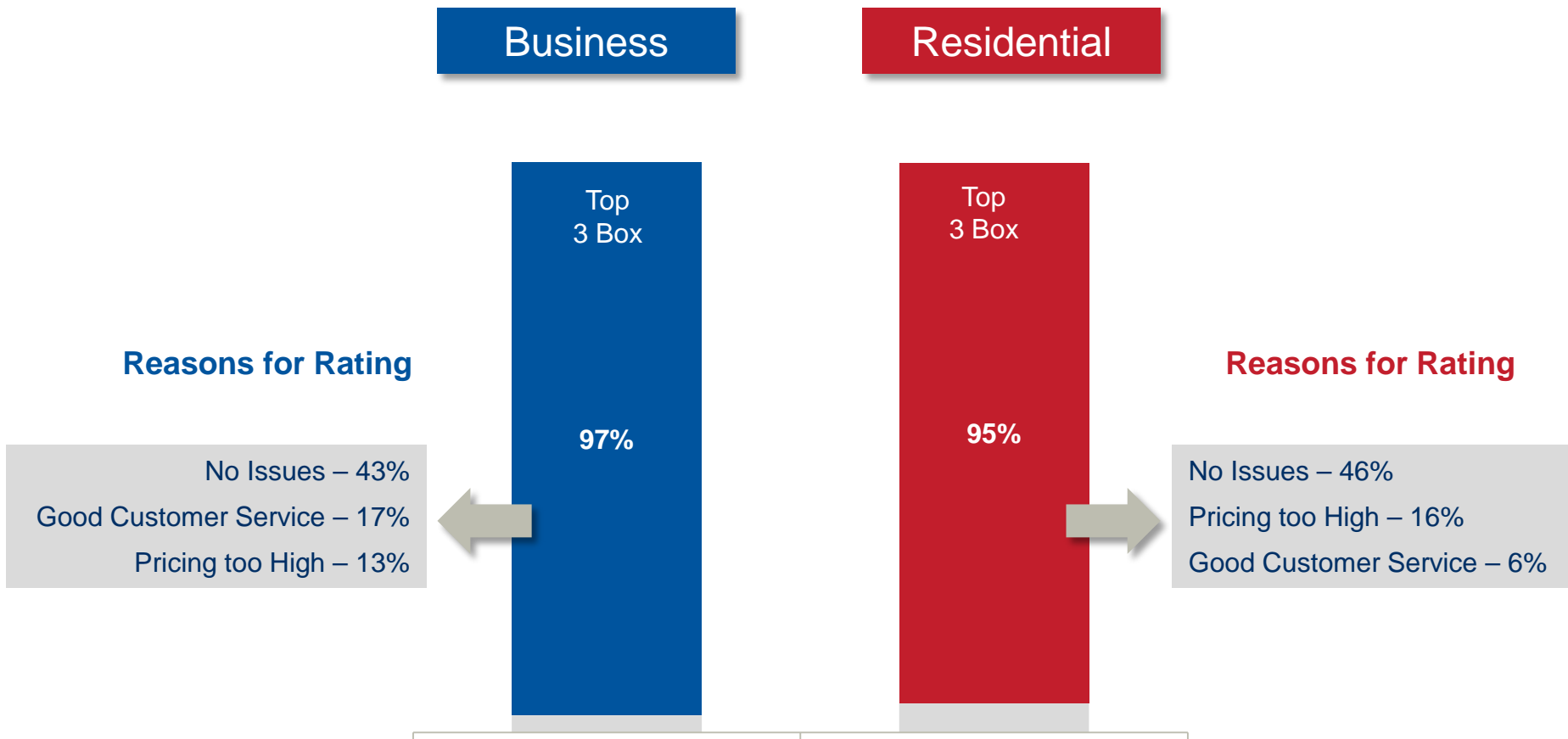
*First Call Resolution (FCR) is measured by Transactional surveys that occur after a customer interaction (data from Oct-Nov 2014). All other measures are from the "Top-Down" survey which measures the entire customer experience.



Customer Satisfaction & Key Drivers

Customer Satisfaction

Overall satisfaction is high, but opportunities for improvement exist, especially for Residential Customers.



Reasons for Rating based on customer comments.

Key Drivers Introduction

Key Drivers help us to understand what is most important to Customers and where to focus efforts to have the greatest impact on Overall Satisfaction.

1

What are the attributes' relationship to Satisfaction?

Action: Calculate each attributes' correlation to Satisfaction

2

If several attributes have a moderate to strong relationship to Satisfaction, how can attributes be prioritized?

Action: Calculate the Relative Importance

3

Once a Relative Importance model is developed, how much does it explain Satisfaction?

Action: Calculate the proportion of variance that explains Satisfaction

Key Drivers

The drivers of Overall Satisfaction differ somewhat between Business and Residential Customers.



% Variance explained: 54%

18%

Billing Accuracy

14%

Overall Quality of Power Service

11%

Overall Quality of Customer Service

11%

Communications Easy to Access

10%

Reliability of Service



% Variance explained: 49%

12%

Tools to Manage Energy Consumption

11%

Overall Quality of Power Service

10%

Value of Service

8%

Overall Quality of Customer Service

7%

Billing Accuracy

7%

Reliability of Service

7%

Affordability of Service

Percentages represent the relative impact of each attribute on Overall Satisfaction.



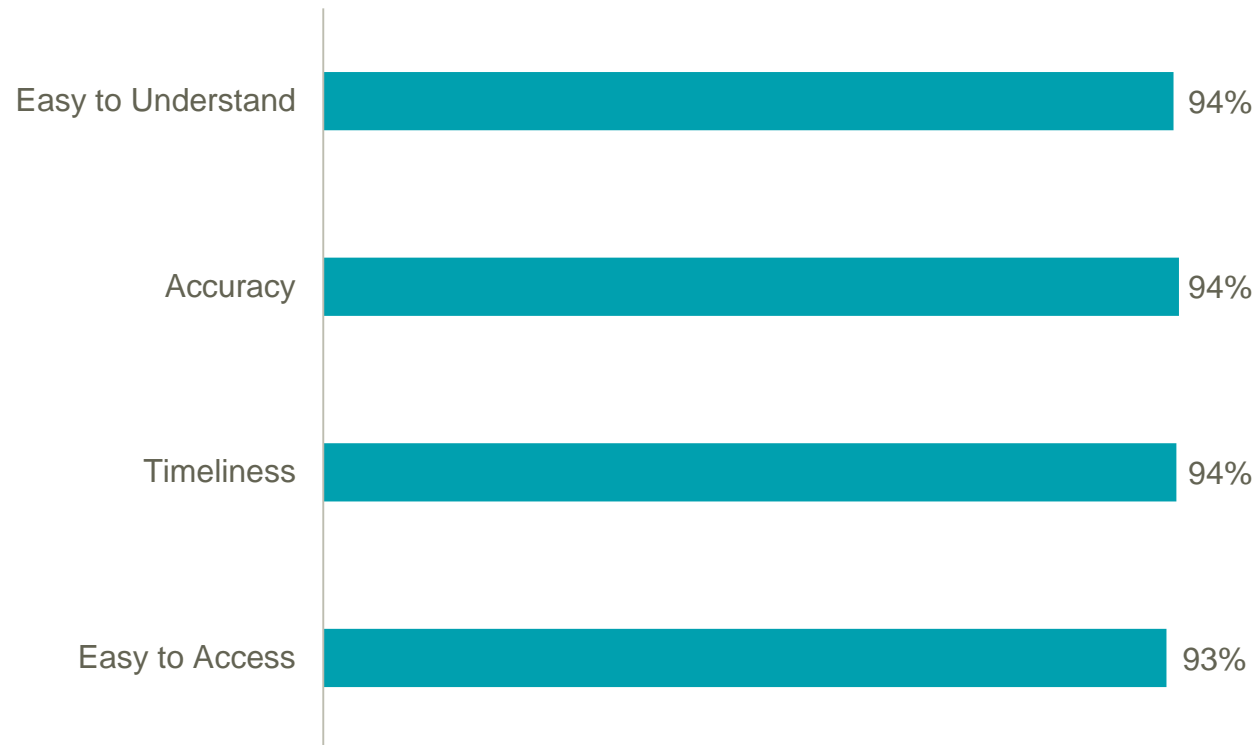
Customer Touch Points & Feedback

Communication

There is an opportunity to improve the accessibility of communication.

Communication Performance

Business & Residential - Top 3 Box






Communication Preference

Businesses have a stronger preference for email communication than Residential Customers.

Communication Preference

Business vs. Residential

	Business	Residential
 Letter in the Mail	54%	61%
 Email Message	35%	19%
 Telephone Call	11%	19%

Communication Findings & Opportunities

Finding

Opportunity

Customer Feedback

1

Communication could be *Easier to Access* (93% are Satisfied).

Ensure Customers can easily access communication and their accounts via the website.

“They have a lack of options on communication.”

2

Business Customers are more likely to prefer email communication than Residential Customers.

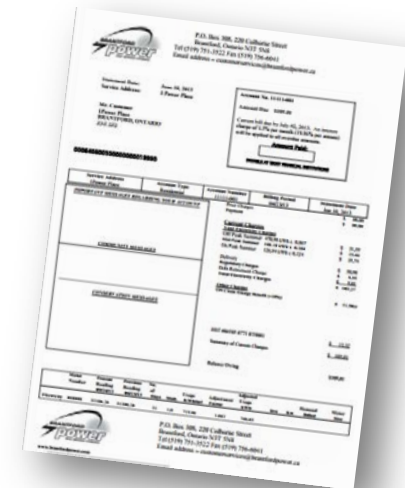
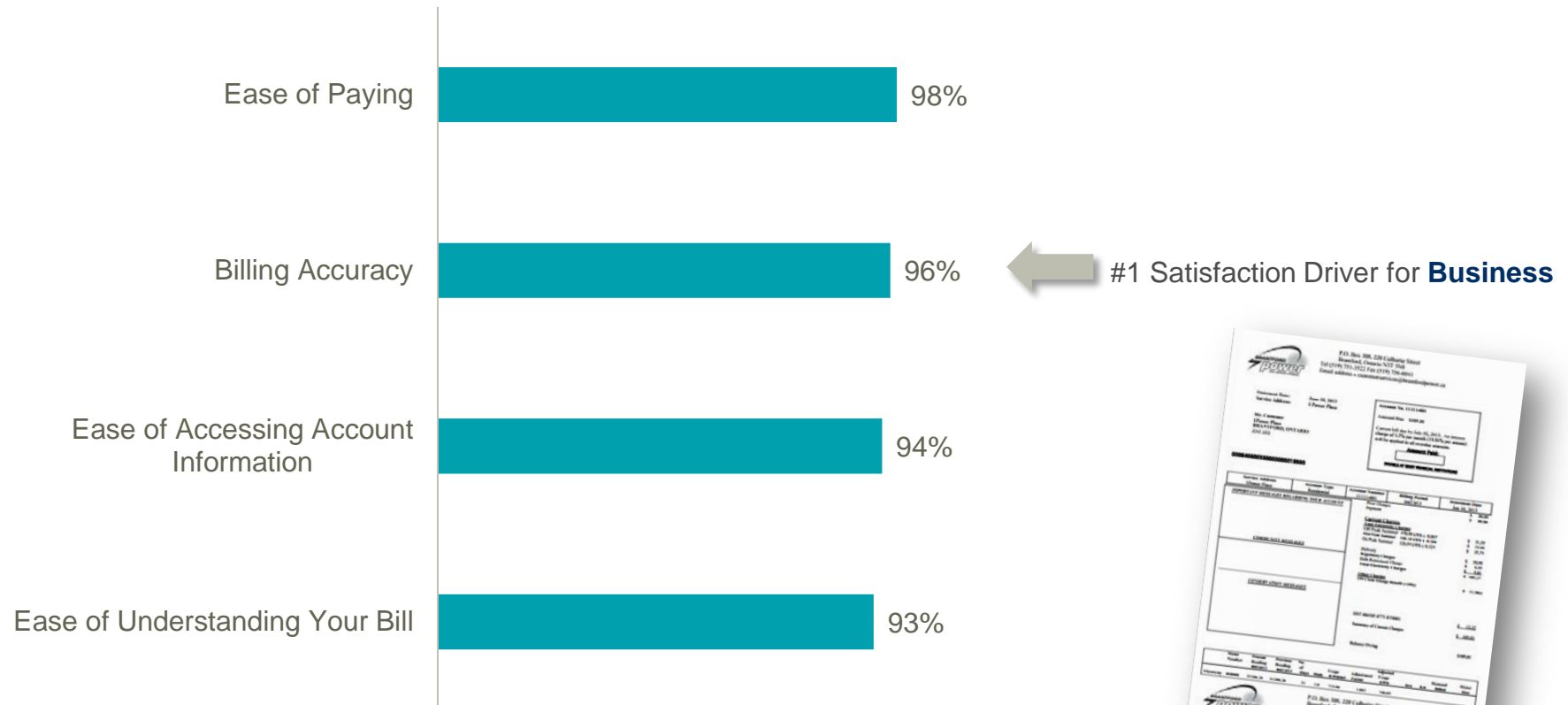
Important communication should be sent via both traditional mail and email.

“When we had to deal with them, we got a quick response.”

Billing

The accuracy of billing influences Overall Customer Satisfaction.

Billing Performance Business & Residential - Top 3 Box



Billing Findings & Opportunities

Finding

Opportunity

Customer Feedback

1

Billing Accuracy is a key driver of Customer Satisfaction (96% are Satisfied).

Ensure billing is accurate and timely notice of missed payments is provided.

"Sometimes there are delays in receiving some of the bills. The calculation of the rates could be more precise."

2

Splitting the Water and Hydro Bill has caused frustration for some customers.

Educate customers on the reason for splitting bills and any impact to their overall costs.

"I didn't like when they took the water off the bill as we are now paying two administration fees on the bills when we should only be paying one."

"I receive two bills now and was not informed this would happen."

3

Some Customers mentioned concerns about Smart Meters.

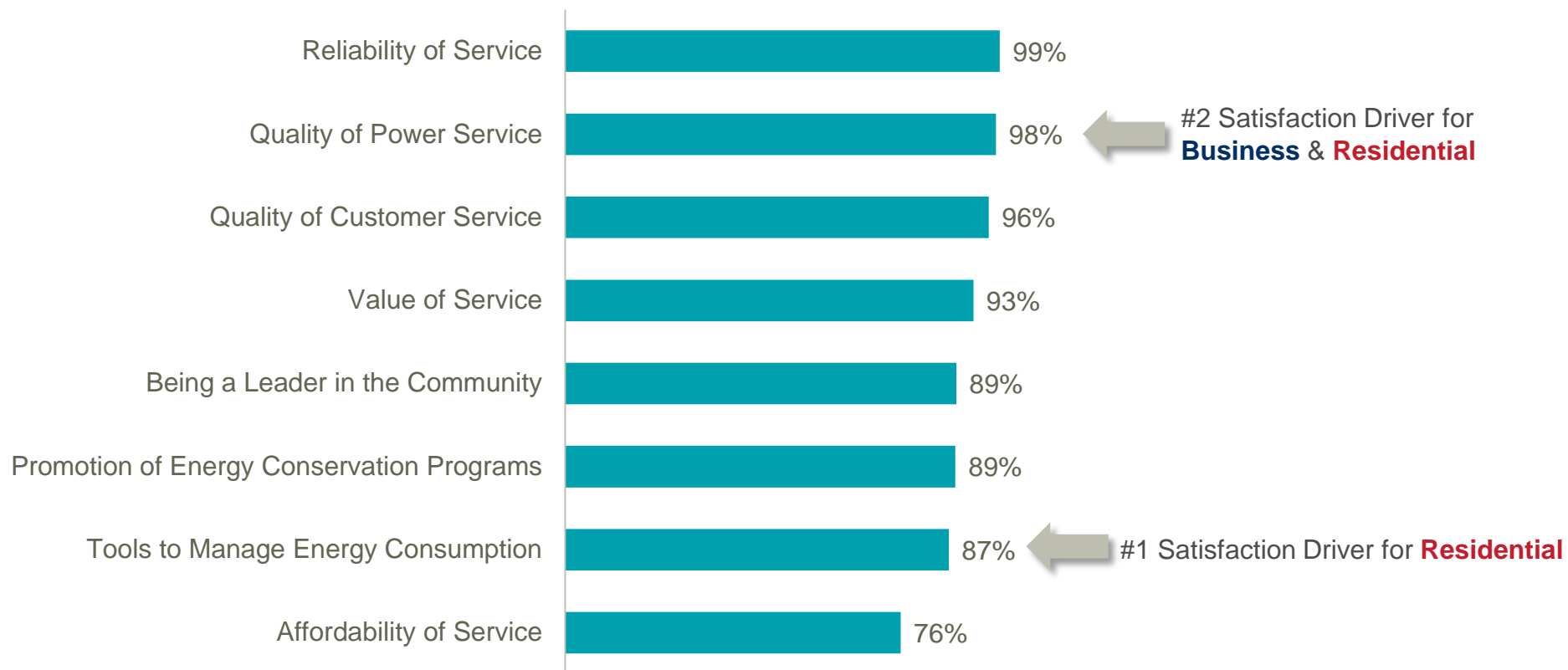
Increase communication efforts around the implementation of Smart Meters.

"I don't know about these smart meters they forced on us. I don't know how accurate they are. "

Service & Brand Satisfaction

While Business and Residential Customers have different Drivers of Satisfaction, their Satisfaction with Service and Brand performance is similar.

Service & Brand Performance Business & Residential - Top 3 Box



Service and Brand Findings & Opportunities

Finding

Opportunity

Customer Feedback

1

Tools to Manage Energy Consumption is a key driver of Satisfaction for Residential Customers (87% are Satisfied).

Help Customers better understand how to manage their energy consumption.

"I can't understand why my hydro keeps going up when I do laundry in off peak ... I don't understand why my bill keeps going up when I am using less."

2

Quality of Power Service is highly important to both Business and Residential Customers.

Reduce frequently occurring issues with loss of service.

"We have blackouts and we don't know why. This has happened about 6-12 times."

3

Pricing was frequently mentioned as a concern and only 76% are Satisfied with the **Affordability of Service**.

Educate Customers on rates and on fees charged.

"I do not understand how they quantify the cost increase."
"The rates are too high and I don't like the peak times."

Service and Brand Findings & Opportunities

Continued

Finding

Opportunity

Customer Feedback

4

Satisfaction with Customer Service is high (96% are Satisfied).

Continue to focus on providing high quality customer service.

“I always got help when I needed it. If I had questions, they were always answered.”

Customer Contact

Business customers are more likely to have contacted Brantford Power than Residential customers.

Residential Customers who made a contact are less satisfied with the Reliability of their Service and their Billing Accuracy than Customers who did not contact in the past 6 months.

Contact in Past 6 Months? (% Yes)

Business

35%

Residential

23%

Expectations Met? (% Yes)

80%

88%

Top Contact Methods (By Volume)

Telephone: 91%
Email: 14%

Telephone: 90%
Visited an Office: 8%

Contact Reasons

Billing & Payments are the primary reasons that Customers contacted Brantford Power.

Transactional surveys will provide more insight into the reasons that Customers contact Brantford Power and opportunities to improve Satisfaction.

Business

Billing & Payments 39%

Outage 15%

Power Usage 9%

Residential

Billing & Payments 55%

Moving 6%

New Service 5%

Contact Handling Findings & Opportunities

Finding

Opportunity

Customer Feedback

1

1 in 3 Business Customers contacted and 1 in 5 did not have their expectations met.

Focus on meeting Business Customer expectations.

“Power is extremely important to us as it is our 3rd largest expense ... I would like to know when the power spikes and I'm not talking about the rates, the usage.”

2

Over half of Residential contacts were for billing and payments.

Enhance online self-service options to reduce the need for contacts.

“I couldn't remember if I paid my bill or not.”

“I needed to know my billing amount, which could only be done at the bank or in person.”



Recommendations

Recommendations

A focus on Tools to Manage Consumption will positively impact Residential Customer satisfaction.

Category

Recommendation

1

Tools to Manage Consumption

(#1 Driver of Satisfaction for Residential Customers)

Help Customers better understand how to manage their energy consumption:

- Include tips in a monthly customer email newsletter and on bill-print messages.
- Provide energy usage evaluation and products/tools to reduce usage.

Energy Consumption Services Offered by Other Providers

Monthly email newsletter with seasonal energy saving tips.

Get energy solutions, tips, news and more!

Enter email ...

Sign Up

Access to programmable thermostats that complement Smart Meters.



Online tools to compare usage to others and diagnose ways to save energy.

ONLINE TOOLS

> **Dare to Compare**
Are you energy-efficient or energy-hungry? Compare similar households and find out how energy-efficient minutes to answer 11 questions and get your result on saving energy.

Dare to Compare > Find out more

> **Home Diagnostic**
When you answer the questionnaire, you'll obtain a free personalized energy evaluation of your home and recommendations on how to save energy.

Get your diagnostic > Find out more

Discounted energy-efficient light bulbs.

**Save energy. Save money.
Save a trip to the store.**

Order deeply discounted energy-efficient bulbs

See offers



Recommendations

A focus on Billing will positively impact both Business and Residential Customer satisfaction.

Category

Recommendation

2

Billing

(#1 Driver of Satisfaction for Business and #5 for Residential Customers)

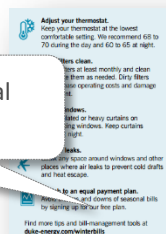
Customers who are able to understand their bill are more likely to feel that their bill is accurate:

- Provide easy access to account usage and billing history online (some customers indicate they don't have this access).
- Continue educating Customers on Smart Meters and how they can use them to their advantage to reduce their bills.
- Communicate the reason that bills for Water and Hydro were split and the impact to overall costs.

Ensure timely notification of missed payments are sent to Customers.

Leverage the transactional program results to get specific details on how to best impact Billing and Payment Issues.

Monthly bill inserts with seasonal energy saving tips.



Need help managing winter bills?

Record cold is causing higher-than-usual bills. Here's how we can help.



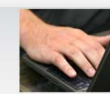
Understanding your Bill

- Understanding your Bill
- Billing FAQ
- High bill? Review our High Bills checklist
- View your personal electricity consumption



eBills

- Benefits of eBills
- eBills FAQ
- Register for eBills



Payment Options

- Pre-Authorized Payment
- Equal Payment Plan
- See more Payment Options



Rates

- Current Electricity Rates
- Time-of-Use Rates

Enhanced online tools for understanding the bill, managing usage and making payments.

Recommendations

Improvements in these areas will positively impact both Business and Residential Customers.

Category

Recommendation

4

Affordability & Pricing

Continue working to educate Customers on Usage Rates and Fees in order to change perceptions about the amount of control that Brantford Power has on pricing.

5

Self-Service

Ensure that Customers are taking advantage of existing Self-Service tools by making them more prominent on the website and by featuring Self-Service options in bill inserts and in monthly email newsletters.

6

Business vs. Residential Customer Differentiation

Differentiate content on BrantfordPower.com to provide messaging that is targeted to Business and Residential Customers based on their unique drivers of Satisfaction.

7

Survey Attributes

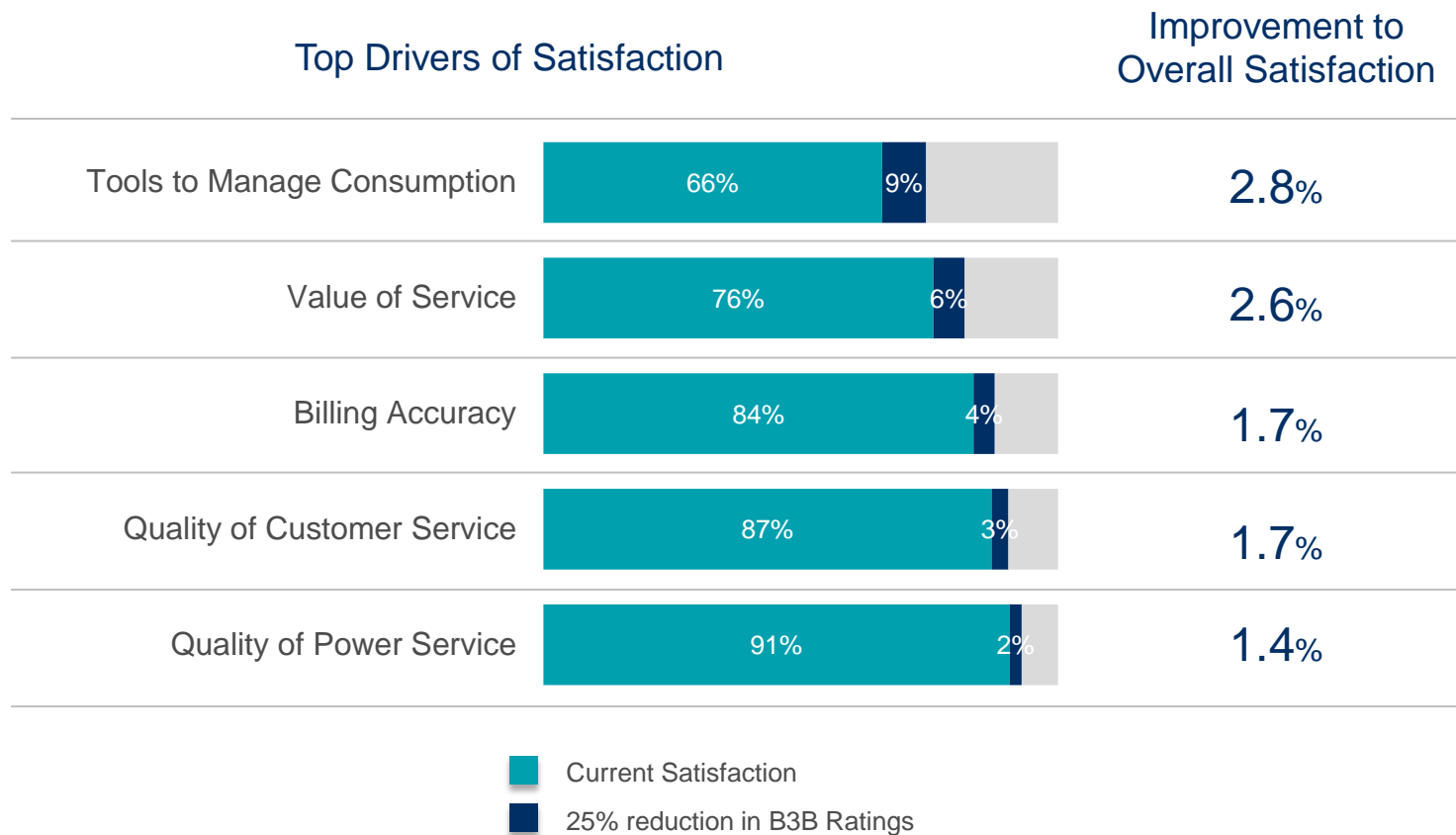
The key driver analysis indicates that not all survey measures are strong predictors of Overall Satisfaction. Recommended survey streamlining includes:

- Reducing Communication attributes to one measure – Overall quality of Communication provided by Brantford Power
- Removing “Ease of Paying” & “Ease of Understanding Your Bill”

Impact of Improvements on Overall Satisfaction

Overall Satisfaction will improve by focusing on the top Drivers of Satisfaction.

A 25% reduction in “Bottom 3-Box” ratings for the key drivers of Overall Satisfaction will result in the following improvement to Overall Satisfaction.



APPENDIX

Survey Overview & Methodology

Objective

- Gather Customer Satisfaction metrics to be used for OEB and scorecard reporting.
- To measure Satisfaction in the following areas: Overall Satisfaction, Service/Brand Performance, Communication, Billing, and Contact Handling.

Timing

- Surveying conducted October 21 – November 7, 2014

Methodology

- Telephone Survey

Sampling

- 600 completed surveys – 500 Residential completes and 100 Business completes

Question Scales & Reporting

- Satisfaction asked on a 5 (Very Satisfied) to 1 (Not at all Satisfied) scale
- Top 3-Box (3, 4 and 5 ratings) reporting used for reporting of survey attributes

Key Drivers: Relative Importance Method & Attributes

Relative Importance Method

A Core Importance Approach

- Tells how much of the difference between satisfied and dissatisfied customers can be attributed to a given aspect of service
- Regression based analysis that deals effectively with multi-collinearity of independent variables
- Examines the impact of each overall area across all possible orderings of attributes
- Assesses both direct and combined effects of a variable on satisfaction

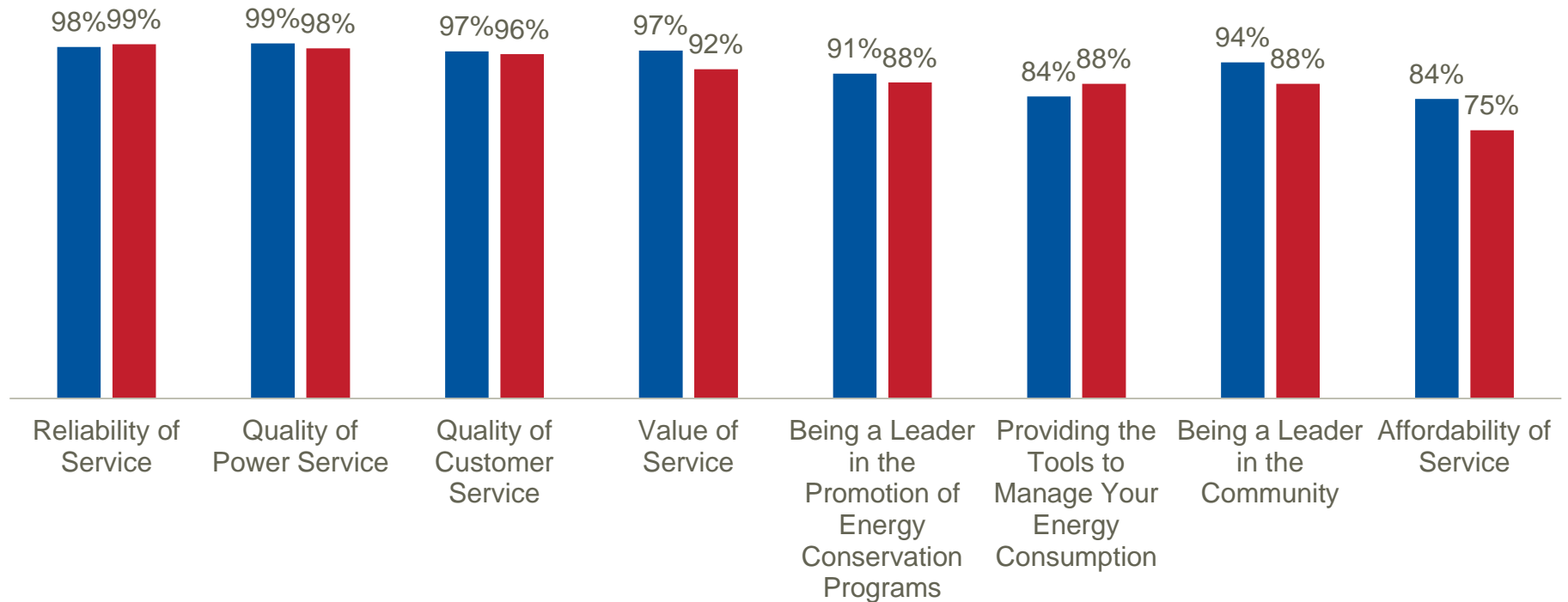
Attributes Categories	Attributes
Service & Brand	Reliability of Service
	Overall Quality of Power Service
	Overall Quality of Customer Service
	Affordability of Service
	Value of Service
	Being a Leader in the Promotion of Energy Conservation Programs
	Providing Tools to Manage Energy Consumption
	Being a Leader in the Community
Communications	Timeliness of Communications
	Accuracy of Communications
	Communications Being Easy to Understand
	Communications Being Easy to Access
Billing	Billing Accuracy
	Ease of Paying
	Ease of Accessing Account Information
	Ease of Understanding Your Bill

Service & Brand Performance

Business and Residential Satisfaction Ratings

Service & Brand Performance Top 3 Box

■ Business ■ Residential

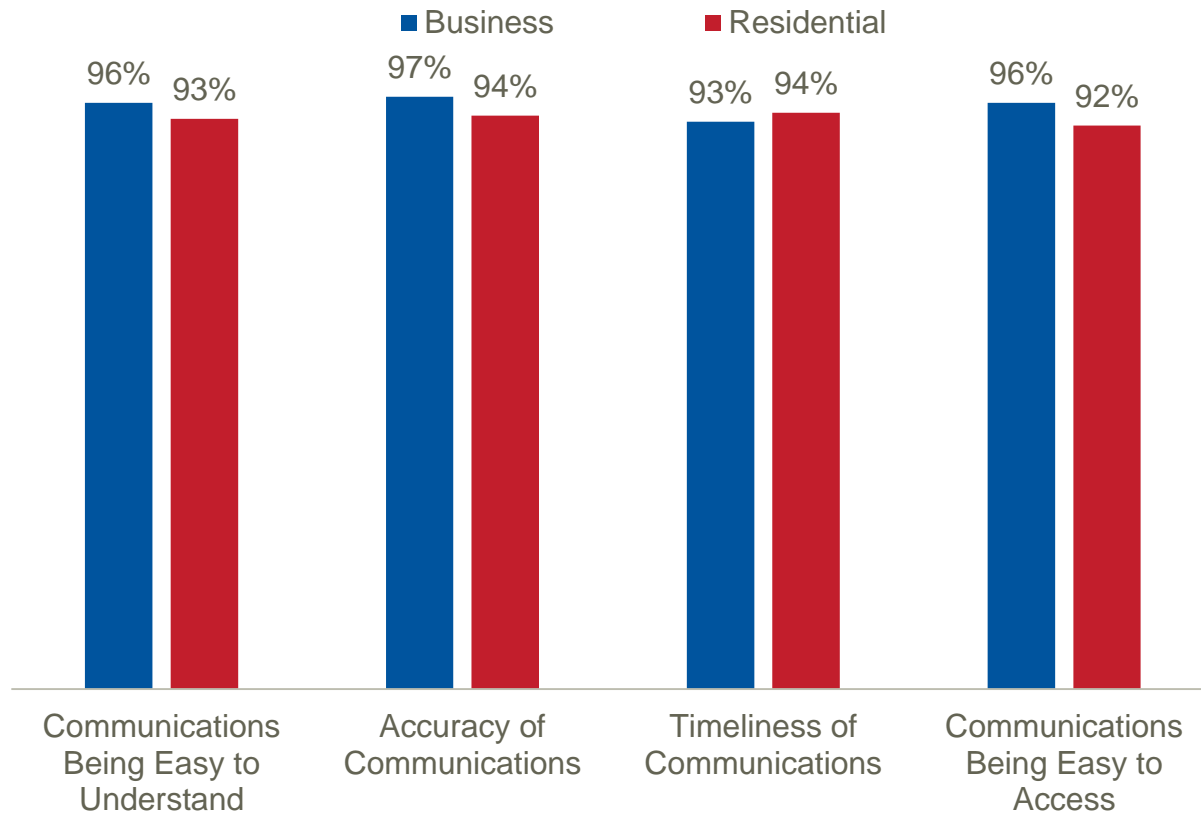


Differences in Business & Residential ratings are not statistically significant.

Communication

Business and Residential Satisfaction Ratings

Communication Performance Top 3 Box

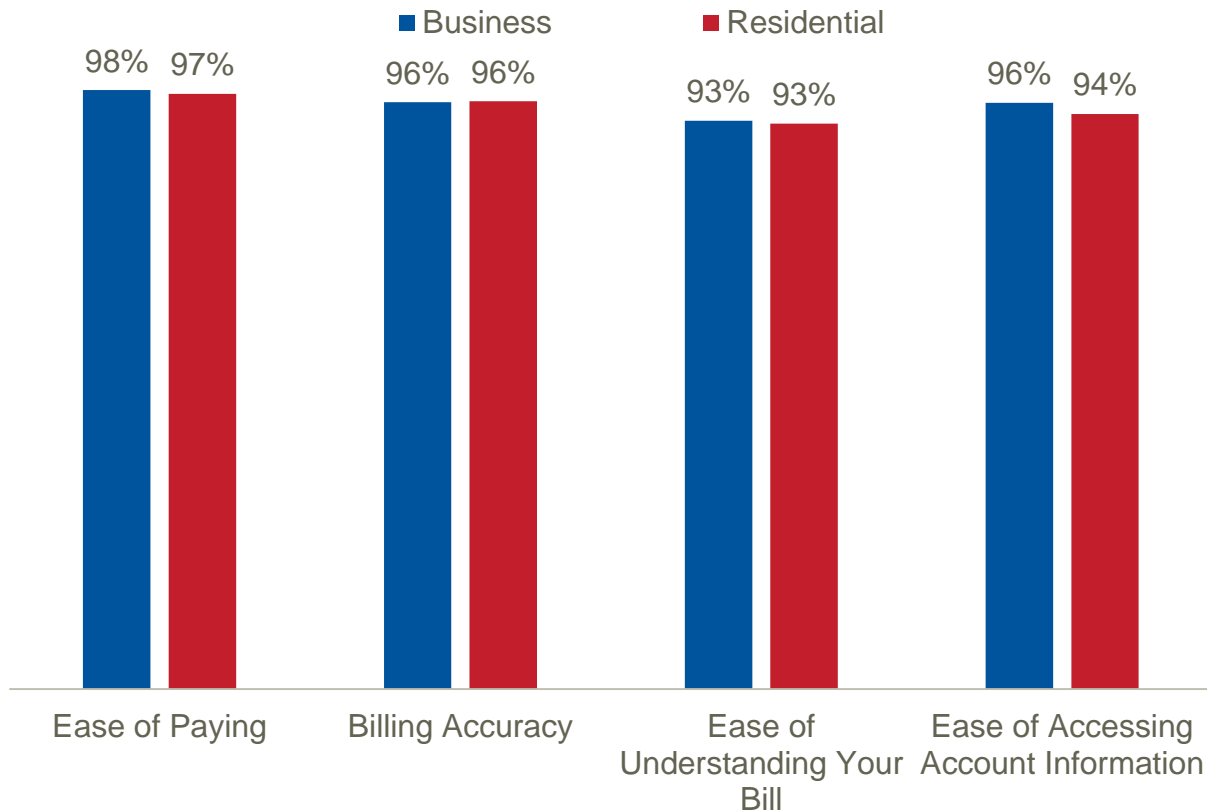


Differences in Business & Residential ratings are not statistically significant.

Billing

Business and Residential Satisfaction Ratings

Billing Performance Top 3 Box



Differences in Business & Residential ratings are not statistically significant.



Brantford Power Top-Down Survey

October 30, 2015



Agenda

- 1 Executive Summary**
YEAR OVER YEAR IMPROVEMENT AND OPPORTUNITIES
- 2 Ontario Energy Board Requirements**
KEY SATISFACTION METRICS
- 3 Updated Key Driver Analysis**
WHERE TO FOCUS TO IMPROVE SATISFACTION
- 4 Satisfaction Ratings by Touch Point**
OPPORTUNITIES FOR IMPROVEMENT & RECOMMENDATIONS
- 5 Recommendations Summary**

Executive Summary

Overall performance remained strong for Brantford Power, however new opportunities emerged in the areas of Affordability and Reliability of Service.

SUCCESSSES

Already strong KPI performance remained stable

- All key metrics remained stable, with the exception of “Affordability of Service” which declined 5ppt year-over-year.

Customers are satisfied with the presentation of their billing information

- The bill redesign appears to be well received with 96% of customers satisfied with the presentation of the bill.

Fewer residential customers reported contacting Brantford

- There was an 8ppt decline in Residential customers who contacted Brantford in the last 6 months.

OPPORTUNITIES

Affordability/Value of Service

- Fewer customers were satisfied with the affordability of service.

Reliability of Service

- There was an increase in customers, especially businesses, who mentioned issues with the reliability of their service.

Technological and Self-Service Enhancements

- Paperless billing, payment by credit card and online billing/usage history are all enhancements requested by customers.





Ontario Energy Board Requirements



Ontario Energy Board (OEB) Requirements

All key metrics remained stable, with the exception of “Affordability of Service” which declined 5ppt year-over-year.

Overall
Satisfaction

94%

2014: 95%

Quality of
Power Service

97%

2014: 98%

Quality of
Customer
Service

96%

2014: 96%

Affordability of
Service

71%

2014: 76%

First Contact
Resolution*

86%

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

*First Contact Resolution (FCR) is measured by Transactional surveys that occur after a customer interaction (data from 10/1/14 – 1/29/15). All other measures are from the “Top-Down” survey which measures the entire customer experience.



Customer Satisfaction & Key Drivers

UPDATED KEY DRIVER ANALYSIS



Just
a
Reminder!

What is Key Driver Analysis?

Key Drivers represent what is most important to Customers and where to focus efforts to have the greatest impact on Overall Satisfaction.

1

What are the attributes' relationship to Overall Satisfaction?

Action: Calculate each attributes' correlation to Overall Satisfaction

2

If several attributes have a moderate to strong relationship to Overall Satisfaction, how can attributes be prioritized?

Action: Calculate the Relative Importance

3

Once a Relative Importance model is developed, how much does it explain Overall Satisfaction?

Action: Calculate the proportion of variance that explains Overall Satisfaction

Key Drivers of Overall Satisfaction

The Value and Affordability of Service has increased in importance for both Residential and Business Customers, while Reliability of Service has increased in importance for Businesses.



% Variance explained: 62%



% Variance explained: 33%

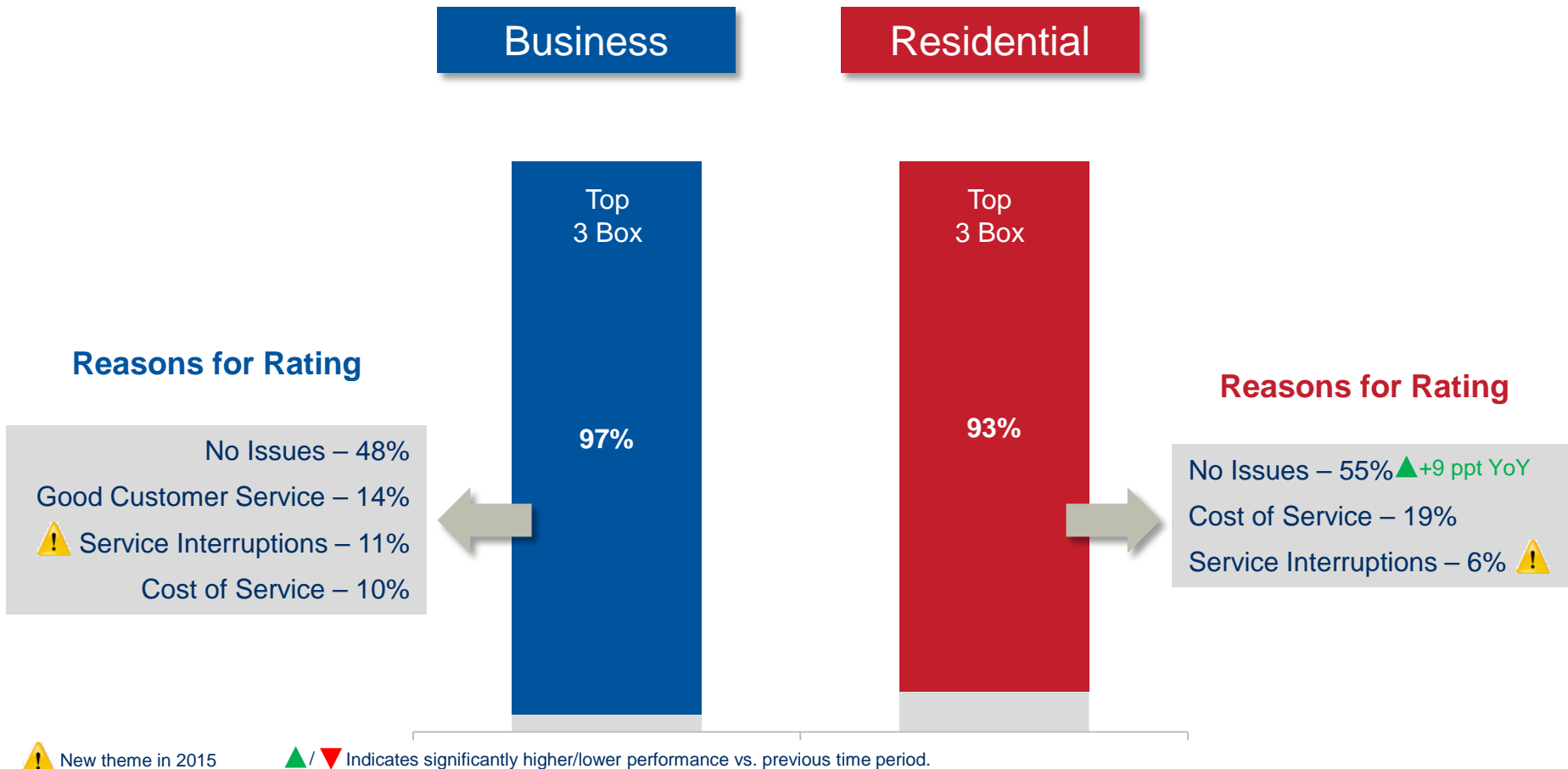


Percentages represent the relative impact of each attribute on Overall Satisfaction.

↑ Indicates attribute increased in importance by 2 or more positions.

Customer Satisfaction

Overall satisfaction is high, but opportunities for improvement exist, especially related to the Cost of Service and Service Interruptions.

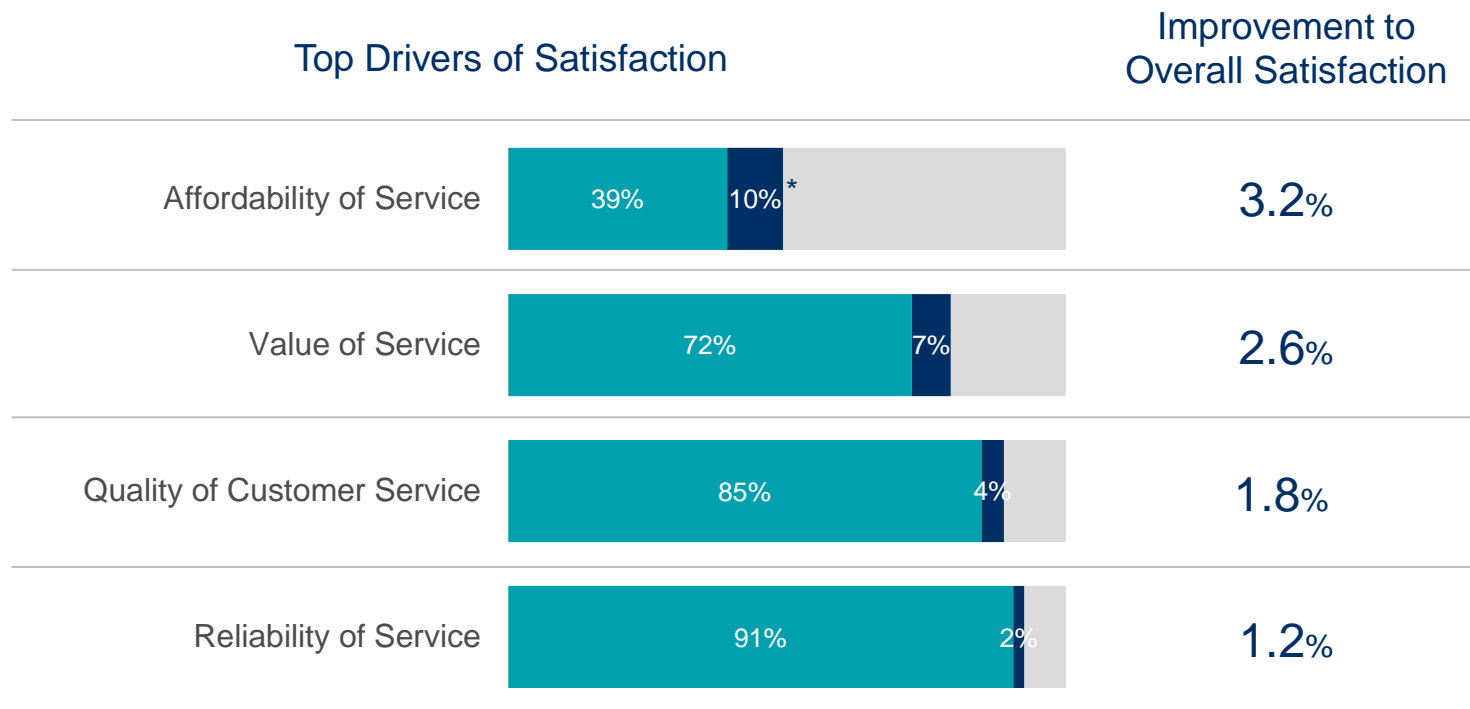


Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).
Reasons for Rating based on customer comments, Q2.

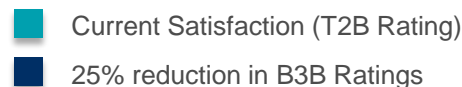
Impact of Improvements on Overall Satisfaction

Overall Satisfaction will improve by focusing on the top Drivers of Satisfaction.

A reduction in “Bottom 3-Box” ratings for the key drivers of Overall Satisfaction will result in the following improvement to Overall Satisfaction.



*A more achievable goal of 10ppt improvement was used rather than a 25% reduction in B3B Ratings.





Satisfaction Ratings by Touch Point

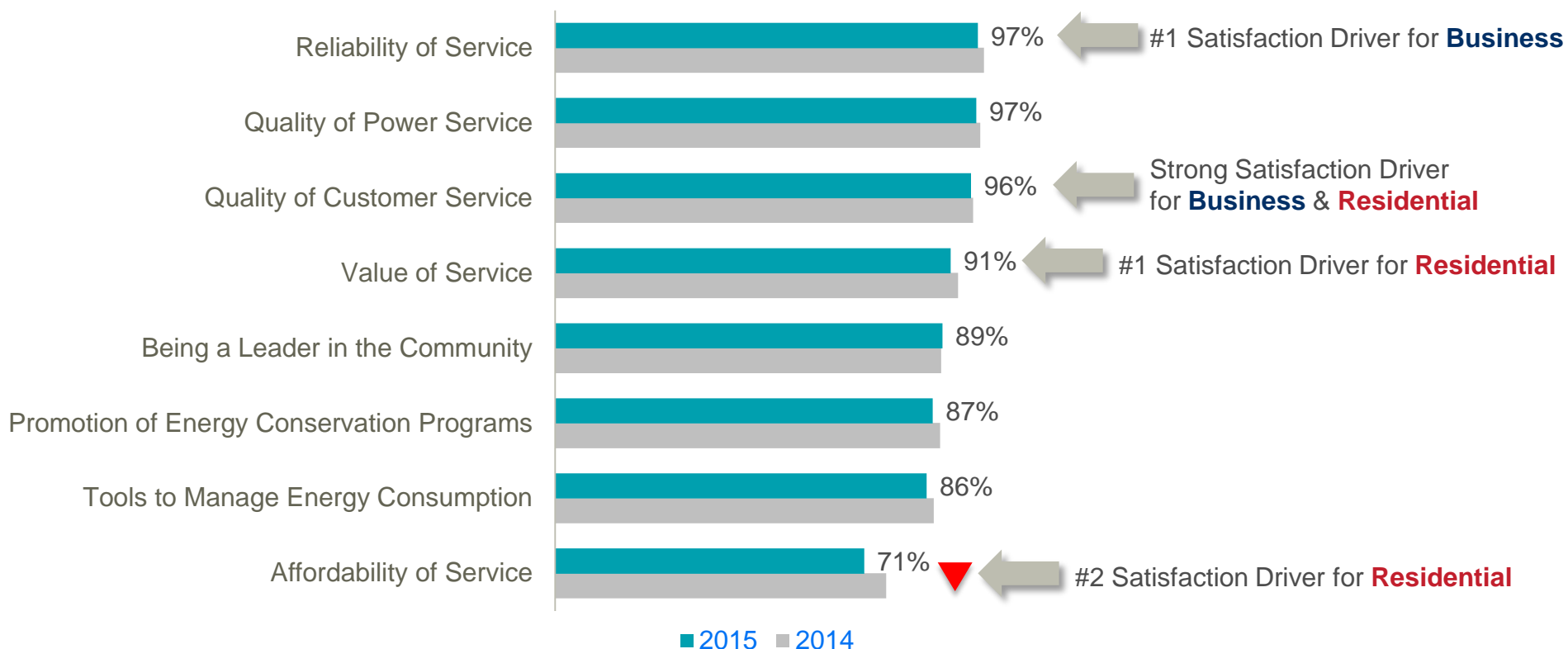
OPPORTUNITIES FOR IMPROVEMENT & RECOMMENDATIONS

Service & Brand Satisfaction

Satisfaction was stable for all measures of Service & Brand Performance, with the exception of "Affordability of Service," which declined 5ppts.

Service & Brand Performance

Business & Residential - Top 3 Box



▲ / ▼ Indicates significantly higher/lower performance vs. previous time period.

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

What are customers saying about Value of Service and Affordability of Service?

While the incidence of comments related to pricing hasn't increased, the tone has become more negative as customers express frustration about the cost of power.



Peak times are too expensive for customers with fixed incomes.

"They should take into consideration the elderly population who need to be home around 11-5pm who need the heat/cooling going."

"I am 71 years old and I am on a fixed income. There is no way for me to wash at night and I find it unfair. I have to work nights to keep my home."



Rates continue to increase.

"I think we pay too much money for hydro and we keep trying to cut down but it keeps going up."



Customers feel nickel-and-dimed by fees.

"My gripe is with the delivery charge, but I don't know if that has anything to do with the power."

How can Brantford control the perception of Value and Affordability without the ability to control Pricing?

While Brantford can't directly control pricing, steps can be taken to position Brantford as an advocate for the customer.

1

Express Empathy When Customers are Frustrated with Pricing

- Coach customer service reps to show empathy when customers are frustrated with rate increases and look for opportunities to help customers lower their bill.

"I completely understand your frustration. Let's take a look at your bill to see if there are ways you can change your usage and lower your bill."

2

Help Customers Manage Their Power Usage

- Continue to promote programs and tools to help consumers reduce their energy consumption.
- Target conservation programs, such as the Home Assistance Program, toward senior citizens who have been especially impacted by rate increases during peak usage times.

2014 Recommendations



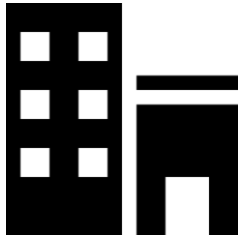
3

Continue Communication and Education

- Provide customers with as much advance notice as possible when rates are increasing and let them know how much their bill may go up.
- Educate customers on the reason for and source of all fees applied to their bill.

What are customers saying about the Reliability of their Service?

Business customers are especially sensitive to the impact of power service interruptions due to the effect on their ability to operate.



Business

“Sometimes we receive brownouts for half an hour. We do not get any notification. When they are doing work in the area, they should notify us.”

“We get a lot of power flickers in this area and it affects our machinery with brief interruptions.”



Residential

“The power goes out often, and no one knows why it is out. It does not stay out for long, but it goes out too much.”

“I do have frequent outages and flickers. The outages last about one second and sometimes they last awhile longer and I have to reset my clocks, air conditioners, fridge, etc.”

How can concerns about the reliability of service be addressed?

Reliability of Service is the top driver of Overall Satisfaction for Business customers and a key driver for Residential customers.

1

Track and Investigate Reoccurring Outages

- Track repeat service interruptions to determine if there are underlying equipment problems that can be addressed to increase the reliability of service.

2

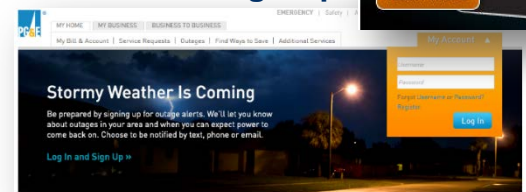
Proactively Communicate Outage Information

- Use social media to keep customers up-to-date on outages.
- Allow customers to sign-up to receive up-to-date outage information via the channel of their choice – phone, email or text.
- Consider development of a mobile app to allow for mobile reporting and tracking of outages, and use push alerts to communicate outage information with customers.

Social Media Posts



Alert Sign-Up



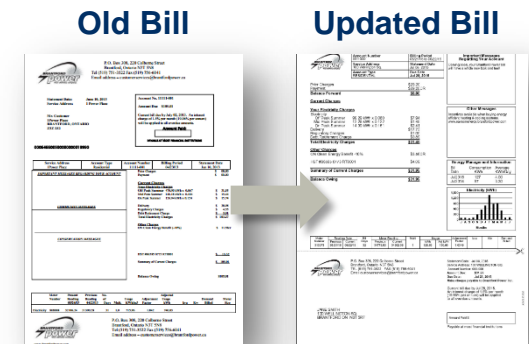
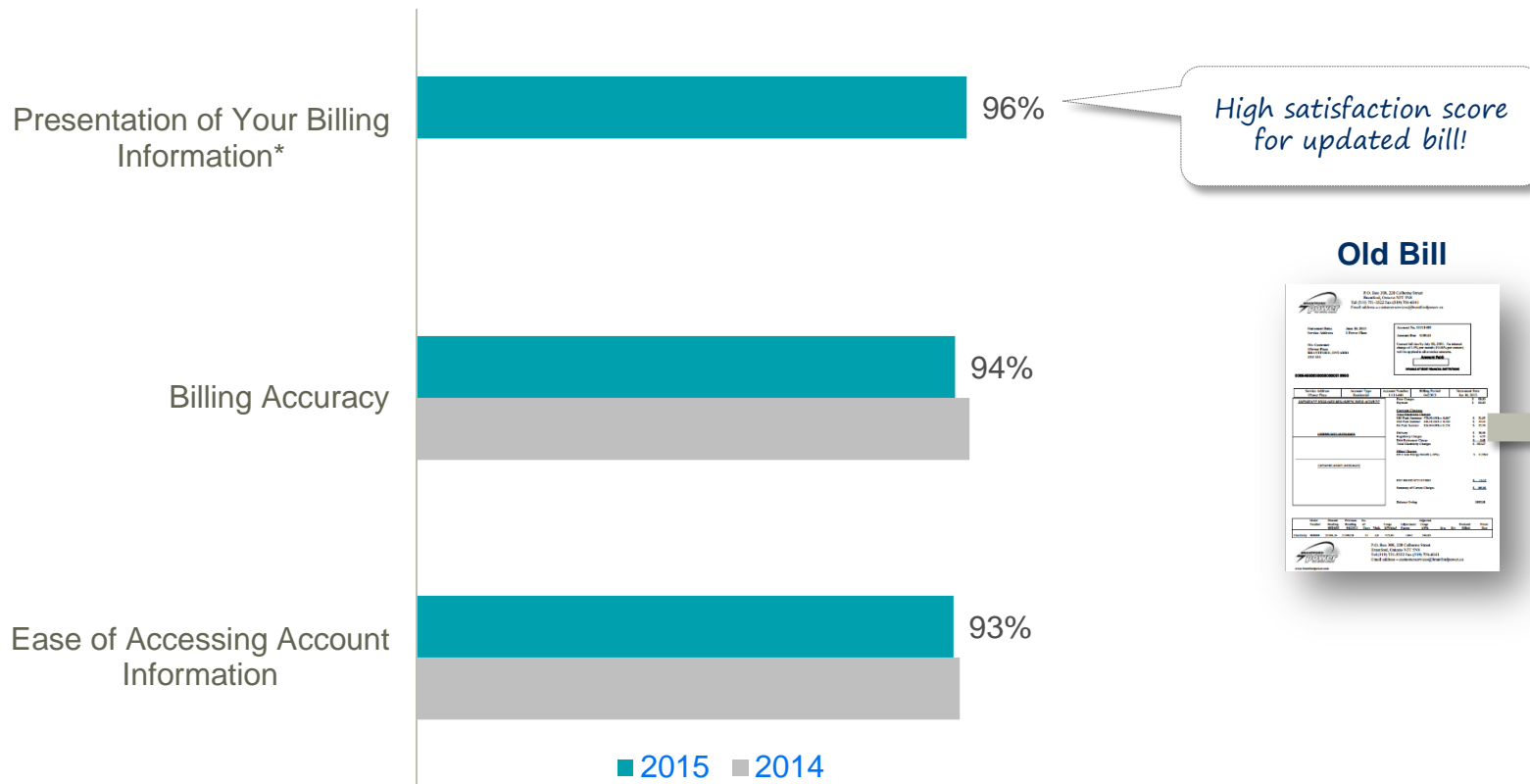
Mobile App



Billing

The updated bill appears to be well received by Brantford's customers.

Billing Performance Business & Residential - Top 3 Box



*Attribute added in 2015.

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

What opportunities exist to improve Billing?

Feedback on the updated bill is positive, but billing can be further improved through technological and self-service enhancements.



Allow for more options to pay bill by credit card.

"I would like to pay my bill on my Visa automatically and it will not allow me to do that."

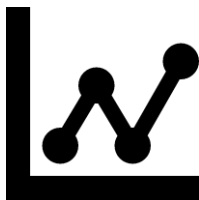
"I would like to use a credit card to pay my bill."



Provide option of only receiving a paperless billing statement.

"If you are so big on conservation, why am I still getting paper bills?"

"They need to stop paper bills. Every other company can send them through the internet."



Provide bill history and usage comparison.

"I would like to be able to go online and see a history of my energy usage."

"It would be nice to know if our bill is comparable to the area and your family size."

Customer Contact

Year-over-Year improvements were made in meeting expectations of Business customers and reducing the contact rate for Residential customers.



▲ / ▼ Indicates significantly higher/lower performance vs. previous time period.

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

Contact Reasons

Billing & Payments are the primary reasons that Customers contacted Brantford Power.

The transactional study identified self-service opportunities to make it faster and easier for customers to pay their bills.

Business

Billing & Payments 42%

Account Change 33%

Service Issue 12%

Residential

Billing & Payments 58%

Service Issue 13%

Account Change 9%

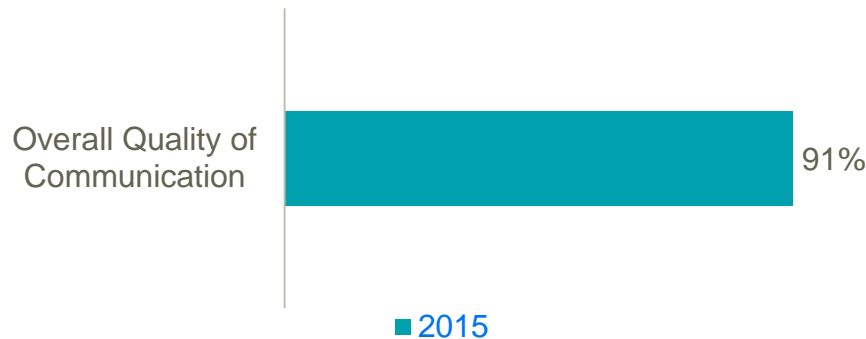
Reasons for Contact based on customer comments, Q8.

Communication

There is an opportunity to improve the accessibility of communication.

Communication Performance

Business & Residential - Top 3 Box



Communication opportunities relating to rates, reducing usage, and service interruptions have been identified and discussed throughout findings.

“Brantford power is very proactive in conducting seminars regarding energy efficiency and conservation, which I have attended. We have one in 2 weeks, and they are very good in communicating energy conservation programs offered by the government.”

“I would like more notices to help with any conservation. Are there any incentives for energy conservation?”

“If I do not have power, my phone is linked to my email. So, I still would have received email communication. I would like updates within the hour or half hour so I do not have to call.”

Attribute added in 2015.




Q2 & Q16 - Verbatim Responses

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

Communication Preference

Businesses have a stronger preference for email communication than Residential Customers. There were no significant Year-over-Year changes in communication preference.

Communication Preference *Business vs. Residential*

	Business	Residential
 Letter in the Mail	42%	65%
 Email Message	42%	16%
 Telephone Call	14%	15%

Customers also mentioned a desire to receive communication with their bill.

“With the bill, or on the bill, so I know it’s valid.”

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).



Recommendations Summary

Summary of Recommendations to Improve Overall Satisfaction

Area of Focus	Opportunity	Recommendations
Value & Affordability of Service	Express empathy regarding pricing	<ul style="list-style-type: none"> Coach customer service reps to show empathy when customers are frustrated with rate increases and look for opportunities to help customers lower their bill.
Value & Affordability of Service	Help customers manage power usage	<ul style="list-style-type: none"> Continue to promote programs and tools to help consumers reduce their energy consumption. Target conservation programs toward senior citizens who have been especially impacted by rate increases during peak usage times.
Value & Affordability of Service	Continue communicating and educating	<ul style="list-style-type: none"> Provide customers with as much advance notice as possible when rates are increasing and let them know how much their bill may go up. Educate customers on the reason for all fees applied to their bill.
Reliability of Service	Track and investigate reoccurring outages	<ul style="list-style-type: none"> Track repeat service interruptions to determine if there are equipment problems that can be addressed to increase the reliability of service.
Reliability of Service	Proactively communicate outage information	<ul style="list-style-type: none"> Use social media to communicate important updates about outages. Allow customers to sign-up to receive up-to-date outage information via the channel of their choice – phone, email or text. Consider development of a mobile app to allow for mobile reporting and tracking of outages.
Billing	More payment options	<ul style="list-style-type: none"> Provide more options to pay bill by credit card.
Billing	Paperless billing	<ul style="list-style-type: none"> Give customers the option to go paperless and receive bill via email.
Billing	Usage information	<ul style="list-style-type: none"> Provide online usage history and comparison.
Communication	Use the bill	<ul style="list-style-type: none"> Communicate important information via the bill.

APPENDIX

Survey Overview & Methodology

Objective

- Gather Customer Satisfaction metrics to be used for OEB and scorecard reporting.
- To measure Satisfaction in the following areas: Overall Satisfaction, Service/Brand Performance, Communication, Billing, and Contact Handling.

Timing

- Surveying conducted September 2 – September 24, 2015

Methodology

- Telephone Survey

Sampling

- 600 completed surveys – 500 Residential completes and 100 Business completes

Question Scales & Reporting

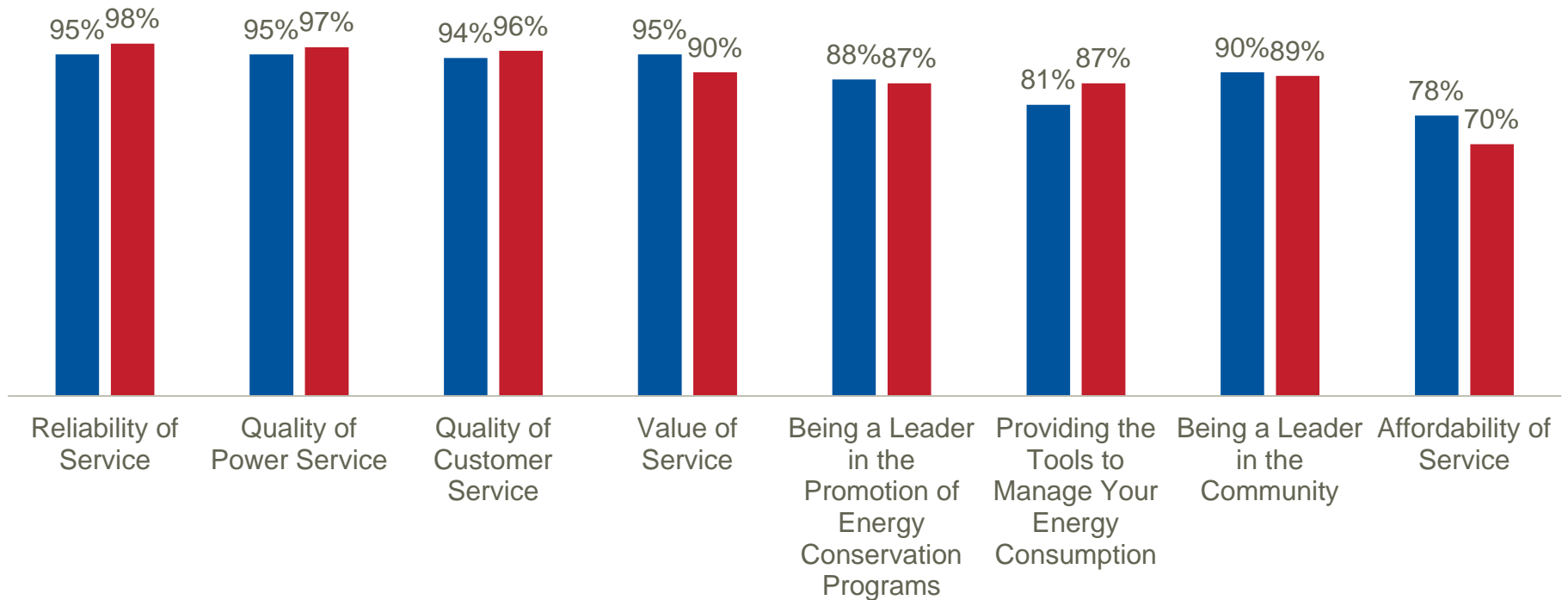
- Satisfaction asked on a 5 (Very Satisfied) to 1 (Not at all Satisfied) scale
- Top 3-Box (3, 4 and 5 ratings) reporting used for reporting of survey attributes
- Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/- 4.3% for Residential only and +/-9.8% for Business only).

Service & Brand Performance

Business and Residential Satisfaction Ratings

Service & Brand Performance Top 3 Box

■ Business ■ Residential



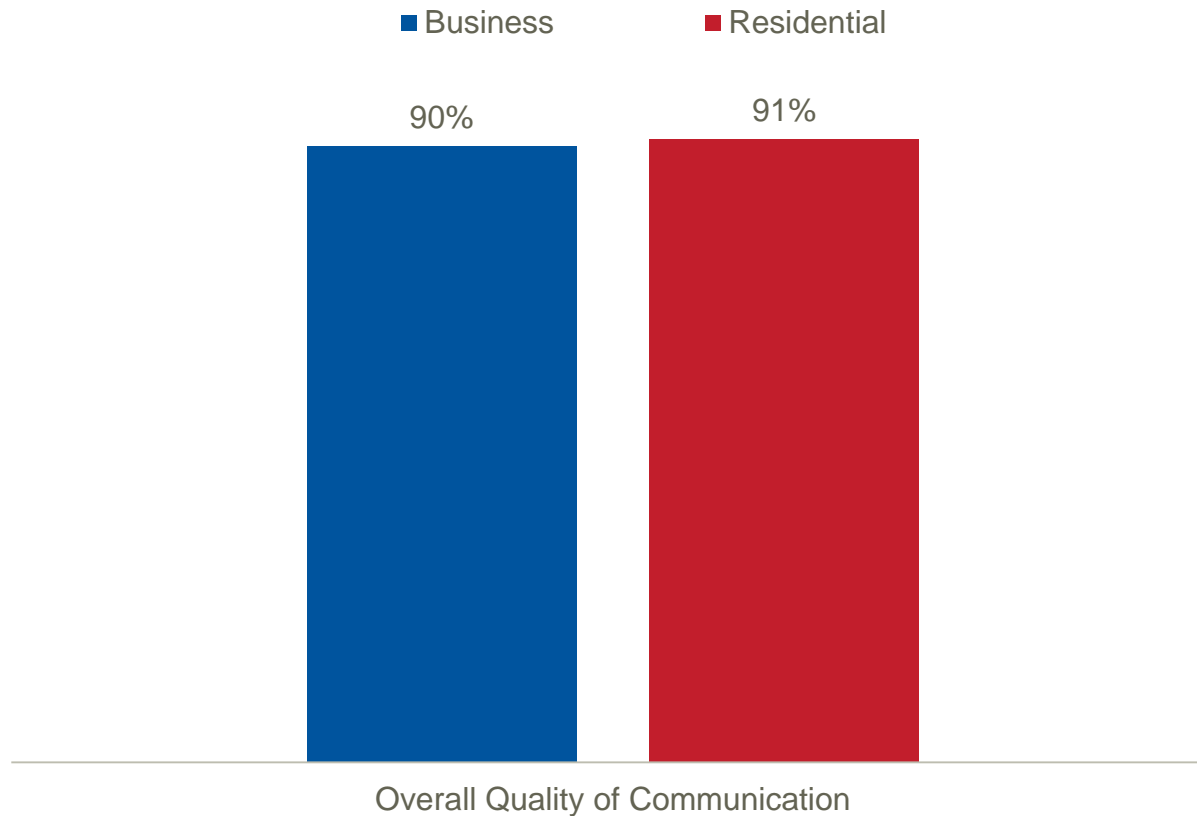
Differences in Business & Residential ratings are not statistically significant.

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

Communication

Business and Residential Satisfaction Ratings

Communication Performance *Top 3 Box*



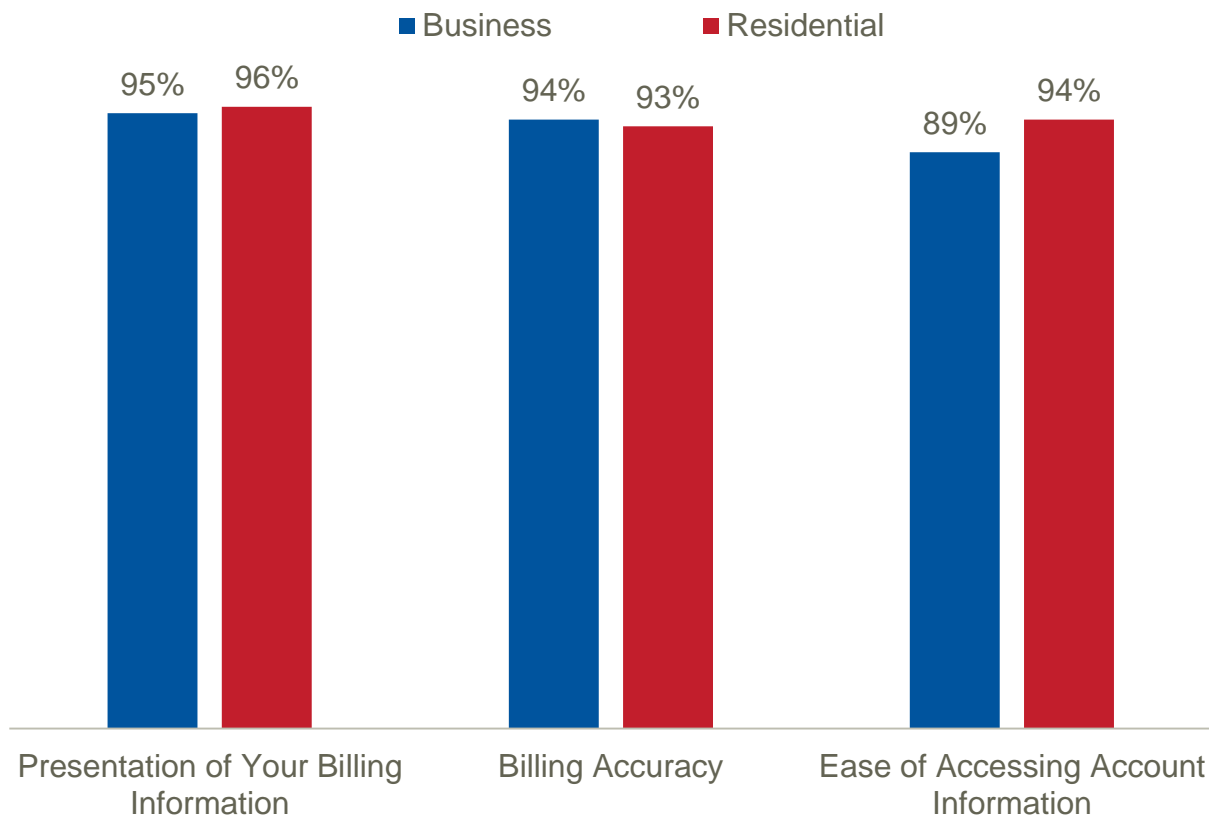
Differences in Business & Residential ratings are not statistically significant.

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

Billing

Business and Residential Satisfaction Ratings

Billing Performance Top 3 Box



Differences in Business & Residential ratings are not statistically significant.

Total results are reported with a margin of error of +/- 3.9% at a 95% confidence level (+/-4.3% for Residential only and +/-9.8% for Business only).

Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-C

Filed: May 4, 2016

Attachment 1-C

Innovative Report

Customer Consultation Report

2017 Rate Application Review

Prepared for:

Brantford Power Inc.
P. O. Box 308
Brantford, Ontario
N3T 5N8



Customer Consultation Report

2017 Rate Application Review

April 25, 2016

This report has been prepared by Innovative Research Group Inc. (“INNOVATIVE”) for Brantford Power Inc. (“Brantford Power”).

The conclusions drawn and opinions expressed are those of the authors.

Innovative Research Group Inc.

56 The Esplanade, Suite 310

Toronto ON | M5E 1A7

Tel: 416.642.6340

Fax: 416.640.5988

www.innovativeresearch.ca



Contents

Introduction	1
About this Consultation	1
Customer Consultation Overview	2
Executive Summary	6
Customer Needs & Preference	6
Customer Reaction to Proposed Rate Increase	9
Focus Group Consultation	11
Summary	11
Methodology	13
Participant Feedback	15
General Service under 50 kW Rate Class	15
Residential Rate Class	19
Questionnaire Results (Workbook)	23
Online Workbook	28
Summary	28
Methodology	29
Respondent Feedback	31
Feedback on the Workbook Design	43
Customer Telephone Surveys	45
Summary	45
Methodology	47
Respondent Feedback	52
Survey Instruments	100
Residential Survey Instrument	100
General Service Survey Instrument	113
Appendix	127

Introduction

About this Consultation

Innovative Research Group Inc. (INNOVATIVE) was commissioned by Brantford Power to help the utility design, collect feedback and document its customer engagement and consultation process as part of the development of Brantford Power's 2017 Rate Application Review, which incorporates both capital infrastructure and operational plans.

Brantford Power's 2017 Rate Application Review is a key element of its next distribution rate application. The outcome of this application will determine Brantford Power's electricity distribution rates for next year and will help set the pace of spending over the next 5 years.

The Ontario Energy Board's new "consumer-centric" approach to rate applications contained in the *Renewed Regulatory Framework for Electricity (RRFE)* requires Local Distribution Companies (LDCs) to demonstrate services are provided in a manner that responds to identified customer needs and preferences¹. Distributors are required to provide an overview of customer engagement activities that they have undertaken with respect to its plans and how customer needs and preferences have been reflected in the distributor's application. This initiative sought to bring customers directly into the process of finding the right balance between cost and reliability in Brantford Power's 2017 Rate Application Review.

This process of identifying and reacting to customer needs and preferences towards Brantford Power's system plan development and execution, as it relates to rate applications, is new to all of Ontario's LDCs. There are no established practices and there are a number of options available to engage with customers. The following section explains how we approached this engagement.

Approach to Meaningful Customer Engagement

It is our experience at INNOVATIVE that engaging customers in meaningful consultation can be a challenge. The reality of most consultation processes is that they start out aiming to collect the views of the average person, but end up collecting the views of organized advocacy groups.

Many customers feel they don't know enough to contribute to a public consultation. Others fear the combative nature of some public processes or prefer not to risk offending friends and neighbours by taking positions on issues that are sometimes controversial. Moreover, many customers simply do not pay attention and remain unaware of particular consultations that they would participate in if they had have been aware.

Running a consultation on the Brantford Power's 2017 Rate Application Review has an additional challenge – customers' lack of familiarity with the distribution system; including how it is funded, regulated and the nature of its challenges. This is well documented in Ontario Energy Board research and in INNOVATIVE's own experience.

¹ OEB Renewed Regulatory Framework for Electricity Sections 2.4.2, 5.0, and 5.0.4.

Considering both the challenge of engaging a representative group of customers and the challenge of lack of knowledge, we developed a process built on five key principles:

1. Ensure all Brantford Power customers have an opportunity to be heard.
2. Use random-sampling research elements to ensure a representative sample of customers are engaged.
3. Create open voluntary processes that allow anyone who wants to be heard an opportunity to express themselves.
4. Focus on fundamental value choices. Look for questions that ask people to choose between key outcomes rather than focus on the technical questions of how to reach those outcomes.
5. Create an opportunity for the public to learn the basics of the distribution system so they can provide a more informed point of view.

Since this was the first time Brantford Power so explicitly engaged customers in the development of their distribution system planning, a specific effort was made to collect participant comments on the process itself.

Customer Consultation Overview

Based on the principles outline above, INNOVATIVE worked with Brantford Power staff to design a multifaceted customer engagement program which included a combination of qualitative and quantitative research elements. This consultation was designed to engage various rate classes and collect feedback on preferences and priorities as they relate Brantford Power's 2017 Rate Application Review.

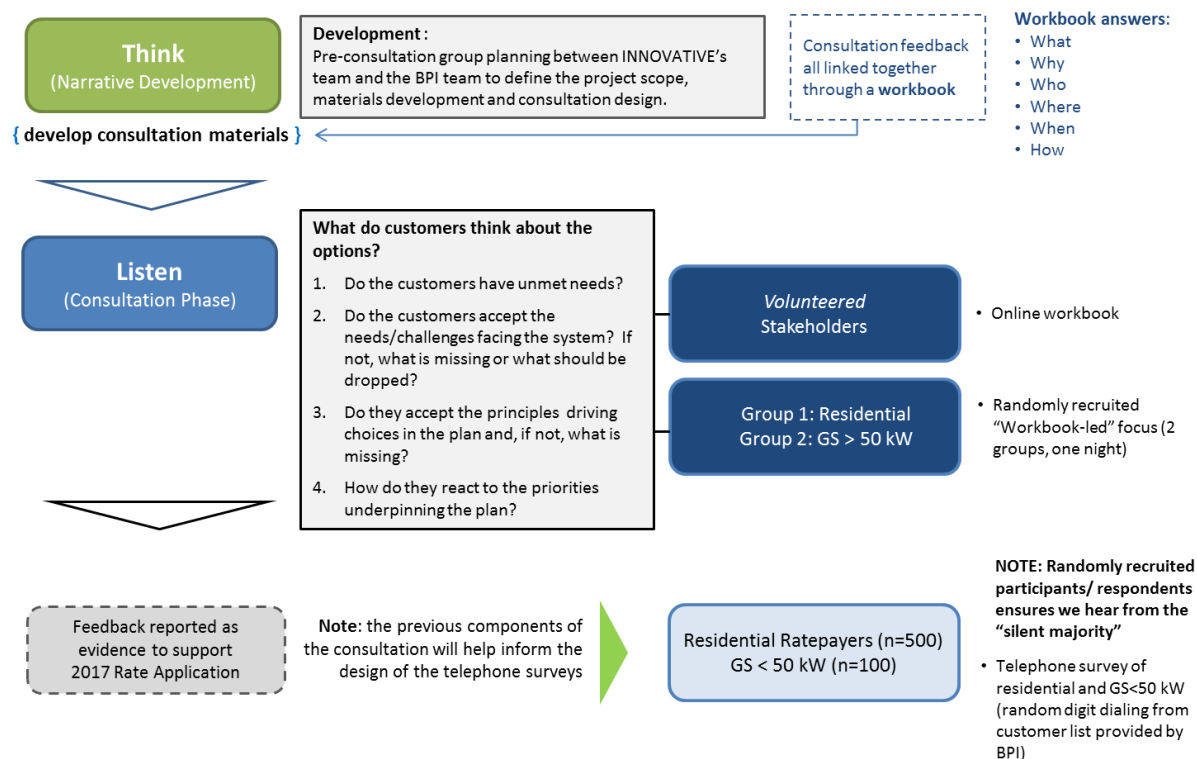
The consultation encompassed five core elements of customer engagement.

1. **General Service and Residential Consultation Groups:** This qualitative phase of the consultation was designed to educate customers, assess their preferences and priorities, gauge reaction to proposed rate changes, and ultimately inform the quantitative phases of the consultation. The groups were randomly recruited and held in Brantford. A workbook was used to provide the participants with core information about both the provincial and local electricity system, and Brantford Power's proposed capital investment and operating spend to maintain system reliability, as well as the rate impact for each respective rate class. Participants were provided incentives in recognition of their time commitment.
2. **Online Workbook:** The online workbook was promoted through print and online advertising with local print media outlets, on-bill messaging, e-billing notification emails, as well as Brantford Power's website. This phase of the consultation was available to any Brantford Power customer who wanted to participate.
3. **Random Telephone Surveys:** INNOVATIVE conducted telephone surveys with residential and general service (GS < 50kW) customers to provide a quantitative assessment of key aspects of the system plan. Customer lists for both respondent groups were provided by Brantford Power and the sample was randomly selected by INNOVATIVE.

There were three stages in developing and implementing Brantford Power's customer consultation:

- **Think:** The first stage was to develop the core background material and key questions for the workbook. INNOVATIVE and Brantford Power worked together to review the utility's system plan, capital investments and OM&A spending. Potential questions were identified that would enable customers to share their needs and preferences. Then a workbook was developed that would provide the information needed to enable customers with varying levels of knowledge to find answers to those questions.
- **Listen:** The second step was to determine the range of views held by the public regarding the system plan through the more qualitative elements of the process. This included holding two customer discussion groups using randomly recruited samples of residential and General Service customers.
- **Quantify:** The third step was quantitative – a randomly recruited telephone survey of residential and General Service customers. Randomly recruited surveys allow for generalizable conclusions that can be applied to the broader population of Brantford Power customers. The design of the surveys was in part informed based on the feedback from the qualitative research previous qualitative research components.

Customer Engagement Stages



Workbook Development

As we noted earlier, a key challenge in obtaining customer feedback on Brantford Power's rate application is the lack of knowledge customers have regarding Ontario's electricity system and Brantford Power's role as the local distributor within the system. Brantford Power's proposed distribution system plan, capital investment plan and OM&A budget are all very detailed and extensive documents that use technical language. Our challenge was to briefly cover these key issues and frame meaningful questions about customer needs and preferences.

Development of the consultation workbook began in late 2015. INNOVATIVE provided a framework for the workbook, which contained background information on the rate application process and the provincial electricity system. All content specific to Brantford Power was provided by the utility.

The final consultation workbook had five distinct chapters:

1. **What is this Consultation About?** The purpose of the section was to inform readers of where this consultation fits in the context of electricity planning in Ontario.
2. **Electricity 101:** This section described how Ontario's electricity system works and the players involved in operating and regulating the electricity system as it relates to Brantford Power's customers.
3. **Brantford Power's Distribution System Today:** This section detailed the structure and key elements of Brantford Power's distribution system.
4. **Pressures on the Distribution System:** This section described the various challenges facing Brantford Power's distribution system and provided an overview of recent and current initiatives to manage these challenges. This section also included information on cost drivers and provided an overview of both historical and forecasted capital and operating spending between 2012 and 2021.
5. **What will Brantford Power's Plan Cost Customers:** This section detailed the estimated bill impact of the plan on the average customer in the rebase year and provided forecasted bill impacts for the following four years.

Although customer experience and familiarity with the electricity sector varied, the same basic workbook was used in all qualitative customer engagements. The references to bill impact were varied to reflect the details of that specific rate class (either residential or GS less than 50 kW). As the customers went through the consultation workbook they were prompted with questions relating to system reliability, system challenges, and preferences on the direction of Brantford Power's proposed system plan, capital investment and operating spend.

Another key element of the workbook was the questions. In developing the questions, we looked for those that could also work on the telephone, without requiring all of the information in the workbook.

The needs questions are relatively straight-forward. We started with a basic satisfaction question and then asked an open-ended question about how Brantford Power could improve its services. We let customers discuss whatever topics they wanted to with no boundaries. Later in the workbook we probed satisfaction with the number and duration of outages and probed the impacts of those outages.

Preferences take a bit more effort as they require educating customers so they can make an informed trade-off between competing options; typically, between maintaining system reliability and cost implications. Here, we were looking for value choices rather than technical issues. Key topics for preferences included:

- What should the balance be between system reliability and rate impact?
- What should Brantford Power's priority be when planning its level of investment in replacing aging infrastructure?
- How important is system modernization to customers?
- Should Brantford Power be playing a bigger role in CDM program delivery?
- Should Brantford Power invest in a new facility to house all staff and equipment?

The final substantive question asked about the cost of the plan and the outcomes it planned to achieve. Sometimes this question is asked with a simple support or opposes response scale, but we found that this type of scale does not effectively capture customer responses. Instead, we gave customers three options as well as a "don't know" option:

- The rate increase is reasonable and I support it
- I don't like it, but I think the rate increase is necessary
- The rate increase is unreasonable and I oppose it
- Don't know

The workbook concluded with a final set of five questions to assess the workbook and consultation process itself.

The workbook for residential customers can be found in the **Appendix** of this report.

Executive Summary

The following section provides the detailed findings on the needs and the preferences of Brantford Power's General Service and residential customer base. In this section, we provide a high level overview of Brantford Power customers' needs and preferences.

The overview includes feedback from customers who participated in the *qualitative stage* of the consultation where we explored the range of issues related to Brantford Power's rate application, as well as feedback from another 602 customers who responded to *quantitative* surveys where we documented the incidence of *needs* and *preferences* across the customer population.

Customer Needs & Preference

Continued delivery of high quality services

Almost all Brantford Power customers are satisfied with the job the utility is doing at running the electricity distribution system. This pattern was consistent across both residential and General Service under 50 kW rate classes in all phases of the customer consultation.

Overall Satisfaction across Consultation Activities

Q. Thinking specifically about the services provided to you and your community by Brantford Power, overall, how satisfied are you with the services that you receive from Brantford Power?

Response	Directional (Focus Groups)		Directional (Online Workbook)	Generalizable (Telephone Surveys)	
	General Service	Residential	Customers	General Service	Residential
Very satisfied	1	2	12	39%	45%
Somewhat satisfied	2	3	13	46%	41%
Neither satisfied nor dissatisfied	1	0	2	3%	4%
Somewhat dissatisfied	1	0	1	3%	5%
Very dissatisfied	0	0	0	5%	2%
Don't know / Refused	1	0	0	5%	3%
TOTAL	n=6	n=5	n=28	n=100	n=502

When we asked what Brantford Power can do better to improve services, most customers were either satisfied and had nothing to suggest or simply didn't know how the utility could improve services. However, among those who did have suggestions, comments focused almost exclusively on lowering rates.

This paradox of *lower rates* while seeking *improvements in power quality and reliability* is the key dilemma the consultation sought to explore and better understand.

Reliability of Service

The consultation focused deeper on the question of power service interruptions. In both the qualitative and quantitative phases of the consultation, information about the system's current average level of reliability was provided to customers. The consultation collected feedback on satisfaction with the current level of reliability, Brantford Power's efforts to address reliability and impact of power outages.

The qualitative consultation phases explored the impacts of outages on customers, acceptable frequencies, and duration of outages. Those findings are detailed in the following section, in the qualitative phases of the customer consultation.

The telephone surveys built on the qualitative feedback and asked questions about customer preferences on the trade-off between cost and reliability.

A majority of residential (68%) and General Service (64%) customers had experienced at least one outage in the 12 months leading up to the survey, with most outages lasting less than an hour. Asking respondents to think back to their most recent power outage:

- Well over half (64%) of residential respondents said the outage caused a *minor inconvenience*, while 27% said it caused *no inconvenience at all*. The most recent power outage was a *major inconvenience* for 8% of residential customers.
- This question was posed slightly differently to General Service customers. A third (34%) reported the most recent outage to have had a *minor cost* to their business, while 46% said it had *barely any cost, just a bit of inconvenience*. The outage had a *major cost* to 20% of businesses.

When it comes to addressing power outages, a majority of residential and General Service customers want to see spending focused on maintaining the current number and duration of outages that are experienced.

Customer preferences on addressing the number of power outages:

- A minority (16%) of residential customers think Brantford Power should spend what is needed to reduce the number of power outages, while half (50%) think they should spend what is needed to maintain the current level. Only 15% state that Brantford Power should accept more power outages in order to keep customer costs from rising. One-in-five (19%) *don't know* what Brantford Power should do address the number of outages.
- General Service customers respond similarly on how to address the number of outages: 15% think that Brantford Power should spend what is needed to reduce the number of power outages and 53% say they should spend what is needed to maintain the current level. Again, only a small minority (12%) believe that Brantford Power should accept more power outages in order to keep customer costs from rising. Again, one-in-five (19%) *don't know* how they feel.

Customer preferences on addressing the length of power outages:

- Almost seven-in-ten (68%) of residential customers think Brantford Power should spend what is needed to either reduce (14%) or maintain (52%) the length of power outages. Only

21% think that Brantford Power should accept longer power outages to help minimize customer costs from rising.

- Similarly, General Service customers think that Brantford Power should spend what is needed to reduce (19%) or maintain (57%) the length of power outages. 13% think that Brantford Power should accept longer power outages to help minimize customer costs from rising.

Capital Investment Plan

System Renewal and System Service: Survey respondents were informed of Brantford Power's proposed capital investment required to maintain system reliability and then asked to think about reliability in terms of bill impact.

- Half (50%) of residential customers and 51% General Service customers believe that Brantford Power should invest in aging infrastructure to maintain system reliability, even if it means their bills may increase.
- Over 3-in-4 customers in both groups (79% residential; 76% General Service) think the benefits of new technology are important enough to be a priority for Brantford Power.

General Plant: One of Brantford Power's major capital investments in its 2017 Rate Application is its proposed \$15 million facility relocation. Throughout the consultation, customers were provided with the benefits of relocations (as perceived by the utility) and the cost implications of both a new-build option and a refurbishment option as well as the impact of maintaining the status quo of renting multiple facilities.

From the statistically significant survey, respondents provided the following feedback:

- Nearly 2-in-10 (17%) of both residential and General Service customers feel that Brantford Power should build a new greenfield facility that will meet their current and foreseeable future needs, while approximately 4-in-10 (43% of residential and 39% of General Service) believe Brantford Power should buy an existing facility and refurbish it to meet their current and foreseeable future needs.
- Those who think Brantford Power should find new rental space to house equipment and staff range between 12% among residential customers and 22% with General Service customers.

OM&A Spending Plan

An LDC's OM&A spending is largely set prior to its OEB rate application - largely by previously negotiated union labour contracts and regulated infrastructure maintenance requirements. As such, there are few areas in which the rate application consultation process can meaningfully assess customer preferences on Brantford Power's operating budget. The few areas where Brantford Power can adjust its OM&A spending, to meet customer needs and preferences, are its communications, marketing, and customer service delivery budgets.

Promoting CDM programs was one of the few concerns that surfaced in the qualitative portion of Brantford Power's customer consultation when input on OM&A was requested. In both the focus groups and the online workbook, a limited group of customers voiced concerns with how much Brantford Power was doing to help customers better manage their electricity consumption.

While commonly known within the industry, one of the most cost effective ways for a utility to reduce its required investments in the distribution system is through increasing customer uptake of conservation and demand management programs. As such, we asked a representative sample of Brantford Power customers in the telephone survey component of the consultation:

- if they have ever participated in a Brantford Power promoted CDM program;
- what their likelihood of participating in a CDM program would be in the future, and;
- how good or poor a job the utility is doing at promoting CDM programs.

Here is what Brantford Power customers said about Brantford Power's CDM programming and communications efforts.

- A majority of Brantford Power customers do not participate in CDM programs. Roughly 4-in-10 customers (41% residential and 36% General Service customers) believe they currently or have in the past participated in conservation programs;
- When asked, a majority of customers say they would participate in conservation programs that would help them to reduce their electricity consumption (74% residential and 73% General Service).
- Customers were asked to rate how well a job Brantford Power is doing at providing information on available tools and programs that can help manage customer electricity consumption.

Among residential customers, 8-in-10 (81%) feel that a good job is being done, while only 14% feel that the utility is doing a poor job.

General Service customers feel less informed than residential customers. Only 64% of General Service customers feel that Brantford Power is doing a good job of providing their businesses with information on available tools and programs that can help them better manage electricity consumption. Three-in-ten (28%) General Service customers feel the utility is doing a poor job at providing their businesses with information on CDM.

Customer Reaction to Proposed Rate Increase

Social Acceptance of a Rate Increase

Asking customers whether they support or oppose a rate increase puts many participants in a difficult spot. It is clear that many customers have an issue with the idea of "supporting" a rate increase. While they do not want or like a rate increase, they are often not opposed to a rate increase. In fact, many feel a rate increase is needed. As such, we created a response for these customers: "I don't like it, but I think the rate increase is necessary".

Other participants had no problem in expressing outright support for a rate increase. The statement we provided for them is "The rate increase is reasonable and I support it".

When we refer to the combination of these two groups – I don't like it but it's necessary and I support the rate increase – we refer to the level of "**social acceptance**".

Referring to the generalizable results from the telephone surveys, 65% of residential customers accept Brantford Power's proposed rate increase, while 68% of General Service customers accept the proposed rate increase.

Q: Considering the cost of Brantford Power's proposed plan, would you say ...

Response	Directional (Focus Groups)		Directional (Online Workbook)	Generalizable (Telephone Surveys)	
	General Service	Residential	Customers	General Service	Residential
The rate increase is reasonable and I support it	-	3	6	20%	28%
I don't like it, but I think the rate increase is necessary	4	2	12	48%	37%
The rate increase is unreasonable and I oppose it	2	-	8	27%	29%
Don't know / Refused	-	-	2	4%	6%
Social Permission	4/6	5/5	18/28	68%	65%
TOTAL	n=6	n=5	n=28	n=100	n=502

Impact on Vulnerable Customers

A majority of the most financially vulnerable customers provide social permission on Brantford Power's proposed rate increase.

As commonly observed² in many Ontario communities, a majority of Brantford Power customers feel a "financial pinch" when it comes to the current impact of their electricity bills. When asked if electricity bills have a material impact on household or business finances, a majority of customers agree that the cost of their electricity bill has a major impact on their finances and requires them to do without other important priorities or business investments.

- 55% of residential customers agree that *"The cost of my electricity bill has a major impact on my finances and requires I do without some other important priorities"*;
- While 67% of GS customers agree that *"The cost of my electricity bill has a major impact on the bottom line of my organization and results in some important spending priorities and investments being put off."*

Customers accept the proposed spending and investment plan presented by Brantford Power and its accompanying rate increase as an unfortunate necessity of maintain system reliability as seen throughout Brantford Power's customer consultation, there is no simple answer to electricity utility spending and investing from the customer's perspective. Rate increases are undesirable, but lower reliability is clearly unacceptable and a prudent yet proactive approach to system maintenance appears to be understood and accepted by customers.

² Source: Innovative Research Group; publicly reported OEB Rate Applications; customer consultations under the RRFE framework.

Focus Group Consultation

Summary

General Satisfaction:

General Service participants reported varying levels of satisfaction with the service they receive from Brantford Power ranging from *very satisfied* to *somewhat dissatisfied*. Generally, their satisfaction was directly related to their experience with, and the severity of impact of, power quality issues such as blips and surges. Residential customers rate their satisfaction highly; all reported that they were at least *somewhat satisfied*.

System Reliability:

General Service participants have a wide array of experiences in regards to reliability. These participants were more concerned with brief power interruptions than longer outages. Depending on the type of business, the smallest power interruption could result in short losses of productivity, or in a manufacturing setting, thousands of dollars worth of damages, hours of lost productivity, and potential safety concerns. No General Service participant felt an outage lasting more than one hour was reasonable.

Residential participants had no complaints about the reliability of the service they receive. Many could not recall a recent outage lasting any length of time. They also acknowledged that certain interruptions, such as accidental damage to a pole, are beyond Brantford Power's control, and they accept them as only a minor inconvenience. Further, all but one participant would be willing to pay more to maintain the current level of reliability.

Facility Relocation:

Overall, General Service participants prefer exploring existing facility alternatives over building a new facility. Having everything under one roof was not deemed to be necessary. Renting was seen positively from an operational perspective, and one participant felt that supporting local landlords would equate to contributing back to the community.

Residential participants were divided between building a new facility and exploring the more cost effective option. Those in support of a new building noted the efficiencies of having everything under one roof, and the benefits of designing a facility to meet Brantford Power's exact needs. They acknowledged that Brantford Power provides an essential service, and the cost implications were not deemed to be too severe. Others found either option to be acceptable provided that the plan is the most cost effective, and current and future needs are guaranteed to be met.

Social Acceptance of Plan:

Almost every participant in both groups felt that Brantford Power's proposed plan is going in the *right direction*, with the exception of two participants from the General Service group who *didn't know*. The majority of participants don't like the idea of an increase but understand its necessity. Three participants from the Residential group supported the increase outright, while two General Service participants opposed it.

In both groups, there was an understanding of the costs involved in maintaining the system into the future, particularly given the amount of growth on the City of Brantford's horizon. The amount of the increase was generally seen to be nominal and reasonable.

The following table illustrates these findings.

Q: Considering what you know about the local distribution system, which of the following best represents your point of view?

Response	GS	RS	COMBINED
The rate increase is reasonable and I support it	0	3	3
I don't like it, but I think the rate increase is necessary	4	2	6
The rate increase is unseasonable and I oppose it	2	0	2
Don't know	0	0	0
Total	6	5	11

Note: "GS" = general service less than 50 kW customers, while "RS" = residential customers.

Methodology

About the General Service and Residential Customer Consultation

INNOVATIVE was engaged by Brantford Power to conduct General Service and Residential customer consultation sessions designed to identify the needs and preferences of customers as they relate to the utility's proposed spending on the distribution system.

The consultation sessions were held in Brantford on February 8th, 2016. A total of 11 General Service and Residential customers participated in these consultation sessions.

General Service under 50 kW Rate Class	6 participants
Residential Rate Class	5 participants

Recruiting Consultation Participants

General Service customers in the under 50 kW rate class were randomly selected from customer lists and then screened by telephone for appropriateness as session participants. These customers qualified for the consultation if they manage or oversee their business' electricity bill. This was to ensure that they were at least somewhat knowledgeable of their electricity costs and could have an informed discussion on the impact of the proposed rate increase.

Residential customers were screened to ensure they are the person in the household that has primary or shared responsibility for paying the electricity bill.

All customer lists were provided to INNOVATIVE by Brantford Power.

An honorarium of \$100 was provided to all General Service and \$80 to all Residential customers who participated in the consultation sessions.

All consultation sessions were video recorded to verify participant feedback and verbatim quotes.

Consultation Session Structure

The consultation sessions were structured around the themes contained in the workbook that was developed by INNOVATIVE and Brantford Power staff in early February 2016.

The workbook themes included the following:

1. What is this Consultation About?
2. Electricity 101
3. Brantford Power's Distribution System Today
4. Pressures on the Distribution System
5. What the Plan Means for You

At the start of the sessions, the facilitator gave an overview explaining the purpose of the consultation and why Brantford Power is seeking feedback from General Service and Residential customers. No Brantford Power employees were present in the room during the focus groups.

After explaining the purpose of the consultation, hardcopy workbooks were distributed to act as a session guide and for participants to record their answers to the questions contained within.

The facilitator then led the participants through the workbook section by section to ensure they understood the information and to answer any questions about the content.

When it came to the questions within the workbook, participants were asked to fill in their answers independently. The facilitator then led a group discussion on the answers participants provided and what the various issues meant for them or their businesses.

While the consultation was largely based on this structure, group discussions arose naturally as participants explored the workbook. Questions and comments were addressed by the moderator, and depending on the topic (i.e. whether or not it fell within the scope of this consultation), participants' impressions were further probed.

Hardcopy workbooks were collected from the participants at the conclusion of each consultation session.

Each consultation session ran for approximately 2 hours.

Informing the Consultation Process

In addition to identifying customer needs and preferences as they relate to the proposed distribution system plan, feedback collected from this phase of the consultation was used to inform the design of the online and telephone survey consultation phases of Brantford Power's customer engagement program.

NOTE: Results contained within this report are based on a limited sample and should be interpreted as directional only. **This is not a statistically significant poll.**

Participant Feedback

The following sections highlight the general feedback from each consultation group.

General Service under 50 kW Rate Class

To put this consultation in context, the participants were first brought up to speed about the electricity system as a whole, and introduced to the various means by which consumer feedback is collected. They were introduced to Ontario's Long Term Energy Plan, Regional Planning undertaken by the IESO, and informed that this consultation would be centred on Distribution Planning.

This section also provided the moderator the opportunity to educate participants on how the electricity system is regulated. One participant noted that Brantford Power was a monopoly and that customers are at the mercy of the distributor when it comes to setting rates. The moderator responded to this with a brief explanation of the OEB and its responsibilities. Further, it was noted that this consultation is in fact part of the evidence Brantford Power must submit to the OEB as part of its rate application process.

It came as a surprise to many that Brantford Power's portion of their electricity bill only accounts for 17% of their total bill, and that there are many other aspects to which their bill is allocated. The explanation of this gave perspective to several of the participants.

That's what I never knew – why hydro is still expensive even when I'm not using it. Now when you explain all these parts, I understand where it's coming from.

They were also introduced for the first time to the proposed rate increase that Brantford Power is projecting, and where Brantford Power envisions their rates to be in 2021.

After further exploration of the electricity system as a whole, and the assets and services Brantford Power is responsible for, participants were asked about their familiarity with the various parts of the electricity system. None of the participants felt that they were *very familiar and could explain the details of Ontario's electricity system to others*, while three of the participants felt they were *somewhat familiar, but could **not** explain all the details*.

Following the introductory section however, almost all participants felt that given what they had read thus far, Ontario's electricity system had been explained to them *very well* – only one participant indicated *somewhat well*.

General Satisfaction

General Service customers have experiences with the Distribution System as varied as their businesses. While none of the participants indicated they were *very dissatisfied*, their responses covered the rest of the spectrum – one respondent was *very satisfied* and two were *somewhat satisfied*. Satisfaction was rated from a power quality perspective. That is, participants whose businesses are most affected by surges and power quality issues, reported the least satisfaction. This will be discussed further in the coming sections of this report.

System Reliability

In terms of outages, General Service customers had varied experiences with reliability. In the last year, three of six had experienced only one outage; and one participant had experienced each of three, two, and zero outages. Before responding, the question was asked what constituted an outage, and the moderator clarified that an outage is characterized by a power interruption lasting

longer than one minute. Outages as defined did not seem to be a serious concern as half the group felt two outages a year is reasonable, while the other half felt that one is reasonable. Further, in terms of duration of outages the group was divided in feeling that outages lasting less than 15 minutes, to less than an hour are appropriate.

I've had at least three. Last summer, it went down and came back on, and then you think everything's giggles again, but then it went down again. And that's hours [of lost productivity]. I wouldn't accept more outages.

Participants were divided in terms of the balancing act between reliability and the cost of running the system. One participant *would be willing to accept more and longer power outages if that meant there would be a decrease to their distribution rates*; while two participants *would be willing to pay a bit more to maintain the current level of reliability*. The remaining participants, however, either *didn't know* or left this question blank. Being of a business mindset, they had difficulty choosing one option without more specific information. There was some acknowledgment that investing in the system could benefit over the long-term, but without more detailed figures participants found it difficult to say.

I don't want a higher bill, but I don't want more outages either.

I think what makes that question unfair is that there are no numbers. If it's say, \$1 a month then okay no problem, but if you're going to double it, I don't know if that's worth it. It's a cost benefit thing. It's like the ice storm. It cost a pile to put that extra good stuff in but what was the cost of down time when you couldn't work for three days or more. So you save that and it's worth having spent the extra money. It's an investment over a long period.

Impact of Outages

The impact of outages to General Service customers varies depending on their daily operations, however there was consensus that power quality issues impact their businesses. In an office setting, blips result in network connectivity issues, and involve restarting the system and potentially losing some work. This led one participant to outfit their office with surge protectors.

The other day there was a power surge and we had to do the whole reboot.

Maybe it's the area. We're on Henry St. The computers shut down so we've gone and got the power surge battery backup. It's not a monthly basis, but it happens enough that we've had to do something about it. It's on the back end of an industrial area so maybe that's why.

In a more industrial setting the consequences of power quality issues are more severe. When systems are interrupted, safety protocols come into effect and it can take hours to have production back up and running. Further, there is always risk of damage to the product or equipment. One participant noted that some of his equipment has electric magnet safety features that are disabled by blips, and interruptions pose a serious safety concern.

We're over on Elgin and experience the same thing. It's a real kick in the teeth. It'll set you back a half hour. You got six or eight guys, you know, that's four hours. If it browns out for a second everything shuts down. You gotta reset the whole process and you might have to replace broken or damaged tools.

Additionally, if the power is out for a longer duration it becomes an issue of lost productivity. Management has to make the decision whether to shut down operations for the day, or wait for the power to come back on.

If it's down for a couple hours at a time, during the afternoon, how long do we stick around and wait for this to come back on?

Improving Service of the Local Distribution System

Aside from addressing power quality issues, participants had only minor suggestions for improving the system. One participant mentioned wanting access to his meter while another preferred when water and hydro was on the same bill.

I don't think there is [a way to improve service]. The only thing is that the meter is locked up. I'd like to be able to look at it and make sure what they're charging is correct.

It was a pain when they removed the water and hydro. Now I get several bills. That's a royal pain.

Facility Relocation

The overarching concern regarding facility relocation is for Brantford Power to have a strong business case. While there was debate over the specific course of action, the need for Brantford Power to do their due diligence was constant.

Some participants didn't feel concrete in their understanding of the steps Brantford Power was taking to ensure that the relocation plan is as informed as possible. They wanted to make sure outside consultants had been hired, a cost-benefit analysis had been done, and all options had been explored. Half either said don't know or didn't answer the question in the workbook.

They need to engage other services and analysis. Do more research and make sure this is well informed.

These guys are in the business of giving us hydro. They're not in the building business and they are not in the real estate business. What Brantford Power should do is engage someone. They've got to do some consultation.

Participants in support of renting or refurbishing were most vocal in their views. They saw the value of renting in terms of savings, efficiencies and contributing back to the community. One participant felt that there were no real efficiencies to be had in a one-building facility. Comments from three individual participants are highlighted below.

If they're renting they're also helping other people, like landlords. So their money is going back into the system and helping out other businesses. Whereas, to build a new facility, there's no cheap way of doing that. And there are so many existing facilities – to me it's either between renting or taking an existing facility and fixing it up to meet their needs.

I have a problem with non-for-profits owning a facility. Especially companies like this that don't have a capital reserve – Why not rent the place? It goes into your operating costs, you know what it is year after year after year. You go building a new facility, spending millions of dollars, then you've still got to operate it.

I think it's far more fiscally responsible to buy a facility and refurbish it. Also "all under one roof?" – Why does the billing department have to be at the truck repair facility? They got nothing to do with each other.

Only one participant was in favour of building a new facility that will meet Brantford Power's current and foreseeable future needs.

There's efficiency to be had in one building facilities.

Capital Investment and Operating Budget

Participants were asked to comment on the balancing act between reliability and the cost of running the system. Only one participant was willing to accept more and longer power outages in order to keep the cost of their bills from rising. Three participants however were dissatisfied with the choices they were given and either indicated *don't know* or refused to answer.

Regarding vehicles, tools and IT systems, all participants who answered the question felt that while Brantford Power should be wise with its spending, it is important that its staff have the equipment and tools they need to manage the system efficiently and reliably.

In terms of projects focusing on replacing aging equipment, three participants did not feel they had sufficient information to give an opinion. These participants wanted more detailed information about the costs involved with replacing such equipment, and Brantford Power's concrete plan for managing these costs. Of those who did answer, one participant felt that *Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability, even if that increases their monthly electricity bill by a few dollars over the next few years*. Two participants would rather see Brantford Power *lower its investment in renewing the system's aging infrastructure to lessen the impact of any bill increase, even if that means more or longer power outages*.

One participant in favour of investing what it takes, was of the opinion that proactive maintenance is more cost efficient, and a better idea in the long-term.

Biggest thing is preventative. It costs more to fix it after so it's easier to maintain things.

Cost Drivers

Upon reading the section on cost drivers, all participants felt they understood at least somewhat well the cost drivers that Brantford Power is responding to (2 *very well*; 4 *somewhat well*).

In terms of managing these cost drivers, four participants felt that Brantford Power is doing a good job, and only one felt that they are doing a poor job. When asked how Brantford Power could manage these drivers more effectively, this group offered few suggestions for areas they deemed in need of improvement. Yet, there was some suggestion that field staff could be managed more effectively.

They need to manage the team on job sites more efficiently.

Further, when asked how satisfied they are with the efforts Brantford Power has made to find efficiencies and cost savings in the distribution system, the majority of participants are *somewhat satisfied*.

Proposed Plan and Rate Impact

Overall, participants felt that Brantford Power is going in the right direction, and the process of consultation was appreciated.

I think this kind of thing is good, to get feedback. I think they're doing their due diligence.

In terms of the rate increase, only two participants were in opposition. Most participants don't like the idea of an increase but acknowledged that it is necessary to maintain the system.

We never like anything going up. When I gather my ten bills it's not much fun to look at. But common sense tells me that if you want something to run right, you have to invest. The amount doesn't seem like a great deal [of money], so I don't think it will break any of us. We never like to see anything go up, but the future always goes up. If it has to go up, it has to go up.

Residential Rate Class

Prior to the consultation, familiarity with Ontario's electricity system was relatively low; three participants were *somewhat familiar*, while the others reported a lower level of familiarity. After reading through the introductory section however, all participants felt that Ontario's electricity system had been explained to them at least *somewhat well*.

General Satisfaction

General satisfaction among residential participants is quite high. Three participants indicated in the workbook that they were *somewhat satisfied* with the service that they receive, while two were *very satisfied*. There was not a complaint to be heard by these participants.

The lights come on when I flip the switch. I'm pretty happy.

Improving Service of the Local Distribution System

When asked how the system could be improved, participants had no major concerns or suggestions. The discussion turned to how reliable the service is, and how infrequent power outages are. When the power does go out the impact is minimal and power is restored very quickly.

No, I'm pleased with the service.

I live in an older part of town and it's usually pretty good. When someone smokes a hydro pole it's not the hydro's fault. It's usually back on pretty quick.

We had a squirrel short himself out and shut the neighbourhood down, but that was no big deal.

System Reliability

In terms of system reliability, residential participants are also quite happy; almost all (4) had experienced zero outages in the year prior.

I can't even think of the last time it went out for any substantial time.

My hydro flickered off last week and it was back on instantly.

When they ask if you're happy with the service and the reliability – I've never really thought about it because the electricity has always been there. With only several exceptions, like the ice storm.

Some did experience very brief interruptions, but they were not deemed a concern, as all but one participant indicated that outages lasting between one and two hours to be reasonable. However in the discussion, participants gave a much more lenient timeline before an outage becomes an inconvenience.

To me it's an outage if it's inconvenient – after several hours. Five hours would be a problem.

I think if it went off for more than twelve hours we'd be upset, but it's never been off that long.

Four of the five participants would be willing to pay a bit more to maintain the current level of reliability. There was acknowledgment that the cost of managing such a system is apt to rise over time, and that this is to be expected. This sentiment was particularly strong for one participant with young children at home.

I would pay more to maintain the current level of reliability. Things cost more every year. Costs go up; everyone understands that.

If the power goes out my life's a-stoppin'; I have to go to a motel. I would pay more to improve reliability. I've got young kids in the house and it's inconvenient for me – especially being a single mom on low income. I have very low income in my house but I would still sacrifice for a reliable system.

Customer Experience and Expectation

None of the participants had ever found it necessary to contact Brantford Power for any reason. The discussion turned again to their level of satisfaction with the system reliability and how quickly power is restored in the event of an outage. One participant appreciated the outreach they received from customer service.

I don't think I've ever called them. If it was as unreliable as my internet, I'd be on the phone with them all the time, but I've never had an issue with hydro.

The only time I can recall is when a transformer was shorted out by a racoon. The power was back on in maybe an hour. It was sort of unreal how fast it was – that they could get the equipment and switch it out.

I got a call at work saying that my power was off, then "Oh it's back on never mind." Just the call was nice.

Facility Relocation

When asked how Brantford Power should manage the relocation of its facilities, participants were divided between building a new facility and exploring the most cost effective option, whichever that may be. The efficiency of housing all operations in one location and the ability to ensure the facility is tailored to Brantford Power's exact needs are important to those who support building a new facility.

It makes more sense to have it all under one roof.

I would say build one, because when you get into refurbishing something and trying to make it meet your needs, sometimes that can turn out to be more expensive than starting out with a blank slate and building what you know are your needs.

For these participants, the cost of building a new facility is not a deterrent to maintaining a necessary service.

I agree [with building a new facility]. You know you're going to depreciate over 50 years. It's an essential service, you need the best of everything.

\$15.4 million over 50 years. It's not like we're going to get slammed with it over the next couple years. It's balanced out.

Despite two participants having indicated in the workbook that Brantford Power should buy an existing facility and refurbish it, this option did not come up in the discussion. Rather, there was agreement that the most cost effective solution would be the most appropriate (a response option that was not provided in the workbook). While one participant had some initial trepidation, it was agreed that as long as the facility would be able to meet current and future needs, either option is viable.

It would depend on what you need in terms of renovating an existing building. I don't know what their particular needs might be and how unique their needs might be. I don't know if they'd be able to move into a building and renovate it to meet their needs. Not knowing that, frankly I don't know which to choose.

Either as long as it meets their needs and as long as in ten years they don't go, "Oh, we need another new facility."

Go with the more cost efficient solution, whichever it might be.

Capital Investment and Operating Budget

When it comes to investing in vehicles, tools, and IT systems, participants unanimously felt that *while Brantford Power should be wise with its spending it is important that its staff have the equipment and tools they need to manage the system efficiently*. They acknowledge that time is money, and having the proper resources is necessary to effectively managing the system.

Working for the municipality, I know what it's like to have stuff that breaks every single day. You're constantly fixing – that's downtime. It's costing you more in the long run. In the long run it's more efficient.

You mentioned before, when it comes to finding a break they don't have to drive up and down three blocks looking for it. The crew knows where it is before they leave the depot and can go right to it.

Further, participants also unanimously agreed that *Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability, even if that increases their monthly electricity bills by a few dollars over the next few years*.

Cost Drivers and Finding Efficiencies

After reviewing the workbook section on cost drivers and finding efficiencies, almost all participants felt they understood the cost drivers Brantford Power is responding to at least *somewhat well* – two felt they understood *very well*, while one *didn't know*. Similarly, all participants except one who *didn't know* felt that Brantford Power is doing at least a *good* job of managing these drivers.

None of the participants felt that any of the expenditures outlined in the workbook were unreasonable, and almost all felt at least *somewhat satisfied* with the efforts Brantford Power has made to find efficiencies and cost savings in the distribution system.

Proposed Plan and Rate Impact

After reviewing the workbook in its entirety, every participant indicated that they feel Brantford Power's investment plan seems to be going in the right direction. Further, they positively rated the job Brantford Power is doing when it comes to planning for the future (3 *good*; 2 *very good*).

In regards to the proposed rate increase, none of the participants were in opposition. Two participants didn't like the idea of a rate increase but acknowledged that it is necessary; the rest supported the increase outright.

Those who didn't like the increase but felt it necessary cited the growing community as a reasonable justification of the increase, in addition to the aging infrastructure.

Who wants to pay more money? But I understand where it's coming from and it's manageable.

The community is growing so a small increased rate is understandable. Plus cost of living across the board goes up.

I think it's unavoidable. The aging infrastructure and Brantford's population growth will put more pressure on the system. So it's unavoidable really.

There is acknowledgment of rising costs and the necessity of reliable equipment among those who fully support the increase. For these participants, a well-managed and dependable system is paramount, and an increase in their monthly bills to achieve this is well worth it. One participant was even pleasantly surprised with the nominal increase.

It is reasonable to expect a modest nominal increase due to rising fixed costs, and impending capital expense needs.

To get reliable power we would need reliable equipment and upgrading costs money

I believe that it is reasonable, and I want a utility that provides dependable service.

I was actually surprised. Maybe it was electioneering or what have you but I was thinking we had these massive increase in rates coming but this doesn't seem like an outrageous amount.

How Could the Consultation Process be Improved?

Overall, the participants felt the consultation process was well thought out and informative. The information provided was comprehensive, easily understood, and informative. They also appreciated the opportunity to provide feedback in a meaningful way. No one had suggestions on how to improve the process.

I think it was easy reading.

It was easy for a lay person to understand. It was well laid out.

It was a good amount of information. You didn't hand us a book that was too thick and full of technical terms.

I think they should continue doing it. It makes you think, as residents, that they value your opinion.

Questionnaire Results (Workbook)

The following tables are the tabulations of participant feedback to questions in the workbooks, which were returned at the end of each consultation session.

Note: "GS" = general service less than 50 kW customers, while "RS" = residential customers.

1. Before this consultation, how familiar were you with the various parts of the electricity system, how they work together, and which services Brantford Power is responsible for?

	GS	RS	TOTAL
Very familiar and could explain the detail of Ontario's electricity system to others	-	-	-
Somewhat familiar, but could not explain all the details of Ontario's electricity system to others	3	3	6
Have heard of some of the terms and organizations mentioned in this workbook, but knew very little about Ontario's electricity system	2	1	3
Aside from receiving a bill from Brantford Power, I knew nothing about Ontario's electricity system	1	1	2
TOTAL	6	5	11

2. Given what have read so far, how well do you feel Ontario's electricity system has been explained to you?

	GS	RS	TOTAL
Very well	5	3	8
Somewhat well	1	2	3
Not very well	-	-	-
Not well at all	-	-	-
Don't know	-	-	-
TOTAL	6	5	11

3. Generally, how satisfied are you with the service you receive from Brantford Power?

	GS	RS	TOTAL
Very satisfied	1	2	3
Somewhat satisfied	2	3	5
Neither satisfied nor dissatisfied	1	-	1
Somewhat dissatisfied	1	-	1
Very dissatisfied	-	-	-
Don't know	1	-	1
TOTAL	6	5	11

5. In 2015, the average Brantford Power customer experienced one power outage per year. Do you recall how many outages you experienced in the past year?

	GS	RS	TOTAL
None	1	4	5
One	3	1	4
Two	1	-	1
Three	1	-	1
Four	-	-	-
More than four	-	-	-
Don't know	-	-	-
TOTAL	6	5	11

6. How many power outages do you feel are reasonable in a year?

	GS	RS	TOTAL
No outage is acceptable	-	-	-
One	3	2	5
Two	3	3	6
Three	-	-	-
Four	-	-	-
Five or more	-	-	-
Don't know	-	-	-
TOTAL	6	5	11

7. What do you feel is a reasonable duration for a power outage?

	GS	RS	TOTAL
No outage is acceptable	-	-	-
Less than 15 minutes	2	1	3
15 to less than 3- minutes	2	-	2
3- minutes to less than 1 hour	2	-	2
1 hour to less than 2 hours	-	4	4
2 hours or more	-	-	-
Don't know	-	-	-
TOTAL	6	5	11

8. No distribution system can deliver perfectly reliable electricity service. There is a balancing act between reliability and the cost of running the system. Please select what statement comes closest to your point of view.

	GS	RS	TOTAL
I would be willing to accept more and longer power outages if that meant there would be a decrease to my distribution rates on my electricity bill	1	-	1
I would be willing to pay a bit more on my distribution rates to maintain the current level of reliability	2	4	6
I would be willing to pay much more on my distribution rates to improve the level of reliability I currently receive from Brantford Power	-	-	-
Don't know	1	1	2
Missing Value	2	-	2
TOTAL	6	5	11

9. In terms of Brantford Power's facility relocation, what option do you think your utility should pursue?

	GS	RS	TOTAL
Build a new facility that will meet their current and foreseeable future needs	1	3	4
Buy an existing facility and refurbish it to meet their current and foreseeable future needs.	2	2	4
Stick with the status quo and find new rental space to house equipment and staff	-	-	-
Something else	-	-	-
Don't know	1	-	1
Missing value	2	-	2
TOTAL	6	5	11

11. As a company, Brantford Power needs vehicles and tools to service the power lines and IT systems to manage the system and customer information. Which of the following statements best represents your point of view?

	GS	RS	TOTAL
Brantford Power should find ways to make do with the equipment and IT systems it already has.	-	-	-
While Brantford Power should be wise with its spending, it is important that its staff have the equipment and tools they need to manage the system efficiently and reliably.	4	5	9
Don't know	-	-	-
Missing value	2	-	2
TOTAL	6	5	11

12. With regards to projects focused on replacing aging equipment in poor condition, which of the following statements best represents your point of view?

	GS	RS	TOTAL
Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability, even if that increases my monthly electricity bill by a few dollars over the next few years.	2	5	7
Brantford Power should lower its investment in renewing the system's aging infrastructure to lessen the impact of any bill increase, even if that means more or longer power outages.	1	-	1
Don't know	-	-	-
Missing value	3	-	3
TOTAL	6	5	11

14. How well do you feel you understand the cost drivers that Brantford Power is responding to?

	GS	RS	TOTAL
Very well	2	2	4
Somewhat well	4	2	6
Not very well	-	-	-
Not well at all	-	-	-
Don't know	-	1	1
TOTAL	6	5	11

15. How would you rate the job Brantford Power is doing to manage these cost drivers?

	GS	RS	TOTAL
Very good	-	2	2
Good	4	2	6
Poor	1	-	1
Very poor	-	-	-
Don't know	1	1	2
TOTAL	6	5	11

17. How satisfied are you with the efforts Brantford Power has made to find efficiencies and cost savings in the distribution system?

	GS	RS	TOTAL
Very satisfied	-	2	2
Somewhat satisfied	4	2	6
Not very satisfied	-	-	-
Not at all satisfied	-	-	-
Don't know	2	-	2
Missing value	-	1	1
TOTAL	6	5	11

19. From what you have read here and what you may have heard elsewhere, does Brantford Power's investment plan seem like it is going in the right direction or the wrong direction?

	GS	RS	TOTAL
Right direction	4	5	9
Wrong direction	-	-	-
Don't know	2	-	2
TOTAL	6	5	11

2-. How would you rate the job Brantford Power is doing when it comes to planning for the future?

	GS	RS	TOTAL
Very good	-	2	2
Good	5	3	8
Poor	1	-	1
Very poor	-	-	-
Don't know	-	-	-
TOTAL	6	5	11

21. Considering what you know about the local distribution system, which of the following best represents your point of view?

	GS	RS	TOTAL
The rate increase is reasonable and I support it	-	3	3
I don't like it but I think the rate increase is necessary	4	2	6
The rate increase is unreasonable and I oppose it	2	-	2
Don't know	-	-	-
TOTAL	6	5	11

Online Workbook

Summary

Most of the 28 workbook respondents think favourably on Brantford Power's brand, its infrastructure plans and the proposed rate increase.

Respondents claim to understand the system and are satisfied with their service.

- Most of the 28 respondents surveyed are familiar (19/28) with Brantford Power's role and all respondents felt the system was explained well.
- Almost all (25/28) of the customers surveyed are satisfied with their service. When asked for suggested improvements, respondents brought up improved communication with its customers, system reliability and reduced costs.

Respondents likely to pay more for reliability.

- Nearly half (13/28) of customers would be willing to pay a bit more to improve reliability but only five of the 28 respondents would pay "much more" to improve reliability.
- Most Brantford Power customers experienced one outage or less and most of the customers (18) felt that 1 or 2 outages were a reasonable number per year.
- A slight plurality (13/28) thought a reasonable duration for an outage would be "30 minutes or less".

"Refurbish, don't build" and invest in aging infrastructure despite costs.

- Almost half (12) of respondents think Brantford Power should buy and refurbish an existing facility. Seven respondents think Brantford Power should build a new facility and six prefer to stick with the status quo and find new rental space for equipment and staff.
- Most (21/28) workbook respondents think Brantford Power should invest in equipment and tools to manage the system while just seven thought it should make do with the status quo.
- In weighing investment versus cost, half (14/28) of respondents think Brantford Power should invest in its aging infrastructure despite bill increases whereas 11 respondents think it should reduce its investment to keep bills lower.

Respondents self-report a good understanding of cost drivers, support Brantford Power's efforts to find efficiencies.

- All respondents report they understand the cost drivers facing Brantford Power and a strong majority (22/28) think it's doing a good job to manage these costs.
- Three-in-four (21/28) respondents are satisfied with Brantford Power's efforts to find efficiencies in the distribution system.

Permission granted among respondents, investment plan "headed in right direction".

- Most (18/28) of respondents feel that Brantford Power's investment plan is on the right track and that Brantford Power is doing a good job planning for the future (19/28).
- A majority of respondents (18/28) accept the proposed rate increase. Just eight respondents out of 28 would oppose it.

NOTE: This is not a statistically significant poll. Results contained within this report are based on a non-representative, volunteer sample and are intended for exploratory research only.

Graphs and tables may not always total 100% due to rounding values rather than any error in data. In addition, sums are added before rounding numbers.

Methodology

A Background on the Online Workbook

INNOVATIVE collected participant feedback on behalf of Brantford Power in the form of an online workbook. Before each section of questions, customers reviewed a series of audiovisual materials that included links to informative videos. In total, customers answered 22 core questions as well as five feedback questions about the survey itself.

The Brantford Power Workbook divided into five key sections:

- “What is this Consultation About?”
- “Electricity 101”
- “Brantford Power’s Distribution System Today”
- “Pressures on the Distribution System”
- “What will Brantford Power’s Plan Cost Customers?”

The first section “What is this Consultation About?” explains how Brantford Power is collecting feedback on its 2017 to 2021 investment and spending plan. It outlines the consultation process, customer billing, how the rate application process works and also how critical customer feedback is to informing Brantford Power’s rate application and distribution plan. This section is purely descriptive, designed as background for the customer and includes no questions.

The second section “Electricity 101” explains Brantford Power’s role in Ontario’s electricity system as a distributor as well as a broad overview of how Brantford Power manages its assets. Baseline questions on system familiarity and satisfaction are included as well as a follow-up question on suggested improvements.

The third section “Brantford Power’s Distribution System Today” outlines Brantford Power’s record on system reliability and explains the operating and capital expenditures involved in local distribution. Respondents are asked questions on expected and actual length and frequency of outages and attitudes on cost vs. reliability.

“Pressures on the Distribution System”, the fourth section in the online workbook, examines the key pressures on the distribution system and how Brantford Power manages its capital investment based on cost drivers such as reliability, service requests, support capacity delivery, system efficiency, mandated compliance, obsolescence, aging equipment and business support costs. In addition, Brantford Power outlines its current facility challenges and outlines the costs and benefits of constructing new facilities versus acquiring and renovating existing facilities. Questions in this section focus on attitudes regarding infrastructure repair and facility relocation.

The final section “What Will Brantford Power’s Plan Cost Customers?” outlines the bill impact for residential and business customers of its increased distribution rates. Questions in this section include perceptions of Brantford Power’s investment plan and the “permission question”: whether or not customers will support or oppose the proposed rate increase.

Throughout each section, Brantford Power has included additional open-ended questions to probe customers, digging deeper on key issues such as customer satisfaction, perceptions of the current investment strategy and rate permission.

Additional questions at the end ask specific feedback on the survey itself relating to overall impression, breadth and depth of information covered in the workbook and suggestions for future consultations.

Field Dates:

The workbook was accessible online for Brantford Power customers from February 24, 2016 to March 28th, 2016.

Promoting the Online Workbook:

Brantford Power promoted the workbook through a number of methods:

- Advertised on the homepage banner of www.BrantfordPower.com
- An extensive print and online advertising and social media campaign
- E-billing email notification messages with a link to the workbook
- On-bill messaging

Below are the results for its Q1 print and online advertising campaign from Brickworks Communications, Inc:

Campaign / Media	Format(s)	Circ	Position	Planned Imps	Actual Imps	Clicks	CTR
001 Q1 Campaign							
Print - Brantford							
Brant News	1/2pg, 4C	48,869	pg 21				
Brantford Expositor	1/2pg, 4C	13,000	A5 (only ad on the pg 2 spread)				
Brant News	1/4pg, 4C	48,869	pg 4				
Brantford Expositor	1/4pg, 4C	13,000	A7				
Digital - Brantford							
www.brantnews.com	Standard Display			20,000	20,469	36	0.18%
www.brantfordexpositor.ca	Standard Display			100,000	100,003	176	0.18%

Overall, the online campaign appeared to drive 212 visits to the website (not the survey itself).

According to Brickworks, the CTR (click-through rates) outperformed the industry average of 0.07% and Metroland average of 0.17%.

In total, the workbook had 674 page visits, 267 partial completes (at least reached the “about” page) and 28 total completes.

While the online campaign appears to have been successful in click-throughs, this did not translate into a large number of completes. Based on INNOVATIVE's previous online workbook consultations, one possible explanation for this may be a lack of financial incentive provided to potential respondents.

Publishing the Workbook Online

INNOVATIVE hosted the workbook at the following URL: www.BrantfordPowerWorkbook.com. This website prevented Brantford Power customers from filling out questions more than once and saved progress as they went, allowing them to leave and return to the workbook to finish at a time of their choosing.

The personal information of Brantford Power customers was kept anonymous and confidential on INNOVATIVE's secure business servers. INNOVATIVE does not ever provide links to personal information submitted on Brantford Power's website.

Validating Customer Responses:

Anyone who answered a question in the workbook was tagged with an identification number based on both their postal code and their response as either a Brantford Power residential or business customer. This was then validated against a file provided by Brantford Power of all customer postal codes; those deemed invalid were removed from the final sample. In addition, IP addresses were tracked to ensure respondents were unique and human.

Respondent Profile

Overall, 26 residential and 2 business customers completed the workbook for a total of n=28 completes. Note that open-ended response n-sizes may vary. Due to the small sample size overall, the following analysis will focus on all customers as a whole and will not delve further into demographics (rent vs. own, responsibility for bill, residence type, number in household) and firmographics (work area, monthly spending).

Respondent Feedback

The following sections will examine the feedback from 26 residential and 2 business customers who completed the workbook. (Since only 28 people in total finished, results are reported as n-size only and categories in some questions have been combined as needed.)

Familiarity and Satisfaction

This first section explores respondents' familiarity with the distribution system, perceptions of how the system is explained, and satisfaction and suggested areas of improvement for Brantford Power.

Figure 1: Understanding of Electricity System

Q: Before this consultation, how familiar were you with the various parts of the electricity system, how they work together, and which services Brantford Power is responsible for?

A strong majority of respondents (19/28) self-reported as familiar with Brantford Power's role in the electricity system. Roughly a third (9/28) stated they "heard of some of the terms and organizations, but knew very little" and none of the customers reported they "knew nothing" about Ontario's electricity system.

- Both Business Customers surveyed (2/28 total) felt they were "somewhat familiar" with Brantford Power and its role in the electricity system.

Figure 2: Explanation of Electricity System

Q: Given what you have read so far, how well do you feel Ontario's electricity system has been explained to you?

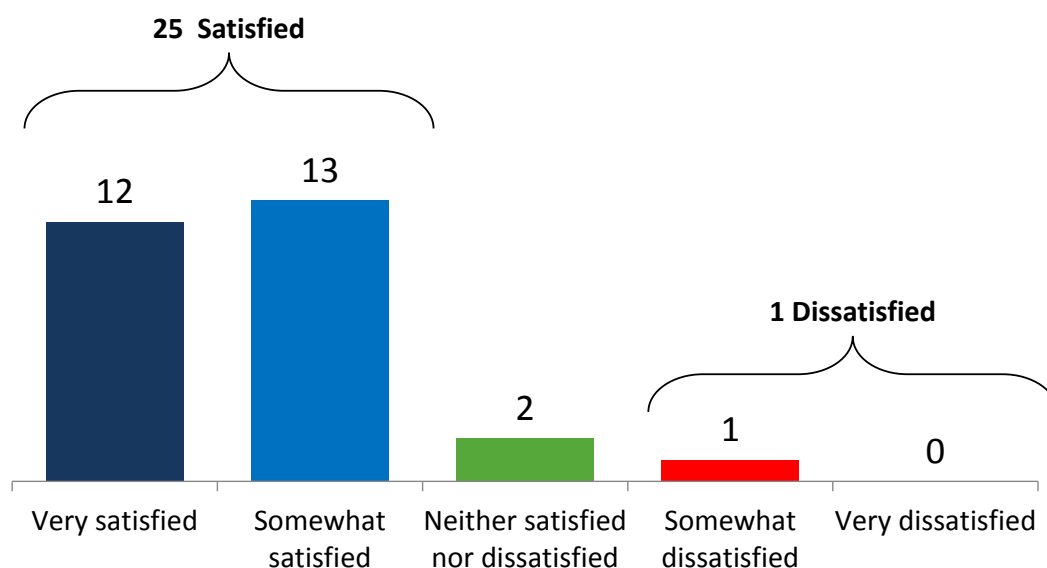
All respondents felt the system had been explained well to them based on what they had read so far with a slight majority (16/28) who thought it had been explained "very well".

- Both Business Customers (2/28 total) thought the workbook explained the system "very well".

Figure 3: Satisfaction with Service, Suggested Improvements

Q: Generally, how satisfied are you with the service you/**your business or organization** receives from Brantford Power?

Q: Is there anything in particular that Brantford Power can do to improve its service to you/**your organization**? [OPEN]



Nearly all (25/28) of the customers surveyed felt satisfied with the service they receive from Brantford Power. The remaining three customers were either neutral (2) or somewhat dissatisfied (1).

- Of the two Business Customers surveyed, one felt “very satisfied” with the service while the other had no strong feelings either way.

In the follow-up open-ended question, 12 customers responded with specific feedback, mostly focused on improved communications, reliability and cost reduction:

- “1. Avoid outages. 2. Lower rates.”
- “Better, more regular access to outage information through social media”
- “Either restore Brantford Power to it's at cost service as a public Utility or reveal how much it contributes annually to the Corporation of the City of Brantford. We are missing full transparency.”
- “Find ways to reduce the costs as they have been increasing around 30% over the past few years...”
- “Include link to provincial smart meter data to see daily usage.”
- “More information and transparency.”

System Reliability

This next section outlines customer perceptions on outage duration and frequency as well as their preferences regarding reliability versus cost.

Figure 4: Frequency of Outages in Past Year

Q: In 2015, the average Brantford Power customer experienced one power outage. Do you recall how many outages you/**your organization** experienced in the past year?

A slight majority (15/28) of customers experienced one outage (11) or less (4). A plurality of customers experienced two or more outages (10/28). Three respondents couldn't remember how many outages they received in the past year.

- As for the Business Customers surveyed, one experienced no outages and the other experienced four in the past year.

Figure 5: Frequency of Outages, Acceptability

Q: How many power outages do you feel are reasonable in a year?

Most respondents felt that one (10) or two (8) outages were a reasonable number per year. Less than one-in-five (6/28) felt that three to four outages would be acceptable and two couldn't give a reasonable number. Only two respondents felt that no outages were acceptable.

- Of the two Business Customers who responded, one stated that "no outages were acceptable" while the other thought two was an acceptable number.

Figure 6: Duration of Outages, Acceptability

Q: What do you feel is a reasonable duration for a power outage?

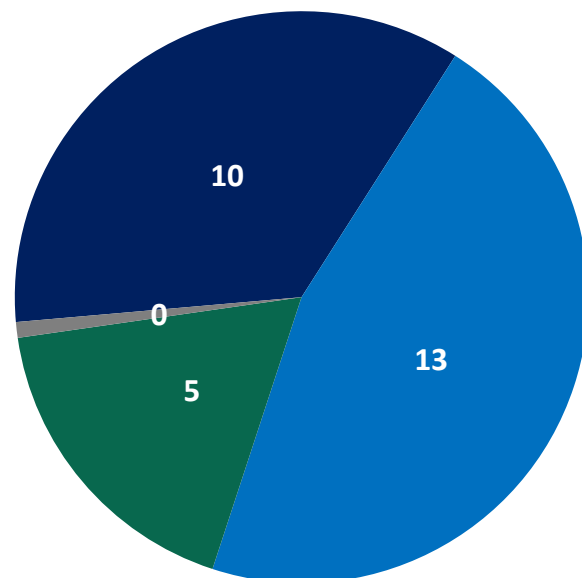
A plurality of customers thought that "30 minutes or less" (13/28) would be a reasonable outage duration and more than one-in-four customers (8/28) thought between 30 minutes and an hour would be a reasonable duration for an outage. Only 6 customers felt that outages over an hour long were reasonable.

- Both Business Customers surveyed thought that "15 minutes or less" was a reasonable duration for a power outage.

Figure 7: Reliability vs. Cost

Q: No distribution system can deliver perfectly reliable electricity service. There is a balancing act between reliability and the cost of running the system. Please select what statement comes closest to your point of view.

- I would be willing to accept more and longer power outages if that meant there would be a decrease to my distribution rates on my electricity bill
- I would be willing to pay a bit more on my distribution rates to maintain the current level of reliability
- I would be willing to pay much more on my distribution rates to improve the level of reliability I currently receive from Brantford Power
- Don't know



When asked to choose between three options –accepting longer and more frequent outages to lower distribution rates, paying a bit more to maintain reliability and paying much more to improve reliability- a slight plurality (13/28) of customers would be willing to pay a bit more to improve reliability. More than a third (10/28) of surveyed customers would accept more frequent and severe outages to lower their rates. Only five of the 28 respondents would be willing to pay enough to improve reliability.

- Both Business Customers would be willing to pay more to either maintain (1) or improve (1) reliability.

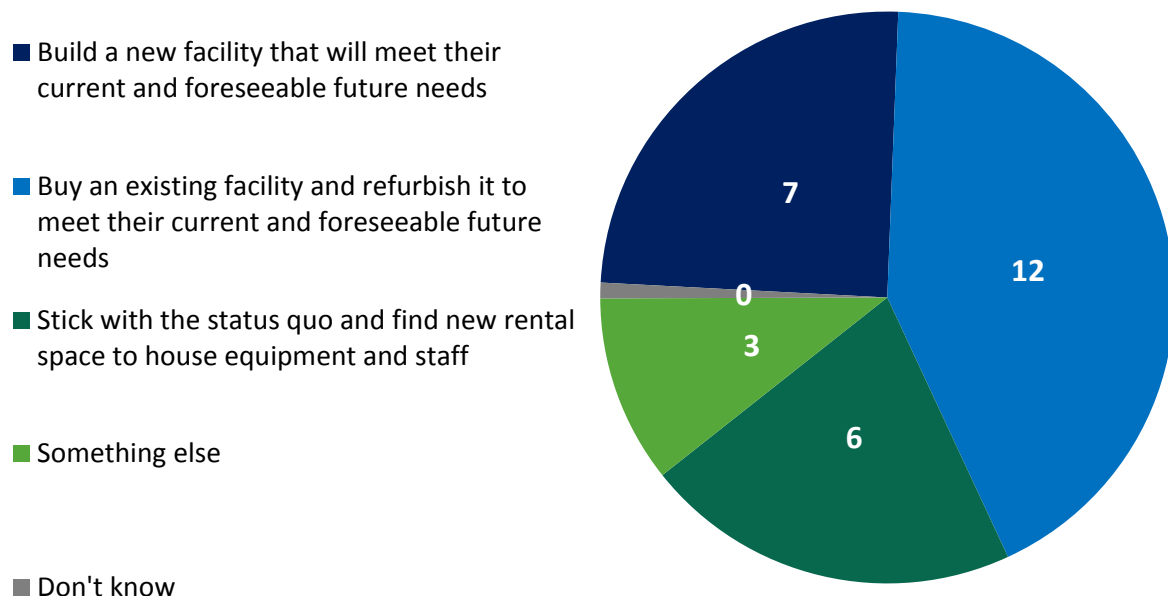
Facility Relocation and Infrastructure Investment

The third section focuses on capital investments and customer preferences on how Brantford Power should meet the challenges of facility relocation and aging infrastructure.

Figure 8: Relocation of Brantford Power Facilities

Q: In terms of Brantford Power's facility relocation, which option do you think your utility should pursue?

Q: (If "Something else") What options do you think Brantford Power should consider in addressing their facility relocation?



Respondents were asked to choose between three specific options on relocating Brantford Power's facility: to build a new one; to buy an existing facility and refurbish it; or to maintain the status quo and find new rental space for equipment and staff. An additional general option ("or something else") was provided as a choice, with the option for respondents to follow-up with their suggestion in an open-ended question.

Between the three options, a plurality (12/28) of respondents would prefer Brantford Power buy an existing facility and refurbish it. About a quarter of respondents feel that Brantford Power should either build a new facility (7) or stick with the status quo (6) and find rental space for its equipment and staff.

Three respondents felt that Brantford Power should consider “something else”: one suggested the company consider long-term planning for facilities outside the city core; the second would prefer a lease over office investment; and the final response simply suggested a “merger”.

- *“Before building a new consolidated facility, long term planning/decision-making must determine whether the Utility can exist as a stand-alone, or will be swallowed-up in the present climate which would reduce Distributors to 9 province-wide. If a reasonable business plan supports moving forward, build a consolidated stand-alone outside the city core.”*
- *“Lease space. Do not invest in office space infrastructure. Also, tender the service aspect to an open bid to ensure we are getting competitive rates by using Brantford Hydro personnel. If not, you should adopt a new business model or outsource those costs to a more competitive third party. Can you share administrative services with other utility providers to reduce costs?”*
- *“Merger.”*

Figure 9: Investment in Aging Infrastructure

Q: As a company, Brantford Power needs vehicles and tools to service the power lines and IT systems to manage the system and customer information. Which of the following statements best represents your point of view?

When asked if Brantford Power should make do with its current equipment and IT systems or if it should invest in equipment and tools to manage the system, a strong majority (21) of customers chose the latter option. Just seven respondents felt that Brantford Power should make do with its current assets.

- Both Business Customers felt that Brantford Power should make do with its current equipment and IT systems.

Figure 10: Investment in Buildings, Equipment and IT Systems

Q: With regards to projects focused on replacing aging equipment in poor condition, which of the following statements best represents your point of view?

In a follow-up statement, customers were asked whether Brantford Power should invest “what it takes to replace the system’s aging infrastructure”, even if means an increase to customers’ electricity bills; or if they should lower their investment to “lessen the impact of any bill increase” even if that means more frequent and longer outages.

Half of respondents (14/28) would prefer Brantford Power invest in its aging infrastructure, despite bill increases while 11 out of 28 respondents think Brantford Power should reduce their investment to lessen the economic impact. Three respondents had no strong opinions either way.

- Of the two Business Customers surveyed, one felt that Brantford Power should lessen investment while the other was unsure of which option to choose.

Cost Drivers and Cost Savings

This next section examines customer understanding of the cost drivers facing their local distribution system and Brantford Power's perceived success in managing these drivers.

Figure 11: Understanding and Management of Cost Drivers

Q: How well do you feel you understand the cost drivers that Brantford Power is responding to?

Q: How would you rate the job Brantford Power is doing to manage these cost drivers?

All respondents self-report that they understand the cost drivers facing Brantford Power (7: "very well"; 21 "somewhat well").

A strong majority (22/28) of respondents think Brantford Power is doing a good job to manage these cost drivers. Just 4 in 28 think Brantford Power is doing a poor job and two respondents don't know enough to say.

- Both Business Customers feel they understand the cost drivers "very well" and are divided on whether or not Brantford Power is doing a "good" (1) or "poor" (1) job of handling them.

Figure 12: Reasonableness of Expenses

Q: Do any of Brantford Power's forecasted expenses or expenditures appear unreasonable to you? If so which areas appear unreasonable and why?

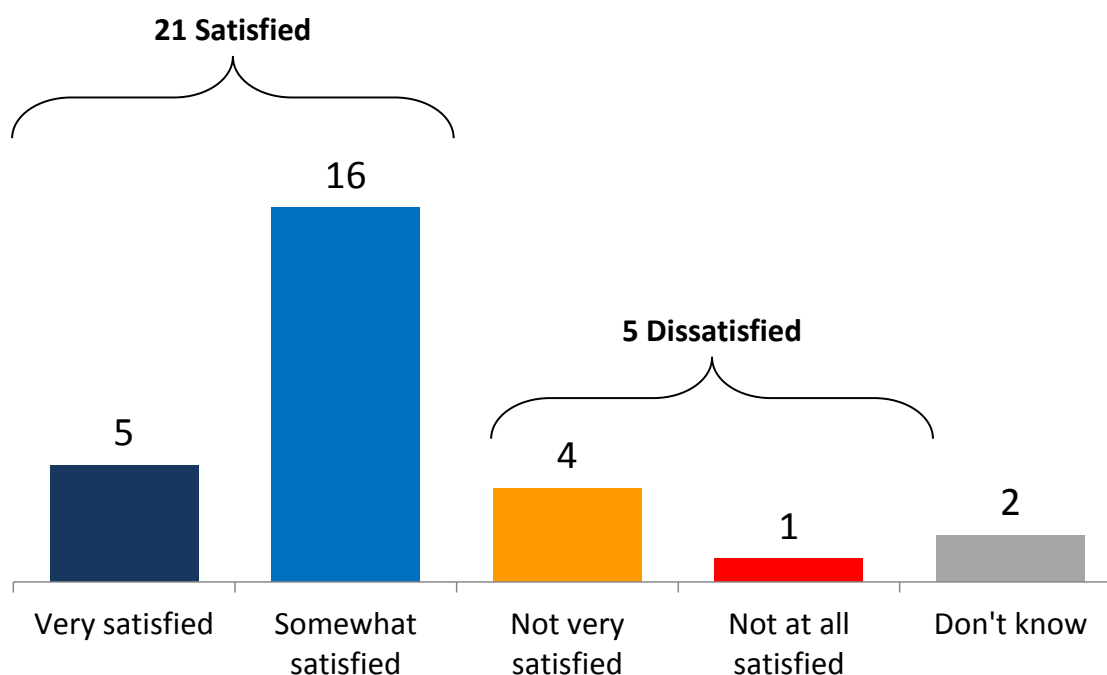
Only three respondents felt Brantford Power's expenditures appear unreasonable (and explained themselves.) Two of the three responses focused on staffing levels and related costs while the remaining comment called on Brantford Power to open its procurement competitively to worldwide providers:

- *"Anything that requires spending more money on staff and related costs should not be considered..."*
- *"How do you establish the forecasted capital expenditures? You need to source your capital from worldwide providers, not just local. You need to open your procurement to ensure the most competitive offers for all major expenditures."*
- *"Revisit staffing levels. Why are six on a job that two people could be doing?"*

Figure 13: Satisfaction with Brantford Power's Cost Savings

Q: How satisfied are you with the efforts Brantford Power has made to find efficiencies and cost savings in the distribution system?

Q: Is there anything else you think Brantford Power should be doing to find efficiencies and cost savings in the distribution system? [OPEN]



Three-in-four (21/28) respondents felt satisfied with Brantford Power's efforts to find cost savings. Only five respondents felt unsatisfied with Brantford Power's cost saving efforts and two did not know enough to say.

- Both Business Customers felt unsatisfied with Brantford Power's cost savings in the distribution system.

In a follow-up open-ended question, seven customers responded with specific ways Brantford Power could find additional efficiencies and cost savings. Some suggested alternative energy conversion while others felt Brantford Power could improve efficiencies through staffing, providing additional billing information to customers, research on infrastructure or setting up an outside audit:

- "Complete review of staff and job-specific duties..."
- "Give customers daily Smart Meter data to see usage and costs. Monthly billing online is a start..."

- *"Another way to distribute from the power generators would ultimately be beneficial. The idea of using these high-powered cables is getting too old. There has to be a better way, and I am wondering what research is going on at this time."*
- *"Invest in solar energy."*
- *"Move more to assisting customers in converting to hybrid systems such as wind/hydro, solar/hydro. Work with government-owned locations such as municipalities, school boards to add solar collectors to the buildings. Work with large businesses to do the same."*
- *"Periodically, hire an outside audit firm to evaluate current employee practices with recommendations for cost efficiencies."*
- *"...You need to look at different business models, more competition, more options to buy your power, not just Ontario Hydro. Have you looked at your own power generation, say a Co-Gen at the landfill or other options?"*

Plan for the Future and Social Permission

In the last section, customers provided feedback on Brantford Power's plan for the future and the proposed rate increase.

Figure 14: Direction of Investment Plan

Q: From what you have read here and what you may have heard elsewhere, does Brantford Power's investment plan seem like it is going in the right direction or the wrong direction?

Q: Why do you feel this way? [OPEN-ENDED]

A strong majority (18/28) of respondents feel that Brantford Power's investment plan is going in the "right direction" with only two respondents who feel it is headed in the "wrong direction". The remaining eight customers don't know enough to say.

In the follow-up open-ended, positive responses speak to "common sense", "prudent" and "proactive approach" of Brantford Power and an understanding that "higher costs are an understandable consequence of this improvement":

- *"I think this approach is needed. But we also need a much better and totally different transmission system."*
- *"It appears that good business planning and common sense are being used."*
- *"It is important that Brantford Power make use of new technology in order to improve reliability of service and overall customer experience. Higher costs are an understandable consequence of these improvements."*
- *"Looks like a pro-active approach from what I understand."*
- *"Prudent planning and realistic expectations of needed maintenance and upgrades."*
- *"They have done their homework on other pros and cons."*

- *"We need to have safe and reliable equipment for employees. A central building makes sense to me."*
- *"Well-laid out plan."*

Figure 15: Planning for Future

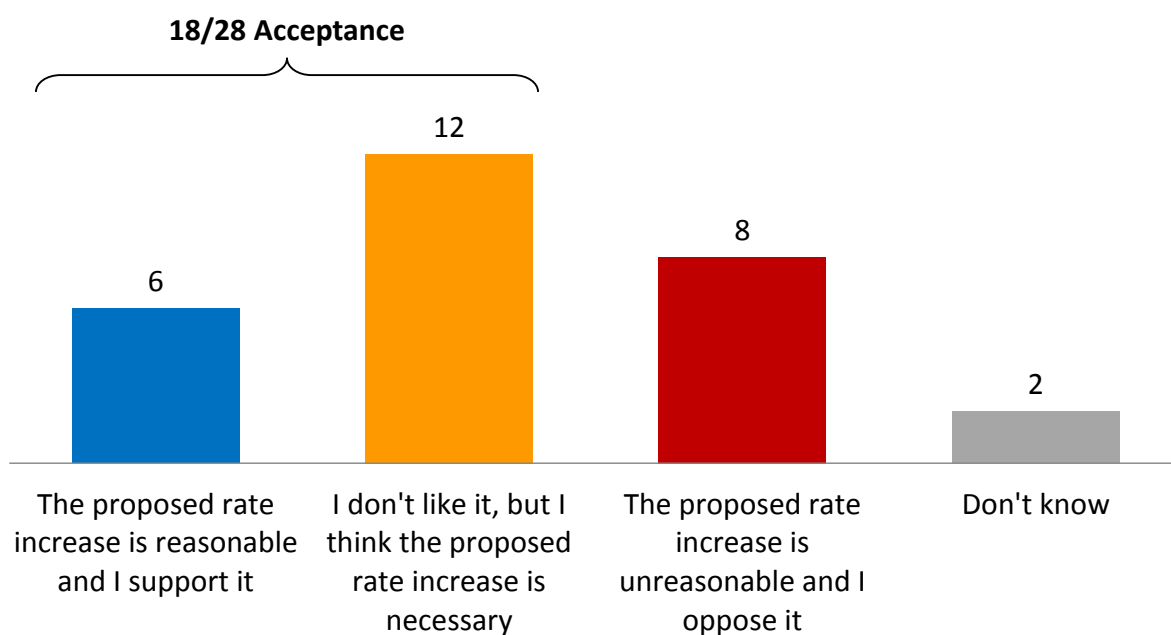
Q: How would you rate the job Brantford Power is doing when it comes to planning for the future?

A strong majority (19/28) of customers think Brantford Power is doing a good job planning for the future. Just two respondents felt Brantford Power is doing a poor job of planning and seven respondents didn't know enough to say.

Figure 16: Social Acceptance for Rate Increase

Q: Considering what you know about the local distribution system, which of the following best represents your point of view?

Q: Thinking about your answer to the previous question, why do you either support the proposed rate increase, think the proposed rate increase is necessary, oppose the proposed rate increase, or don't know?



On the permission question, most respondents (18/28) support the proposed rate increase:

- Six customers support the rate increase unconditionally;
- 12 customers don't like the rate increase, but agree it's necessary;
- Eight customers think the rate increase is unreasonable and oppose it;
- And two customers are still on the fence as to whether to support or oppose the increase.

Both Business Customers surveyed oppose (2) the rate increase.

When asked to explain their reasoning, those who support the rate increase mostly cited the need to maintain reliability for essential services. That being said, there were clear concerns about the rising cost of living and the difficulty among seniors to keep pace with rising electricity rates:

- *"Although electricity is considered an essential service, people lose the understanding that there are ongoing costs to maintain the service and improve the service as need demands."*

- *"Even though I may understand all the reasons for increases, hydro is only a portion of my household expenditures; and all increase every month, every year. As a senior, my income does not match these increases."*
- *"Full support from here, it is just the right thing to do. How would you expect your car to run, if you didn't pay attention to it?"*
- *"I am retired so I don't like more expense but as I said safety is important and one building is the way to go."*
- *"It's inevitable nothing stays the same and unfortunately I expect everything to rise as does the cost of living and hopefully paycheques and inflationary rates with pensions."*
- *"No one likes rate increases. My pension is NOT increasing in line with ANY increases by utilities, governments, groceries, etc."*
- *"It avoids a monopoly distribution in this province."*
- *"I think the proposed rate increase is necessary."*

Among those that oppose the rate increase, the main reason mentioned is cost, particularly in relation to other provinces:

- *"Costs vs. other provinces..."*
- *"I think you should have shown the rate increase over the past 5 years and not start at 2016. I don't have any faith in your ability to manage costs effectively based on past history."*
- *"Many other cost savings could be achieved such as cost of staff and benefits. Better management of resources."*
- *"Ontario has the highest hydro rates in the country. As a senior living on a fixed income I dread the arrival of the hydro bill in my mailbox. Every month the bill increases even though we try to use our appliances according to the low peak rate times, it doesn't seem to matter..."*
- *"Use the debt retirement charge to lower everyone's bills and we would be a little happier..."*

Feedback on the Workbook Design

After completing the workbook, respondents were asked five questions about the survey itself:

- *Overall Impression: What did you think about the workbook?*
- *Volume of Information: Did Brantford Power provide too much information, not enough, or just the right amount?*
- *Content Covered: Was there any content missing that you would have liked to have seen included?*
- *Outstanding Questions: Is there anything you would still like answered?*
- *Suggestions for Future Consultations: How would you prefer to participate in these consultations?*

14 of the 28 respondents completed all the feedback questions.

Overall impression from the open-ended responses was quite positive: it was "interesting", "well-designed", "very thorough", and "well-presented". Only a few respondents provided negative feedback, one stating it was "too much like a sales pitch".

- *"Interesting, well-thought out, informative."*
- *"Asked a lot of questions, but could have gone deeper."*

- *"Excellent survey- well-designed."*
- *"Glad we were offered the opportunity."*
- *"Good, informative, but too long."*
- *"Very informative."*
- *"This sounded too much like a sales pitch to justify what you want to do."*
- *"Very thorough, clear and well-presented."*

As for the volume of information in the workbook, opinion was mixed. Some thought it was a bit "too much", others thought it was just enough to inform them.

- *"A bit much but not overdone - very close to right - for me!"*
- *"A little too much."*
- *"Amount is necessary to inform consumers."*
- *"Enough and right amount."*
- *"Enough for the average user."*
- *"Lots of technical info but I did understand some or most of it."*
- *"Maybe a little too much."*
- *"Possibly too much information for the average customer."*

Most of the 14 respondents did not think anything was missing from the workbook. Those that did cited "smart meter discussion", "cost management and containment" and "annual profits to the city."

- *"A discussion about smart meters and the time of day rates."*
- *"Cost management and containment. What are you doing differently to improve your cost control and reduce burden on your customers..."*
- *"Don't think so."*
- *"No."*
- *"No, not really."*
- *"Why smart meter data is not provided currently."*
- *"Yes -annual profits to the city."*

Some outstanding questions listed by respondents include "renewable energy strategy as it relates to local future supply", "smart meter data" and research to plan beyond 2021.

Finally, on "Suggestions for Future Consultations", respondents thought it could be done by "email", "focus group" or were satisfied by this method.

- *"Email"*
- *"Include a focus group of informed citizens to review survey results."*
- *"Same way."*
- *"This is best for me but not all people. Paper addressed in the mail I understand is way too expensive but perhaps a modified version in a paper bill could be included or requested for by a resident."*
- *"This method seems to be satisfactory."*

Customer Telephone Surveys

Telephone Surveys among Residential and GS Customers

PURPOSE: To obtain statistically significant quantitative feedback on the proposed system plan spending and assess reaction to customer opinions obtained from the previous research phases

Summary

This section summarizes the telephone survey results of 502 residential (RS) and 100 General Service (GS) customers.

Familiarity and Satisfaction

- Almost seven-in-ten residential (68%) and General Service customers are familiar with Brantford Power.
- The large majority of both residential (86%) and General Service (85%) are satisfied with the service they receive from Brantford Power.
- Lowering rates was the most commonly suggested improvement for both residential (35%) and General Service (37%) customers.

Electricity Bill Knowledge

- Around one-in-three (32% residential; 27% General Service) were familiar with the percentage of their electricity bill that is remitted to Brantford Power before taking part in this survey.
- Half (48%) of residential and the majority (57%) of General Service customers say that the proportion of their bill allocated to Brantford Power is reasonable.

System Reliability

- Residential customers most commonly experienced one outage in the year prior (22%). Of those who did experience an outage, half (50%) report that the most recent outage lasted less than 15 minutes.
 - The plurality (29%) of General Service customers report having no outages in the year prior. Of those who did experience an outage, three-in-ten say that it lasted *less than 15 minutes* (30%) or *15 minutes to less than 30 minutes* (29%).
- In terms of impact, the plurality (64%) found the last outage that they had experience to be a minor convenience, while 27% found it to be no inconvenience at all.
 - The plurality (46%) of General Service customers say that the most recent outage *barely any cost to their business, just a bit of inconvenience*; one-third say it *had a minor cost to their business*.
- Satisfaction with system reliability, determined by the different measures, is quite high.

- *The reliability of your electricity service as judged by the number of power outages you experience: 90% residential; 92% General Service.*
- *The amount of time it takes to restore power when power outages occur: 87% residential; 80% General Service.*
- *The quality of power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights: 87% residential; 80% General Service.*
- Half (50%) of residential and 53% of General Service customers feel that Brantford Power should *spend what is needed to maintain the current level of outages.*
- 52% of residential and 57% of General Service customers feel that Brantford Power should *spend what is needed to maintain the current length of unexpected outages.*

System Challenges & Priorities

- Half (50%) of residential customers and general Service Customers (51%) feel that Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability.
- 79% of residential and 76% of General Service customers feel that it is important for Brantford Power to invest now in modernizing the grid.
- Two-in-five (41%) residential and 36% of General Service customers currently participate in a Brantford Power conservation program. Higher consumption customers are more likely to currently participate in a program.
- 74% of residential and 73% of General Service customers say they are likely to participate in a Brantford Power conservation program in the future.
- Four-in-five (81%) residential and 64% of General Service customers think that Brantford Power does a good job at providing them with information on available tools and programs that can help them manage their electricity consumption.
- Buying a new facility that will meet current and foreseeable future needs (43% residential; 39% General Service) is the most commonly suggested solution for facility relocation. This is followed by building a new facility (17%) for residential customers, and finding a new rental space to house equipment and staff (22%) for General Service customers.

Overall Assessment of Plan

Residential Acceptance: 65%

Top 3 Reasons for Willing Acceptance

Q: And why do you say that? [Asked of residential respondents who had an opinion on Brantford Power's proposed rate increase]

Must invest now or risk paying more later	39%
It is reasonable / \$5 is fine	37%
Everything is going up / inflation	9%

General Service Acceptance: 68%

Top 3 Reasons for Willing Acceptance

Q: And why do you say that? [Asked of residential respondents who had an opinion on Brantford Power's proposed rate increase]

It is necessary/system needs upgrading/need power	51%
It is not a significant increase	25%
Everything is going up	4%

Methodology

INNOVATIVE conducted two customer surveys by telephone for Brantford Power:

1. A residential customer survey conducted among **502 respondents** between March 29 and April 2, 2016.
2. A General Service customer survey conducted among **100 respondents** between March 29 and April 8, 2016.

Participants were randomly selected from customer lists provided by Brantford Power (30,629 residential records; 1736 General Service records).

- A sample of 502 residential customers is considered accurate to within ± 4.3 percentage points, 19 times out of 20.
- A sample of 100 General Service customers is considered accurate to within ± 9.4 percentage points, 19 times out of 20.

The margin of error in both surveys will be larger within each sub-grouping of the samples.

Questionnaire Design

The questionnaires were designed to simulate the journey that respondents in the Workbook-led Consultation Sessions experienced. This included a combination of educating the customer, having customers reflect on their personal experience with their distribution system, and having them make value judgments on trade-offs between system reliability and bill impact.

As part of simulating the “*workbook journey*”, the questionnaires were informed by and incorporated feedback from the previous phases of Brantford Power’s customer engagement. This included sharing both supportive and non-supportive feedback in the survey from previous phases of Brantford Power’s customer consultation as it related to Brantford Power’s proposed capital investment and the associated rate increase. Wording of questions differed slightly between the Residential and General Service survey – for example, in the preambles the size of monthly bills differed between residential and General Service customers – but otherwise remained consistent.

The average survey ran at approximately 10 minutes. Both survey instruments can be found at the end of this section of the report.

Fielding the Survey

Residential (RS) Customer Survey:

For the purposes of executing the residential survey, Brantford Power provided INNOVATIVE with a confidential list containing **30,629** of their residential customers' contact information.

The contact list included only residential customers with residential telephone contact information on file and who had been a customer of Brantford Power since at least January 1, 2014. The information contained in the contact list included customer name, telephone number, FSA and total annual usage between January 1 and December 31, 2015.

Only one customer per household was eligible to complete the residential survey. Survey respondents were screened to certify that only the resident primarily responsible for paying their Brantford Power electricity bill was interviewed. This step was taken to ensure that survey respondents represented the most qualified person within a household to answer questions about their electricity bill and whether Brantford Power's proposed rate increase would have a relative impact on their bill.

Before retiring any randomly selected telephone number from the contact list, 8 attempts were made to reach a potential respondent for each unique telephone number, or until an interviewer received a hard refusal. Each night a new sample was released from the contact list to replace completed or retired numbers.

Brantford Power's residential customers were contacted by telephone between 4pm and 9pm on weekdays; between 10am and 9pm on Saturdays; and between 11am and 9pm on Sundays.

General Service Customer Survey:

The sample for the General Service survey consisted of 100 customers drawn from a confidential list provided to INNOVATIVE by Brantford Power. General Service respondents were screened to ensure they were in charge of managing the electricity bill at their organization.

General Service customers were contacted on weekdays between 9am to 4pm.

All fieldwork was conducted using INNOVATIVE's computer-assisted telephone interviewing (CATI) system.

Sample Design

The two surveys followed a stratified random sampling methodology. This is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics (in this case, customer service area or electricity usage). A random sample from each stratum is taken in a number proportional to the stratum's size when compared to the customer population. These subsets of the strata are then pooled to form a random sample.

In both surveys, residential and General Service customers were divided into quartiles based on annual electricity usage to ensure the sample had a proportionate mix of customers from low, medium-low, medium-high, and high electricity usage households.

Residential and General Service Sample Design:

Brantford Power customers were divided into quartiles based on annual electricity usage. The following table illustrates the segmentation of the residential and General Service customer survey samples by usage quartile.

Customer Type		Total Sample	Low	Medium-Low	Medium-High	High
Residential	Target	500	125	125	125	125
	Actual	502	125	126	125	126
	Difference	+2	0	+1	0	+1
General Service	Target	100	25	25	25	25
	Actual	100	20	29	32	19
	Difference	0	-5	+4	+7	-6

Sample Weights

Weights have not been applied to the residential sample as the stratified random samples are accurate representations of Brantford Power's actual residential customer distribution. Weights have been applied to the General Service sample based on quartiles to accurately reflect customer distribution.

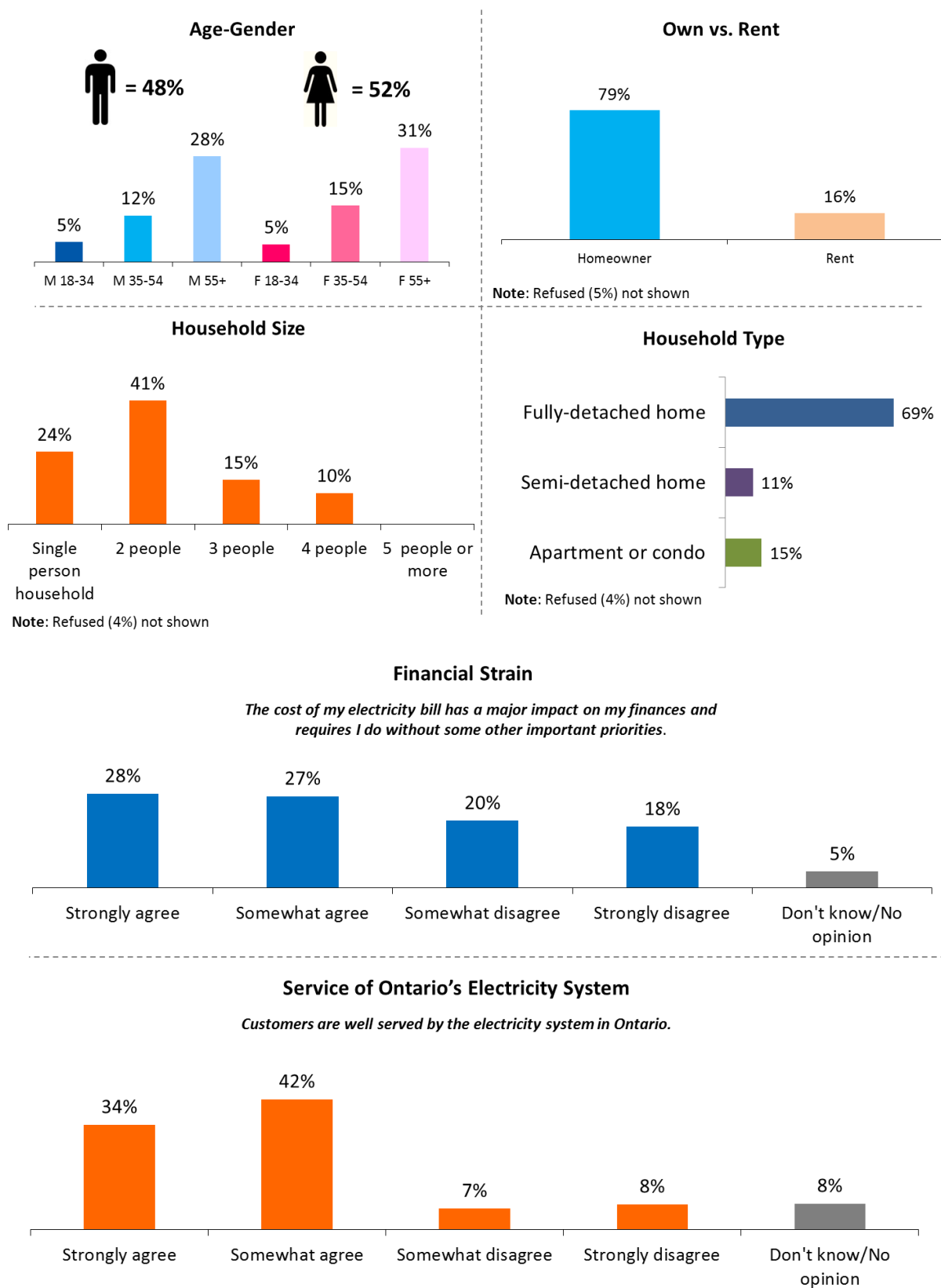
Financial Flexibility

One measure noted throughout this report is "financial flexibility", also referred to as "financial strain". Financial strain was determined by agreement with a customer input statement which indicated that the cost of their electricity bill has a major impact and requires customers to do without – or put off – other investments or spending priorities. Customers who agreed with this statement (responded *strongly agree* or *somewhat agree*) were classified as financially strained. This measure was included in a cross-tabulation of the survey results. They were also asked if they feel customers are well serviced by the electricity system in Ontario.

Demographic Profile

The following details the demographic characteristics of customers who completed the Residential Ratepayer Survey [n=502].

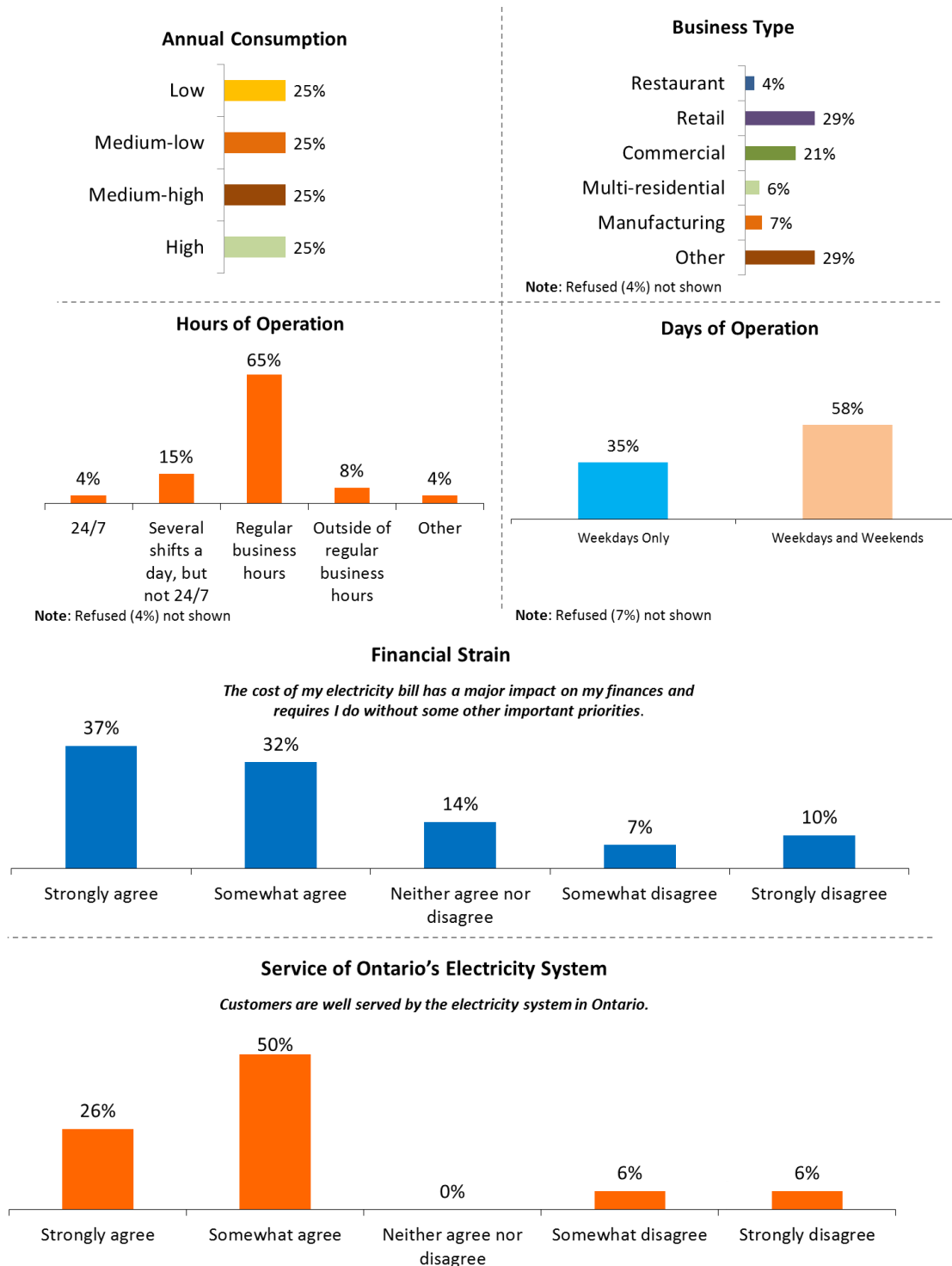
Figure A: Residential Customer Profile



Firmographic Profile

The following details the firmographic characteristics of customers who completed the General Service Ratepayer Survey [n=100].

Figure B: General Service Customer Profile



Respondent Feedback

Familiarity and Satisfaction

The first section of the survey determined customers' familiarity with Brantford Power and gauged their level of satisfaction with the service that they receive. They were also asked if anything could be done to improve service to them.

Familiarity and Satisfaction Summary

- Around seven-in-ten residential (68%) and General Service (72%) customers are familiar with Brantford Power.
- Satisfaction with the services provided by Brantford Power is high among both residential (86%) and General Service customers (85%).
- One-in-three (35%) residential customers feel that Brantford Power could improve service by reducing rates, almost the same proportion (34%) have no suggestions to offer.
- 37% of General Service customers say that Brantford Power could improve service by lowering rates, while three-in-ten (32%) have no suggestions to offer.

Preamble for Familiarity and Satisfaction Section

Prior to answering the questions in the General Satisfaction Section, customers were presented with the following preamble introducing the survey:

Below is the preamble for **residential customers**:

"To begin, I'd like to ask you some questions about your electricity service.

*Today we want to talk about **Brantford Power** and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your home through a network of wires, poles and other equipment that is owned and operated by **Brantford Power.**"*

General service customers were given additional introduction to ensure that their responses pertained to their experience at their organization:

*“While you may be a **Brantford Power** residential customer, for the following questions I’d like you to answer from the perspective of the **business or organization** that you represent. While we are currently surveying residential customers, you have been randomly selected from a limited sample of small business and non-residential customers and it’s important we understand the unique needs and preferences of this group of customers.*

So again, please answer the following questions from the perspective of your business or organization’s needs and preferences.

To begin, I’d like to ask you some questions about your electricity service.

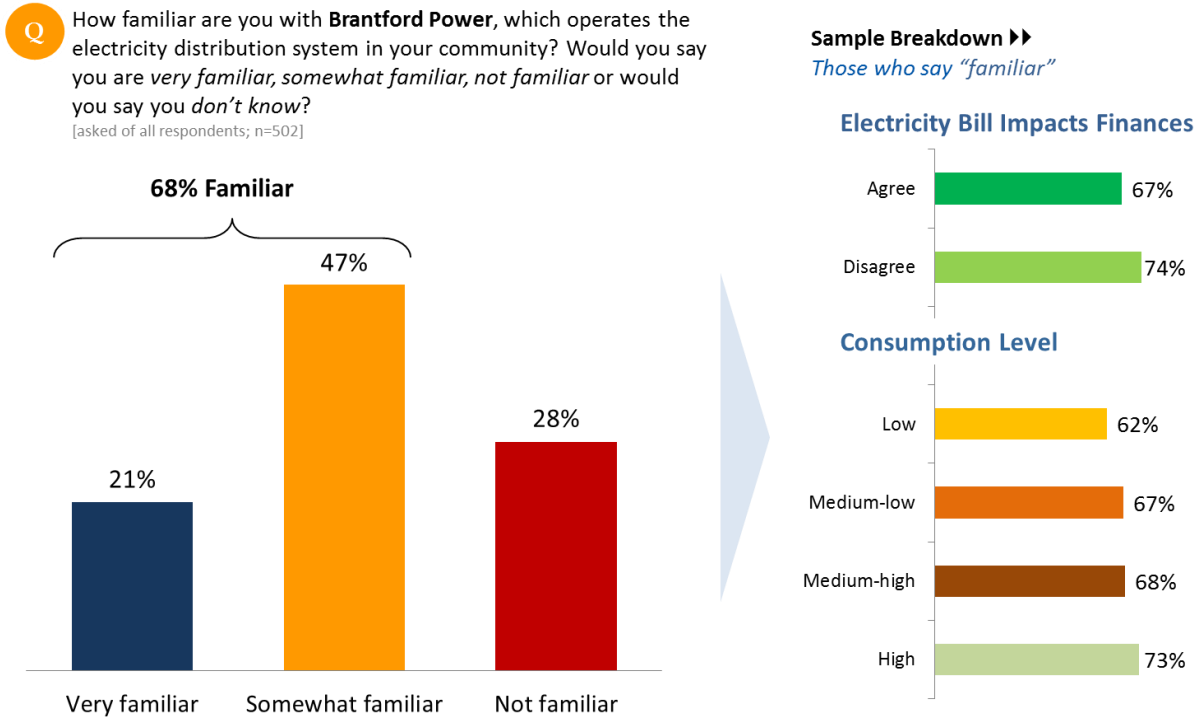
*Today we want to talk about **Brantford Power** and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your home through a network of wires, poles and other equipment that is owned and operated by **Brantford Power**.”*

Familiarity with Local Electricity Distribution System

The majority (68%) of residential customers are familiar with Brantford Power. Two-in-ten (21%) are *very familiar*, 47% are *somewhat familiar*, and 28% are *not familiar*.

- Those who disagree that their electricity bill impacts their finances are more familiar (74%) with the company that operates the electricity distribution system, than those who agree (67%)
- Familiarity with Brantford Power increases with electricity consumption.

Figure RS.1: Familiarity with the Local Distribution System

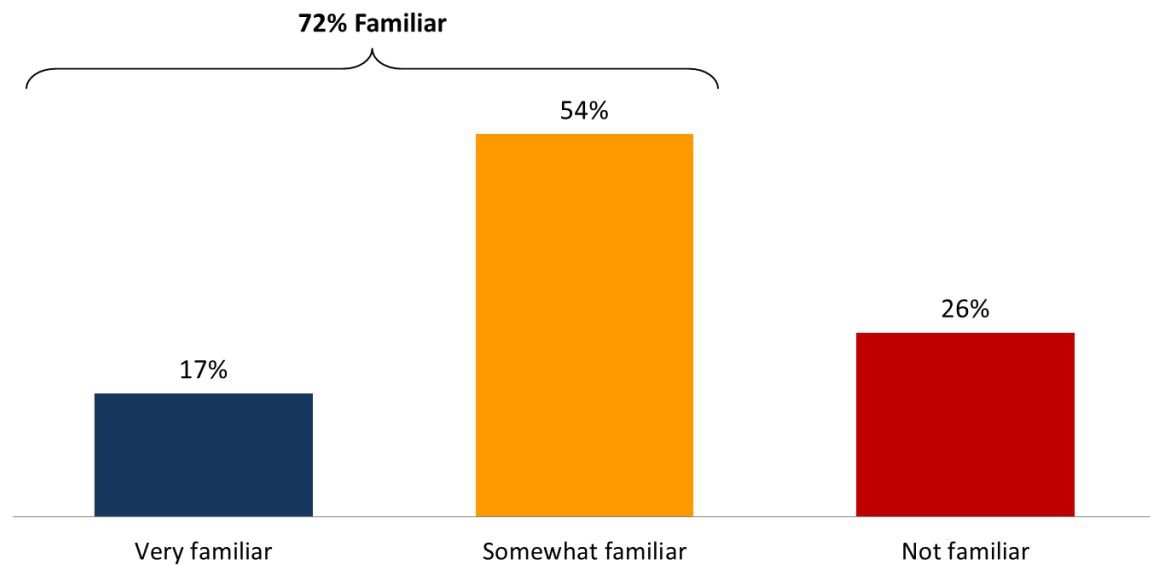


Note: 'Don't know/Refused' (5%) not shown.

Seven-in-ten (72%) General Service customers are familiar with Brantford Power. The majority (54%) are *somewhat familiar*, while 17% are *very familiar*, and 26% are *not familiar*.

Figure GS.1: Familiarity with the Local Distribution System

Q How familiar are you with **Brantford Power**, which operates the electricity distribution system in your community? Would you say you are *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?
[asked of all respondents; n=100]



Note: 'Don't know' (2%) not shown.

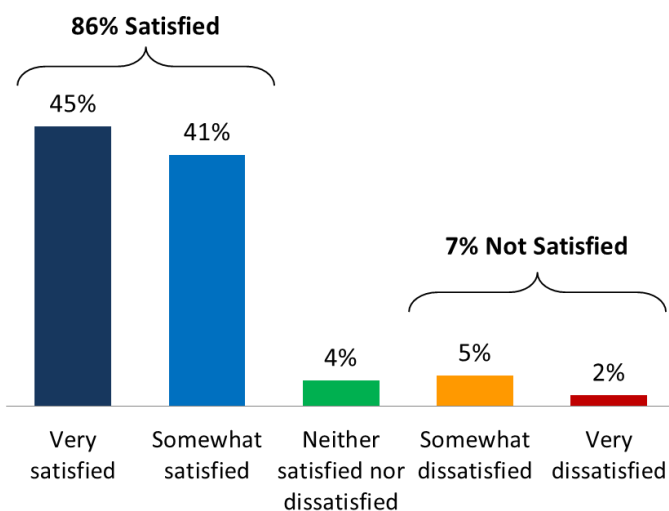
Satisfaction with Services Received from Brantford Power

The majority of residential customers (86%) are satisfied with the services provided by Brantford Power. Only 7% are dissatisfied, while 4% are *neither satisfied nor dissatisfied*.

- 10% fewer customers who are impacted by their bill than those who are not are satisfied (83% agree vs. 93% disagree).
- Medium-range consumption customers are the most satisfied (90%), while high consumption customers are the least (79%).

Figure RS.2: Satisfaction with Brantford Power

Q Thinking specifically about the services provided to you and your community by **Brantford Power**, overall, how satisfied are you with the services that you receive from **Brantford Power**. Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied* or would you say you *don't know*?
[asked of all respondents; n=502]



Note: 'Don't know/Refused' (3%) not shown

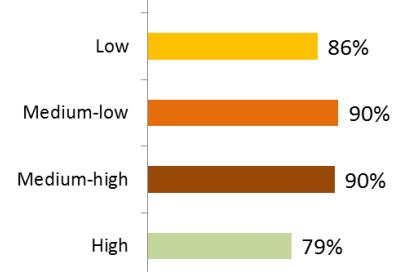
Sample Breakdown ►►

Those who say "satisfied"

Electricity Bill Impacts Finances



Consumption Level

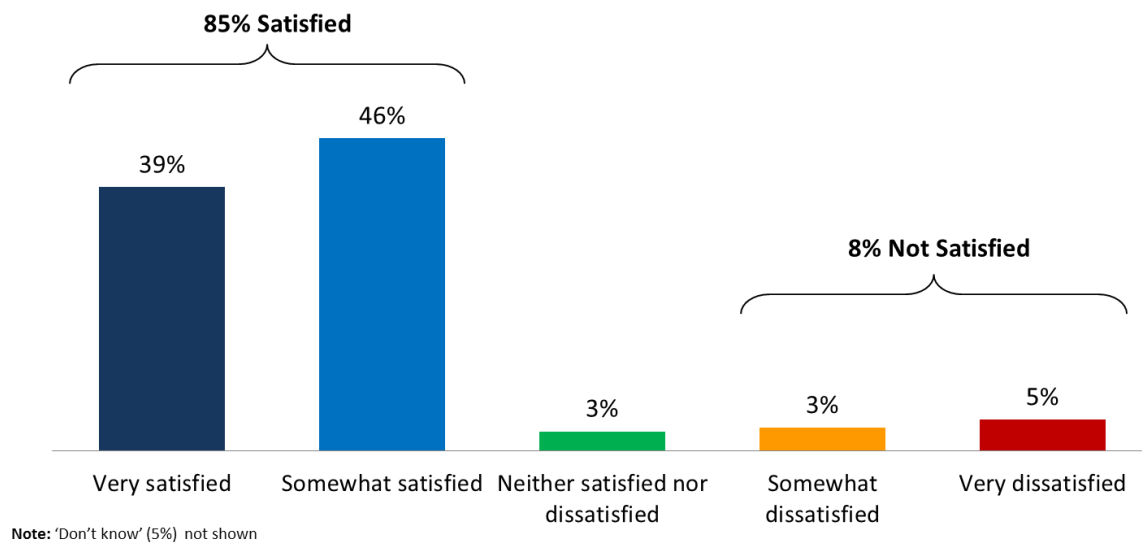


Thinking specifically about services provided to their businesses, 85% of General Service customers are satisfied. 39% are *very satisfied* and 46% are *somewhat satisfied*. Almost one-in-ten (8%) are not satisfied.

Figure GS.2: Satisfaction with Brantford Power

Q Thinking specifically about the services provided to **your business** by **Brantford Power**, overall, how satisfied are you with the services that you receive from **Brantford Power**. Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied* or would you say you *don't know*?

[asked of all respondents; n=100]

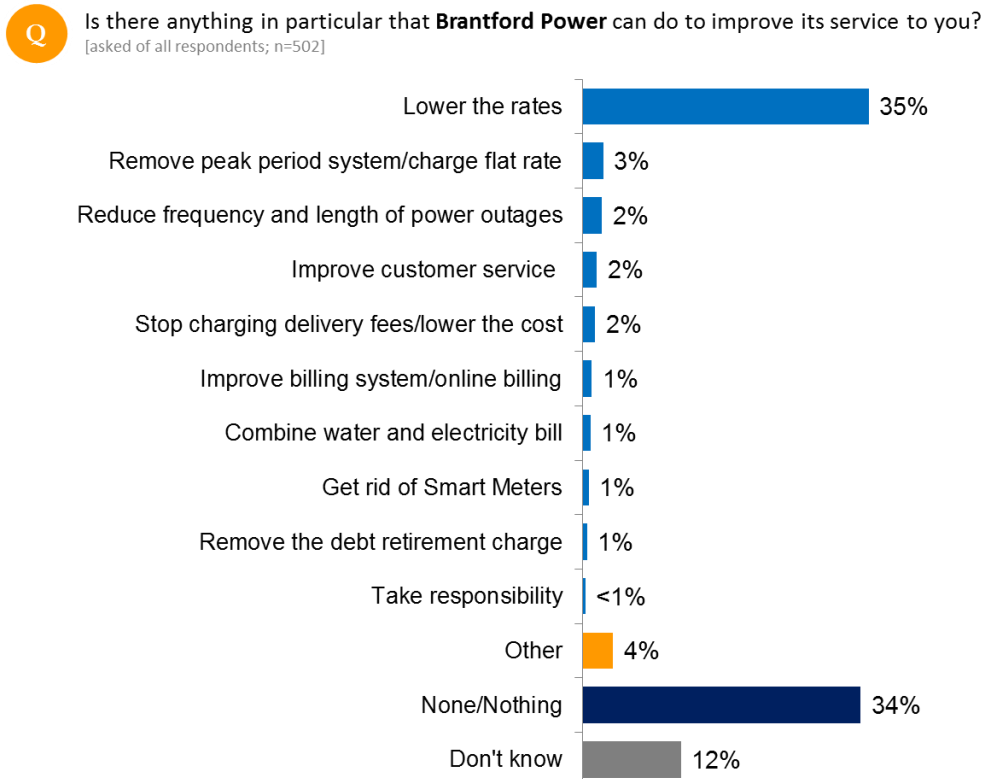


Improving Service

Customers were asked if there is anything in particular that Brantford Power could do to improve service to them. Responses to this open-ended question were coded and ranked accordingly.

The most common improvement suggested by residential customers is to lower rates (35%), however an almost identical proportion (34%) say that there is nothing that Brantford power could do.

Figure RS.3: Improving Service



Note: 'Refused' (2%) not shown

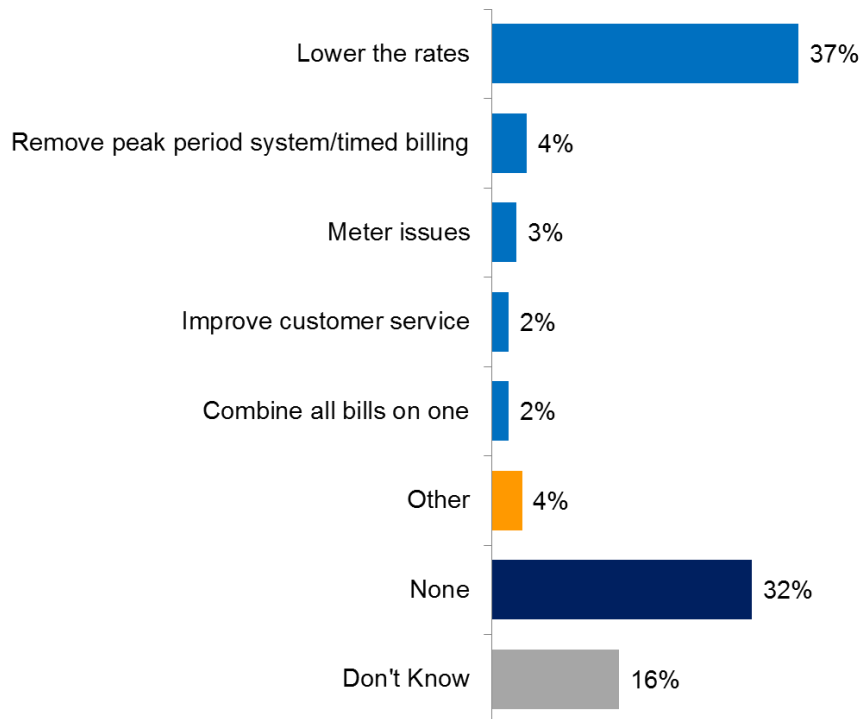
The only suggestion proposed by more than 5% of General Service customers is to *lower the rates* (37%). One-in-three (32%) have no suggested improvements to offer, while 16% *don't know*.

Figure GS.3: Improving Service



Is there anything in particular that **Brantford Power** can do to improve its service to **your business**?

[those who provided a response; n=100]



Bill Knowledge and Impact

Customers were read a preamble explaining that while Brantford Power is responsible for collecting payment, 17% (residential) or 13% (General Service) of the bill is allocated to Brantford Power. They were then asked how familiar they were with how their bill is broken down, and how reasonable they felt this to be.

Electricity Bill Knowledge Summary

- One-in-three (32%) were familiar with the percentage of their electricity bill that is remitted to Brantford Power before taking part in this survey. Familiarity increase slightly with consumption.
- One-quarter (27%) of General Service customers were familiar; the majority (57%) were not.
- Half (48%) of residential and the majority (57%) of General Service customers say that the proportion of their bill allocated to Brantford Power is reasonable.

Preamble for Bill Knowledge & Impact Section

Below is the preamble for **residential customers**:

"I'd now like to talk with you about your electricity bill ...

*While **Brantford Power** is responsible for collecting payment for the entire electricity bill, they retain only about **17%** of the average residential customer's bill. The rest of the bill goes to power generation companies, transmission companies, the provincial government and regulatory agencies."*

General service customers were read the following preamble:

*"I'd now like to talk with you about **your business'** electricity bill ...*

*While **Brantford Power** is responsible for collecting payment for the entire electricity bill, they retain only about **13%** of the average **General Service or small business** customer's bill. The rest of the bill goes to power generation companies, transmission companies, the provincial government and regulatory agencies."*

Familiarity with Percentage of Bill Allocated to Brantford Power

More than half (55%) of residential customers were not familiar with how much of their electricity bill went to Brantford Power prior to this survey. 23% were *somewhat familiar*, and 9% were *very familiar*.

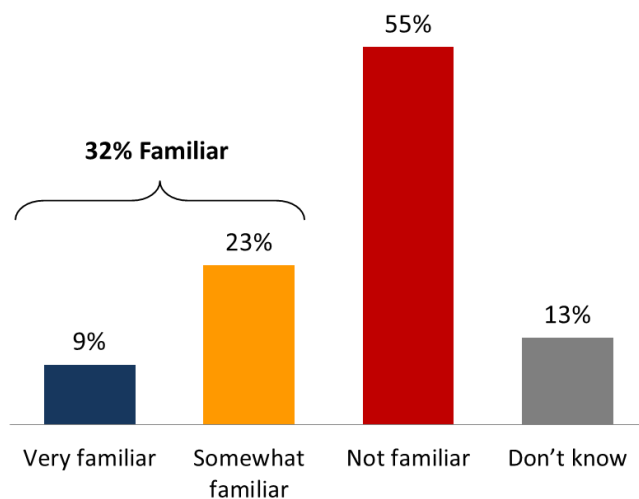
- Prior knowledge of bill allocation increases slightly with consumption from 30% (low) to 35% (high).

Figure RS.4: Familiarity with Percentage of Bill Allocated to Brantford Power



Before this survey, how familiar were you with the percentage of your electricity bill that went to **Brantford Power**? Would you say you were *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

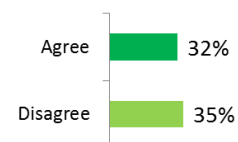
[asked of all respondents; n=502]



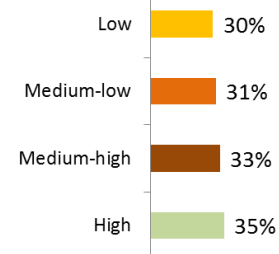
Sample Breakdown ►►

Those who say "familiar"

Electricity Bill Impacts Finances



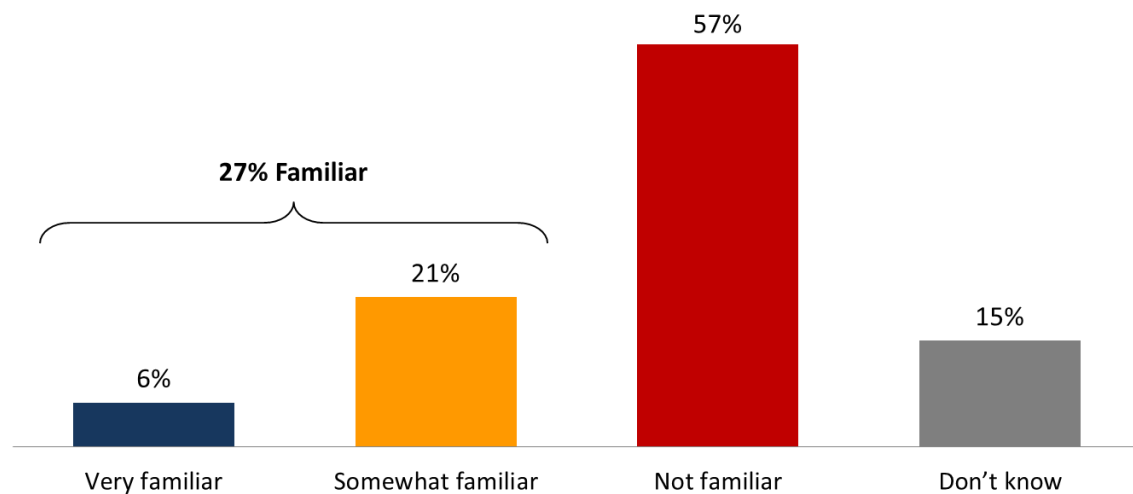
Consumption Level



Before this survey 27% of General Service customers were familiar with the percentage of their bill that is allocated to Brantford Power. The majority (57%) were not familiar.

Figure GS.4: Familiarity with Percentage of Bill Allocated to Brantford Power

Q Before this survey, how familiar were **your business'** with the percentage of your electricity bill that went to **Brantford Power**? Would you say you were *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?
[asked of all respondents; n=100]



Note: 'Refused' (1%) not shown

Bill Allocation is Reasonable

Almost half (48%) of residential customers feel that it is reasonable that the 17% of their total electricity bill paid to Brantford Power is reasonable. The plurality (35%) feel that this is *somewhat reasonable*, while 14% feel that this is *very reasonable*. However, three-in-ten (29%) *don't know*, that is, they are unable to say one way or the other.

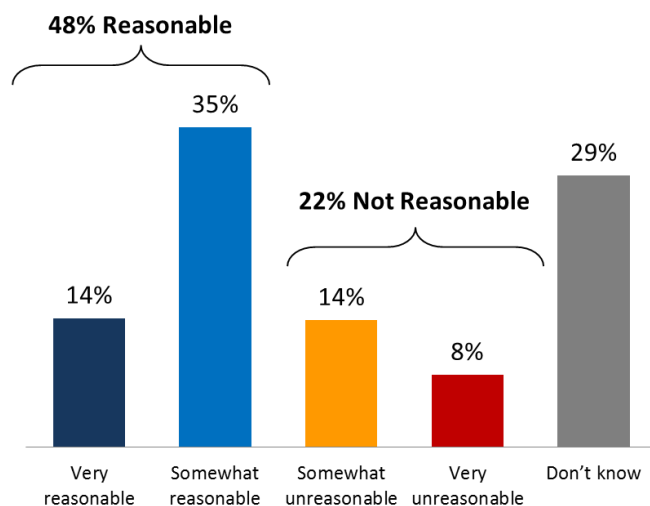
- Customers who are not financially strained (54%) are more likely to say reasonable than those who are financially strained (48%).
- There are no meaningful differences in terms of consumption.

Figure RS.4: Bill Allocation is Reasonable



Do you feel that the **17%** of your total electricity bill that you pay to **Brantford Power** for the services they provide is *very reasonable*, *somewhat reasonable*, *somewhat unreasonable*, *very unreasonable* or would you say you *don't know*?

[asked of all respondents; n=502]

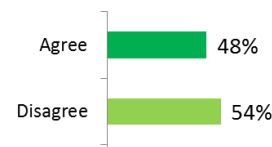


Note: 'Refused' (<1%) not shown

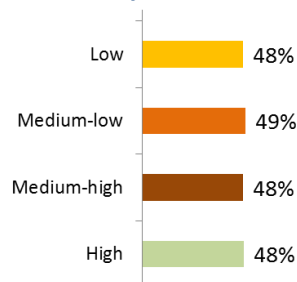
Sample Breakdown ►►

Those who say "reasonable"

Electricity Bill Impacts Finances



Consumption Level

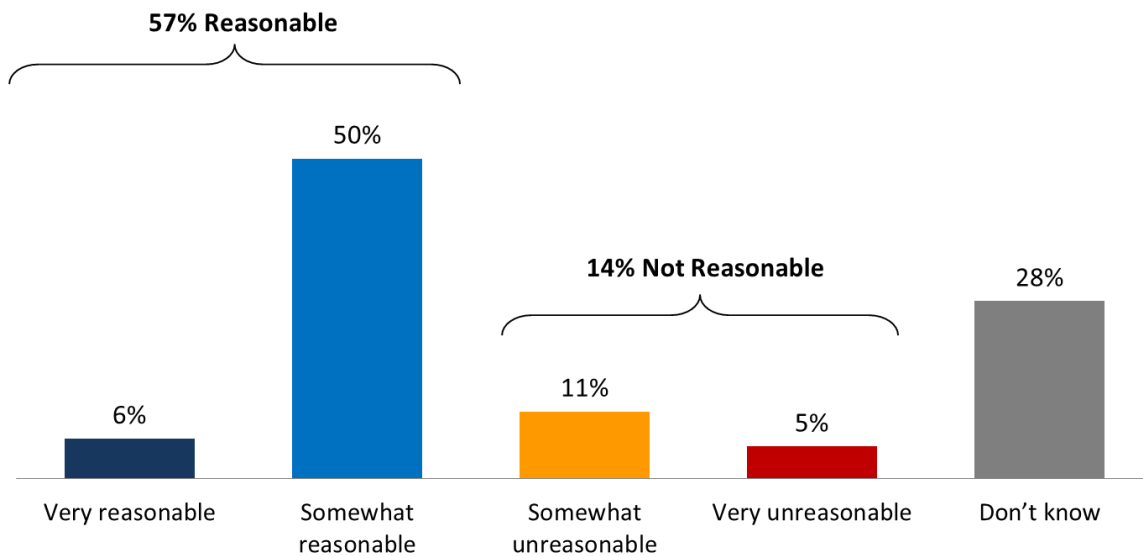


Bill Allocation is Reasonable

The majority (57%) of General Service customers feel that the 13% of their total bill they pay to Brantford Power is reasonable, 14% feel that it is not reasonable, and similar to residential customers three-in-ten (28%) *don't know*.

Figure GS.5: Bill Allocation is Reasonable

Q Do you feel that the **13%** of your total electricity bill that you pay to **Brantford Power** for the services they provide is *very reasonable*, *somewhat reasonable*, *somewhat unreasonable*, *very unreasonable* or would you say you *don't know*?
[asked of all respondents; n=100]



System Reliability

This section covers the feedback provided by customers on power service interruptions occurring over the past year. They were asked to describe the frequency and duration of outages, in addition to the impact that they have on their household or organization. This series of questions also investigates perceptions around spending, and reducing the number and length of power service interruptions.

System Reliability Summary

- Residential customers most commonly experienced one outage in the year prior (22%). Of those who did experience an outage, half (50%) report that the most recent outage lasted less than 15 minutes.
 - The plurality (29%) of General Service customers report having no outages in the year prior. Of those who did experience an outage, three-in-ten say that it lasted *less than 15 minutes* (30%) or *15 minutes to less than 30 minutes* (29%).
- In terms of impact, the plurality (64%) found the last outage that they had experienced to be a minor inconvenience, while 27% found it to be no inconvenience at all.
 - The plurality (46%) of General Service customers say that the most recent outage *barely any cost to their business, just a bit of inconvenience*; one-third say it *had a minor cost to their business*.
- Satisfaction with system reliability, determined by the different measures, is quite high.
 - *The reliability of your electricity service as judged by the number of power outages you experience*: 90% residential; 92% General Service.
 - *The amount of time it takes to restore power when power outages occur*: 87% residential; 80% General Service.
 - *The quality of power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights*: 87% residential; 80% General Service.
- Half (50%) of residential and 53% of General Service customers feel that Brantford Power should *spend what is needed to maintain the current level of outages*.
- 52% of residential and 57% of General Service customers feel that Brantford Power should *spend what is needed to maintain the current length of unexpected outages*.

Preamble for Power Service Interruptions

The following questions focused customers' experience with unexpected power outages and how they feel Brantford Power should manage such outages.

This preamble introduced the section and provided customers with the average number of outages a year. It was read to both **residential** and **General Service** customers:

"Despite best efforts, no electrical distribution system can deliver perfectly reliable electricity. As a general rule, the more reliable the system, the more expensive the system is to build and maintain.

*With that said, the average **Brantford Power** customer experiences **one** unexpected power outage per year."*

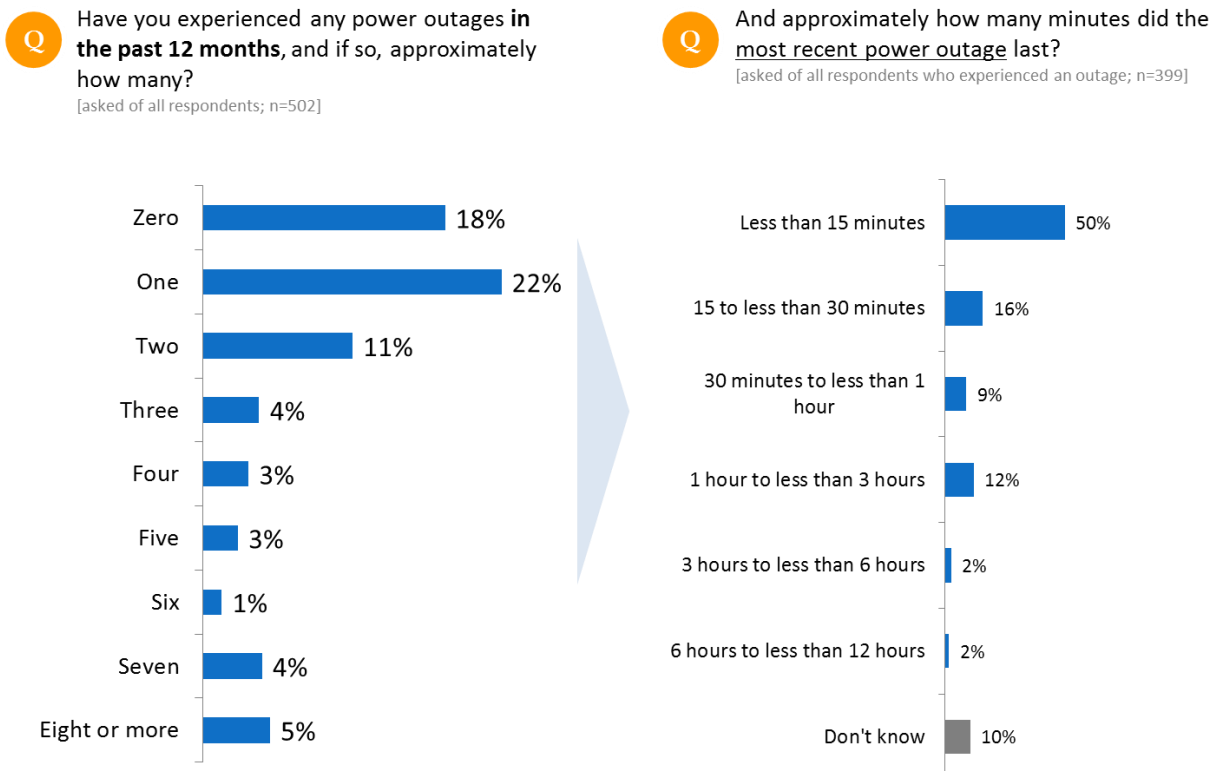
Frequency and Duration of Outages

Customers were first asked how many outages they had experienced in the past year. Those who did experience an outage were then asked how long they were without power.

A plurality of residential customers (22%) experienced one outage in the 12 months prior. Zero outages (18%) were the second most common response, followed by two outages (11%).

For half (50%) of those who had experienced an outage, the most recent one lasted *less than 15 minutes*. 16% experienced an outage lasting between 15 and 30 minutes, while 12% experienced an outage last between one and three hours.

Figure RS.6: Frequency and Duration of Outages



Note: 'Don't know' (5%) not shown

Three-in-ten (29%) of General Service customers report having experienced zero power outages in the twelve months prior. Two-in-ten experienced one (20%) and 15% experienced two outages.

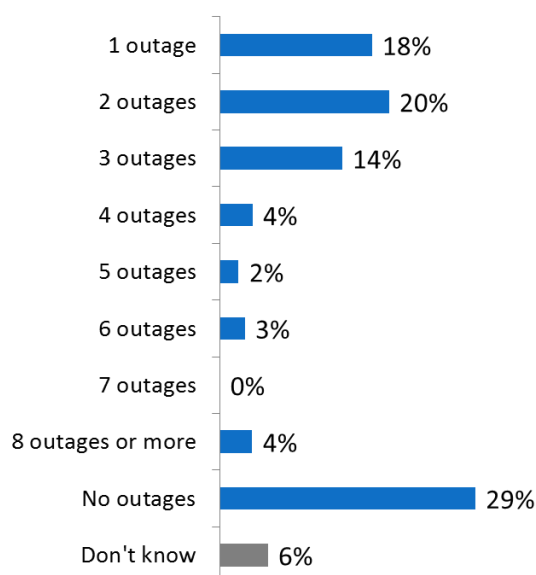
Most commonly, General Service customers report the most recent outage at their business lasting either *less than 15 minutes* (30%), or *15 minutes to less than 30 minutes* (29%). 16% report an outage last between thirty minutes and one hour.

Figure GS.6: Frequency and Duration of Outages



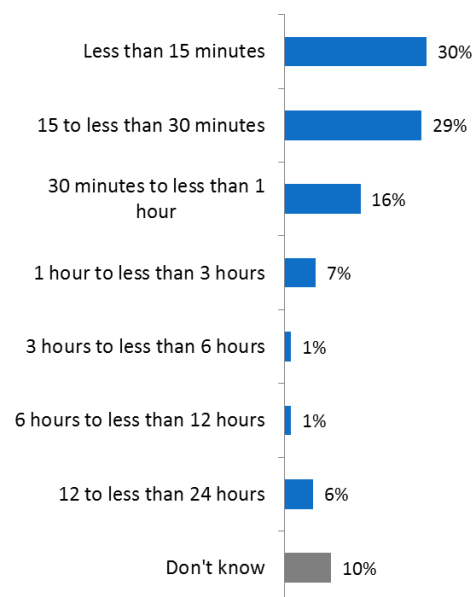
Has **your business** experienced any power outages **in the past 12 months**, and if so, approximately how many?

[asked of all respondents; n=100]



And approximately how many minutes did the most recent power outage last at **your business**?

[asked of all respondents who experienced an outage; n=64]



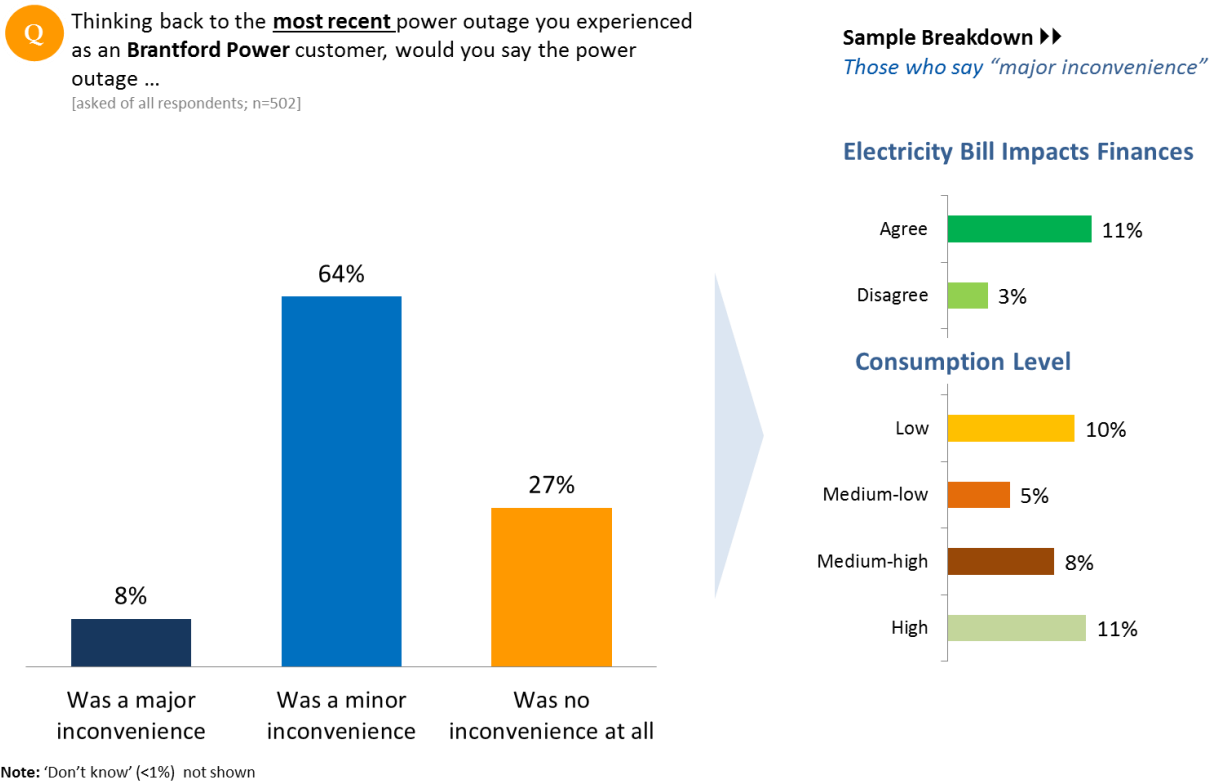
Note: 'Refused' (1%) not shown

Impact of Outages

All customers were asked to think back to the most recent outage that they had experienced, and evaluate the inconvenience it created. Two-thirds (64%) of residential customers say that it was a *minor inconvenience*, while 27% say it was *no inconvenience at all*.

- 11% of those who are financially strained say that the most recent outage was a *major inconvenience*; this is the case for only 3% of those who are not strained.

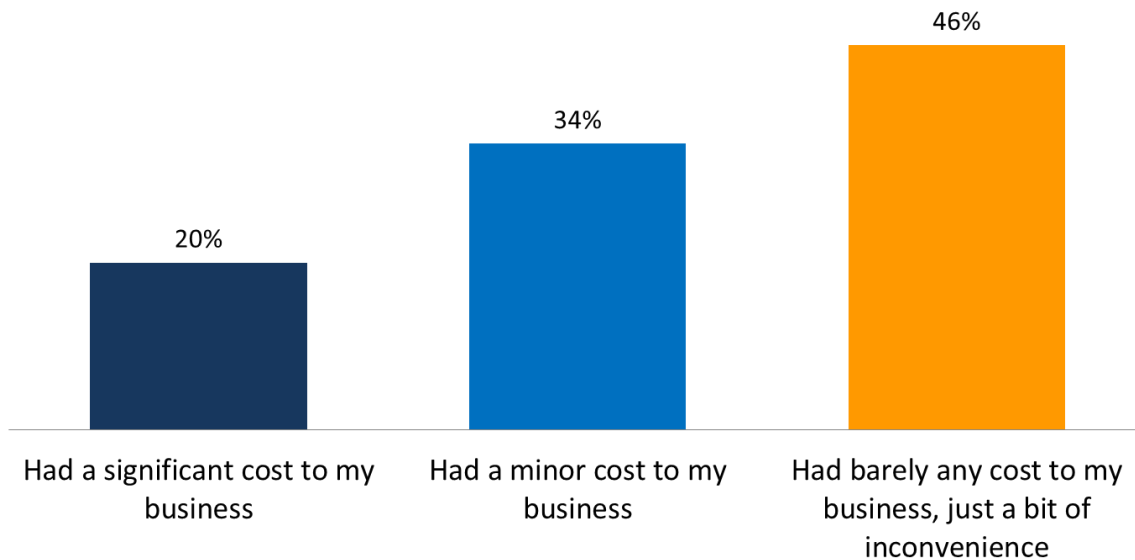
Figure RS.7: Impact of Outages



Two-in-ten (20%) General Service customers say that the most recent outage they had experienced *had a significant cost to their business*. One-third (33%) say that it *had a minor cost to their business*, while the plurality (46%) say that it *had barely any cost to their business, just a bit of inconvenience*.

Figure GS.7: Impact of Outages

Q Thinking back to the **most recent** power outage you experienced at **your business** as an **Brantford Power** customer, would you say the power outage ...
[asked of all respondents who experienced an outage; n=64]



System Reliability Satisfaction

Customers were asked a battery of questions in order to determine their satisfaction with various aspects of the system reliability.

Approximately nine-in-ten (90%) of residential customers are satisfied with each measure.

When viewed in terms of the number of power outages customers experience 90% of customers are satisfied.

When viewed in terms of the amount of time it takes to restore power and the quality of power as judged by the absence of voltage fluctuations 87% of customers are satisfied.

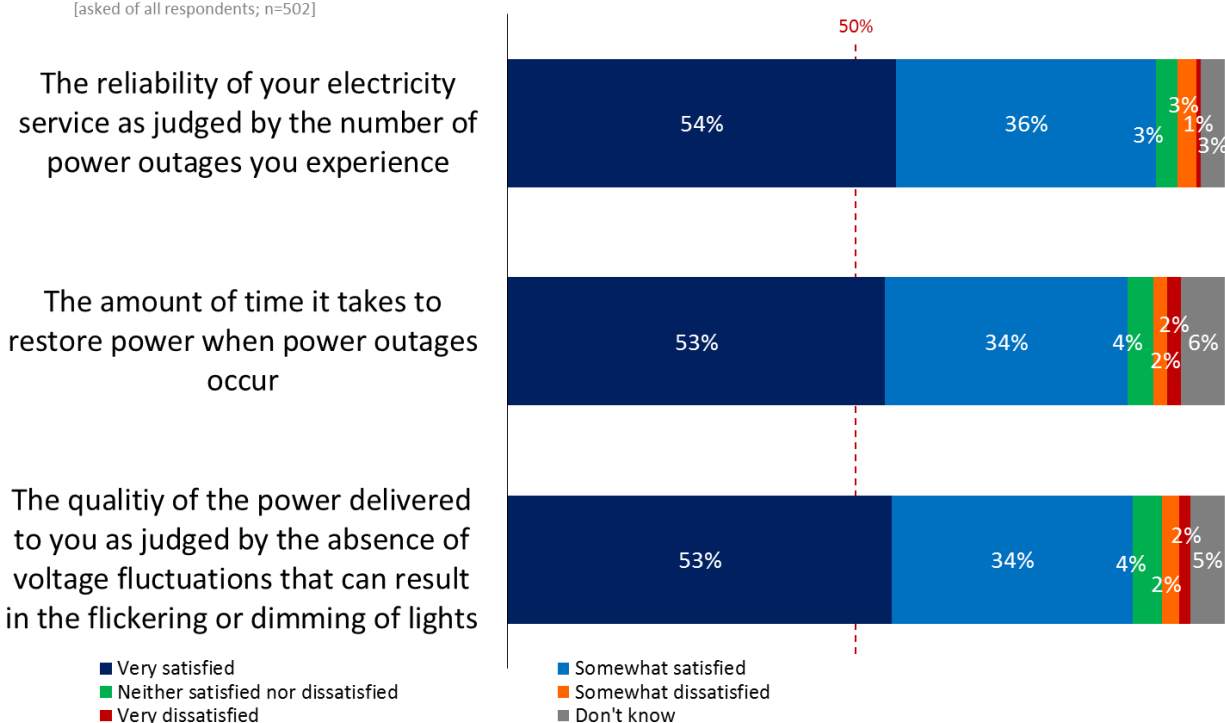
Figure RS.8: System Reliability Satisfaction



I'd now like to read you a few statements about the electrical service that you receive from **Brantford Power**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*?

[asked of all respondents; n=502]

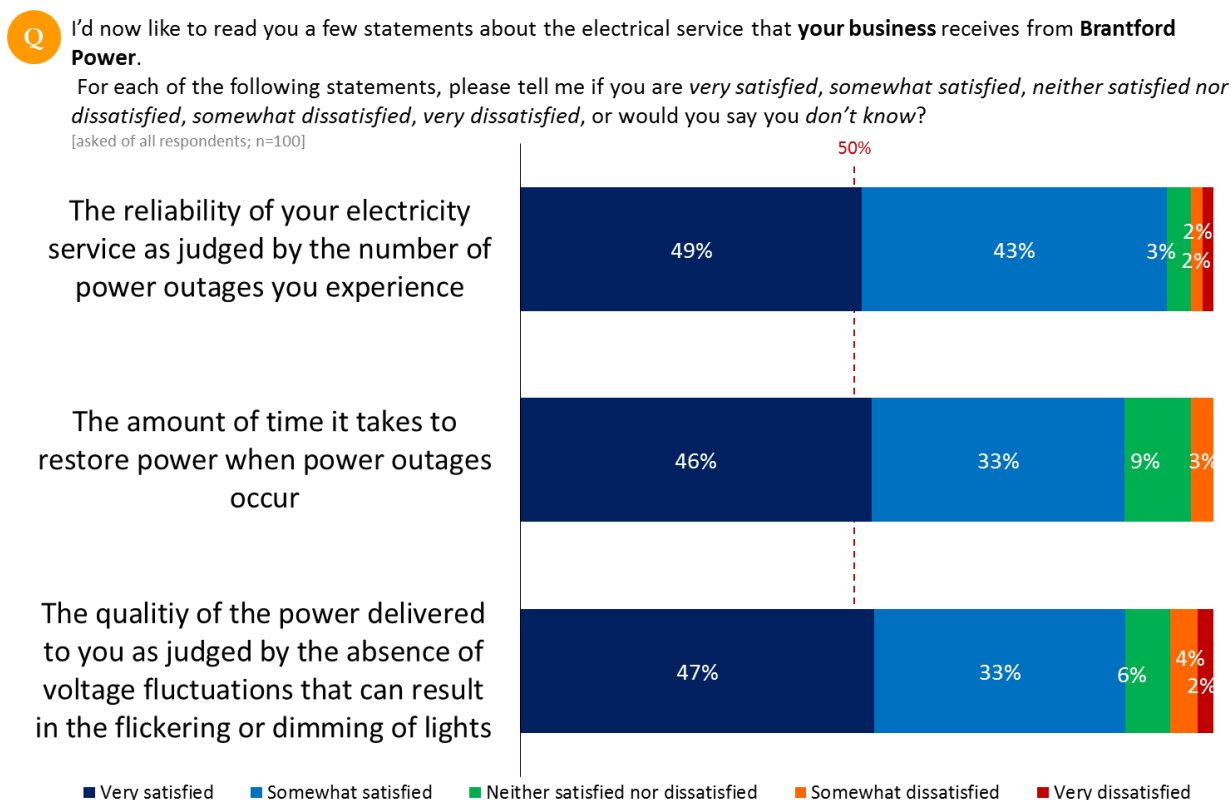


General Service customers are also highly satisfied with all three measures of system reliability.

Judging by the number of power outages they experience, 92% are satisfied with the reliability of their electricity service.

Four-in-five (80%) of General Service customers are satisfied with both *the amount of time it takes to restore power when power outages occur*, and *the quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights*.

Figure GS.8: System Reliability Satisfaction



Addressing the Frequency of Power Outages

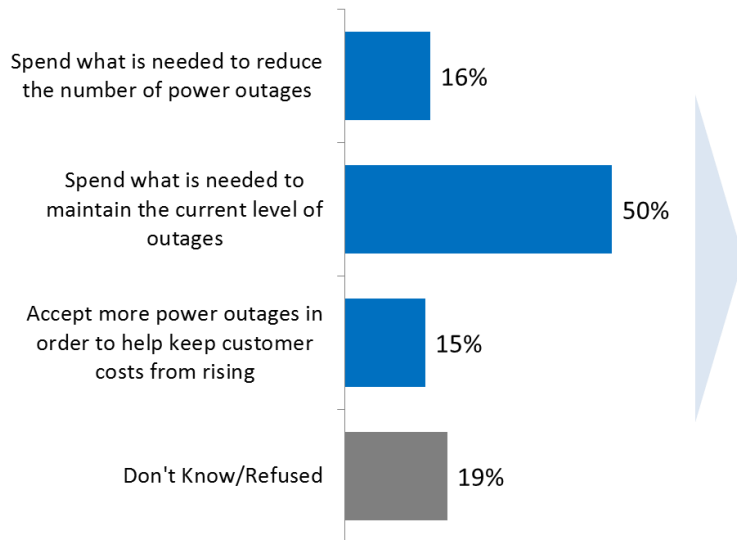
When it comes to addressing the number of outages, half (50%) of residential customers feel that Brantford Power customers should *spend what is needed to maintain the current level of outages*.

- Medium-high consumption customers are the most apt to say that Brantford power should *spend what is needed to reduce the number the number of power outages* (22%).

Figure RS.9: Addressing the Frequency of Power Outages



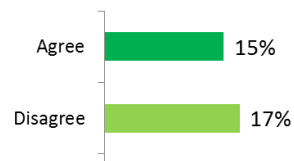
In your view, how do you think **Brantford Power** should address the **number** of customer power outages?
[asked of all respondents; n=502]



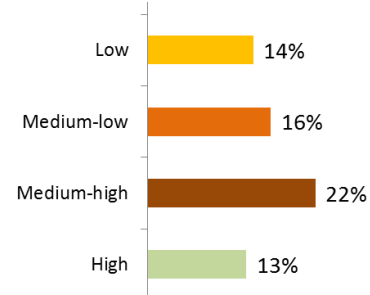
Sample Breakdown ►►

Those who say "spend what is needed to reduce number of outages"

Electricity Bill Impacts Finances



Consumption Level

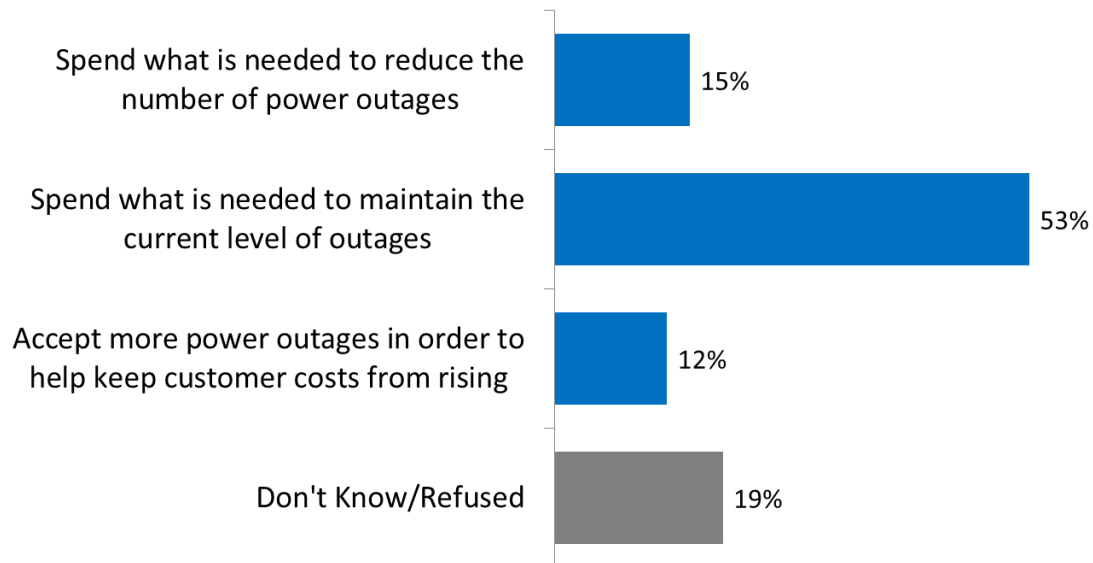


In order to address the number of outages, half (53%) of General Service customers feel that Brantford Power should *spend what is needed to maintain the current level of outages*. 15% feel that they *should spend what is needed to reduce the number of outages*, while one-in-ten (12%) would be willing to *accept more power outages in order to help customer costs from rising*.

Figure GS.9: Addressing the Frequency of Power Outages



In your view, how do you think **Brantford Power** should address the number of customer power outages?
[asked of all respondents; n=100]



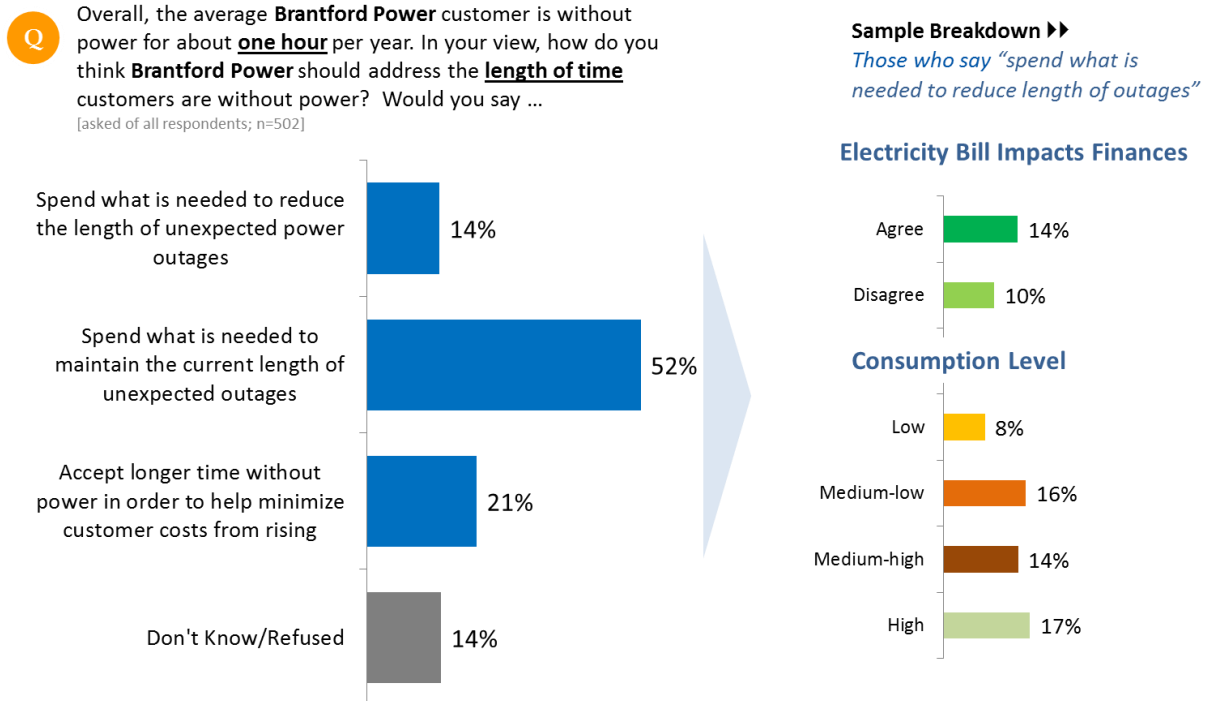
Note: 'Refused' (1%) not shown

Addressing the Duration of Power Outages

After having been informed that the average Brantford Power customer is without power for one hour, 52% of residential customers say that they should *spend what is needed to maintain the current length of unexpected outages*. Two-in-ten (21%) would *accept longer time without power in order to help minimize customer costs from rising*.

- Customers that are more impacted by their bills (14%) are slightly more apt than those who are not (10%) to say Brantford power *should spend what is needed to reduce the length of unexpected outages*.

Figure RS.10: Addressing the Duration of Outages



In regard to addressing the length of time customers are without power, the majority (57%) of General Service customers are in favour of maintaining the status quo. 19% would have Brantford Power *spend what is needed to reduce the length of unexpected power outages*, while 13% would *accept longer time without power in order to help minimize customer costs from rising*.

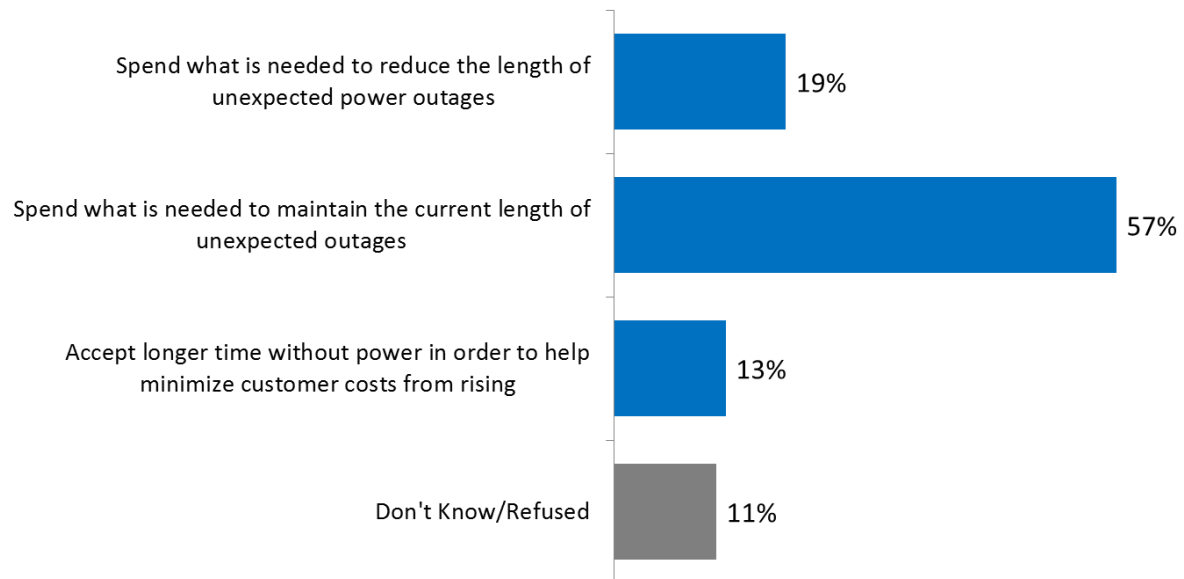
Figure GS.10: Addressing the Duration of Outages



Overall, the average **Brantford Power** customer is without power for about one hour per year. In your view, how do you think **Brantford Power** should address the length of time customers are without power?

Would you say ...

[asked of all respondents; n=100]



System Challenges & Priorities

This section explores respondents' preferences on various aspects of Brantford Power's Capital Investment plan and OM&A spending, including perspectives on conservation and demand management programs, and facility relocation.

System Challenges & Priorities Summary

Investment in Aging Infrastructure

Half (50%) of residential and General Service (51%) customers feel that Brantford Power should invest *what it takes to replace the system's aging infrastructure to maintain system reliability; even if that increases their monthly electricity bill by less than a dollar over the next few years.*

Replacing Aging Infrastructure

79% of residential and 76% of General Service customers feel that it is important for Brantford Power to invest now in modernizing the grid.

Conservation and Demand Management

Two-in-five (41%) residential and 36% of General Service customers currently participate in a Brantford Power conservation program.

Looking forward, three-quarters of residential (74%) and General Service (73%) are likely to participate in a conservation program, and 30% are *somewhat likely*.

Four-in-five (81%) residential and 64% of General Service customers think that Brantford Power does a good job at providing them with information on available tools and programs that can help them manage their household electricity consumption.

Facility Relocation

Buying a new facility that will meet current and foreseeable future needs (43% residential; 39% General Service) is the most commonly suggested solution for facility relocation. This is followed by *building a new facility* (17%) for residential customers, and *finding a new rental space to house equipment and staff* (22%) for General Service customers.

Preamble for System Challenges & Priorities Section

The following introduces the 'System Challenges and Priorities' section of the survey and was read to both **residential** and **General Service** customers:

*"While **Brantford Power** believes it has done its best to prolong the life of the assets that make up the distribution system, many of these assets are approaching the end of their useful life.*

*As part of its investment plan, **Brantford Power** is proposing a significant infrastructure replacement or renewal program. The estimated cost of this system renewal program is **\$3.4 million** between 2017 and 2021.*

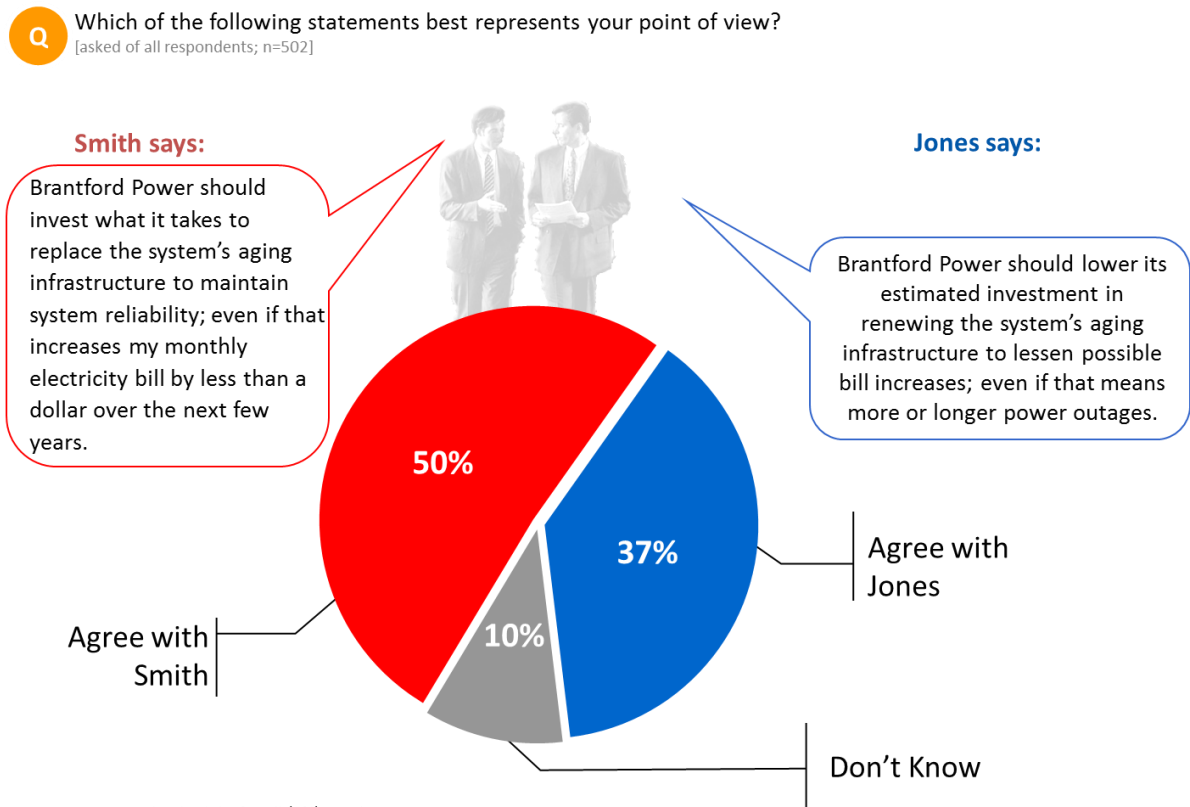
*Although this plan will allow **Brantford Power** to make the necessary investments to maintain system reliability, **it will have an impact on customer bills.**"*

Investment in Aging Infrastructure

Half (50%) of residential customers feel that *Brantford Power* should invest what it takes to replace the system's aging infrastructure to maintain system reliability; even if that increases their monthly electricity bill by less than a dollar over the next few years.

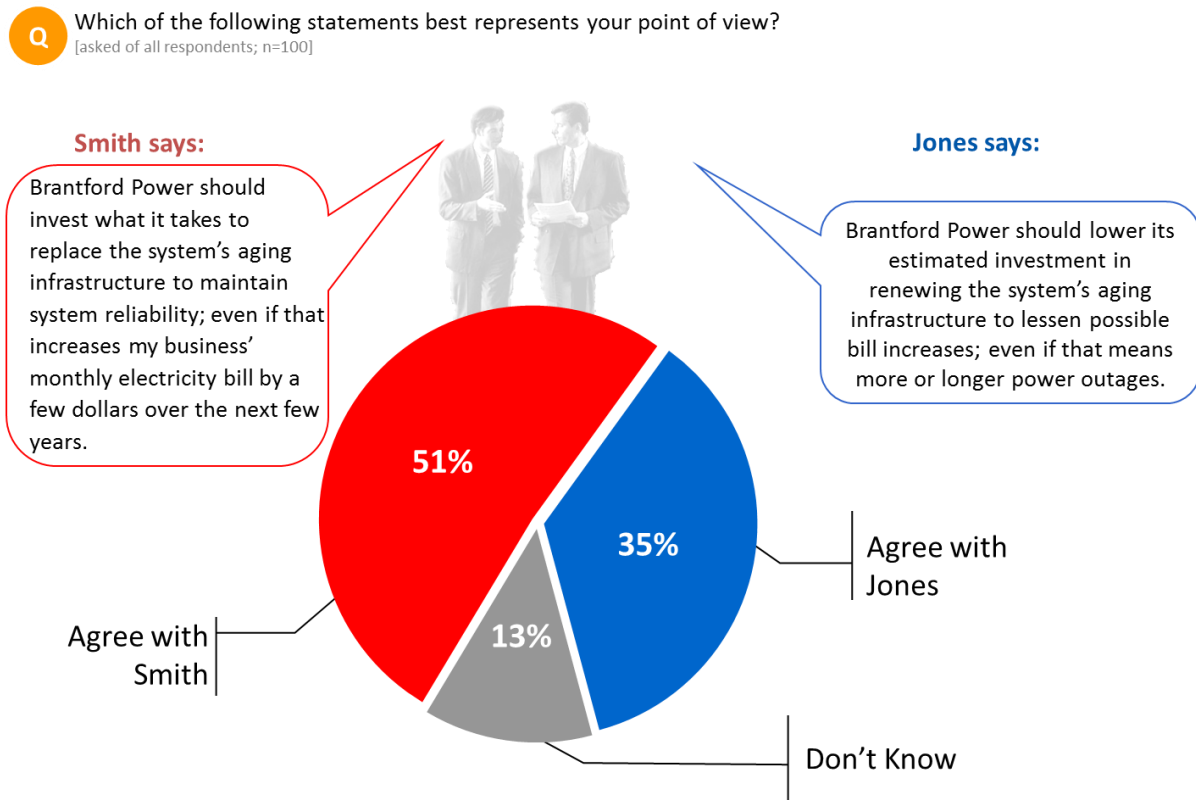
37% feel that *Brantford Power* should lower its estimated investment in renewing the system's aging infrastructure to lessen possible bill increases; even if that means more or longer power outages.

Figure RS.11: Investment in Aging Infrastructure



Half (51%) of General Service customers feel that *Brantford Power should invest what it takes to replace the system's aging infrastructure to main system reliability; even if that increases their monthly electricity bill by few dollars over the next few years*. 35% feel that *Brantford Power should lower its estimated investment in renewing the system's aging infrastructure to less possible bill increases; even if that means more or longer power outages*. 13% say *don't know*.

Figure GS.11: Investment in Aging Infrastructure



Investment in Modernization

The following preamble introduces the question on modernizing the grid, and was read to both **residential** and **General Service** customers:

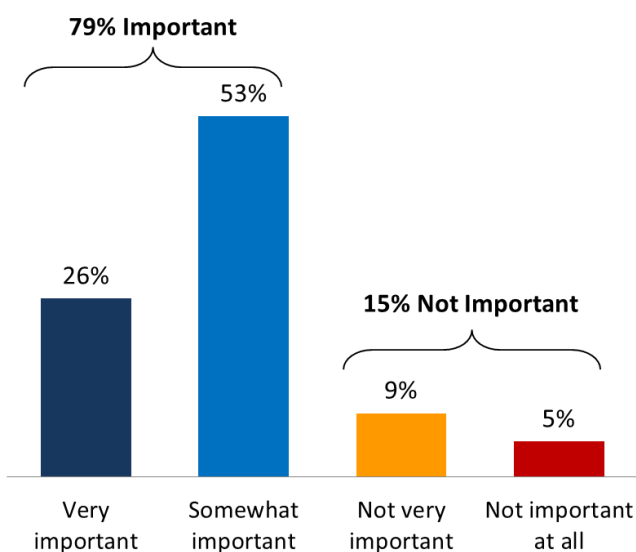
*“Modernizing the grid can allow **Brantford Power** to improve reliability. Investments such as automated switches may allow **Brantford Power** to quickly identify the location of outages in order to minimize the number of people impacted by outages and to restore electricity to customers more quickly than was previously possible.”*

Following this brief preamble, residential customers were asked how important they feel it is for Brantford Power to invest now in modernizing the grid. Four-in-five (79%) residential customers feel that it is important. One-quarter (26%) say *very important*, while 53% say *somewhat important*.

- High consumption customers (72%) are the least likely to say that it is important to invest now in modernizing the grid.

Figure RS.12: Replacing Aging Infrastructure

Q Given there are many other areas of needed investments, such as connecting new customers, replacing aging equipment and expanding capacity for long-term growth, how important do you feel it is for **Brantford Power** to invest now in modernizing the grid?
[asked of all respondents; n=502]



Note: 'Don't know'/'Refused' (6%) not shown

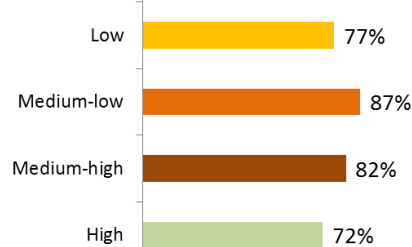
Sample Breakdown ▶▶

Those who say "important"

Electricity Bill Impacts Finances



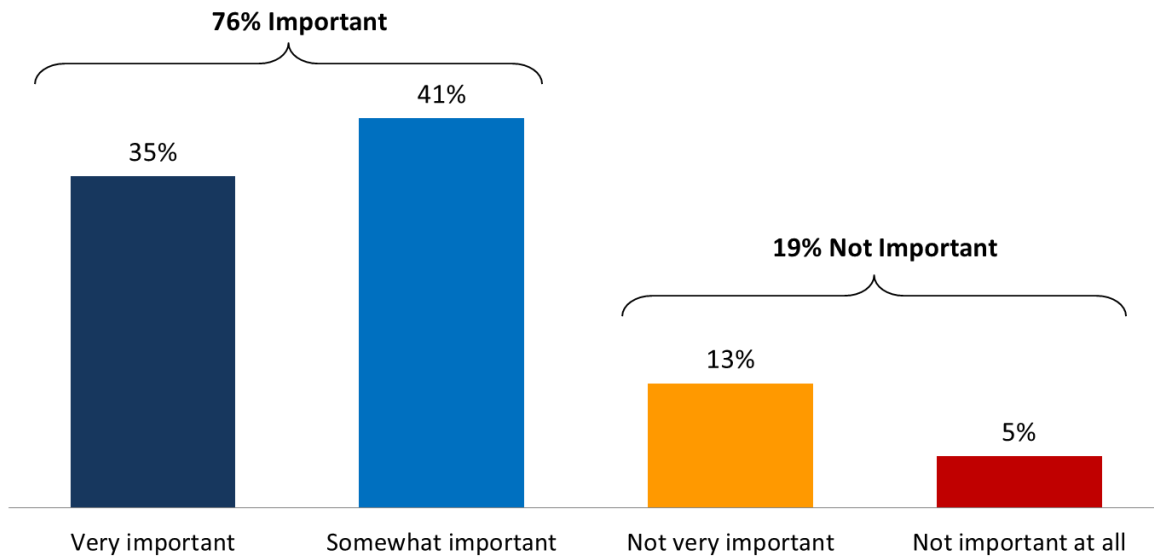
Consumption Level



Three-quarters (76%) feel that it is important for Brantford Power to invest now in modernizing the grid. 35% of these say *very important*, while 41% say *somewhat important*. Two-in-ten (19%) feel that it is not important.

Figure GS.12: Replacing Aging Infrastructure

Q Given there are many other areas of needed investments, such as connecting new customers, replacing aging equipment and expanding capacity for long-term growth, how important do you feel it is for **Brantford Power** to invest now in modernizing the grid?
[asked of all respondents; n=100]



Note: 'Don't know' (4%) and 'Refused' (1%) not shown

Conservation and Demand Management

The following preamble introduces the section on conservation and demand management, and was read to both **residential** and **General Service** customers:

*“One of the most cost effective ways for **Brantford Power** to reduce its required investments in the distribution system is through customer uptake of conservation programs.*

*When customers consume less electricity at peak demand times, less strain is put on the distribution system and as a result, customers save money in two ways: 1) a lower level of investment is required by **Brantford Power** to expand and maintain the distribution system’s capacity to deliver electricity; and 2) customers pay less when they reduce their electricity consumption.”*

Conservation and Demand Management Program Participation

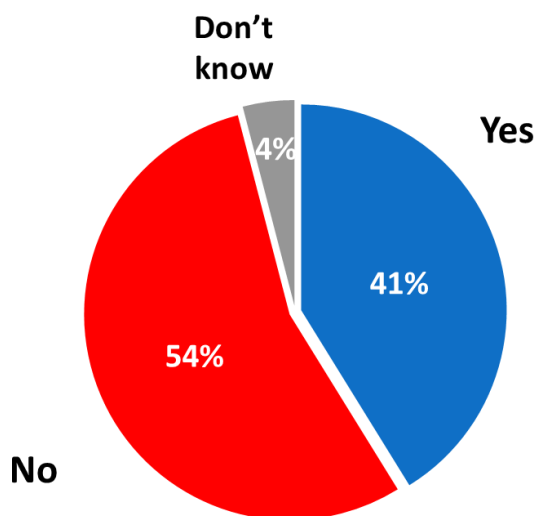
4-in-10 (41%) residential customers believe they currently participate in a Brantford Power conservation program. Over half (54%) do not, and 4% don’t know.

- A greater proportion of higher consumption customers (medium-high: 46%; high: 44%) than lower consumption customers (low: 34%; medium-low: 38%) currently participate in these programs.

Figure RS.13: CDM Program Participation



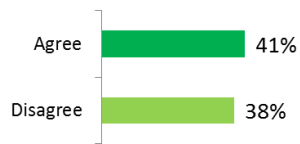
Do you currently participate in a **Brantford Power** conservation program?
[asked of all respondents; n=502]



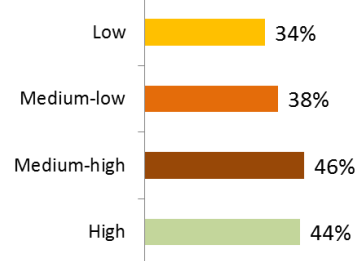
Note: 'Refused' (1%) not shown

Sample Breakdown ►►
Those who say “yes”

Electricity Bill Impacts Finances



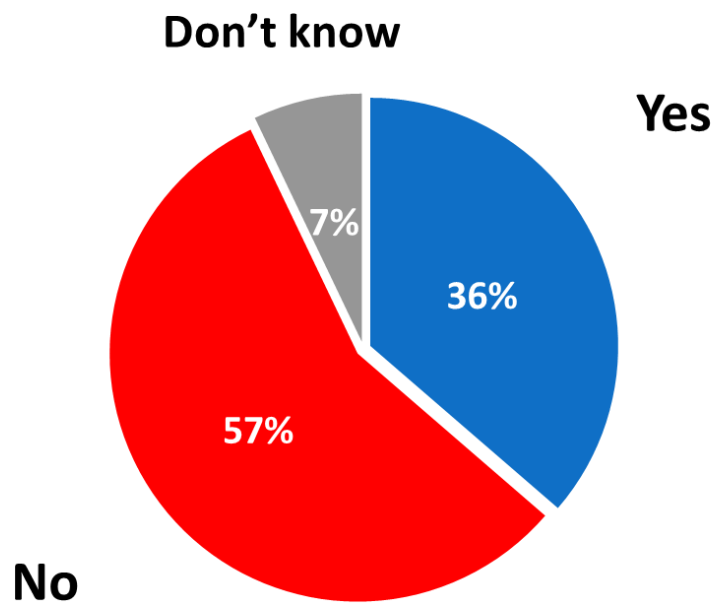
Consumption Level



The majority (57%) of General Service customers do not currently participate in a Brantford Power conservation program. 36% of General Service customers currently do participate, while 7% don't know.

Figure GS.13: CDM Program Participation

Q Has **your business** ever participated in a **Brantford Power** conservation program?
[asked of all respondents; n=100]



Future Conservation and Demand Management Participation

Three-in-four (74%) residential customers are likely to participate in a Brantford Power conservation program that would allow them to reduce their electricity consumption. This is broken down into 44% who say *very likely* and 30% who say *somewhat likely*. One-in-five (21%) are not likely to participate.

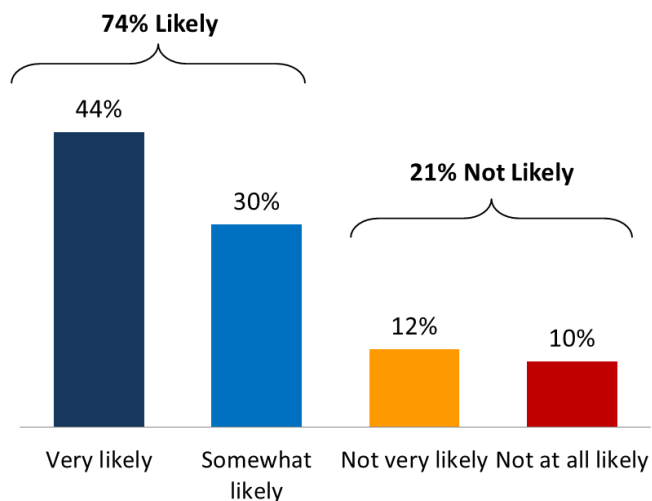
- High consumption (68%) customers are least likely to participate in such a program.

Figure RS.14: Future CDM Participation



How likely is it that you would participate in a **Brantford Power** conservation program that would allow you to reduce your electricity consumption? Would you say ...

[asked of all respondents; n=502]

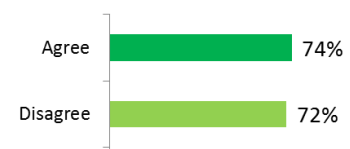


Note: 'Don't know' / 'Refused' (4%) not shown

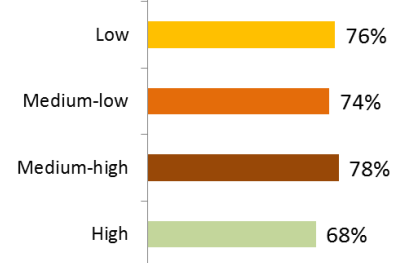
Sample Breakdown ►►

Those who say "likely"

Electricity Bill Impacts Finances



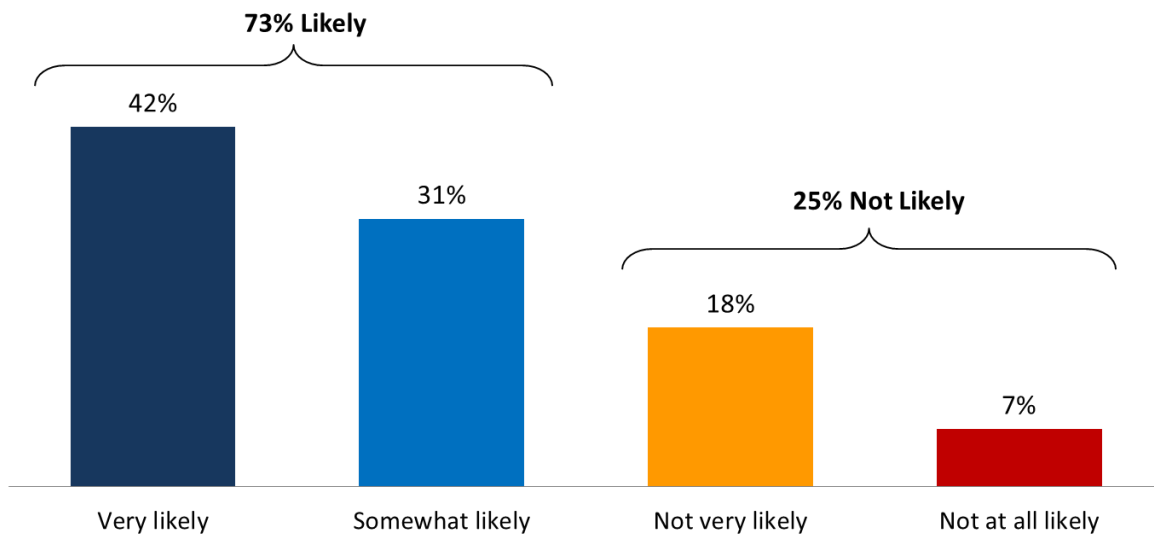
Consumption Level



Seven-in-ten (73%) of General Service customers say their business is likely to participate in future Brantford Power conservation programs. The plurality (42%) is *very likely*, while 31% are *somewhat likely*. One-quarter (25%) are not likely to participate.

Figure GS.14: Future CDM Participation

Q How likely is **your business** to participate in future **Brantford Power** conservation programs that could help reduce your electricity consumption? Would you say ...
[asked of all respondents; n=100]



Note: 'Don't know' (2%) not shown

Providing Information on Tools and Programs

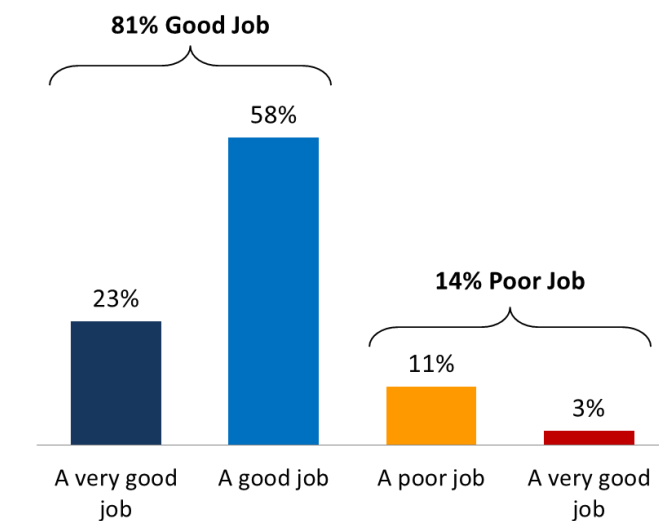
Customers were asked to rate how Brantford Power does at providing information on available tools and programs that can help manage household electricity consumption. Among residential customers, 8-in-10 (81%) feel that a good job is being done, while only 14% feel that Brantford Power is doing a poor job.

Figure RS.15: Providing Information on Tools and Programs



How *good* or *poor* a job does **Brantford Power** do at providing you with information on available tools and programs that can help you manage your household electricity consumption?
Would you say ...

[asked of all respondents; n=502]

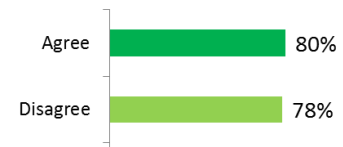


Note: 'Don't know'/'Refused' (5%) not shown

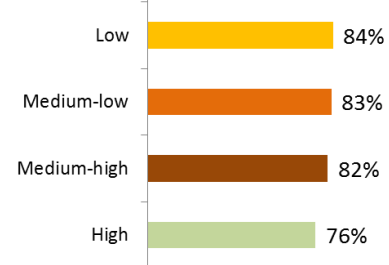
Sample Breakdown ►►

Those who say "a good job"

Electricity Bill Impacts Finances



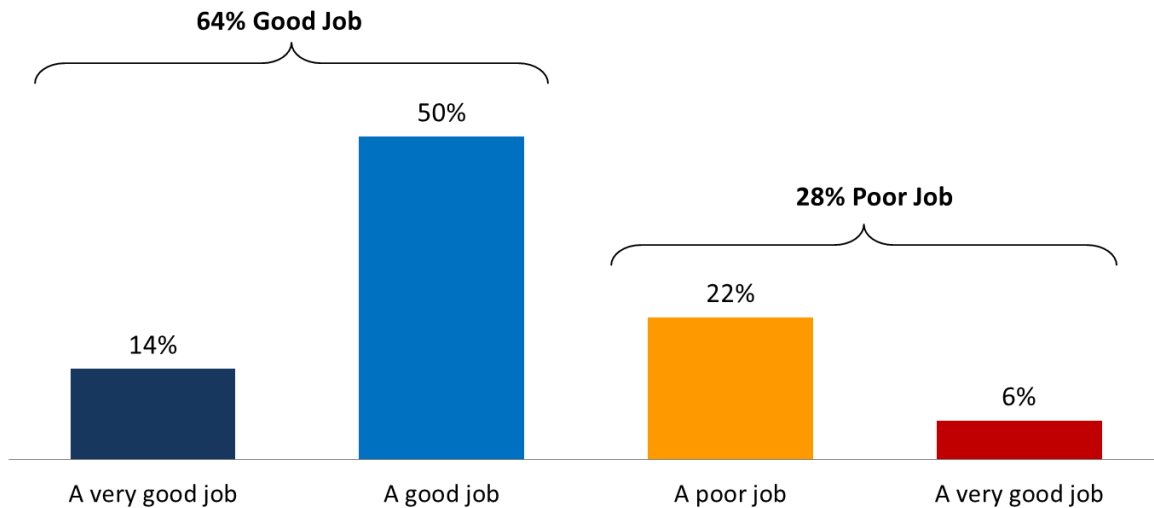
Consumption Level



General Service customers feel less informed than residential customers. Half (50%) say Brantford Power is doing *a good job* and 14% say *a very good job*, for a total of 64%. Three-in-ten (28%) feel Brantford Power is doing a poor job at providing their businesses with information on available tools and programs to help them manage their organization's electricity consumption.

Figure GS.15: Providing Information on Tools and Programs

Q How *good* or *poor* a job does **Brantford Power** do at providing **your business** with information on available tools and programs that can help you manage your **organization's** electricity consumption? Would you say ...
[asked of all respondents; n=100]



Note: 'Don't know' (7%) and 'Refused' (1%) not shown

Facility Relocation

The following preamble introduces the question on facility relocation, and was read to both **residential** and **General Service** customers:

*“At some point over the next 5 years, Brantford Power will have to relocate from the 3 separate buildings currently rented from the City of Brantford. Brantford Power will consider its options for a consolidated location to accommodate all of its staff and equipment. **Brantford Power** has currently allocated **\$15.4 million** for this facility relocation.”*

Residential customers were asked which course of action they think Brantford Power should pursue in regards to their planned facility relocation. The plurality (43%) think that Brantford Power should *buy and existing facility and refurbish it to meet their current needs and foreseeable future needs*. 17% feel that it would be better to *build a new facility*, and just over one-in-ten (12%) think that Brantford power should *find new rental space to house equipment and staff*.

- Low consumption (23%) customers, and those who are not financially strained (29%), are most likely to say *build a new facility*.

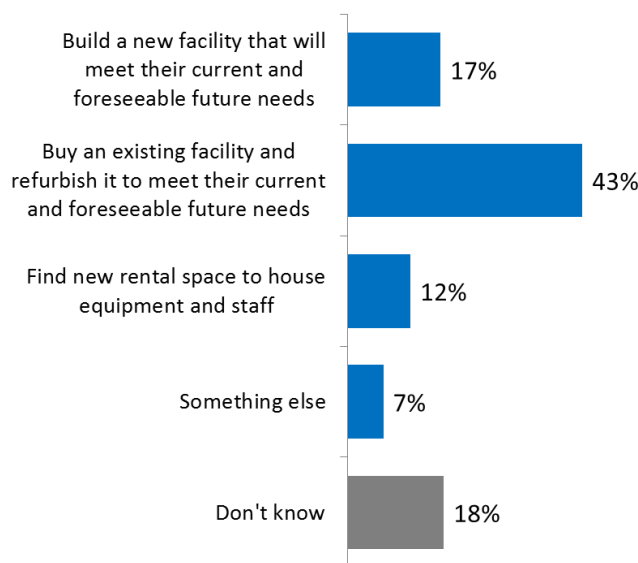
Figure RS.16: Facility Relocation



In regard to Brantford Power’s facility relocation, which option do you think they should pursue?
[asked of all respondents; n=502]

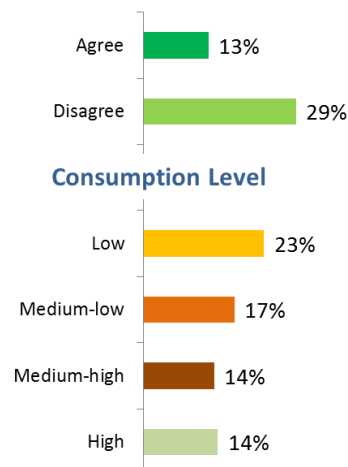
Sample Breakdown ►►

Those who say “build a new facility”

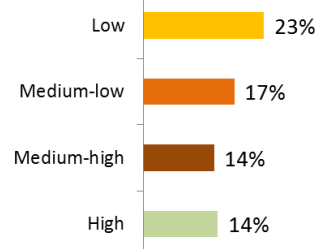


Note: 'Refused' (4%) not shown

Electricity Bill Impacts Finances



Consumption Level



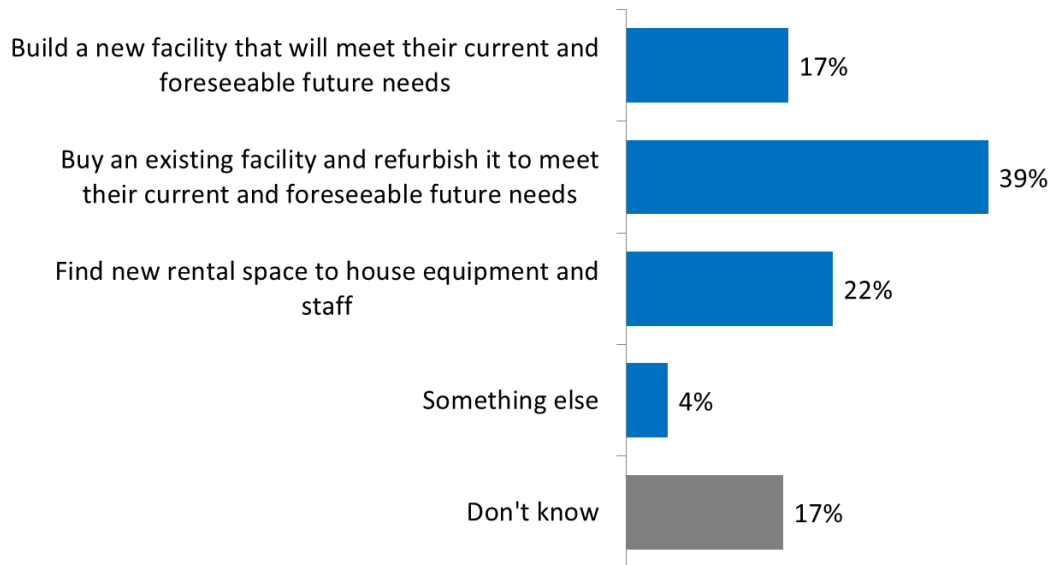
While still divided, General Service customers are also most in favour in favour of *buying an existing facility* (39%). *Finding a new rental space to house equipment and staff* was the second most favourable option, gaining support from 22%, while *building a new facility* is support by 17%.

Figure GS.16: Facility Relocation



In regard to Brantford Power's facility relocation, which option do you think they should pursue?

[asked of all respondents; n=100]



Note: 'Refused' (1%) not shown

Reaction to Previous Customer Consultation Input

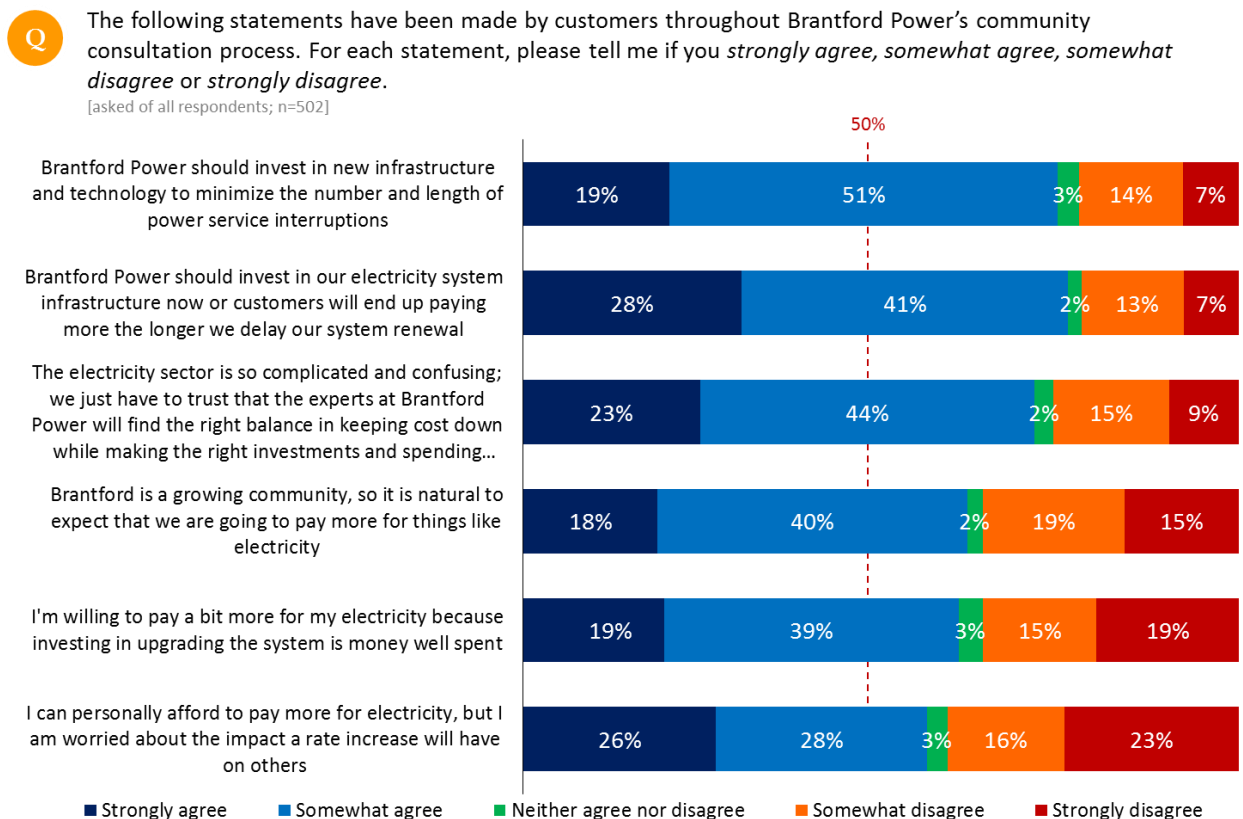
This section measures agreement with some of the key opinion statements provided by Brantford Power's customers in previous phases of the consultation. There were a total of six customer statements in the survey.

Customer Reaction Statements

The majority of residential customers agree with each of the statement.

- Customers most agree (70%) that "Brantford Power should invest in new infrastructure and technology to minimize the number and length of power service interruptions."
- The fewest customers (54%) agree that "I can personally afford to pay more for electricity, but I am worried about the impact a rate increase will have on others."
- 67% of customers feel that the electricity system is complicated and confusing and decision making should be left to the professionals at Brantford Power.

Figure RS.17: Reaction to Customer Input



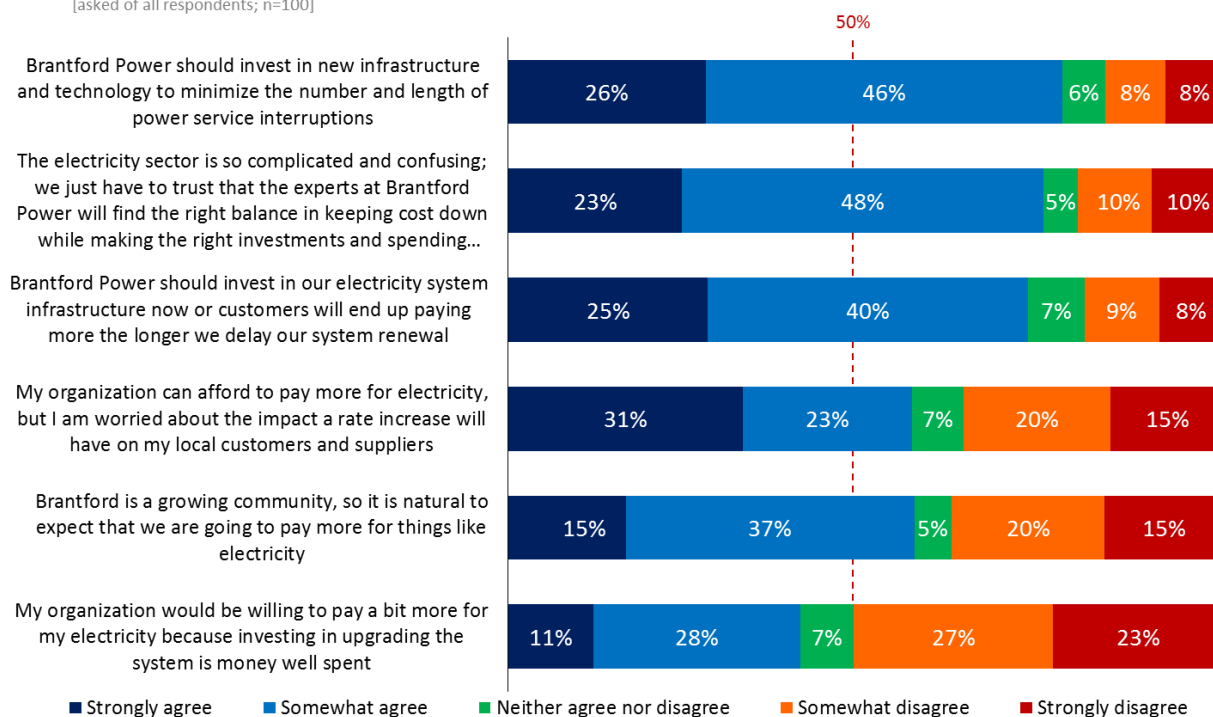
Customer Reaction Statements

The majority of General Service customers agree with five of the six statements.

- *Investing in new infrastructure and technology to minimize the number and length of power service interruptions* is the most agreed upon statement (72%).
- This is followed closely by the impression that *the electricity is so complicated and confusing* that customers have to just trust the experts at Brantford Power (71%).
- The only statement not agreed upon by the majority of General Service customers is in regard to increasing cost. 39% of General Service customers *would be willing to pay a bit more for their electricity because investing in upgrading the system is money well spent*.

Figure GS.17: Reaction to Customer Input

Q The following statements have been made by customers throughout Brantford Power's community consultation process. For each statement, please tell me if you *strongly agree*, *somewhat agree*, *somewhat disagree* or *strongly disagree*.
[asked of all respondents; n=100]



Assessment of Plan

In this next section, respondents were assessed on their acceptance of the plan: do they support the rate increase and why or why not? “Acceptance” refers to those who either think the rates are reasonable and support the plan or don’t like the plan, but think it is necessary.

Acceptance of Rate Increase Summary

Two-in-three (65%) residential customers give permission for the proposed rate increase. 28% support the increase outright, while 37% don’t like it, but think the rate increase is necessary. Three-in-ten (29%) feel that the rate increase is unreasonable and oppose it.

- Financially strained households (55%) are much less likely to support the rate increase than those that are not (84%).
- Support decreases as consumption level increase (low: 70%; medium-low: 68%; medium-high: 63%; high: 57%).

68% of General Service customers give permission for the proposed rate increase. Two-in-ten (20%) support the increase outright, and almost half (48%) don’t like it but think that it is necessary

Opinions on Proposed Rate Increase

The following reasons were given by residential customers for holding their opinions:

- *The rate increase is reasonable and I support it:* Four-in-ten (39%) say it’s necessary to invest in the infrastructure in order to avoid greater costs in the future.
- *I don’t like it, but I think the rate increase is necessary:* 23% do not like any increase, but concede that this particular increase is necessary.
- *The rate increase is unreasonable and I oppose it:* Two-in-five (38%) say that the increase is too high and they feel that they are already paying a lot.

The following reasons were given by General Service customers for holding their opinions:

- *The rate increase is reasonable and I support it:* Half (51%) say that the increase is necessary, the system needs upgrading and power is a necessity.
- *I don’t like it, but I think the rate increase is necessary:* 24% give the same reason as above, while indicating that they do not like the increase.
- *The rate increase is unreasonable and I oppose it:* 73% say that the increase is too costly and they feel that they are already paying a lot.

Financial Flexibility and Level of Acceptance

Those who are more financially impacted are less inclined to support the proposed increase.

- Overall, permission is given by just over half (55%) of residential customers whose households are financially strained, compared to 84% of those who are not.
- General Service customers are more apt to give permission regardless of their financial flexibility (68% strained; 88% not strained).

Preamble for Assessment of Plan Section

Before the Assessment of Plan questions were asked, customers were presented with the following preambles that reflect the impact of the proposed rate increase on their particular rate class:

The **residential** customer preamble read as follows:

*“Brantford Power believes that a **proactive** and **consistent** renewal approach is needed to maintain system performance while keeping bill impacts manageable over the longer-term. Brantford Power’s proposed plan will spend an estimated **\$22.8 million** on capital investments between 2017 and 2021. This includes ...*

- ***\$3.4 million** to replace aging infrastructure;*
- ***\$9.3 million** to serve the expanding community of Brantford and connect customers to the grid;*
- ***\$7.0 million** to invest in equipment and facilities needed to maintain and operate the system; and*
- ***\$3.2 million** to add new technologies into the power system.*

*To fund this plan, Brantford Power is proposing the **average residential customers’ rate increase by approximately \$1.14 per month** on the distribution portion of their bill over the next five years. So, in five years, by 2021, the average residential household will be paying an estimated **\$5.68 more per month** on the distribution portion of its electricity bill.”*

General service customers were read the following preamble:

“Brantford Power believes that proactive renewal and consistent maintenance is needed to maintain system performance, while keeping the impact on customer bills manageable over the long-term. Between 2017 and 2021, Brantford Power’s proposed plan will see it ...

- *spend an estimated **\$54.6 million** on on-going maintenance and the operation of the distribution system; and*
- *invest an estimated **\$22.8 million** in new equipment and infrastructure priorities that will help ensure system reliability.*
- *To fund this plan, Brantford Power is proposing the **average General Service or small business customers’ rate increase by approximately \$1.35 per month** on the distribution portion of their bill over the next five years.*

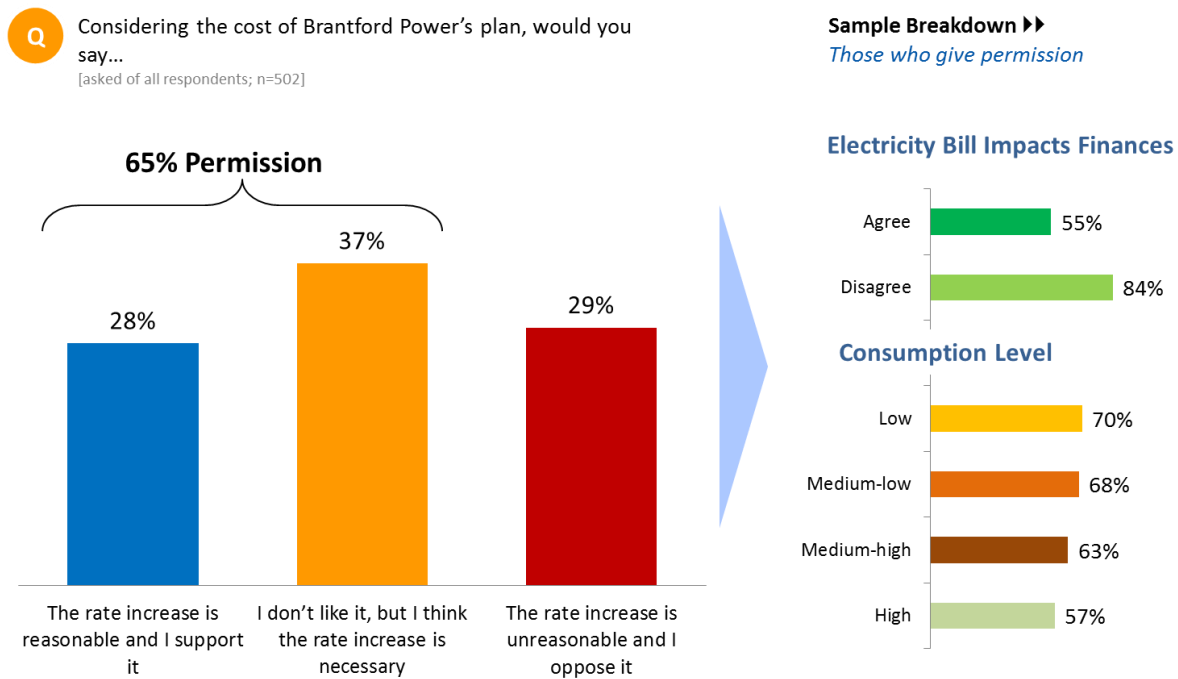
*So, in five years, by 2021, the average small business will be paying an **estimated \$6.74 more per month** on the distribution portion of its electricity bill.”*

Acceptance of Rate Increase

After having been read the preamble and considering the cost of Brantford Power's plan, 65% of residential customers give permission for the proposed rate increase. 28% say *the rate increase is reasonable and support it outright*, while 37% *don't like it, but think the rate increase is necessary*. Three-in-ten (29%) oppose the rate increase.

- Those who are not financially strained (84%) are much more likely to support the increase than those who are (55%).
- Likelihood to support the rate increase decreases with consumption from 70% of consumption customers to 57% of high consumption customers.

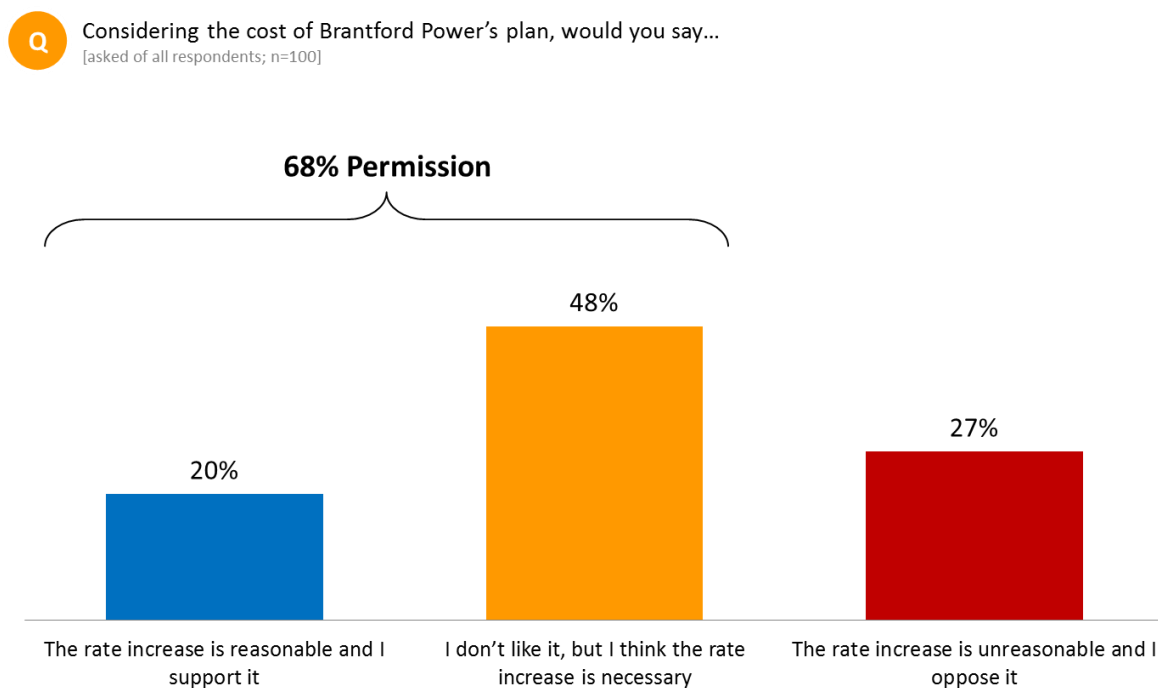
Figure RS.18 - Acceptance of Rate Increase



Note: 'Don't know'/'Refused' (6%) not shown

Overall, 68% of General Service customers accept the rate increase and give permission. Two-in-ten (20%) feel that *the rate increase is reasonable and support it*, while the plurality (48%) *don't like it, but think the rate increase is necessary*. 27% feel that *the rate increase is unreasonable and oppose it*.

Figure GS.18 - Acceptance of Rate Increase



Note: 'Don't know' (3%) and 'Refused' (1%) not shown

Opinions on Proposed Rate Increase

The most common reason for those who support the increase outright is the importance of investing in infrastructure now, otherwise more will have to be spent later (39%). This is followed closely by those who find the increase marginal expense (37%).

37% of customers who don't like the idea of an increase feel that any no increase is good, but that Brantford Power's proposed increase is necessary. Investing now to avoid greater costs later (17%) is the second most common reason.

For those who oppose the rate increase, 38% feel that it is too costly and they are already paying a lot. 14% oppose it due to being on a fixed income, a pension, or simply cannot afford it.

Figure RS.19 – Opinion on Proposed Rate Increase



And why do you say that?

[asked of all respondents; n=502]

PERMISSION: Reasonable, support it	28% RS
Must invest in infrastructure for a better system - otherwise end up paying more later	39%
It is reasonable/\$5 is fine	37%
Everything is going up in cost/inflation	9%
Other	7%
It is necessary - general	6%
Don't know	3%
Sample Size	n=139

NO PERMISSION: Unreasonable, oppose it	29% RS
Increase is too costly/already paying a lot	38%
Can't afford the increase/fixed income/pension	14%
Brantford Power or government should be responsible for costs, not consumers	13%
Costs are underestimated/don't trust the company	12%
Mismanagement - wasted money, company profiting too much	10%
Increase/upgrades are not necessary/service hasn't improved	8%
No choice	1%
Other	3%
Don't know	1%
Sample Size	n=148

PERMISSION: Don't like, but necessary	37% RS
Any increase is not good, but it is necessary	23%
Must invest in infrastructure for a better system - otherwise end up paying more later	17%
Increase is too costly/already paying a lot	13%
Everything is going up in cost/inflation	9%
Mismanagement - wasted money, company profiting too much	9%
Can't afford the increase/fixed income/pension	5%
It is necessary - general	3%
It is reasonable/\$5 is fine	3%
No choice	3%
Brantford Power or government should be responsible for costs, not consumers	2%
Other	8%
Don't know	6%
Sample Size	n=185

20% of General Service customers support the increase outright. Half (51%) say that this is because the increase *is necessary, the system needs upgrading and power is a necessity*. One-quarter (25%) feel this way because *it is not a significant increase*.

Of the 48% of General Service customers who don't like the proposed increase but feel that it is necessary, 24% say that this is because the increase *is necessary, the system needs upgrading and power is a necessity*.

73% of those who oppose the increase do so because *the increase is too costly, and they are already paying enough*.

Figure RS.19 – Opinion on Proposed Rate Increase



Q And why do you say that?

[asked of all respondents; n=]

PERMISSION: Reasonable, support it	20% GS
It is necessary/system needs upgrading/need power	51%
It is not a significant increase	25%
Everything is going up	4%
No choice	4%
Other	10%
Don't Know	6%
Sample Size	n=20

NO PERMISSION: Unreasonable, oppose it	28% GS
Increase is too costly/already paying enough	73%
Funding should come from elsewhere/government responsibility	9%
Costs are just estimates - will end up paying more	3%
No choice	3%
Other	5%
Don't know	8%
Sample Size	n=28

PERMISSION: Don't like, but necessary	48% GS
It is necessary/system needs upgrading/need power	24%
Any increase is unwanted, but necessary	17%
Costs are just estimates - will end up paying more	11%
No choice	8%
Everything is going up	8%
Increase is too costly/already paying enough	7%
It is unnecessary	6%
Funding should come from elsewhere/government responsibility	5%
Don't know	12%
Refused	2%
Sample Size	n=48

Financial Flexibility and Level of Acceptance

It is expected that the proposed rate increase would have greater financial impact on some customers than others; consequently, the customers' level of acceptance for rate increase could differ depending on their level of financial flexibility. Financial flexibility was captured in the customer input statements:

The cost of my electricity bill has a major impact on my finances and requires that I do without some other important priorities.

Customers who agreed with these statements were considered to be "financially strained."

There is almost a 30-point difference between in the overall permission of financially strained households (55%) and not financially strained households (84%).

Figure RS.20 - Financial Flexibility and Level of Acceptance

	Financially Strained Households	Not Financially Strained Households
The rate increase is reasonable and I support it	19%	45%
I don't like it, but I think the rate increase is necessary	36%	39%
The rate increase is unreasonable and I oppose it	40%	14%
Overall Permission	55%	84%

Note: 'Don't know'/'Refused' not shown

One-quarter (25%) of General Service customers whose organizations are financially strained say *the rate increase is reasonable and they support it*, while 43% *don't like it, but think the rate increase is necessary*. Three-in-ten (31%) oppose think that *the rate is unreasonable and they oppose it*.

Almost all (88%) of not financially strained organizations *don't like the proposed rate increase, but think it is necessary*.

***Note:** Not financially strained organizations are an n-size of only 7.

Figure GS.20 - Financial Flexibility and Level of Acceptance

	Financially Strained Organization	Not Financially Strained Organization
The rate increase is reasonable and I support it	25%	0%
I don't like it, but I think the rate increase is necessary	43%	88%
The rate increase is unreasonable and I oppose it	31%	12%
Overall Permission	68%	88%

Note: 'Don't know'/'Refused' not shown

Survey Instruments

Residential Survey Instrument

A. Introduction

Hello, my name is _____ and I'm calling from **Innovative Research Group** on behalf of **Brantford Power**, your electricity distributor.

Innovative Research Group is a national public opinion research firm. We have been commissioned by **Brantford Power** to help them better understand the needs and preferences of customers who are responsible for paying their household's electricity bill.

Brantford Power – which distributes electricity to homes and businesses in your community – is preparing to submit its 5-year investment plan to the Ontario Energy Board for regulatory review. Since this plan will impact your bill, Brantford Power wants to hear from you, so your views can help shape its plan.

A1. Would you mind if I had **10 minutes** of your time to ask you some questions? All your responses will be kept strictly confidential.

- | | | |
|---|-----------------------------|--------------------|
| 1 | Yes | [continue] |
| 2 | No – NOT PRIMARY BILL PAYER | [go to TRANSFER-1] |
| 3 | No – BAD TIME | ARRANGE CALLBACK |
| 4 | No – HARD REFUSAL | [Terminate] |

MONIT

This call may be monitored or audio taped for quality control and evaluation purposes.

- 1 PRESS TO CONTINUE

A2. Have I reached you at your home phone number?

- | | | |
|----|-------------------------------------|------------------|
| 1 | Yes – SPEAKING, CONTINUE | [continue to A3] |
| 2 | No – AT OFFICE or WORKPLACE | [continue to A3] |
| 3 | No – on cellular or mobile phone | [skip to CELL] |
| 99 | Refused – LOG (THANK AND TERMINATE) | [Terminate] |

CELL. Are you currently operating a car, truck or other motor vehicle?

- | | | |
|----|-------------------------------------|------------------|
| 1 | YES | ARRANGE CALLBACK |
| 2 | NO | [continue to A3] |
| 98 | Refused – LOG (THANK AND TERMINATE) | [Terminate] |

A3. Are you the person primarily responsible for paying the electricity bill in your household?

- | | | |
|----|-----------------------------|--------------------|
| 1 | Yes – I pay the bill | [continue to A4] |
| 2 | Yes – shared responsibility | [continue to A4] |
| 3 | No | [go to TRANSFER-1] |
| 98 | Don't know (DNR) | [Terminate] |

TRANSFER-1

Can I speak with the person in your household who usually pays the electricity bill?

- | | | |
|----|-----------------------------|--------------------|
| 1 | Yes | [BACK TO INTRO] |
| 2 | No – NOT AVAILABLE/BAD TIME | [ARRANGE CALLBACK] |
| 3 | No – HARD REFUSAL | [Terminate] |
| 98 | Don't know (DNR) | [Terminate] |

A4. And can you confirm that your household receives an electricity bill from **Brantford Power**?

- | | | |
|----|------------------|-------------|
| 1 | Yes | [continue] |
| 2 | No | [Terminate] |
| 98 | Don't know (DNR) | [Terminate] |

GENDER

Note gender by observation:

- | | |
|---|--------|
| 1 | Male |
| 2 | Female |

B. General Satisfaction

B5. PREAMBLE-1

To begin, I'd like to ask you some questions about your electricity service.

Today we want to talk about **Brantford Power** and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your home through a network of wires, poles and other equipment that is owned and operated by **Brantford Power**.

B6. How familiar are you with **Brantford Power**, which operates the electricity distribution system in your community? Would you say you are *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

- 1 Very familiar
- 2 Somewhat familiar
- 3 Not familiar
- 98 Don't know
- 99 Refused (DNR)

B7. Thinking specifically about the services provided to you and your community by **Brantford Power**, overall, how satisfied are you with the services that you receive from **Brantford Power**. Would you say you are very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, very dissatisfied or would you say you don't know?

- 1 Very satisfied
- 2 Somewhat satisfied
- 3 Neither satisfied or dissatisfied
- 4 Somewhat dissatisfied
- 5 Very dissatisfied
- 98 Don't know
- 99 Refused (DNR)

B8. Is there anything in particular **Brantford Power** can do to improve its service to you?

[OPEN]

- 98 Don't know (DNR)
- 99 Refused (DNR)

C. Bill Knowledge & Impact

I'd now like to talk with you about your electricity bill ...

- C9. While **Brantford Power** is responsible for collecting payment for the entire electricity bill, they retain only about **17%** of the average residential customer's bill. The rest of the bill goes to power generation companies, transmission companies, the provincial government and regulatory agencies.

Before this survey, how familiar were you with the percentage of your electricity bill that went to **Brantford Power**? Would you say you were *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

- 1 Very familiar
- 2 Somewhat familiar
- 3 Not familiar
- 98 Don't know
- 99 Refused [**DNR**]

- C10. Do you feel that the **17%** of your total electricity bill that you pay to **Brantford Power** for the services they provide is *very reasonable*, *somewhat reasonable*, *somewhat unreasonable*, *very unreasonable* or would you say you *don't know*?

- 1 Very reasonable
- 2 Somewhat reasonable
- 3 Somewhat unreasonable
- 4 Very unreasonable
- 98 Don't know
- 99 Refused [**DNR**]

D. System Reliability

READ PREAMBLE: Despite best efforts, no electrical distribution system can deliver *perfectly reliable* electricity. As a general rule, the more reliable the system, the more expensive the system is to build and maintain.

With that said, the average **Brantford Power** customer experiences **one** unexpected power outage per year.

D11. Have you experienced any power outages **in the past 12 months**, and if so, approximately how many? **[DO NOT READ LIST]**

- | | | |
|----|-------------------|----------------------|
| 0 | No outages | [SKIP to D14] |
| 1 | 1 outage | [CONTINUE] |
| 2 | 2 outages | [CONTINUE] |
| 3 | 3 outages | [CONTINUE] |
| 4 | 4 outages | [CONTINUE] |
| 5 | 5 outages | [CONTINUE] |
| 6 | 6 outages | [CONTINUE] |
| 7 | 7 outages | [CONTINUE] |
| 8 | 8 or more outages | [CONTINUE] |
| 98 | Don't know (DNR) | [SKIP to D14] |
| 99 | Refused (DNR) | [SKIP to D14] |

READ ONLY IF D11 = 1 thru 8

D12. And approximately how many minutes did the most recent power outage last? **[DO NOT READ LIST; select category accordingly]**

- | | |
|----|---|
| 1 | Less than 15 minutes |
| 2 | 15 to less than 30 minutes [specify if less than 15 minutes, if stated "less than 30 minutes"] |
| 3 | 30 minutes to less than 1 hour |
| 4 | 1 hour to less than 3 hours |
| 5 | 3 hours to less than 6 hours |
| 6 | 6 hours to less than 12 hours |
| 7 | 12 to less than 24 hours |
| 8 | More than 24 hours |
| 98 | Don't know (DNR) |
| 99 | Refused (DNR) |

READ ONLY IF D11 = 1 thru 8

D13. Thinking back to the most recent power outage you experienced as a **Brantford Power** customer, would you say the power outage ...

[READ LIST; ROTATE 1 and 3]

- 1 Was a major inconvenience
- 2 Was a minor inconvenience
- 3 Was no inconvenience at all
- 97 Have never experienced an outage with Brantford Power (**DNR**)
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

ASK ALL

I'd now like to read you a few statements about the electrical service that you receive from **Brantford Power**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*?

- 1 Very satisfied
- 2 Somewhat satisfied
- 3 Neither satisfied or dissatisfied
- 4 Somewhat dissatisfied
- 5 Very dissatisfied
- 98 Don't know
- 99 Refused [**DNR**]

D14. The reliability of your electricity service – as judged by the number of power outages you experience.

D15. The amount of time it takes to restore power when power outages occur.

D16. The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights.

[END BATTERY]

D17. In your view, how do you think **Brantford Power** should address the number of customer power outages? Would you say ... **[READ LIST]**

[Rotate response codes 1 and 3]

- 1 Spend what is needed to reduce the number of unexpected power outages
- 2 Spend what is needed to maintain the current level of unexpected power outages
- 3 Accept more power outages in order to help keep customer costs from rising
- 98 Don't Know (**DNR**)
- 99 Refused (**DNR**)

D18. Overall, the average **Brantford Power** customer is without power for about **one hour per year**.

In your view, how do you think **Brantford Power** should address the **length of time** customers are without power? Would you say ... **[READ LIST]**

[Rotate response codes 1 and 3]

- 1 Spend what is needed to **reduce** the length of unexpected power outages
- 2 Spend what is needed to **maintain** the current length of unexpected outages
- 3 Accept **longer** time without power in order to help minimize customer costs from rising
- 98 Don't Know (DNR)
- 99 Refused (DNR)

E. System Challenges & Priorities

E19. **[PREAMBLE to E20]** While **Brantford Power** believes it has done its best to prolong the life of the assets that make up the distribution system, many of these assets are approaching the end of their useful life.

As part of its investment plan, **Brantford Power** is proposing a significant infrastructure replacement or renewal program. The estimated cost of this system renewal program is **\$3.4 million** between 2017 and 2021.

Although this plan will allow **Brantford Power** to make the necessary investments to maintain system reliability, **it will have an impact on customer bills**.

E20. Which of the following statements best represents your point of view?

[Read and Rotate statements 1 and 2]
Some customers have said ...

- 1 Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability; even if that increases my monthly electricity bill by a few dollars over the next few years.

Others have said ...

- 2 Brantford Power should lower its estimated investment in renewing the system's aging infrastructure to lessen the impact of any bill increase; even if that means more or longer power outages.
- 98 Don't know (DNR)
- 99 Refused (DNR)

System Service Questions

[PREAMBLE FOR E21] Modernizing the grid can allow **Brantford Power** to improve reliability. Investments such as automated switches may allow **Brantford Power** to quickly identify the location of outages in order to minimize the number of people impacted by outages and to restore electricity to customers more quickly than was previously possible.

E21. Given there are many other areas of needed investments, such as connecting new customers, replacing aging equipment and expanding capacity for long-term growth, how important do you feel it is for **Brantford Power** to invest now in modernizing the grid?

- 1 Very important
- 2 Somewhat important
- 3 Not very important
- 4 Not important at all
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

CDM Questions

E22. One of the most cost effective ways for **Brantford Power** to reduce its required investments in the distribution system is through customer uptake of conservation programs.

When customers consume less electricity at peak demand times, less strain is put on the distribution system and as a result, customers save money in two ways: 1) a lower level of investment is required by **Brantford Power** to expand and maintain the distribution system's capacity to deliver electricity; and 2) customers pay less when they reduce their electricity consumption.

Have you ever participated in a **Brantford Power** conservation program?

- 1 Yes
- 2 No
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

E23. How likely are **you** to participate in future **Brantford Power** conservation programs that could help reduce your electricity consumption? Would you say ... **[READ LIST]**

- 1 Very likely
- 2 Somewhat likely
- 3 Not very likely
- 4 Not at all likely
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

E23b. How *good* or *poor* a job does **Brantford Power** do at providing you with information on available tools and programs that can help you manage your household electricity consumption? Would you say ... **[READ LIST]**

- 1 A very good job
- 2 A good job
- 3 A poor job
- 4 A very poor job
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

Relocation Question

[PREAMBLE FOR E24] At some point over the next 5 years, Brantford Power will have to relocate from the 3 separate buildings currently rented from the City of Brantford. Brantford Power will consider its options for a consolidated location to accommodate all of its staff and equipment. **Brantford Power** has currently allocated **\$15.4 million** for this facility relocation.

E24. In regard to Brantford Power's facility relocation, which option do you think they should pursue?

- 1 Build a new facility that will meet their current and foreseeable future needs
- 2 By an existing facility and refurbish it to meet their current and foreseeable future needs
- 3 Find new rental space to house equipment and staff
- 4 Something else
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

F. Reaction to Customer Input

The following statements have been made by customers throughout **Brantford Power's** community consultation process.

For each statement, please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree.

- | | |
|----|---|
| 1 | Strongly agree |
| 2 | Somewhat agree |
| 3 | Neither agree nor disagree (DNR) |
| 4 | Somewhat disagree |
| 5 | Strongly disagree |
| 98 | Don't Know (DNR) |
| 99 | Refused (DNR) |

RANDOMIZE QUESTIONS

Willingness to Pay

- F25. I'm willing to pay a bit more for my electricity because investing in upgrading the system is money well spent.

Impact of Rate Increase on Others

- F26. I can personally afford to pay more for electricity, but I am worried about the impact a rate increase will have on others.

Pay Now or Later

- F27. Brantford Power should invest in our electricity system infrastructure **now** or customers will end up paying more the longer we delay our system renewal.

Deferring to the Experts

- F28. The electricity sector is so complicated and confusing; we just have to trust that the experts at Brantford Power will find the right balance in keeping cost down while making the right investments and spending decisions.

Modernizing the Grid

- F29. **Brantford Power** should invest in new infrastructure and technology to minimize the number and length of power service interruptions.

Growing Community

- F30. Brantford is a growing community, so it is natural to expect that we are going to pay more for things like investments in our electricity distribution system.

G. Assessment of Plan

G31. PREAMBLE

Brantford Power believes that proactive renewal and consistent maintenance is needed to maintain system performance, while keeping the impact on customer bills manageable over the long-term. Between 2017 and 2021, **Brantford Power's** proposed plan will see it ...

- spend an estimated **\$54.6 million** on on-going maintenance and the operation of the distribution system; and
- invest an estimated **\$22.8 million** in new equipment and infrastructure priorities that will help ensure system reliability.

To fund this plan, **Brantford Power** is proposing the **average residential customers' rate increase by approximately \$1.14 per month** on the distribution portion of their bill over the next five years.

So, in five years, by 2021, the average residential household will be paying an **estimated \$5.68 more per month** on the distribution portion of its electricity bill.

G32. Considering the cost of Brantford Power's plan, would you say [**READ LIST**] ...
Rotate response codes "1 "and "3"

- | | |
|----|---|
| 1 | The rate increase is reasonable and I support it |
| 2 | I don't like it, but I think the rate increase is necessary |
| 3 | The rate increase is unreasonable and I oppose it |
| 98 | Don't know (DNR) |
| 99 | Refused (DNR) |

Ask only if G32 = 1, 2 or 3

G33. And why do you say that? [**OPEN**]

- | | |
|----|---------------------------|
| 98 | Don't know (DNR) |
| 99 | Refused (DNR) |

H. Segmentation & Demographics

Lastly, I'd like to ask you some general questions about the electricity system in Ontario.

For each statement please tell me if you would strongly agree, somewhat agree, somewhat disagree or strongly disagree. If you don't know enough to say or don't have an opinion just let me know.

- | | |
|----|-----------------------|
| 1 | Strongly agree |
| 2 | Somewhat agree |
| 3 | Somewhat disagree |
| 4 | Strongly disagree |
| 98 | Don't know/No opinion |
| 99 | Refused [DNR] |

[ROTATE H34 & H35]

H34. The cost of my electricity bill has a major impact on my finances and requires I do without some other important priorities.

H35. Customers are well served by the electricity system in Ontario.

[END BATTERY]

These last few questions are for statistical purposes only and we remind you again that all of your responses are completely confidential.

H36. In which year were you born? [Enter YEAR]

INTERVIEWER NOTE: if REFUSE; ask "AGE".

AGE: Can you tell me what age category do you fall into? [READ LIST]

- | | |
|----|-------------------|
| 0 | Less than 18 |
| 1 | 18-25 |
| 2 | 25-34 |
| 3 | 35-44 |
| 4 | 45-54 |
| 5 | 55-64 |
| 6 | 65 years or older |
| 99 | Refused (DNR) |

H37. Do you own or rent your home?

- 1 Own
- 2 Rent
- 99 Refused (**DNR**)

H38. How would you describe your primary residence? Would you say you live in ...

[READ LIST]

- 1 A fully-detached home
- 2 A semi-detached home
- 3 An apartment or condo building
- 99 Refused (**DNR**)

H39. Counting yourself, how many people live in your household? **[DO NOT READ LIST]**

- 1 1 person
- 2-7 Enter number of people
- 8 8 or more
- 99 Refused (**DNR**)

THANK and END SURVEY

These are all the questions we have for you **today/tonight**. Thank you very much for taking the time to complete this survey.

General Service Survey Instrument

A. Introduction

INTRO

Hello, my name is _____ and I'm calling from **Innovative Research Group** on behalf of **Brantford Power**, your local electricity distributor.

Innovative Research Group is a national public opinion research firm. We have been commissioned by **Brantford Power** to help them better understand the needs and preferences of its customers.

Can I please speak to the person who is in-charge of managing the electricity bill at your organization?

- 1) Yes, speaking <contact on the line> [skip to A1]
- 2) Yes <transferred to contact> [skip to A1]
- 3) No <not the right contact person> [GO to "NEW"]
- 4) No <busy> "When is a good time to callback?" [record callback time]
- 5) Maybe <may I ask who is calling?> [skip to GATE]

NEW. And ... can I have their ...

First Name _____

Last Name _____

Title/Position _____

Phone Number _____

ASK to be transferred ...

- if transferred → go to A1
- if not transferred → Thank & Add to Callback List

GATE. My name is _____ and I'm calling on behalf of your local electricity distributor, **Brantford Power**.

INTERVIEWER NOTE: If gatekeeper asks the purpose of call → I'd like to ask the person in-charge of managing the electricity bill at your organization a few questions concerning a **Brantford Power** customer consultation.

1) Yes <transferred to contact>

[skip to A1]

2) No <not available> "When is a good time to callback?"

[record callback time
and GO to "NEW"]

3) No <not interested in talking>

[Thank & Terminate]

A1 QUAL PREAMBLE:

Read preamble again, if transferred to new person:

Hello, my name is _____ and I'm calling from **Innovative Research Group**, a national public opinion research firm. We have been hired by **Brantford Power** to help them better understand the needs and preferences of their customers.

IF INTRO = 1, read:

Brantford Power – which distributes electricity to residential and business customers in your community – is preparing to submit its investment and spending plan to the **Ontario Energy Board** for regulatory review. Since this plan will impact your bill, **Brantford Power** wants to hear from you, so your views can help shape its plan.

A1. Would you mind if I had **10 minutes** of your time to ask you some questions? All your responses will be kept strictly confidential.

Yes	1	[continue]
No – NOT PRIMARY BILL PAYER	2	[go to TRANSFER-1]
No – BAD TIME	3	ARRANGE CALLBACK
No – HARD REFUSAL	4	[Terminate]

MONIT: This call may be monitored or audio taped for quality control and evaluation purposes.

PRESS TO CONTINUE 1

A2. Just to confirm, does your organization receive an electricity bill from **Brantford Power**?

01	YES	1	[continue]
02	NO	2	[Terminate]
98	DK (DO NOT READ)	98	[Terminate]

A3. As part of your job, are you in-charge of managing or overseeing your organization's electricity bill?

- | | | |
|-----|---|---|
| Yes | 1 | [Continue to A4] |
| No | 2 | CAN I SPEAK TO THE PERSON WHO MANAGES YOUR ORGANIZATION'S ELECTRICITY BILL? [Return to NEW] |
| DK | 3 | CAN I SPEAK TO THE PERSON WHO MANAGES YOUR ORGANIZATION'S ELECTRICITY BILL?
[Return to NEW] |

A4. **READ STATEMENT TO RESPONDENT:**

While you may be a **Brantford Power** residential customer, for the following questions I'd like you to answer from the perspective of the business or organization that you represent. While we are currently surveying residential customers, you have been randomly selected from a limited sample of small business and non-residential customers and it's important we understand the unique needs and preferences of this group of customers.

So again, please answer the following questions from the perspective of your business or organization's needs and preferences.

B. General Satisfaction

B5. PREAMBLE-1

To begin, I'd like to ask you some questions about your electricity service.

Today we want to talk about **Brantford Power** and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your home through a network of wires, poles and other equipment that is owned and operated by **Brantford Power**.

B6. How familiar are you with **Brantford Power**, which operates the electricity distribution system in your community? Would you say you are *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

- 1 Very familiar
- 2 Somewhat familiar
- 3 Not familiar
- 98 Don't know
- 99 Refused (DNR)

B7. Thinking specifically about the services provided to your business by **Brantford Power**, overall, how satisfied are you with the services that you receive from **Brantford Power**. Would you say you are very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, very dissatisfied or would you say you don't know?

- 1 Very satisfied
- 2 Somewhat satisfied
- 3 Neither satisfied or dissatisfied
- 4 Somewhat dissatisfied
- 5 Very dissatisfied
- 98 Don't know
- 99 Refused (DNR)

B8. Is there anything in particular **Brantford Power** can do to improve its service to your business? [OPEN]

- 98 Don't know (DNR)
- 99 Refused (DNR)

C. Bill Knowledge & Impact

I'd now like to talk with you about **your business'** electricity bill ...

- C9. While **Brantford Power** is responsible for collecting payment for the entire electricity bill, they retain only about **13%** of the average **general service or small business** customer's bill. The rest of the bill goes to power generation companies, transmission companies, the provincial government and regulatory agencies.

Before this survey, how familiar were you with the percentage of **your business'** electricity bill that went to **Brantford Power**? Would you say you were *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

- 1 Very familiar
- 2 Somewhat familiar
- 3 Not familiar
- 98 Don't know
- 99 Refused [**DNR**]

- C10. Do you feel that the **13%** of your total electricity bill that you pay to **Brantford Power** for the services they provide is *very reasonable*, *somewhat reasonable*, *somewhat unreasonable*, *very unreasonable* or would you say you *don't know*?

- 1 Very reasonable
- 2 Somewhat reasonable
- 3 Somewhat unreasonable
- 4 Very unreasonable
- 98 Don't know
- 99 Refused [**DNR**]

D. System Reliability

READ PREAMBLE: Despite best efforts, no electrical distribution system can deliver *perfectly reliable* electricity. As a general rule, the more reliable the system, the more expensive the system is to build and maintain.

With that said, the average **Brantford Power** customer experiences **one** unexpected power outage per year.

D11. Has **your business** experienced any power outages in the past 12 months, and if so, approximately how many? **[DO NOT READ LIST]**

- | | | |
|----|-------------------|----------------------|
| 0 | No outages | [SKIP to D14] |
| 1 | 1 outage | [CONTINUE] |
| 2 | 2 outages | [CONTINUE] |
| 3 | 3 outages | [CONTINUE] |
| 4 | 4 outages | [CONTINUE] |
| 5 | 5 outages | [CONTINUE] |
| 6 | 6 outages | [CONTINUE] |
| 7 | 7 outages | [CONTINUE] |
| 8 | 8 or more outages | [CONTINUE] |
| 98 | Don't know (DNR) | [SKIP to D14] |
| 99 | Refused (DNR) | [SKIP to D14] |

READ ONLY IF D11 = 1 thru 8

D12. And approximately how many minutes did the most recent power outage last at **your business**? **[DO NOT READ LIST; select category accordingly]**

- | | |
|----|---|
| 1 | Less than 15 minutes |
| 2 | 15 to less than 30 minutes [specify if less than 15 minutes, if stated "less than 30 minutes"] |
| 3 | 30 minutes to less than 1 hour |
| 4 | 1 hour to less than 3 hours |
| 5 | 3 hours to less than 6 hours |
| 6 | 6 hours to less than 12 hours |
| 7 | 12 to less than 24 hours |
| 8 | More than 24 hours |
| 98 | Don't know (DNR) |
| 99 | Refused (DNR) |

READ ONLY IF D11 = 1 thru 8

D13. Thinking back to the most recent power outage you experienced at **your business** as a **Brantford Power** customer, would you say the power outage ...

[READ LIST; ROTATE 1 and 3]

- | | |
|---|----|
| Had a significant cost to my business | 1 |
| Had a minor cost to my business | 2 |
| Had barely any cost to my business, just a bit of inconvenience | 3 |
| Have never experienced an outage with Brantford Power (DNR) | 97 |
| Don't know (DNR) | 98 |
| Refused (DNR) | 99 |

ASK ALL

I'd now like to read you a few statements about the electrical service that **your business** receives from **Brantford Power**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*?

- | | |
|----|-----------------------------------|
| 1 | Very satisfied |
| 2 | Somewhat satisfied |
| 3 | Neither satisfied or dissatisfied |
| 4 | Somewhat dissatisfied |
| 5 | Very dissatisfied |
| 98 | Don't know |
| 99 | Refused [DNR] |

- D14. The reliability of your electricity service – as judged by the number of power outages you experience.
- D15. The amount of time it takes to restore power when power outages occur.
- D16. The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering lights or may affect your equipment.

[END BATTERY]

- D17. In your view, how do you think **Brantford Power** should address the number of customer power outages? Would you say ... [READ LIST]

[Rotate response codes 1 and 3]

- | | |
|----|---|
| 1 | Spend what is needed to reduce the number of unexpected power outages |
| 2 | Spend what is needed to maintain the current level of unexpected power outages |
| 3 | Accept more power outages in order to help keep customer costs from rising |
| 98 | Don't Know (DNR) |
| 99 | Refused (DNR) |

- D18. Overall, the average **Brantford Power** customer is without power for about one hour per year.

In your view, how do you think **Brantford Power** should address the length of time customers are without power? Would you say ... [READ LIST]

[Rotate response codes 1 and 3]

- | | |
|----|--|
| 1 | Spend what is needed to reduce the length of unexpected power outages |
| 2 | Spend what is needed to maintain the current length of unexpected outages |
| 3 | Accept longer time without power in order to help minimize customer costs from rising |
| 98 | Don't Know (DNR) |
| 99 | Refused (DNR) |

E. System Challenges & Priorities

System Renewal Question

- E19. [PREAMBLE to E20] While **Brantford Power** believes it has done its best to prolong the life of the assets that make up the distribution system, many of these assets are approaching the end of their useful life.

As part of its investment plan, **Brantford Power** is proposing a significant infrastructure replacement or renewal program. The estimated cost of this system renewal program is **\$3.4 million** between 2017 and 2021.

Although this plan will allow **Brantford Power** to make the necessary investments to maintain system reliability, **it will have an impact on customer bills.**

- E20. Which of the following statements best represents your point of view?

[Read and Rotate statements 1 and 2]

Some customers have said ...

- 1 Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability; even if that increases **my business'** monthly electricity bill by a few dollars over the next few years.

Others have said ...

- 2 Brantford Power should lower its estimated investment in renewing the system's aging infrastructure to lessen the impact of any bill increase; even if that means more or longer power outages.

98 Don't know (DNR)

99 Refused (DNR)

System Service Questions

[PREAMBLE FOR E21] Modernizing the grid can allow **Brantford Power** to improve reliability. Investments such as automated switches may allow **Brantford Power** to quickly identify the location of outages in order to minimize the number of people impacted by outages and to restore electricity to customers more quickly than was previously possible.

- E21. Given there are many other areas of needed investments, such as connecting new customers, replacing aging equipment and expanding capacity for long-term growth, how important do you feel it is for **Brantford Power** to invest now in modernizing the grid?

- 1 Very important
2 Somewhat important
3 Not very important
4 Not important at all
98 Don't know (DNR)
99 Refused (DNR)

CDM Questions

- E22. One of the most cost effective ways for **Brantford Power** to reduce its required investments in the distribution system is through customer uptake of conservation programs.

When customers consume less electricity at peak demand times, less strain is put on the distribution system and as a result, customers save money in two ways: 1) a lower level of investment is required by **Brantford Power** to expand and maintain the distribution system's capacity to deliver electricity; and 2) customers pay less when they reduce their electricity consumption.

Has **your business** ever participated in a **Brantford Power** conservation program?

- 1 Yes
- 2 No
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

- E23. How likely is **your business** to participate in future **Brantford Power** conservation programs that could help reduce your electricity consumption? Would you say ... [**READ LIST**]

- 1 Very likely
- 2 Somewhat likely
- 3 Not very likely
- 4 Not at all likely
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

- E23b. How *good* or *poor* a job does **Brantford Power** do at providing **your business** with information on available tools and programs that can help you manage your **organization's** electricity consumption? Would you say ... [**READ LIST**]

- 1 A very good job
- 2 A good job
- 3 A poor job
- 4 A very poor job
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

Relocation Question

[PREAMBLE FOR E24] At some point over the next 5 years, Brantford Power will have to relocate from the 3 separate buildings currently rented from the City of Brantford. Brantford Power will consider its options for a consolidated location to accommodate all of its staff and equipment.

Brantford Power has currently allocated **\$15.4 million** for this facility relocation.

E24. In regard to Brantford Power's facility relocation, which option do you think they should pursue?

- 1 Build a new facility that will meet their current and foreseeable future needs
- 2 By an existing facility and refurbish it to meet their current and foreseeable future needs
- 3 Find new rental space to house equipment and staff
- 4 Something else
- 98 Don't know (**DNR**)
- 99 Refused (**DNR**)

F. Reaction to Customer Input

The following statements have been made by customers throughout **Brantford Power's** community consultation process.

For each statement, please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree.

1	Strongly agree
2	Somewhat agree
3	Neither agree nor disagree (DNR)
4	Somewhat disagree
5	Strongly disagree
98	Don't Know (DNR)
99	Refused (DNR)

RANDOMIZE QUESTIONS

Willingness to Pay

F25. My organization would be willing to pay a bit more for my electricity if it means better system reliability.

Impact of Rate Increase on Others

F26. My organization can afford to pay more for electricity, but I am worried about the impact a rate increase will have on my local customers and suppliers.

Pay Now or Later

F27. **Brantford Power** should invest in our electricity system infrastructure **now** or customers will end up paying more the longer we delay our system renewal.

Deferring to the Experts

F28. The electricity sector is so complicated and confusing; we just have to trust that the experts at **Brantford Power** will find the right balance in keeping cost down while making the right investments and spending decisions.

Modernizing the Grid

F29. **Brantford Power** should invest in new infrastructure and technology to minimize the number and length of power service interruptions.

Growing Community

F30. Brantford is a growing community, so it is natural to expect that we are going to pay more for things like investments in our electricity distribution system.

G. Assessment of Plan

G31. PREAMBLE

Brantford Power believes that proactive renewal and consistent maintenance is needed to maintain system performance, while keeping the impact on customer bills manageable over the long-term. Between 2017 and 2021, **Brantford Power's** proposed plan will see it ...

- spend an estimated **\$54.6 million** on on-going maintenance and the operation of the distribution system; and
- invest an estimated **\$22.8 million** in new equipment and infrastructure priorities that will help ensure system reliability.

To fund this plan, **Brantford Power** is proposing the **average general service or small business customers' rate increase by approximately \$1.35 per month** on the distribution portion of their bill over the next five years.

So, in five years, by 2021, the average small business will be paying an **estimated \$6.74 more per month** on the distribution portion of its electricity bill.

G32. Considering the cost of Brantford Power's plan, would you say **[READ LIST]** ...
Rotate response codes "1" and "3"

- | | |
|----|---|
| 1 | The rate increase is reasonable and I support it |
| 2 | I don't like it, but I think the rate increase is necessary |
| 3 | The rate increase is unreasonable and I oppose it |
| 98 | Don't know (DNR) |
| 99 | Refused (DNR) |

Ask only if G32 = 1, 2, 3

G33. And why do you say that? **[OPEN]**

- | | |
|----|------------------|
| 98 | Don't know (DNR) |
| 99 | Refused (DNR) |

H. Segmentation & Firmographics

Lastly, I'd like to ask you some general questions about the electricity system in Ontario.

For each statement please tell me if you would strongly agree, somewhat agree, somewhat disagree or strongly disagree. If you don't know enough to say or don't have an opinion just let me know.

- | | |
|----|-----------------------|
| 1 | Strongly agree |
| 2 | Somewhat agree |
| 3 | Somewhat disagree |
| 4 | Strongly disagree |
| 98 | Don't know/No opinion |
| 99 | Refused [DNR] |

[ROTATE H34 & H35]

H34. The cost of my electricity bill has a major impact on the bottom line of my organization and results in some important spending priorities and investments being put off.

H35. Customers are well served by the electricity system in Ontario.

[END BATTERY]

These last few questions are for statistical purposes only and we remind you again that all of your responses are completely confidential.

H36. Which of the following best describes the sector in which your organization operates?

- | | |
|---|----|
| Restaurant | 1 |
| Retail | 2 |
| Commercial | 3 |
| Multi-residential | 4 |
| Hospitality (i.e. catering, hotel operations) | 5 |
| Manufacturing | 6 |
| Other [Please specify: _____] | 88 |
| Don't know / Refused (DNR) | 98 |

H37. Which of the following best describes the **hours of operation** of your organization?

Would you say ... [READ LIST]

- | | |
|--|----|
| We are open 24/7 | 1 |
| We operate several shifts each day, but are not open 24/7 | 2 |
| We operate during regular business hours only | 3 |
| We operate outside of regular business hours, but do not have shifts | 4 |
| Other (please specify): _____ | 88 |
| Don't know / Refused (DNR) | 98 |

H38. And, which of the following best describes **when your organization operates** through the week? Would you say ... **[READ LIST]**

We operate on weekdays only	1	
We operate on weekdays and weekends	2	
Other (please specify): _____		88
Don't know / Refused (DNR)	98	

H39. How many **full-time** employees work at your organization? **[record #]**

H40. Any how many **part-time** employees work at your organization? **[record #]**

THANK and END SURVEY

Thank you very much for taking the time to complete this survey.

Appendix

Customer Consultation Workbook



2017 Rate Application Review

Residential

Customer Consultation Workbook

February 2016



Brantford Power Inc. (BPI) is the local distribution company responsible for electricity distribution in the City of Brantford.

With approximately 60 employees, BPI operates and maintains a distribution system serving a population of approximately 94,000 with 39,300 residential and business customers over a 74 square kilometer area.

BPI has been operating since 1935 and is wholly owned by the City of Brantford through its holding company, the Brantford Energy Corporation.

BPI's Service Territory and Transformer Stations

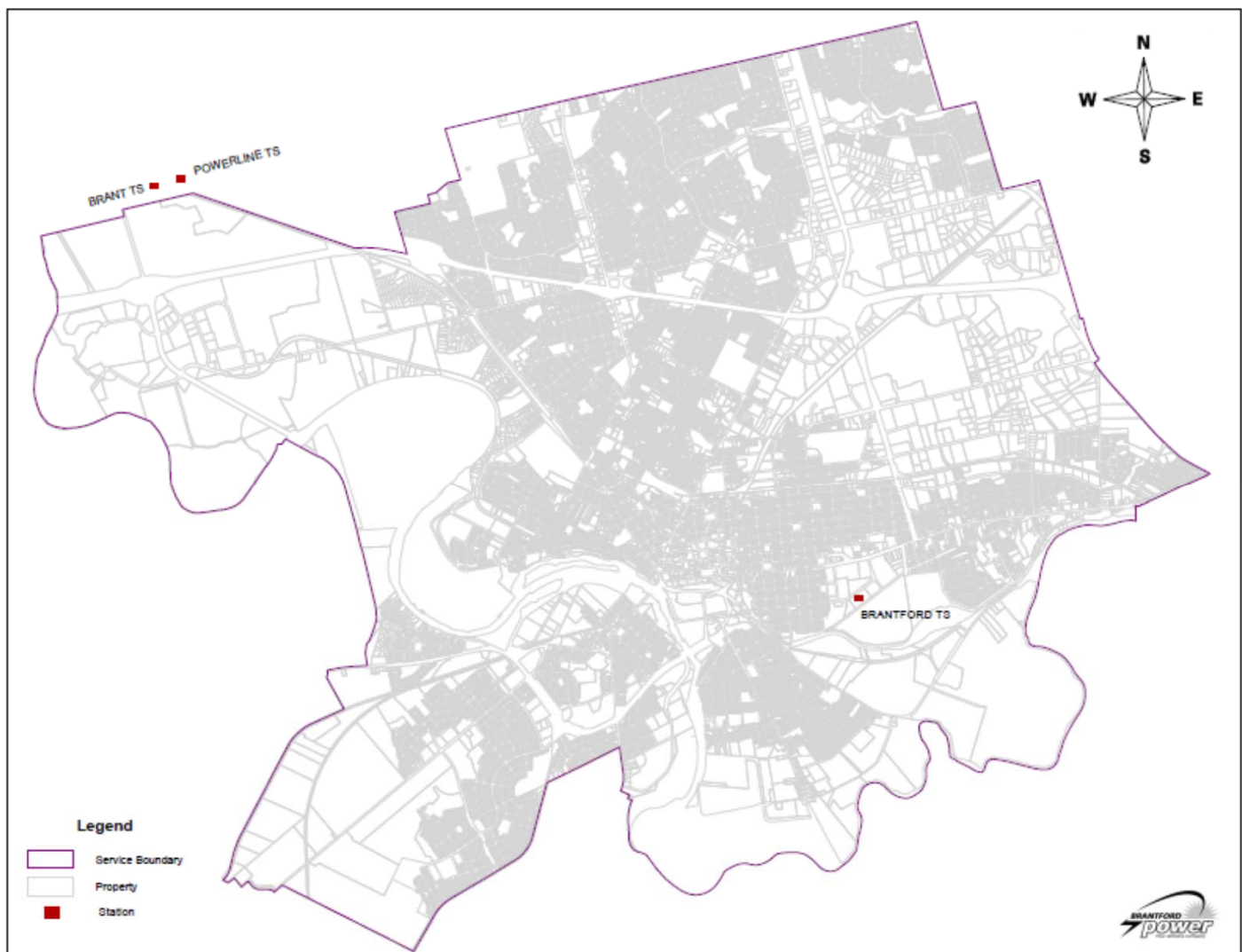




Table of Contents

What is this Consultation About?	page 4
Electricity 101	page 8
Brantford Power's Distribution System Today	page 11
Pressures on the Distribution System	page 16
What the Plan Means for You	page 25

What's this consultation about?

The purpose of this customer consultation is to collect your feedback on BPI's investment and spending plan for 2017 to 2021.

Brantford Power's goal is to deliver safe and reliable electricity to homes and local businesses as efficiently as possible and at an affordable price. However, there is a balancing act that all utilities must consider when planning for the future: system reliability vs. the cost to consumers. No distribution system delivers perfectly reliable electricity. Generally, the more reliable the system, the more expensive the system is to build and maintain.

This customer consultation is designed to collect your feedback on the reliability of the electricity distribution system and the spending decisions BPI will need to make over the next five years. Ultimately, this consultation will help BPI ensure alignment between its operational and capital investment plans and customers needs and preferences.

As a BPI customer, this is an opportunity for you to tell your local distribution company what you think about their plan and the cost implications this plan will have on you. This is also an opportunity for BPI to explain to its customers the challenges in operating and maintaining the local electricity distribution system, and more importantly how BPI intends to meet those challenges.

To participate in this review, you do not need to be an expert on electrical distribution systems.

This workbook explains key parts of the electrical distribution system, the challenges facing the system, BPI's recent work to maintain the system, and the company's budgetary plan for 2017 to 2021.

BPI does not expect you to make electrical engineering decisions. BPI wants to hear about the electricity issues that matter most to you and whether or not you feel the utility's spending and investing priorities seem reasonable.

This workbook is designed to give you enough background about these issues for you to develop an informed opinion.





Consultation Process:

What's the process that Brantford Power must follow?

How are electricity rates determined in Ontario?

The electricity industry in Ontario is regulated by the Ontario Energy Board (OEB), which recently developed a new regulatory framework that requires electricity distributors, such as BPI, to identify customer needs and preferences related to its distribution system plan.

BPI is funded by the distribution rates paid by its customers. Periodically, BPI is required to file an application with the OEB to determine the funding available to operate and maintain the distribution system. BPI must submit evidence to justify the amount of funding it needs to safely and reliably distribute electricity to its customers.

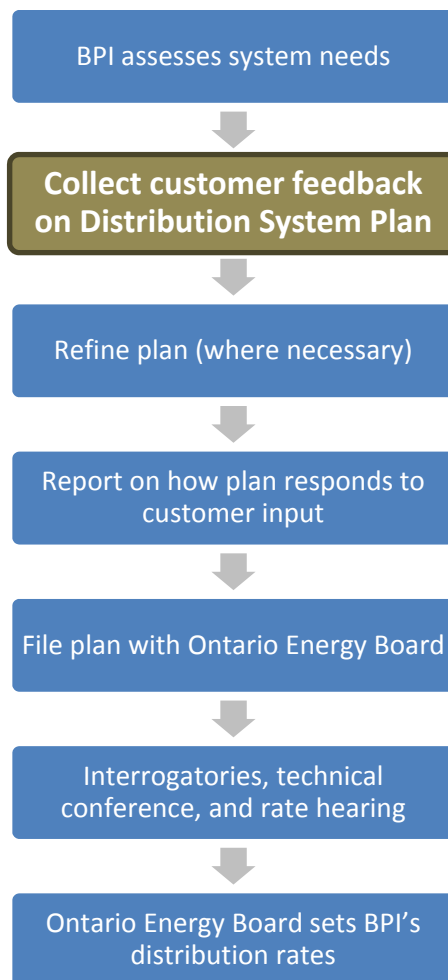
As a customer, how are my interests protected?

BPI's rationale for a customer rate adjustment is assessed in an open and transparent public process known as a rate hearing. Any individual or group may intervene on BPI's application to ask questions or challenge BPI's plans and assumptions. At the end of the process, the OEB weighs the evidence and decides on the rates BPI can charge for distribution.

Why is my feedback important?

Your feedback will inform BPI's rate design for 2017 which in turn will form the new base rates on which annual inflation adjustments will be applied in 2018 to 2021. Customer feedback will be presented to the OEB and public intervenors (who represent various ratepayer groups) when BPI files its rate application for 2017. As part of the rate hearing process, the OEB will be reviewing how BPI acquired and responded to customer feedback in its planning process.

Rate Application Process



Innovative Research Group Inc. has been engaged by BPI to collect participant feedback as an impartial third-party. Innovative Research Group will deliver the collected customer feedback to BPI to assist them in shaping their rate application and distribution system plan.

Consumer feedback on Ontario's electricity system

There are a number of ways for consumers to voice their opinions on provincial, regional and local electricity issues. However, this consultation is about your local distribution system and your preferences on how BPI should use your money.

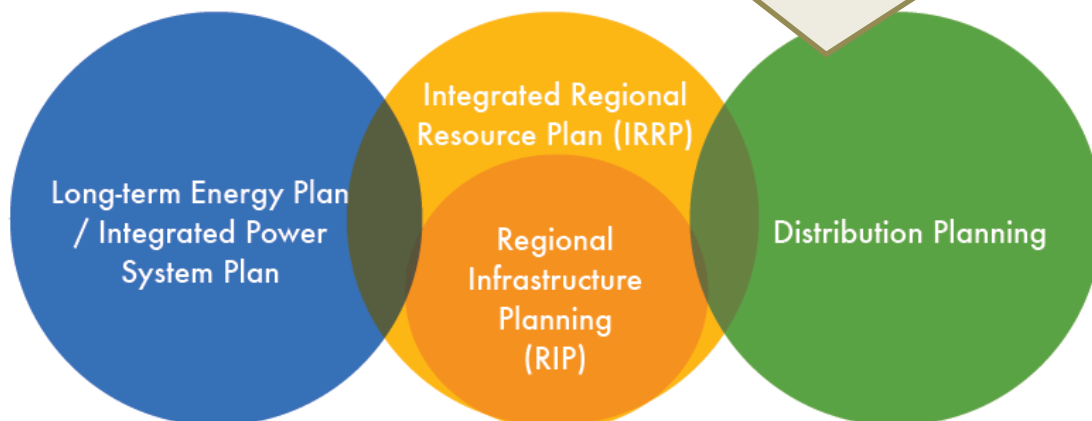
If you're interested in broader medium- and long-term electricity issues such as Ontario's Long-Term Energy Plan, regional planning, conservation planning and general energy policy in the province, there are other opportunities to provide your feedback.

Ontario's Long Term Energy Plan: The Ontario Government's plan details how electricity will be generated and the longer-term conservation strategy for the province.

Regional Planning: The Independent Electricity System Operator (IESO) looks ahead to the future electricity needs of your region, and how those needs can be addressed through energy conservation programs, local generation, and sourcing electricity from outside the region.

Distribution Planning: This consultation concentrates on the short-term plan for BPI's distribution system. The graphic below shows the various planning initiatives ongoing across Ontario's electricity system. In addition to the short-term distribution plan being discussed in this workbook, there are other planning initiatives undertaken to ensure that Ontario's system maintains reliability and works efficiently for the benefit of customers.

Electricity System Planning in Ontario



Provincial System Planning

This involves more long-term planning on how Ontario's electricity system is designed and operated.

This includes planning on:

- Provincial electricity supply mix (e.g. greening the grid and phasing out coal power generation)
- System supply and demand forecasting
- Interconnections and grid design

Regional Planning

Regional planning involves near- and medium-term plans to meet the needs of a region of the province, and ensure all key players (i.e. transmission and distribution operators) are coordinated moving forward.

This planning process is focused on considering whether conservation and local generation options have been considered, in addition to core infrastructure ("wires") solutions.

Distribution Network Planning

Distribution planning involves plans, both near- and longer-term, to ensure the local distribution systems have adequate infrastructure to meet required reliability and safety standards, and to otherwise meet the needs of customers.



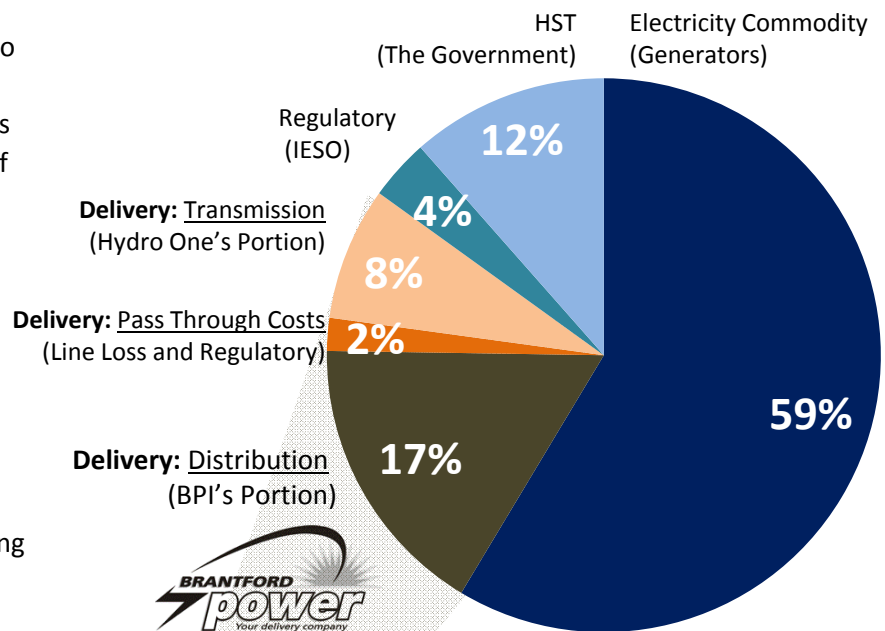
Electricity Bills:

Understanding where your money goes

Your Electricity Bill: Every item and charge on your bill is mandated by the provincial government or regulated by the OEB. There are two distinct cost areas that make up the "Delivery" charge on your bill: **distribution** and **transmission**. While BPI collects both, the transmission charge is remitted to Hydro One. The distribution charges include the portion of your bill that BPI keeps, as well as some other "pass through" charges, most of which are remitted to the IESO. The distribution charges which BPI keeps make up about 17% of the typical residential customer's (800 kWh per month) total electricity bill.

BPI's distribution rates are subject to the review and approval of the OEB. The distribution fees collected from customers cover BPI's capital investments and operating expenses.

About 17% of the average residential electricity bill goes to Brantford Power. The rest of the bill goes to power generation companies, transmission companies, the government, and regulatory agencies.



SAMPLE RESIDENTIAL MONTHLY BILL

Brantford Power Inc.

Account Number:
000 000 000 000 0000

Meter Number:
00000000

Your Electricity Charges

Electricity

Off-Peak @ 8.300 ¢/kWh	42.50
Mid-Peak @ 12.800 ¢/kWh	18.43
On-Peak @ 17.500 ¢/kWh	25.20

Delivery (BPI \$24.47) 38.73

Regulatory Charges 5.22

Debt Retirement Charge 0.00

Debt Retirement Charge exemption saved you \$5.60

Total Electricity Charges \$130.08

HST \$16.91

Total Amount \$146.99

Current monthly distribution charges are about **\$24.47 per month or 17% of the total monthly bill** for the average BPI residential customer who consumes 800 kWh of electricity per month.

In 2017, it is estimated that an additional **\$4.93 per month** will be required of the average residential customer to operate, maintain, and modernize BPI's electricity distribution system.

For 2018 through 2021, it is estimated distribution rates will both increase and decrease marginally to account for inflation and the elimination of mandatory program fees associated with smart meter implementation.

By 2021, the average residential household will be paying an **estimated \$5.68 more per month** on the distribution portion of their electricity bill.

Electricity 101

How Ontario's Electricity System is Regulated

The electricity system in Ontario is regulated by the following bodies:



Ontario Ministry of Energy: The Ontario Ministry of Energy defines energy policy and sets the rules and establishes key planning priorities and mandates the role of regulatory agencies through legislation.



Ontario Energy Board: The mission of the Ontario Energy Board (OEB) is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services at a reasonable cost.

The OEB is an independent body established by legislation that sets the rules and regulations for the provincial electricity sector. One of the OEB's roles is to review the distribution plans of all electricity distributors and set the rates that they can charge customers.



Independent Electricity System Operator: The Independent Electricity System Operator (IESO) is responsible for short, medium and long-term electricity planning to ensure an adequate supply of electricity is available for Ontario residents and businesses. It operates the grid in real-time to ensure that Ontario has the electricity it needs, when and where it's needed. The IESO receives directives from the Ministry of Energy (e.g. energy supply mix, Green Energy Act), but otherwise works at arm's-length from the government.



GENERATION



TRANSMISSION



LOCAL DISTRIBUTION

RULES + POLICY + LICENCES + RATE



INDEPENDENT ELECTRICITY
SYSTEM OPERATOR



ONTARIO ENERGY BOARD

The OEB regulates Ontario's energy sector (including both the electricity and natural gas sectors) and is responsible for consumer protection.

CONSUMER PROTECTION



RESIDENTIAL



COMMERCIAL



INDUSTRIAL

Electricity 101

Understanding Brantford Power's Role in Ontario's Electricity System

Ontario's electricity system is owned and operated by public, private and municipal corporations across the province. It is made up of three components: **generation**, **transmission** and **distribution**.



GENERATION

Generating facilities convert various forms of energy into electric power.

EXAMPLES

Ontario Power Generation
TransCanadaEnergy Ltd
Bruce Power
Samsung Renewable



TRANSMISSION

Transmission lines (high voltage lines) connect the power produced at generating facilities to transformer stations.

EXAMPLE

Hydro One



DISTRIBUTION

Distribution lines (at medium voltages) carry electricity to homes and businesses.

EXAMPLES



Energy+ Inc.
Guelph Hydro
Horizon Utilities



RATEPAYERS

Electricity is consumed by local customers including homes and businesses. Customers of electricity distribution companies are often referred to as ratepayers.

Where does electricity come from?

In Ontario, approximately 70% of electricity is generated by **Ontario Power Generation (OPG)**. This provincially-owned crown corporation has **generation** stations across the province that produce electricity from hydroelectric dams, nuclear reactors, and natural gas burning power plants.

Once electricity is generated, it must be delivered to the communities across Ontario in need of power. This happens by way of high voltage **transmission stations** and interconnected lines that serve as highways for electricity. The province has more than 30,000 kilometres of transmission lines*, owned mostly by **Hydro One**.

Brantford Power's Roles in Ontario's Electricity System

BPI is responsible for the last step of the journey: distributing electricity to customers in the region through its **distribution system**.

Every distribution system is unique with its own history and challenges. In order to better understand BPI's current system, we first have to understand all of the different components and how they impact the way in which you receive electricity when you need it.

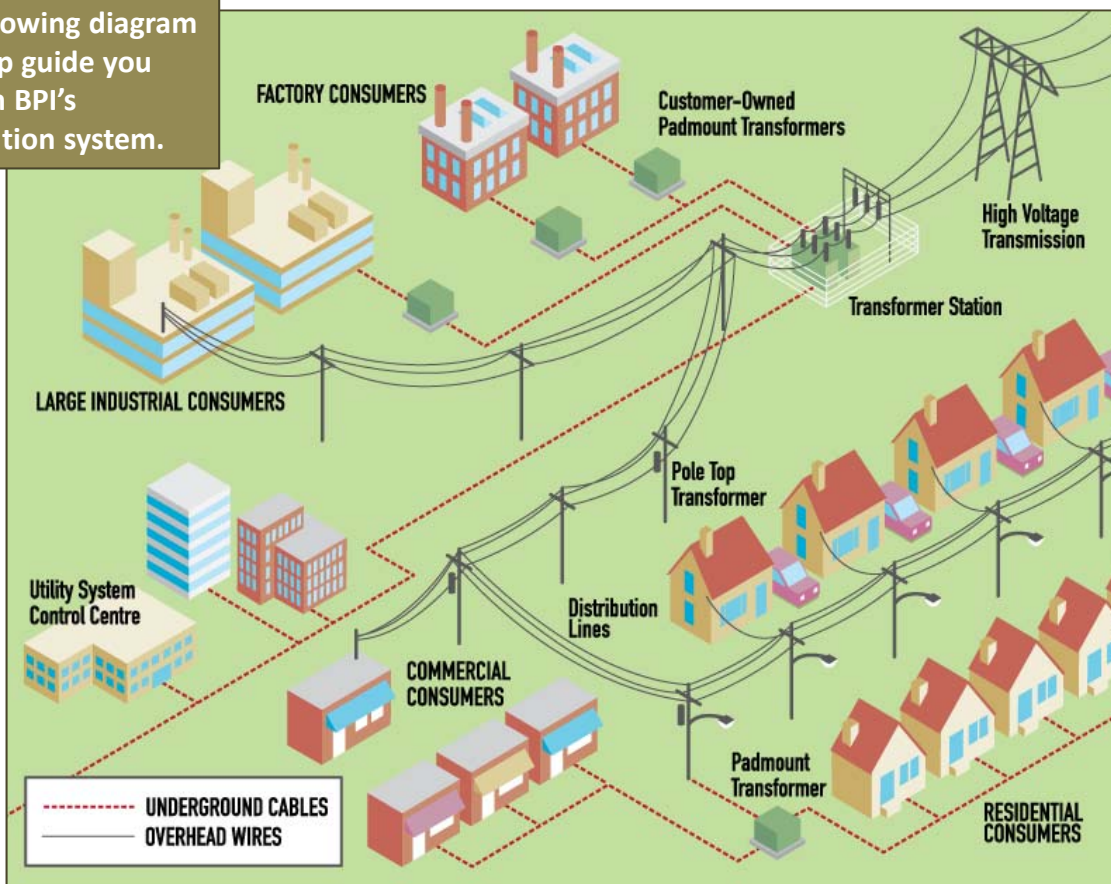
Brantford Power's Distribution System Today

Every distribution system is unique with its own history and challenges. In order to better understand BPI's distribution system, we first have to understand all of the different components and how they impact the way in which you receive electricity when you need it.

BPI's service territory covers 74 square kilometers of urban area. The distribution system contains approximately 254km of overhead wires, 229km of underground cables, and 3,447 distribution transformers.

The local distribution system receives high voltage electricity from three transformer stations: two that are owned by **Hydro One** and one that BPI jointly owns with **Energy+** (formerly Brant County Power). The high voltage electricity is then reduced and connected through 27.6kV feeder circuits. These feeder circuits are used to distribute power to customers directly from the 27.6kV system. Additional transformers are located near customers, and transform the voltage one final time to levels safe to distribute to local homes and businesses.

The following diagram will help guide you through BPI's distribution system.



High Voltage Transmission: Hydro One's high voltage transmission lines connect BPI's distribution system to electricity generating stations across the province.

Transmission Stations: Reduces high voltage electricity from transmission lines to medium voltage which is fed into BPI's distribution feeder system.

Overhead System: The overhead system includes the wires, poles, pole top transformers that are commonly seen across BPI's service territory.

Underground System: The underground system is directly buried and or installed in ducts. At certain intervals, underground service chambers (with manholes) are required to permit cables to be spliced together and to allow underground equipment such as switches to be housed.

An advantage of underground systems is that they are affected to a lesser extent by extreme weather. The disadvantage is that they are more expensive to install and maintain, and when there is a power outage, it often takes longer to locate and repair a problem compared to overhead wires.

Brantford Power's Distribution System Today

Asset Management

Managing the Distribution System

BPI adheres to the Ontario Energy Board's Distribution System Code that sets out good utility practices, minimum performance standards, and minimum inspection requirements for distribution equipment.

BPI maintains and regularly updates an **asset management plan**, which is an evolving blueprint for maintaining the utility's infrastructure and other assets to deliver an agreed standard of service. The asset management plan documents the health of thousands of individual pieces of infrastructure, equipment and assets that must work seamlessly together to deliver reliable electricity to customers.

Historically, maintaining and upgrading infrastructure and equipment has been achieved with only a moderate increase in customers' bills. The asset management plan takes into consideration both current and future system reliability needs as well as the cost implications of these upgrades. Despite best practices, there are several assets within BPI's distribution system that are nearing the end of their useful life and, as such, have been identified as candidates for replacement.

Assets*	# in System	Length of Useful Life (years)	# with <10% Useful Life Remaining
Transmission Stations	1	45	0
Pole Mounted Transformers	1,457	40	91
Submersible Transformers	159	35	28
Padmount Transformers	1,831	40	31
Overhead Switches	504	45	31
Padmount / Underground Switches	447	35	11
Overhead Conductor (km)	254	60	1
Underground Cable (km)	229	35	4
Poles – Wood	9,010	45	1,622
Poles – Concrete	1,011	60	0

Padmount Transformer



Pole Mounted Transformer



* Asset inventory and health assessments based on estimates as of December 31, 2015.

Customer Feedback

1. Before this consultation, how familiar were you with the various parts of the electricity system, how they work together, and which services Brantford Power is responsible for?
 - ☐ Very familiar and could explain the detail of Ontario's electricity system to others
 - ☐ Somewhat familiar, but could not explain all the details of Ontario's electricity system to others
 - ☐ Have heard of some of the terms and organizations mentioned in this workbook, but knew very little about Ontario's electricity system
 - ☐ Aside from receiving a bill from Brantford Power, I knew nothing about Ontario's electricity system
2. Given what you have read so far, how well do you feel Ontario's electricity system has been explained to you?
 - ☐ Very well
 - ☐ Somewhat well
 - ☐ Not very well
 - ☐ Not well at all
 - ☐ Don't know
3. Generally, how satisfied are you with the service you receive from Brantford Power?
 - ☐ Very satisfied
 - ☐ Somewhat satisfied
 - ☐ Neither satisfied nor dissatisfied
 - ☐ Somewhat dissatisfied
 - ☐ Very dissatisfied
 - ☐ Don't know
4. Is there anything in particular that Brantford Power can do to improve its service to you?

Brantford Power's Distribution System Today

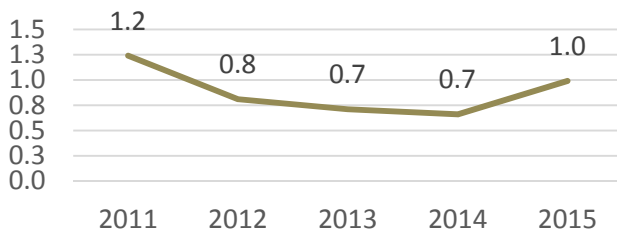
System Reliability

No distribution system can deliver 100% reliable electrical service. From time-to-time, customers will experience a power service interruption. Generally, the more reliable the system, the more expensive the system is to build, operate, and maintain. As such, BPI faces a “balancing act” between system reliability and the cost of maintaining and operating the distribution system.

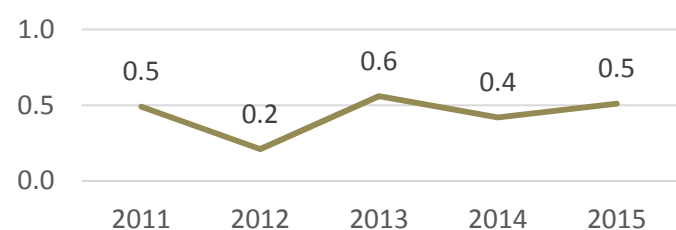
For most customers, the key test of system reliability is “do the lights stay on?” BPI tracks both the number of power service interruptions per customer and how long those outages last. The reliability indices indicate that *equipment failure* and *foreign interference* (e.g. vehicular collision with equipment or animal contact such as squirrels or raccoons interfering with equipment) are two of the key contributors to customer outages.

While the number of *equipment failure* and *foreign interference* related outages has been fairly steady over the historical period, there has been an increase in the frequency of adverse weather related outages. Climate change experts indicate that adverse weather conditions are expected to increase, putting additional strain on the design and operation of the distribution system. This highlights the need for BPI to consider climate change and adverse weather on the design and operation of the distribution system.

Average # Outages per Customer per Year



Length of Outages (hours) per Customer per Year



NOTE: These figures exclude outages due to loss of supply from Hydro One's transmission grid.

As illustrated in the table below, BPI's reliability statistics compare favourably among peer utilities:

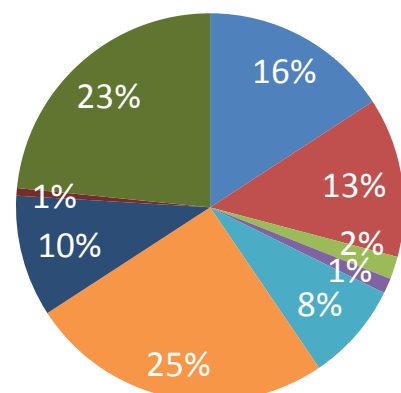
2014 Reliability Indicator	BPI	Brant County	Cambridge	Kitchener	Wellington North	Haldimand	Burlington
Length of Outages (hours)	0.42	2.71	0.64	0.72	0.12	5.24	0.93
Average # Outages per Customer	0.66	0.92	1.33	1.03	0.11	2.62	0.87

Source: 2014 OEB Yearbook; Comparative Reliability Statistics

The outage analysis and system performance measures provide an overview of performance of the BPI distribution system during 2015. It is based on the raw data provided for incidents and outages and accumulated by the control room staff and contributes to BPI's Asset Management Plan by identifying future maintenance and capital budget priorities to enhance the reliability and performance of the distribution system.

- Unknown
- Scheduled Outage
- Loss of Supply
- Tree Contact
- Lightning
- Defective Equipment
- Adverse Weather
- Adverse Environment
- Foreign Interference

Cause of 2015 Outages



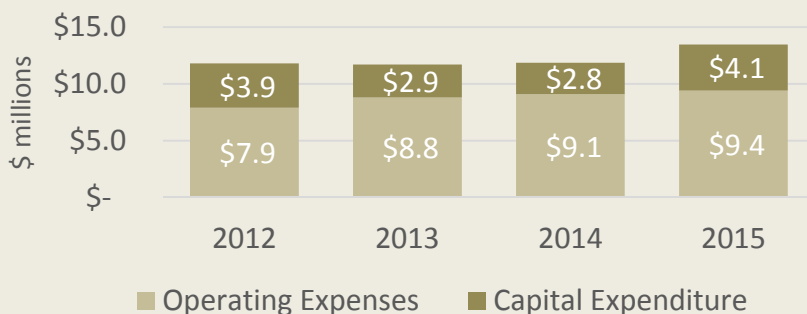
Brantford Power's Distribution System Today

What does it cost to run BPI's distribution system?

Like most businesses, BPI manages its spending in two budgets – an *operating budget* and a *capital budget*.

BPI's **operating budget** covers regularly recurring expenses such as the payroll for employees, and the maintenance of tools, equipment and assets. Its **capital budget** covers items that, when purchased, do not need to be repurchased for some time and which have lasting benefits over many years. This includes much of the equipment that is part of the distribution system, such as poles, wires, cables, transformers, major computer systems, vehicles and facilities.

Historic Operating Expenses and Capital Expenditures



Managing the distribution system requires millions of dollars in maintenance, system renewal and running the day-to-day operations. In its last fiscal year (2015), BPI's operating expenses and capital expenditures **totalled \$13.5 million**.

How does Brantford Power set its budgets?

Utilities are monopolies and do not operate in competitive markets like most private businesses. Consumers cannot choose who delivers power to their homes and businesses; like it or not, BPI is the only delivery choice in Brantford. Due to their monopoly market structure, utilities are highly regulated to ensure that they are offering their customers reliable services at a reasonable price.

For most businesses, net income is determined by revenue minus expenses. To increase net income, businesses need to either increase revenues or decrease expenses. However, unlike private businesses, regulated utilities take a bottom-up approach which starts with net income, plus expenses which equal their revenue requirements.

Does BPI make a profit? Yes, a profit is built into its rate design. Like all regulated utilities in Ontario, BPI can generate a profit based on a target set by the OEB. A portion of this profit is reinvested in the business with the remainder paid out in the form of an annual dividend to its shareholder which may be transferred to the City of Brantford to fund services such as roads, parks, and other municipal programs.

Top Down Approach

Private Business	
Revenue	
- Cost of Goods Sold	
- Operating Expenses	
- Depreciation	
- Interest	
- Taxes	
= Net Income	

Bottom Up Approach

Regulated Ontario Utility	
= Revenue Requirements	
+ Taxes	
+ Interest	
+ Depreciation	
- Other Revenue	
+ Operating Expenses	
Net Income (RoE)	

Unlike typical private businesses, regulated utilities, like BPI, set their budgets based on forecasted revenue requirements needed to operate and maintain the distribution system. The cost of providing utility services are reviewed and need to be approved by the OEB.

Customer Feedback

5. In 2015, the average Brantford Power customer experienced one power outage. Do you recall how many outages you experienced in the past year?
- ☐ None
 - ☐ One
 - ☐ Two
 - ☐ Three
 - ☐ Four
 - ☐ More than four
 - ☐ Don't know
6. How many power outages do you feel are reasonable in a year?
- ☐ No outage is acceptable
 - ☐ One
 - ☐ Two
 - ☐ Three
 - ☐ Four
 - ☐ Five or more
 - ☐ Don't know
7. What do you feel is a reasonable duration for a power outage?
- ☐ No outage is acceptable
 - ☐ Less than 15 minutes
 - ☐ 15 to less than 30 minutes
 - ☐ 30 minutes to less than 1 hour
 - ☐ 1 hour to less than 2 hours
 - ☐ 2 hours or more
 - ☐ Don't know
8. No distribution system can deliver perfectly reliable electricity service. There is a balancing act between reliability and the cost of running the system. Please select what statement comes closest to your point of view.
- ☐ I would be willing to accept more and longer power outages if that meant there would be a decrease to my distribution rates on my electricity bill
 - ☐ I would be willing to pay a bit more on my distribution rates to maintain the current level of reliability
 - ☐ I would be willing to pay much more on my distribution rates to improve the level of reliability I currently receive from Brantford Power
 - ☐ Don't know

Key Pressures on the Distribution System

Community Growth Pressures

Between 1901 and 1980, the City of Brantford population grew at an average of 2.3% per year. From 1981 to 1991 the population grew at an average of 1.3% per year and from 1991 to 2011 the population grew at an average of 0.7% per year. As of the 2011 census, the population of Brantford was 93,650. According to the City of Brantford's Official Plan, the City is expected to grow to a population of approximately 139,000 by the year 2031. This will be an average growth of 2.4% per year for the next fifteen years, based on new industrial and residential development forecasted over the long-term.



This growth in required capacity, coupled with the need to replace aging equipment and modernize the grid, will require increased investments in BPI's infrastructure.

Meeting the Needs of a Growing Community

Over the past number of years, BPI has undertaken several significant programs to ensure the distribution system can meet the needs of a growing community. While much has already been done, there are many programs that are still underway.

Feeder Conversion Project: BPI has worked to upgrade all of the feeders in its distribution system to operate at a voltage level of 27.6 kV or greater. This allowed for BPI to eliminate all municipal substations within its service area, leaving only transmission connected stations to supply the feeders for distribution. This has simplified BPI's system maintenance practices, increased efficiencies, and will ultimately provide long-term savings for customers.

Regional Planning: As part of the medium-term Integrated Regional Resource Planning – which involved BPI, Brant County Power, Hydro One and the IESO – it has been determined that investments in the transmission system that feeds BPI distribution system with electricity will need to be upgraded to support future customer demand. In the next two years, BPI plans to contribute to the upgrade of the transmission system to handle the increased demand expected due to population growth.

Infrastructure Renewal: Some of BPI's electricity infrastructure which was built in the 1950s, 60s and 70s has exceeded or will exceed its useful life in the coming years. While this electrical infrastructure has served the community well, there comes a time when this equipment must be replaced. As mentioned earlier, BPI's Asset Management Plan addresses its aging infrastructure. Assets such as poles are field tested and inspected and rated so that they can enter the BPI decision-making process which determines the parts of the system get replaced first.



Key Pressures on the Distribution System

From the day-to-day events to major storms, there are a variety of ever-present pressures on BPI's operating and capital budget.

Many of these expenditures are items over which BPI has little or no control – major storms, and the implementation of Smart Meters, for example.

Other costs are associated with preventative maintenance like replacing aging equipment. BPI has already undertaken several large scale projects, and more are planned.

How does BPI determine the appropriate amount of capital spending related to existing infrastructure?

BPI monitors the health of its infrastructure very closely. It inspects 100% of the overhead distribution system for possible tree contact annually, and inspects 100% of its distribution system assets every three years.

Has BPI previously set aside funds for required upgrades?

The OEB does not allow utilities in Ontario (including BPI) to create reserve funds. If reserve funds were allowed, a utility would have to charge customers a premium on their rates in order to set money aside. Under OEB regulation, a utility can only charge customers the rate required to run the distribution system at a reliability standard set by regulatory bodies.



Paying for Brantford Power's Distribution System: *Capital Investment Drivers*

BPI has developed a list of capital investment drivers and decides upon investment programs based on these key drivers.

Reliability: There are two main measures of reliability in the distribution system:

- 1) How often does the power go out?
- 2) How long does it stay out?

To achieve maintained or improved reliability, projects are developed to improve asset performance and decrease the frequency and duration of power outages.

Service Requests: BPI has a legal obligation to connect customers to its distribution system. This includes both traditional demand customers (new homes and businesses) and distributed generation customers (e.g. micro-FIT customers who have contracts to sell electricity back to the grid such as rooftop solar panels). Requests can also include system modifications to support infrastructure development by government agencies, road authorities and developers.

Support Capacity Delivery: Where there are forecasted changes in demand that will limit the ability of the system to provide consistent service delivery or where it is incapable of meeting the demand requirements, new builds or expansion is required. This is the fundamental infrastructure that allows new customers to be hooked up to the distribution system and is paid for by new customers served over time.

System Efficiency: To provide customers with the best service possible, there is always a need to improve power outage restoration capability.

Mandated Compliance: Compliance with all legal and regulatory requirements and government directives, such as compliance with the Ministry of Energy, the Ontario Energy Board, the Independent Electricity System Operator and other regulations.

Obsolescence: Asset installations that no longer align with BPI's current operating practices or current standards. This can include those assets that:

- are no longer manufactured
- lack spare parts
- cannot be accessed
- lack the ability to have maintenance performed on them
- have operational constraints or conflicts, which can result in heightened reliability and/or safety related risks

Aging or Poorly Performing Equipment: Where there is the imminent risk of failure due to age or condition deterioration, and these potential failures will result in severe reliability impacts to customers as well as potential safety risks to crew workers or to the public, remediation through refurbishment or replacement is required.

Business Support Costs: BPI is not just the local electricity distribution system itself, but a company that operates the system. As a company, it needs buildings to house its staff and vehicles, tools to service the power lines and IT systems to manage the system and customer information.



Paying for Brantford Power's Distribution System: Capital Investments

What are the major issues Brantford Power needs to address?

Over the years, BPI has worked hard to keep its equipment working well beyond its originally expected life, to get maximum value for money. However, BPI's key challenge still comes from the need to continue investing in system assets to keep up with growth, in addition to replacing aging equipment.

Between 2017 and 2021, the capital expenditures required to address system renewal, maintain system reliability and invest in other infrastructure priorities are estimated by BPI to be \$22.8 million.

To assist them in prioritizing what needs to be replaced and by when, BPI uses an Asset Management Plan to drive replacement decisions.

Using the information provided by the Asset Management Plan, BPI plans for four types of capital investment costs:

System Access

Definition: Non-discretionary investments that respond to customer requests for new connections or new infrastructure development. These are high priority, "must do" projects, as BPI is mandated to connect new customers to the distribution system.

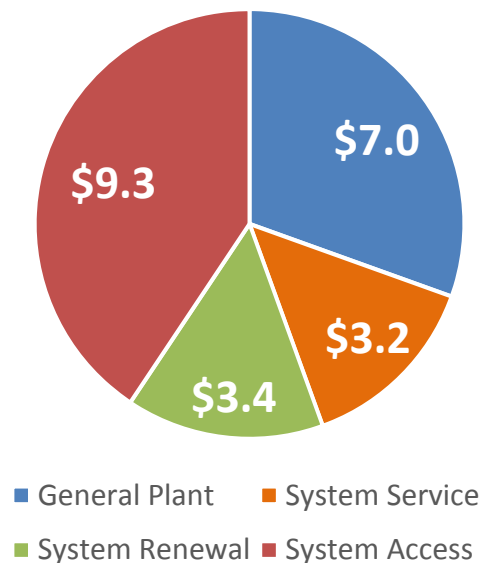
Projects Include: new subdivision and business customer connections, relocating assets based on infrastructure needs

System Service

Definition: These discretionary investments consist of projects that improve system reliability and customer service.

Projects Include: automated switches, better distribution system monitoring equipment

2017-2021 Forecasted Capital Expenditures (millions \$)



System Renewal

Definition: These projects are a mix of discretionary (planned end of life replacement) and non-discretionary (emergency replacement) investments.

Projects Include: Transmission station upgrade, underground cable replacement, overhead wire replacement, and pole replacement.

General Plant

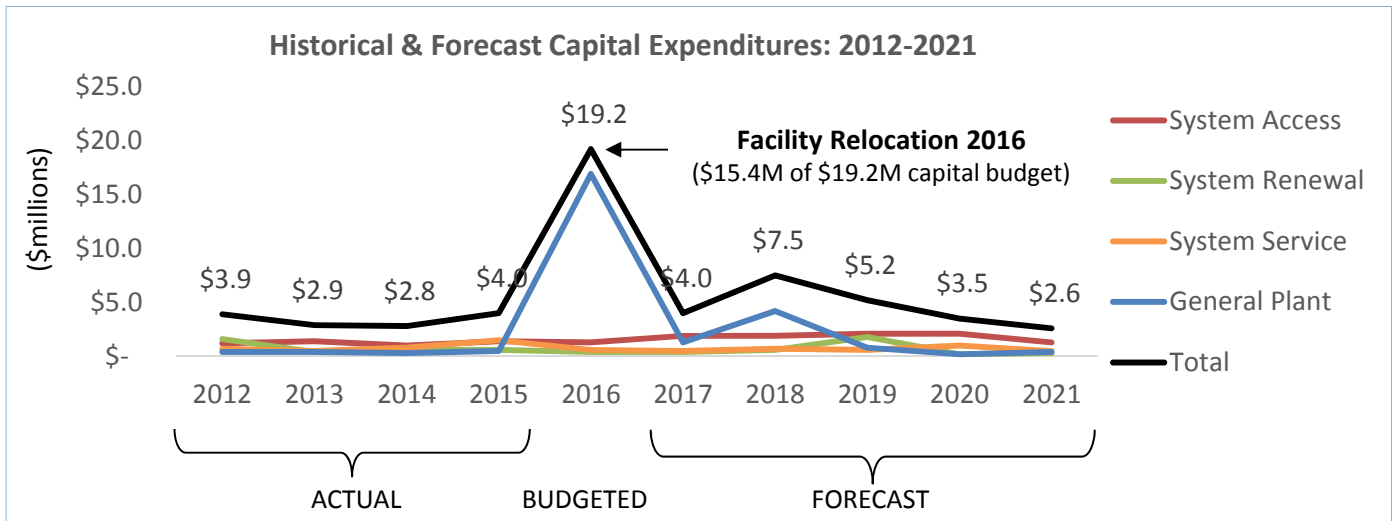
Definition: These are discretionary investments that are needed to support the distribution system: such as tools, vehicles, buildings, and information technology (IT) systems used to manage financial and customer information. They are necessary in order to operate and maintain the distribution system efficiently and service customers.

Projects Include: Financial and customer information system and vehicle replacement



Cost Drivers

Capital Investments



Facility Relocation

BPI is not simply the operator of the local electricity distribution system; it is also an independent business that needs unique facilities to house the staff and equipment it utilizes to service its customers, including its tools, information systems, fleet, administration, warehousing and outdoor storage. Currently, BPI's staff and equipment are housed in multiple locations across Brantford, all of which are rented from either the City of Brantford or other landlords. While operating as a fragmented organization is less than ideal, BPI in its efforts to be prudent with its expenditures and as a good steward of electricity ratepayer dollars, has made the best of this arrangement.

Within the last year however, BPI has felt the pressure to explore alternatives to its current facilities arrangements. As the City of Brantford itself contemplates its own accommodation challenges, the buildings BPI currently occupies and shares with the City have either been divested of, or identified for possible repurposing. As such, the current situation is not sustainable in the near to medium-term. Sometime within the 2016-2021 period, BPI will pursue a standalone, consolidated location within its service territory; one designed to accommodate its staff and equipment and ensure the local continuity of service for its customers.

Over the past year, Brantford Power's Board of Directors, with the assistance of its leadership team, has explored the various options available and completed a formal professional analysis of those options. The options and considerations are summarized in the table below:

Options	Considerations
New Construction: Build a brand new building, to house all staff and equipment in a single location and designed to meet Brantford Power's immediate and future operational needs.	While this custom-designed building would meet all of Brantford Power's operational needs, this approach may prove to be more costly given current market conditions and limited availability of land. This solution will accommodate all staff and equipment, but is a longer-term alternative.
Acquire and Renovate: Refurbish or repurpose an existing facility that will accommodate staff and equipment in a single location that meets Brantford Power's immediate and future operational needs.	This solution provides the benefit of housing all staff and equipment in a single facility, but may not be as efficient as a custom built facility. The refurbishing of an existing facility may be a less costly alternative to the New Construction Option.

Facility Relocation: *Maintaining the Status Quo*

There is limited inventory of appropriate, single-site rental facilities within the City, and continuing to function in fragmented facilities leased from multiple landlords is not ideal from an operational perspective. This solution could ultimately cost more than existing lease agreements due to market and leasing conditions, multiple landlords and the need for significant leasehold improvements.

Economics of owning a single facility vs. renting multiple facilities

BPI currently has **\$15.4 million budgeted** for its facility relocation. While this is a very large capital expenditure for BPI, this investment could save customers in the long-run as owning a facility is typically more economical than renting multiple facilities. Furthermore, customers will only see the cost of a facility relocation on their electricity bills in small, incremental installments as the investment will be depreciated over 50 years. Furthermore, in continuing to rent its work locations, BPI forgoes the ability to build its asset base and value.

Customer Feedback

9. In terms of Brantford Power's facility relocation, which option do you think your utility should pursue?

- ☐ Build a new facility that will meet their current and foreseeable future needs.
- ☐ Buy an existing facility and refurbish it to meet their current and foreseeable future needs.
- ☐ Stick with the status quo and find new rental space to house equipment and staff.
- ☐ Something else
- ☐ Don't know

10. [If you answered "**something else**" to the previous question] what options do you think Brantford Power should consider in addressing their facility relocation?

11. As a company, Brantford Power needs vehicles and tools to service the power lines and IT systems to manage the system and customer information. Which of the following statements best represents your point of view?

- ☐ Brantford Power should find ways to make do with the equipment and IT systems it already has.
- ☐ While Brantford Power should be wise with its spending, it is important that its staff have the equipment and tools they need to manage the system safely, efficiently and reliably.
- ☐ Don't know

12. With regards to projects focused on replacing aging equipment in poor condition, which of the following statements best represents your point of view?

- ☐ Brantford Power should invest what it takes to replace the system's aging infrastructure to maintain system reliability, even if that increases my monthly electricity bill by a few dollars over the next few years.
- ☐ Brantford Power should lower its investment in renewing the system's aging infrastructure to lessen the impact of any bill increase, even if that means more or longer power outages.
- ☐ Don't know

Operating Budget Cost Drivers

Operations, Maintenance & Administration (OM&A) Expenses

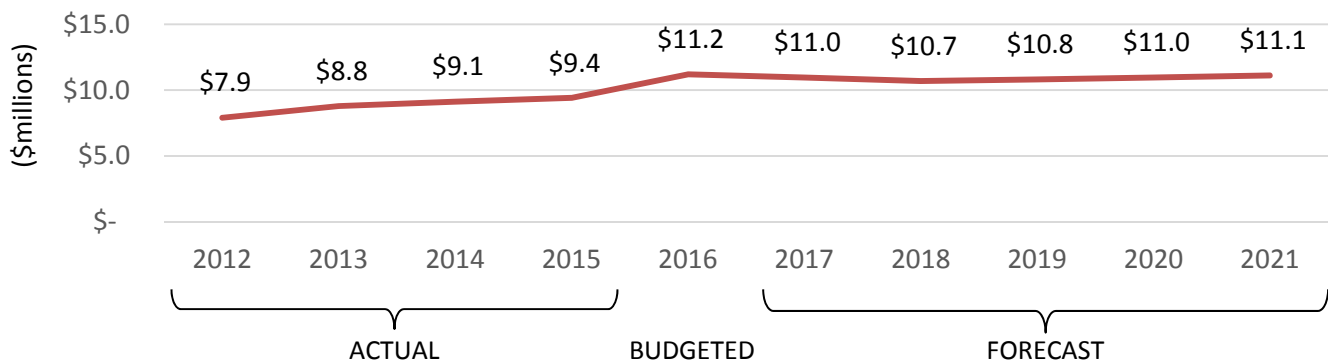
In addition to its capital budget, Brantford Power needs to consider its operating budget which also impacts customer bills.

Cost drivers contributing to the operating budget can largely be attributed to on-going maintenance and management of the distribution system. An example of this type of cost driver is BPI's vegetation program, including tree trimming, designed to lessen the impact of falling tree branches on power lines.

During the last five years, Brantford Power has demonstrated its ability to minimize annual cost increases. In fact, in 2014 Brantford Power reported cost per customer levels that were 2 dollars below the level reported in 2010.

Brantford Power is continually looking for ways to improve its business processes in order to comply with the increasing responsibilities and obligations being established for local distribution companies, without negatively impacting overall costs to the customers.

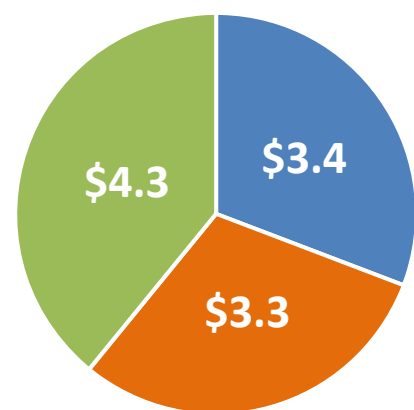
Historical & Forecast OM&A Expenses: 2012-2021



Nevertheless, the level of OM&A is expected to increase. These increases are primarily related to the following factors:

- Increases in labour costs due to negotiated increases, plus the impact of non-discretionary statutory employee benefits.
- Funding for apprentices and other technical staff necessary for succession planning, and in preparation for a number of pending retirements.
- Increased project staffing and related ongoing operating expenses related to the implementation of, and transition to replacement financial, customer service and other information systems. These expenses are necessary to improve management information and to provide enhanced self-serve functionality for customers.
- Operating expenses related to the operations of a single consolidated facility replacing the three leased premises currently in use.
- Customer engagement initiatives necessary to enable ongoing measurement of BPI's customer service performance and to obtain customer input on BPI's distribution system and other plans pursuant to OEB requirements.

2017 Forecasted OM&A Costs
(\$ millions)



- Operations & Maintenance
- Customer Service
- Administrative & General



Finding Efficiencies and Cost Savings

BPI planning, prioritization and investment processes follow good utility practices that are executed through the Distribution System Plan. Good utility practices have inherent cost savings through sound decision making, thoughtful compromises, right timing and optimum expenditure levels.

There are several other ways in which Brantford Power works to find efficiencies and cost savings in the system:

- **Asset Condition Inspections** and comprehensive data collection will provide a better understanding of each distribution infrastructure asset's stage in their lifecycle. By making use of this data we will be able to make more informed and cost effective decisions with respect to the maintenance, refurbishment and replacement of our assets.
- **Reactive maintenance**, such as fixing a pole damaged by a storm, is exponentially more costly than proactive maintenance. Proactively maintaining and replacing our distribution infrastructure will improve service and have a beneficial impact on the cost of outages to the customer – outages will be fewer and shorter in duration. A structured program will also smooth out financial rate impacts in an effort to avoid disruptive rate spikes to address the volume of distribution infrastructure reaching end-of-life.
- **The use of software** (e.g. AutoCAD Utility Design; Spidacalc) to optimize infrastructure design will reduce overdesign and ensure that current CSA standards for non-linear pole loading and structural stability are adhered to.
- **Coordinating with Telecoms** will reduce installation costs when replacing existing underground subdivision cables that are nearing end-of-life.
- In order to optimize a distribution infrastructure asset's lifecycle we must be informed. The **improved use of Geographic Information Systems (GIS)** will allow us to better capture and access important attribute data (i.e. nameplate data, condition of asset, inspection/maintenance history, etc.). This will aid in cost control by optimizing the asset's lifecycle.
- Prudent investment in **distribution automation** (e.g. remotely operated switches), as part of the Smart Grid development, will improve day to day switching operations. This will have a positive impact on improving outage restoration times, and in turn reduce the impact of outages on our customers.
- **Coordination of infrastructure inspection** with maintenance reduces operating costs. Contractors performing tree trimming and infra-red testing also carry out visual inspections of surrounding infrastructure. Reports detailing any abnormalities are generated, as required, for BPI crews to follow-up and address.
- **Purchasing approved distribution system standards** significantly reduces unit cost for standard development and equipment approvals.
- **Certain maintenance activities** (e.g. painting transformers) help extend the life of the equipment thereby deferring replacement costs.
- Reporting, GIS database management and information collected via **inspection programs are recorded electronically on mobile equipment**. This mobile network facilitates electronic transmission of information, and avoids the costly and cumbersome paper process.
- **Renewing financial, customer, and other information systems** will allow for more timely and enhanced management information to operate the business allowing for the potential of further efficiencies and productivity improvements.

Customer Feedback

14. How well do you feel you understand the cost drivers that Brantford Power is responding to?

- ☐ Very well
- ☐ Somewhat well
- ☐ Not very well
- ☐ Not well at all
- ☐ Don't know

15. How would you rate the job Brantford Power is doing to manage these cost drivers?

- ☐ Very good
- ☐ Good
- ☐ Poor
- ☐ Very poor
- ☐ Don't know

16. Do any of Brantford Power's forecasted expenses or expenditures appear unreasonable to you? If so which areas appear unreasonable and why?

17. How satisfied are you with the efforts Brantford Power has made to find efficiencies and cost savings in the distribution system?

- ☐ Very satisfied
- ☐ Somewhat satisfied
- ☐ Not very satisfied
- ☐ Not at all satisfied
- ☐ Don't know

18. Is there anything else you think Brantford Power should be doing to find efficiencies and cost savings in the distribution system?

What Will Brantford Power's Plan Cost Customers?

As mentioned earlier, BPI is funded by the distribution rates paid by its customers. Every few years, BPI is required to file a Cost of Service (COS) application with the OEB to request funding to operate and maintain the distribution system in accordance with its spending and investment plan. As part of its rate filing, BPI must submit evidence to justify the amount of funding required to safely and reliably distribute electricity to its customers.

Rate Design

BPI's last COS application was filed for rates effective **March 1, 2014**. During the years between COS applications, the OEB approves marginal increases to distribution rates (based on an allowance for inflation less an adjustment for expected efficiency gains). While BPI does its best to keep its rates low, sometimes the rates charged to customers are lower than required to adequately maintain the distribution system.

This rate setting method often results in a revenue shortfall because investments made in the years between COS applications are not recognized and thus do not allow for any adjustment to address the needs of customers. As a result, when utilities apply for new distribution rates, there is often a revenue "catch-up" in the rebased rate year to rebalance revenue requirements with actual costs associated with operating and maintaining the distribution system. Like many utilities in Ontario going through the same process, BPI estimates its rate impact will be greatest in 2017, and lesser in the subsequent years between 2018 and 2021.

Residential Bill Impact

In 2017, it is estimated that an additional **\$4.93 per month** will be required of the average residential customer (monthly consumption of 800 kWh) to operate, maintain, and modernize BPI's electricity distribution system.

However, in 2018, it is estimated that distribution rates will decrease by **\$0.56 per month**. This is largely due to the expiry of charges related to the provincial smart metering initiative. For 2019 through 2021, it is estimated that an additional **\$0.44 per month** each year (on average over the 3 years) will be required to cover inflationary increases required to address the needs of the distribution system.

By 2021, the average residential household will be paying an **estimated \$5.68 more per month** on the distribution portion of their electricity bill.

Estimated Typical Residential Annual Increase in Monthly Bill (5 year forecast)

	Year	Average Residential Bill *	Distribution Portion of Bill ^{††}	Incremental Rate Change (before HST)	% Change * (on total bill)
Current Rate	2016	\$146.99	\$24.47	--	--
Rebased Rate	2017	\$152.56	\$29.40	\$4.93	3.3%
	2018	\$151.92	\$28.84	\$(0.56)	-0.4%
Forecast for next rate period †	2019	\$152.41	\$29.27	\$0.43	0.3%
	2020	\$152.91	\$29.71	\$0.44	0.3%
	2021	\$153.41	\$30.15	\$0.45	0.3%

† Please note that these are **preliminary estimates** and are subject to change as the rate application process progresses.

†† Estimates are calculated excluding distribution pass through charges.

* Assumes all charges on the average electricity bill remain constant at 2016 levels, aside from distribution charges.

Customer Feedback

19. From what you have read here and what you may have heard elsewhere, does Brantford Power's investment plan seem like it is going in the right direction or the wrong direction?

- ☐ Right direction
- ☐ Wrong direction
- ☐ Don't know

20. How would you rate the job Brantford Power is doing when it comes to planning for the future?

- ☐ Very good
- ☐ Good
- ☐ Poor
- ☐ Very poor
- ☐ Don't know

21. Considering what you know about the local distribution system, which of the following best represents your point of view?

- ☐ The proposed rate increase is reasonable and I support it
- ☐ I don't like it, but I think the proposed rate increase is necessary
- ☐ The proposed rate increase is unreasonable and I oppose it
- ☐ Don't know

22. Thinking about your answer to the previous question (question 21), why do you either support the proposed rate increase, think the proposed rate increase is necessary, oppose the proposed rate increase, or don't know?

Final Thoughts

Brantford Power values your feedback. This is the first time the utility has conducted a review about its upcoming investment plan in this type of format.

Overall Impression: What did you think about the workbook?

Volume of Information: Did Brantford Power provide too much information, not enough, or just the right amount?

Content Covered: Was there any content missing that you would have liked to have seen included?

Outstanding Questions: Is there anything that you would still like answered?

Suggestions for Future Consultations: How would you prefer to participate in these consultations?

Glossary

Breakers: Devices that protect the distribution system by interrupting a circuit if a higher than normal amount on power flow is detected.

Feeder Circuit: Is a wire that connects the transmission station to the broader distribution system in order to deliver electricity to customers.

General Plant: Investments in things like tools, vehicles, buildings and information technology (IT) equipment that are needed to support the distribution system.

Generation Station: A facility designed to produce electric energy from another form of energy, such as fossil fuel, nuclear, hydroelectric, geothermal, solar thermal, and wind.

Geographic Information System (GIS): A system designed to capture, store, manipulate, analyze, manage, and present all types of spatial or geographical data.

Kilovolt (kV): 1,000 volts (see “volt” below).

Kilowatt (kW): 1000 watts.

Local Distribution Company (LDC): In Ontario, these are the companies that take electricity from the transmission grid and distribute it around a community.

OM&A: Operations, Maintenance and Administration or operating budget.

Substations: Used to change AC voltages from one level to another and to switch generators, equipment and circuits and lines in and out of an electrical system.

Switches: These control the flow of electricity—they direct which supply of electricity is used and which circuits are energized. Distribution systems have switches installed at strategic locations to redirect power flows for load balancing or sectionalizing.

System Access: Projects required to respond to customer requests for new connections or new infrastructure development. These are usually a regulatory requirement to complete.

System Renewal: Projects to replace aging infrastructure in poor condition.

System Service: Primarily projects that improve reliability.

Transmission lines: Transmit high-voltage electricity from the generation source or substation to another substation in the electricity grid.

Transformer: Is an important piece of equipment that reduces the voltage of electricity from a high level to a level that can be safely distributed to your area or to your residence/business.

Underground Cable: A conductor with insulation, or a stranded conductor with or without insulation and other coverings (single-conductor cable), or a combination of conductors insulated from one another (multiple-conductor cable) with an intended use of being buried.

Volt (V): A unit of measure of the force, or 'push,' given the electrons in an electric circuit. One volt produces one ampere of current when acting on a resistance of one ohm.

Watt (W): The unit of electric power, or amount of work (J), done in a unit of time. One ampere of current flowing at a potential of one volt produces one watt of power.

Wire: A conductor wire or combination of wires not insulated from one another, suitable for carrying electric current.

Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-D

Filed: May 4, 2016

Attachment 1-D

2014 Audited Financial Statements

Financial Statements of
Brantford Power Inc.
December 31, 2014

Brantford Power Inc.

Table of Contents

December 31, 2014

Management Report	1
Independent Auditors' Report	2 - 3
Balance Sheet	4 - 5
Statement of Retained Earnings	6
Statement of Operations	7
Statement of Comprehensive Income	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 36



Brantford Power Inc.
Management Report
December 31, 2014

The accompanying financial statements are the responsibility of management of Brantford Power Inc. (the Company). In management's opinion, these 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 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 financial statements have been examined by KPMG LLP, the external auditors of the Company. The responsibility of the external auditors is to express their opinion on whether the 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 financial statements and recommends their approval to the board of directors. KPMG LLP has full and free access to the finance committee, with and without the presence of management.

Paul Kwasnik
President and Chief Executive Officer
April 22, 2015

Brian D'Amboise, CPA, CA
Chief Financial Officer
April 22, 2015

**KPMG LLP**

Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Telefax (905) 523-2222
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Brantford Power Inc.:

We have audited the accompanying financial statements of Brantford Power Inc., which comprise the balance sheet as at December 31, 2014, the statements of operations, retained earnings, comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brantford Power Inc. as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 22, 2015

Hamilton, Canada

Brantford Power Inc.
Balance Sheet
as at December 31, 2014

Assets	<u>2014</u>	<u>2013</u>
	\$	\$
Current Assets		
Cash and cash equivalents	9,875,967	13,172,577
Accounts receivable	10,357,405	9,275,123
Unbilled revenue	10,642,144	11,018,050
Inventories	853,548	859,915
Special deposits	818,050	790,223
Prepaid expenses	233,336	174,548
Payments in lieu of corporate income taxes	622,158	324,099
Future payments in lieu of corporate income taxes - note 22	238,500	207,230
	33,641,108	35,821,765
Property, plant and equipment - note 6	63,602,605	60,143,968
Other Assets		
Regulatory assets - note 9	6,336,310	7,863,847
Long-term special deposits	637,041	679,929
Long-term prepaid expenses	29,500	69,543
Future payments in lieu of corporate income taxes - note 22	418,495	248,418
Intangible assets - note 7	641,038	3,432,578
	8,062,384	12,294,315
	105,306,097	108,260,048

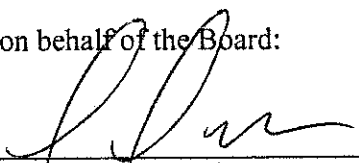
Brantford Power Inc.

Balance Sheet

as at December 31, 2014

Liabilities and Shareholder's Equity	<u>2014</u>	<u>2013</u>
	\$	\$
Current Liabilities		
Accounts payable and accrued liabilities	14,314,888	13,692,859
Accounts payable to the City of Brantford - note 8	639,065	952,468
Interest payable to the City of Brantford - note 10	1,419,904	1,419,904
Due to affiliates - note 8	75,349	280,313
Current portion of customer deposits	818,050	790,223
Current portion of long-term debt - note 10	1,088,567	1,038,479
	<u>18,355,823</u>	<u>18,174,246</u>
Long-term debt - note 10	<u>42,057,704</u>	<u>43,143,585</u>
Other Liabilities		
Regulatory liabilities - note 9	2,663,315	6,479,604
Long-term customer deposits	637,041	679,929
Employee future benefits - note 12	2,099,345	2,114,875
Accumulated vested sick leave credits - note 11	90,030	92,262
Derivative liabilities - note 21	333,600	372,285
	<u>5,823,331</u>	<u>9,738,955</u>
Contingencies and Commitments - note 13		
Shareholder's Equity		
Share capital - note 14	22,437,505	22,437,505
Retained Earnings	16,724,891	14,885,261
Contributed surplus	141,319	141,319
Accumulated Other Comprehensive Loss - note 15	(234,476)	(260,823)
	<u>39,069,239</u>	<u>37,203,262</u>
	<u>105,306,097</u>	<u>108,260,048</u>

Signed on behalf of the Board:



Ron Stewart

Director

Director

Brantford Power Inc.
Statement of Retained Earnings
for the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Retained Earnings, Beginning of Year	14,885,261	12,955,971
Net Income	2,589,630	2,679,290
Dividends	(750,000)	(750,000)
Retained Earnings, End of Year	16,724,891	14,885,261

Brantford Power Inc.
Statement of Operations
for the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Revenue		
Electricity distribution service charges - note 17	16,065,685	15,046,982
Ontario Power Authority conservation programs	3,407,271	2,985,434
Specific service charges	539,109	441,756
Management fees	85,811	-
Interest income	456,332	506,758
Other income	190,443	182,167
	20,744,651	19,163,097
Expenses		
Distribution operations and maintenance	3,698,044	3,714,745
Billing and collecting	2,879,988	2,431,812
General administration	2,710,718	3,115,708
Ontario Power Authority conservation programs	3,407,271	2,984,012
Interest on long-term debt	2,296,798	2,345,466
Other financing expenses	122,543	205,558
Amortization - note 19	3,015,739	2,781,996
	18,131,101	17,579,297
Income before payments in lieu of corporate income taxes	2,613,550	1,583,800
Payments in lieu of corporate income taxes - note 22	23,920	(1,095,490)
Net income	2,589,630	2,679,290

Brantford Power Inc.
Statement of Comprehensive Income
for the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Net Income	2,589,630	2,679,290
Other comprehensive loss		
Unrealized gain on derivative instruments designated as cash flow hedges - Note 21	35,847	180,063
Future payment in lieu of corporate income taxes	(9,500)	(47,720)
	<u>26,347</u>	<u>132,343</u>
Comprehensive Income	<u>2,615,977</u>	<u>2,811,633</u>

Brantford Power Inc.
Statement of Cash Flows
for the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Operating activities		
Net income	2,589,630	2,679,290
Items not affecting cash		
Amortization - note 19	3,150,377	2,893,196
Future payments in lieu of corporate income taxes	172,728	336,403
Gain on disposal of property, plant and equipment	(17,252)	(12,687)
Other items not affecting cash	(369,586)	1,130,879
	5,525,897	7,027,081
Changes in non-cash working capital components - note 18	(953,195)	(750,697)
	4,572,702	6,276,384
Investing activities		
Acquisition of property, plant and equipment	(2,782,311)	(3,476,719)
Acquisition of intangible assets	(305,304)	(201,081)
Decrease (increase) in regulatory assets	473,883	(2,645,220)
Increase (decrease) in regulatory liabilities	(3,816,289)	299,522
Decrease in special deposits	15,061	390,073
Proceeds from disposal of property, plant and equipment	17,252	12,687
	(6,397,708)	(5,620,738)
Financing activities		
Capital contributions received	331,936	713,076
Repayment of long-term debt	(1,038,479)	(991,134)
Decrease in customer deposits	(15,061)	(390,073)
Dividends paid	(750,000)	(750,000)
	(1,471,604)	(1,418,131)
Decrease in cash and cash equivalents	(3,296,610)	(762,485)
Cash and cash equivalents, beginning of year	13,172,577	13,935,062
Cash and cash equivalents, end of year	9,875,967	13,172,577
Supplemental Disclosure of Cash Flows		
Interest received	178,318	198,939
Interest paid	2,296,950	2,374,751
Payment for income taxes	149,251	136,909

See accompanying notes

Page 9

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

1. Description of Business

On March 1, 2000, Brantford Power Inc. (the Company) was incorporated under the Business Corporations Act (Ontario) along with its affiliate companies, Brantford Hydro Inc. and Brantford Energy Corporation. Another affiliated 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 subsidiary of Brantford Energy Corporation. The Company provides electricity distribution services to residents of the City of Brantford. The operations of the company are regulated by the Ontario Energy Board (OEB).

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 as set forth in the Accounting Procedures Manual issued by the OEB under the authority of the Ontario Energy Board Act, 1998. Significant accounting policies are summarized below:

Regulation

The Company is regulated by the OEB and requires OEB approval for any distribution service rate adjustments. The following accounting policies applicable to rate regulated operations differ from GAAP for companies operating 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. The Company 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, the Company 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 9.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

2. Accounting Policies - continued

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions towards the cost of constructing company assets. Capital contributions for the year of \$331,936 (2013 - \$713,076) have been recorded 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.

Stranded meters

As a result of the OEB's smart meter initiative, the Company has removed conventional meters and replaced 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. Following the OEB's rate decision on March 1, 2014 approving the recovery of stranded meters, recoverable stranded meters have been transferred from intangible assets to regulatory assets. The OEB has allowed the Company to recover the costs of these stranded meters through the 2013 cost of service rate application process. The recovery of these costs began on March 1, 2014 and is expected to be completed by December 31, 2017.

Payment in lieu of income 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 (PILS) to the Ontario Electricity Financial Corporation (OEFC), beginning on 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 *Ontario Corporations Tax Act* and 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.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

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 employee future benefits, 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 OEB or the Minister of Energy.

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 to property, plant and equipment.

Unbilled revenue

Unbilled revenue is an estimate of customers' consumption of power from the last meter reading during the year to the balance sheet date.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

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.

Buildings	20-50 years
Transformer station	20-50 years
Distribution stations	30 years
Distribution lines - overhead	3-60 years
Distribution lines - underground	3-60 years
Distribution transformers	3-40 years
Distribution meters	15-35 years
Vehicles	8-20 years
Office furniture	10 years
Computer hardware	2-4 years
Tools and other equipment	5-15 years
Capital contribution	25 years

Other utility plant and work in progress are amortized when put in service.

Intangible assets

Intangible assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis. Amortization is calculated on a straight-line basis over the estimated useful service life as follows.

Land rights	50 years
Leasehold improvements	5 years
Capital contribution paid	45 years
Software	5 years

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

2. Accounting Policies - continued

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.

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.

Revenue recognition

Distribution 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.

Other revenue is recognized as services are rendered or as the work is completed.

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, 2014 and 2013.

Customer deposits

Customer deposits are cash collections from customers to guarantee the payment of electricity bills as prescribed by the OEB's Retail Settlement Code. 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 average remaining service period of active employees (14 years).

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

2. Accounting Policies - continued

Contributed Surplus

During 2012, the City restructured the Company to simplify its compliance with the OEB's Affiliate Relationship Code for Electricity Distributors and Transmitters. The effects of the restructuring included the transfer of 55 employees and their related post employment benefit obligations. The City also transferred reserves related to Brantford Power IT Services and Customer Service Equipment and ownership of certain assets including computer hardware and office furniture. The net effect of these transfers resulted in a contributed surplus in the Company.

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. Any adjustment to the liability of its fair value as a result of the passage of time is charged to earnings.

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.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

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, the AcSB issued several optional deferrals in adoption of IFRS for rate-regulated entities. The Company qualifies for these deferrals and has elected to defer adoption for fiscal 2014. The Company will adopt IFRS effective January 1, 2015 with comparative results for 2014.

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 the presentation of deferral and variance accounts allowed by the regulator. In addition, the adoption of IFRS is expected to result in changes to certain 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 Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

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) and generators within Brantford 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 the company 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 9.

In the absence of rate regulation, distribution revenue would have been lower by \$2,529,541 (2013 - 1,443,181), cost of power would have been higher (2013 - lower) by \$803,782 (2013 - \$584,980), other income would have been lower by \$28,153 (2013 - \$15,867), distribution operations and maintenance would have been higher by \$NIL (2013 - \$174,074), general administration would have been higher by \$3,494 (2013 - \$NIL), amortization would have been higher by \$NIL (2013 - \$361,961), and interest income would have been lower by \$31,019 (2013 - \$19,333). The net effect, in the absence of rate regulation, is a pre-tax decrease in net income for 2014 of \$3,395,989 (2013 - \$1,429,436).

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

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

4. Rate Setting - continued

The distribution rates of the Company are based on a revenue requirement that provides a regulated Maximum Allowable Return on Equity on the amount of the deemed equity component supporting the rate base. The Company files a rate application with the OEB annually. Once every five years, the Company files a Cost of Service (COS) application where rates are rebased through a costs-of-service review. In the intervening years an Incentive Regulation Mechanism (IRM) is filed. A COS application is based upon a forecast of the annual amount of operating and capital expenses, debt and shareholder's equity required to support the Company's business. An IRM application results in a formulaic adjustment to distribution rates for the annual changes in Gross Domestic Product Implicit price inflator for Final Domestic Demand net of a productivity factor and a Stretch Factor determined by the relative efficiency of a local distribution company.

On August 15, 2013 the Company filed a COS application for 2013 rates. On February 27, 2014, the OEB released its decision. This decision included the repayment of \$3,049,000 in regulatory liabilities. The revised rates were approved with an effective date of March 1, 2014.

On August 15, 2014, the Company filed an application for 2015 rates on the basis of the OEB's third generation IRM policy. On December 4, 2014, the OEB released its decision. This decision included the repayment of \$470,709 in regulatory liabilities. The revised rates were approved with an effective date of January 1, 2015.

5. Inventory

The amount of inventory consumed by the Company and recognized as an expense during 2014 was \$258,275 (2013 - \$170,082).

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2014

6. Property, Plant and Equipment

	2014			2013
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land	181,961	-	181,961	181,961
Buildings	1,167,587	249,529	918,058	941,730
Transformer station	3,956,009	973,464	2,982,545	3,050,940
Distribution stations	80,683	74,736	5,947	47,956
Distribution lines - overhead	32,167,145	12,152,901	20,014,244	19,561,826
Distribution lines - underground	36,682,874	12,382,422	24,300,452	24,375,473
Distribution transformers	18,734,086	7,261,915	11,472,171	11,601,454
Distribution meters	9,914,340	3,404,945	6,509,395	3,038,267
Vehicles	2,966,473	2,120,782	845,691	861,947
Office furniture	19,923	2,268	17,655	6,513
Computer hardware	157,638	109,708	47,930	82,806
Tools and other equipment	949,247	328,881	620,366	493,491
Capital contributions	(5,502,135)	(1,096,833)	(4,405,302)	(4,196,565)
Other utility plant	54,756	-	54,756	54,756
Work in progress	36,736	-	36,736	41,413
	101,567,323	37,964,718	63,602,605	60,143,968

7. Intangible Assets

	2014			2013
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land rights and easements	99,241	11,393	87,848	85,463
Leasehold improvements	39,134	12,486	26,648	23,005
Capital contributions paid	168,856	1,876	166,980	-
Stranded meters	-	-	-	2,950,474
Software	929,613	570,051	359,562	373,636
	1,236,844	595,806	641,038	3,432,578

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

8. Related Party Transactions

The Company is a wholly owned subsidiary of Brantford Energy Corporation and Brantford Energy Corporation is wholly owned by The Corporation of the City of Brantford (the City). Brantford Energy Corporation also owns Brantford Hydro Inc. and Brantford Generation Inc.

The Company obtains certain administrative and management services from the City and Brantford Energy Corporation. The Company also provides services to the City, Brantford Generation Inc. and Brantford Hydro Inc. These services were made in the normal course of business, are non-interest bearing, have terms of net thirty days and have been recorded at the exchange amounts.

The Company has entered into a shared services agreement with the City, whereby the City will provide administrative, 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 \$2,169,080 (2013 - \$2,328,428). As at December 31, 2014 the balance owing to the City for these services was \$639,065 (2013 - \$952,468).

For the year ended December 31, 2014, the Company provided electricity to the City in the amount of \$7,181,702 (2013 - \$6,658,031). The Company also provided other services to the City in the amount of \$194,763 (2013 - \$172,298).

For the year ended December 31, 2014, the Company paid property tax to the City in the amount of \$17,835 (2013 - \$17,477).

The Company obtains management services from Brantford Energy Corporation. Total charges for these services were \$125,308 (2013 - \$118,500). As at December 31, 2014 the balance owing to Brantford Energy Corporation was \$48,624 (2013 - \$10,322).

The Company charges pole rental fees to Brantford Hydro Inc. These rental fees allow fibre optic cables to be attached to the Company's distribution assets. Total rental fees for this access were \$45,773 (2013 - \$45,125). The Company also provides water heater tank disposal handling, sentinel light rental unit maintenance and fibre optic maintenance services to Brantford Hydro Inc. Total fees for these services were \$34,451 (2013 - \$20,180). As at December 31, 2014 the balance owing from Brantford Hydro Inc. was \$57,454 (2013 - \$2,960).

For the year ended December 31, 2014, the Company provided electricity to Brantford Generation Inc. in the amount of \$143,626 (2013 - \$143,228). A long term customer deposit of \$6,955 (2013 - \$6,955) has been paid to the Company from Brantford Generation Inc.

For the year ended December 31, 2014, the Company purchased electricity from Brantford Generation Inc. in the amount of \$1,278,882 (2013 - \$1,755,752). As of December 31, 2014 the balance owing to Brantford Generation was \$84,179 (2013 - \$272,951).

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

8. Related Party Transactions - continued

Brantford Energy Corporation and its subsidiaries restructured some of its services during 2014. As a result, the Company is now providing administrative support to their affiliates. Total charges for these services were \$15,185 to Brantford Energy Corporation, \$36,041 to Brantford Hydro Inc. and \$34,584 to Brantford Generation Inc.

9. 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 amortization where applicable, which are expected to be recovered from or refunded to customers:

	<u>2014</u> \$	<u>2013</u> \$
Regulatory assets		
Retail Market Settlement		
Retail settlement variance account - Global Adjustment	3,034,422	2,261,858
Retailer cost variance accounts	48,103	371,268
Other		
Smart meters	-	3,277,387
Stranded meter costs to be recovered	2,332,050	-
Regulatory future income tax asset	377,765	761,340
Distribution revenue rate change	171,716	814,389
Lost Revenue Adjustment Mechanism (LRAM)	95,936	94,579
Other regulatory assets	276,318	283,026
Net regulatory assets	6,336,310	7,863,847
 Regulatory liabilities		
Retail Market Settlement		
Retail settlement variance accounts	2,572,452	5,799,448
Regulatory liabilities refundable through approved rate riders	90,863	680,156
Net regulatory liabilities	2,663,315	6,479,604

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.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

9. Regulatory Assets and Liabilities - continued

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.

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. Effective May 1, 2012, the OEB removed the monthly adder.

The Company had recorded a regulatory asset consisting of the net balance of capital and operating expenditures for smart meters, less recoveries received from the rate adders. The company applied for disposition of these balances in their 2013 cost of service rate application. Approval for disposition was received on February 27, 2014. Effective March 1, 2014, these balances were redistributed to capital or operations, as directed by the OEB.

Regulatory future income tax asset or liability

The Company has recorded a regulatory asset or 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.

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.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

9. Regulatory Assets and Liabilities - continued

Lost Revenue Adjustment Mechanism

On April 26, 2012, the OEB issued *The Guidelines for Electricity Distributor Conservation and Demand Management* (EB-2012-003) approving the creation of an LRAM variance account. The purpose of this account is to track the distribution revenues that are lost as a result of Ontario Power Authority (OPA) conservation programs.

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.

10. Long-Term Debt

	<u>2014</u>	<u>2013</u>
	\$	\$
Note payable, bearing interest at 5.87%, repayable to the City, interest only payable annually - due February, 2016	24,189,168	24,189,168
Royal Bank, non-revolving term facility with interest at prime repayable in quarterly instalments, due January, 2018	3,175,574	3,591,652
Royal Bank, non-revolving term facility with interest at prime repayable in quarterly instalments, due November, 2016	296,999	433,539
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 5.14% repayable in semi annual instalments due December, 2032	2,021,441	2,087,911
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 4.95% repayable in semi annual instalments due December, 2050	4,640,181	4,685,503
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 3.46% repayable in semi annual instalments due October, 2027	4,979,381	5,276,866
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 3.90% repayable in semi annual instalments due December, 2042	3,843,527	3,917,425
	43,146,271	44,182,064
Less current portion	1,088,567	1,038,479
	42,057,704	43,143,585

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

10. Long-Term Debt - continued

The City has an option to extend the maturity date of the promissory note for successive five year periods. The City also has the option to convert the principal sum outstanding into common shares of the Company at a conversion ratio of \$ 100 per common share. Interest payable to the City of \$1,419,904 (2013 - \$1,419,904) was outstanding as at December 31, 2014.

The Company entered into a swap agreement during 2006 with Royal Bank to hedge against exposure to interest rate fluctuations. The 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% plus a stamping fee rate of 0.80% 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% plus a stamping fee rate of 0.80% while receiving a variable rate equivalent to the one month Canadian Dollar Offered Rate to be repriced quarterly.

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

Estimated principal repayment requirements are as follows:

	\$
2015	1,088,567
2016	25,321,598
2017	1,034,099
2018	2,360,608
2019	587,993
Thereafter	12,753,406

11. Vested Sick Leave

The Company is obligated to pay certain employees their sick leave banks that were frozen on December 31, 1998 by the former Hydro-Electric Commission of the City of Brantford. The sick leave banks will be paid out at retirement at the employee's pay rate at time of retirement.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

12. 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 is also obligated to provide post retirement benefits to active employees.

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, 2014 and the expense for the period ended December 31, 2014 are based on actuarial valuations done as at January 1, 2012 and April 1, 2012.

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

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>2014</u>	<u>2013</u>
	\$	\$
To determine benefit obligation at end of year		
Discount rate	3.5%	3.5%
Assumed long-term rate of return on assets	N/A	N/A
To determine benefit expense (income) for the year		
Discount rate	4.25%	4.25%
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	8.50%	8.75%
Ultimate rate	5.00%	5.00%
Year ultimate rate reached	2019	2019

Sensitivity Analysis

	<u>Change in</u> <u>Obligation</u>	<u>Change in</u> <u>Expense</u>
	\$	\$
Impact of 1% increase in assumed health care trend rate	143,963	113,023
Impact of 1% decrease in assumed health care trend rate	(120,867)	(96,273)

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2014

12. Employee Future Benefits - continued

	<u>2014</u>	<u>2013</u>
	\$	\$
Change in benefit obligation		
Benefit obligation at beginning of year	1,227,742	1,724,162
Accrual for service	55,996	60,762
Interest cost on benefit obligation	53,071	60,552
Benefits paid	(70,000)	(109,752)
Actuarial loss (gain) on accrued benefit obligation	100,074	(507,982)
Benefit obligation at end of year	<u>1,366,883</u>	<u>1,227,742</u>
Change in fair value of assets		
Fair value of assets at beginning of year	-	-
Employer contributions	70,000	109,752
Benefits paid	(70,000)	(109,752)
Fair value of assets at end of year	<u>-</u>	<u>-</u>
Reconciliation of funded status to accrued benefit liability		
Deficit of fair value of assets over benefit obligation at end of year	1,366,883	1,227,742
Unamortized actuarial gain	732,462	887,133
Accrued benefit liability at end of year	<u>2,099,345</u>	<u>2,114,875</u>
Reconciliation of accrued benefit liability		
Accrued benefit liability at beginning of year	2,114,875	2,119,216
Benefit expense recognized	54,470	105,411
Benefits paid	(70,000)	(109,752)
Accrued benefit liability at end of year	<u>2,099,345</u>	<u>2,114,875</u>
Annual benefit expense		
Interest cost on benefit obligation	53,071	60,552
Accrual for services	55,996	60,762
Amortization of actuarial gain	(54,597)	(15,903)
Benefit expense recognized	<u>54,470</u>	<u>105,411</u>
Cash payments		
Benefit premiums paid	<u>70,000</u>	<u>109,752</u>

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

13. 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, 2016. 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, 2014, 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, 2016.

14. Share Capital

Authorized

Unlimited number of common shares

	<u>2014</u>	<u>2013</u>
	\$	\$
Issued		
1,001 common shares	<u>22,437,505</u>	<u>22,437,505</u>

15. Accumulated Other Comprehensive Loss

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance at beginning of year	(260,823)	(393,166)
Other comprehensive gain, net of tax	26,347	132,343
Balance at end of year, net of tax	(234,476)	(260,823)

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

16. Pension Plan

All full-time, permanent and certain contract employees of the Company are eligible to participate in the Ontario Municipal Employees Retirement System (OMERS) defined pension plan (the Plan).

OMERS is a multi-employer defined benefit pension plan set up under the Ontario Municipal Employees Retirement System Act (OMERS Act). The system provides pensions for various groups including but not limited to employees of Ontario municipalities, local boards, public utilities and school boards. The Plan is registered with the Financial Services Commission of Ontario and the Canada Revenue Agency. The Plan is registered under the Pensions Benefits Act of Ontario, Registration #0345983.

The most recent valuation for the Plan at December 31, 2012 showed a significant funding deficit. The Company adopts defined contribution plan accounting and expenses its contributions made to the Plan. Participating in the Plan exposes the employer to actuarial risks associated with the current and former employees, and there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual participating employers.

Employees of the Company contribute a prescribed percentage of their earnings to the Plan as defined by OMERS which are matched by the Company. Employees are required to make contributions of 9.0% (2013 - 9.0%) on earnings up to their Year's Maximum Pensionable Earnings (YMPE) and 14.6% (2013 - 14.6%) on earnings over YMPE.

During 2014, the Company expensed contributions totaling \$399,742 (2013 - \$415,714) made to OMERS in respect of the employer's required contributions to the plan.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

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>2014</u> \$	<u>2013</u> \$
Gross customer billings	121,117,123	119,283,449
Less pass through charges billed by the Company		
Electricity charges paid through to generators	(82,501,935)	(80,355,353)
Transmission and miscellaneous charges	(11,063,711)	(11,739,251)
Market service charges	(5,242,003)	(5,659,444)
Debt retirement charges	(6,243,789)	(6,482,419)
Total electricity distribution service charges	16,065,685	15,046,982

18. Statement of Cash Flows

	<u>2014</u> \$	<u>2013</u> \$
Changes in non-cash working capital		
Accounts receivable	(1,082,282)	(331,126)
Unbilled revenue	375,906	(2,460,570)
Inventories	6,367	246,715
Prepaid expenses	(58,788)	(77,137)
Accounts payable and accrued liabilities	622,028	1,618,681
Accounts payable to the City of Brantford	(313,403)	55,564
Due to affiliates	(204,964)	(48,131)
Payments in lieu of corporate income taxes	(298,059)	245,307
	(953,195)	(750,697)

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

19. Amortization

	<u>2014</u>	<u>2013</u>
	\$	\$
Amortization of capital assets	3,015,739	2,781,996
Amortization of capital assets charged to distribution operations and maintenance	134,638	111,200
	<u>3,150,377</u>	<u>2,893,196</u>

20. Capital Disclosures

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

- ensure ongoing access to funding to maintain and improve the electricity distribution system;
- ensure compliance with covenants related to its credit facilities; and
- closely align its capital structure with the debt to equity structure deemed by the OEB.

As at December 31, 2014, 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, 2014, shareholder's equity amounts to \$39,069,239 (2013 - \$37,203,262) and long-term debt, amounts to \$43,146,271 (2013 - \$44,182,064). The Company's capital structure as at December 31, 2014 is 52% debt and 48% equity (2013 - 54% debt and 46% 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, 2014 and as at December 30, 2013, the Company was in compliance with all covenants.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

21. Financial Instruments

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 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 Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

21. Financial Instruments - continued

Interest Rate Risk

Interest is paid on 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 cash flow hedges, the effect of which is to fix the interest rate on the first \$3,181,000 term facility loan at 4.71% and the second \$298,000 term facility loan at 4.97%. The potential replacement cost to Brantford Power Inc. of the interest rate swaps, representing estimated fair value as presented on the balance sheet, was \$333,600 (2013 - \$372,285), which was in the favour of Royal Bank. Net unrealized gain in fair value of \$35,847 (2013 - \$180,063) 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 \$1,455,091 (2013 - \$1,470,152) which is reflected on the Balance Sheet. Customer deposits are limited to those allowed under the OEB's Retail Settlement Code. Allowances of \$900,000 (2013 - \$782,000) are also maintained for potential credit losses. The Company's accounts receivable do not reflect the concentrated risk of default from exposure to large customers. At December 31, 2014, the outstanding amounts receivable from the largest ten customers represented \$1,978,309 or 20% (2013 - \$2,236,687 or 28%) of the total outstanding accounts receivable. 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.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

21. Financial Instruments - continued

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, 2014, the Company provided prudential support in the form of a bank letter of credit of \$13,057,140 (2013 - \$13,057,140).

Revolving Term Facility

As at December 31, 2014, the Company has been authorized for a revolving term facility of \$7,000,000 of which NIL had been drawn upon. The facility bears interest at prime and is secured by a general security agreement over all assets of the Company and 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, interest payable to the City of Brantford, and due to affiliates 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 the Ontario Infrastructure and Lands Corporation (OILC) has an estimated fair value of \$2,294,700 (carrying value - \$2,021,441). 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, 2014, of 3.51% per annum, (actual rate – 5.14% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

21. Financial Instruments - continued

The fixed rate long-term debt facility, maturing December 2050, funded by the OILC has an estimated fair value of \$5,551,600 (carrying value - \$4,640,181). 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, 2014, of 3.61% per annum, (actual rate – 4.95% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

The fixed rate long-term debt facility, maturing October 2027, funded by the OILC has an estimated fair value of \$5,065,100 (carrying value - \$4,979,381). 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, 2014, of 3.08% per annum, (actual rate – 3.46% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

The fixed rate long-term debt facility, maturing December 2042, funded by the OILC has an estimated fair value of \$3,985,400 (carrying value - \$3,843,527). 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, 2014, of 3.61% per annum, (actual rate – 3.90% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

The promissory note payable to the Corporation of the City of Brantford, classified as an OL, is valued at face value. It is not practicable within constraints of timeliness or cost to measure reliably the fair value of this financial liability 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 (i.e. as prices) or indirectly (i.e. derived from prices);

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

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

21. Financial Instruments - continued

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>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial Assets				
Cash and cash equivalents	9,875,967	-	-	9,875,967
Special deposits	1,455,091	-	-	1,455,091
Total financial assets	11,331,058	-	-	11,331,058
Financial liabilities				
Customer deposits	1,455,091	-	-	1,455,091
Total financial liabilities	1,455,091	-	-	1,455,091

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 Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2014

22. Payments in Lieu of Corporate Income Taxes

The Company's income tax expense for the year ended December 31, 2014 consists of the following:

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Regulatory assets	286,450	77,561
Cumulative eligible capital	181,780	158,460
Allowance for doubtful accounts	238,500	207,230
Property, plant and equipment	(1,378,225)	(665,303)
Employee future benefits	580,180	584,890
Unrealized losses on derivative liabilities	83,310	92,810
Tax losses carried forward	665,000	-
Future income tax assets	<u>656,995</u>	<u>455,648</u>

Distributed as such:

Future payments in lieu of corporate income tax asset

Current	238,500	207,230
Non-current	418,495	248,418
	<u>656,995</u>	<u>455,648</u>

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>2014</u>	<u>2013</u>
	\$	\$
Income tax expense at the combined basis federal and provincial statutory tax rate	692,591	429,022
Capital cost allowance in excess of amortization	(242,305)	(266,595)
Net change in tax reserves	(439,913)	(12,205)
Provision relating to prior periods	-	90,669
Provision relating to refiling prior period tax returns	-	(1,335,603)
Other	13,547	(778)
	<u>23,920</u>	<u>(1,095,490)</u>

23. Comparative Figures

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

Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-E

Filed: May 4, 2016

Attachment 1-E

2015 Audited Financial Statements

Financial Statements of
Brantford Power Inc.
December 31, 2015

Brantford Power Inc.

Table of Contents

December 31, 2015

Management Report	1
Independent Auditors' Report	2 - 3
Statements of Financial Position	4
Statements of Comprehensive Income	6
Statements of Changes in Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 55



Brantford Power Inc.
Management Report
December 31, 2015

The accompanying financial statements are the responsibility of management of Brantford Power Inc. (the Company). In management's opinion, these financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). 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 financial statements have been examined by KPMG LLP, the external auditors of the Company. The responsibility of the external auditors is to express their opinion on whether the financial statements are fairly presented, in all material respects, in accordance with IFRS.

The board of directors, through the audit committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The audit 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 audit committee also reviews the financial statements and recommends their approval to the board of directors. KPMG LLP has full and free access to the audit committee, with and without the presence of management.

Paul Kwasnik
President and Chief Executive Officer
March 23, 2016

Brian D'Amboise, CPA, CA
Chief Financial Officer
March 23, 2016

**KPMG LLP**

Box 976
21 King Street West Suite 700
Hamilton ON L8N 3R1

Telephone (905) 523-8200
Telefax (905) 523-2222
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Brantford Power Inc.:

We have audited the accompanying financial statements of Brantford Power Inc., which comprise the statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014 as at December 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brantford Power Inc. as at December 31, 2015, December 31, 2014 and January 1, 2014 and its financial performance and its cash flows for the years ended December 31, 2015, and December 31, 2014 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 23, 2016

Hamilton, Canada

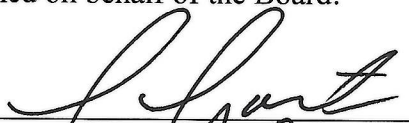

Brantford Power Inc.

Statements of Financial Position

as at December 31, 2015, December 31 2014 and January 1, 2014

Assets	December 31, 2015 \$	December 31, 2014 \$	January 1, 2014 \$
Current Assets			
Cash and cash equivalents - note 5	12,891,079	11,331,058	14,642,729
Accounts receivable - note 6	10,092,566	10,357,405	9,275,123
Unbilled revenue	12,149,878	10,642,144	11,018,050
Payments in lieu of corporate income taxes	99,504	622,158	324,099
Materials and supplies - note 7	1,130,595	853,548	859,915
Prepaid expenses	331,631	215,962	165,619
Total Current Assets	36,695,253	34,022,275	36,285,535
Non-Current Assets			
Property, plant and equipment- note 8	65,055,237	64,023,642	64,379,612
Intangible assets - note 9	840,019	641,038	482,104
Deferred payments in lieu of corporate income taxes - note 10	-	424,351	180,850
Total Non-Current Assets	65,895,256	65,089,031	65,042,566
Total Assets	102,590,509	99,111,306	101,328,101
Regulatory balances - note 11	6,897,781	6,357,296	6,578,677
Total Assets and Regulatory Balances	109,488,290	105,468,602	107,906,778

Signed on behalf of the Board:

Director

Director

Brantford Power Inc.

Statements of Financial Position

as at December 31, 2015, December 31 2014 and January 1, 2014

Liabilities and Shareholder's Equity	December 31, <u>2015</u> \$	December 31, <u>2014</u> \$	January 1, <u>2014</u> \$
Current Liabilities			
Accounts payable and accrued liabilities - note 12	14,875,482	14,314,888	13,692,859
Due to affiliates - note 20	59,351	75,349	280,313
Accounts payable to the City of Brantford - note 20	449,725	639,065	952,468
Interest payable to the City of Brantford - note 13	1,419,904	1,419,904	1,419,904
Current portion of long-term debt - note 13	1,141,430	1,088,567	1,038,479
Customer deposits	1,606,069	1,455,091	1,470,152
Total Current Liabilities	19,551,961	18,992,864	18,854,175
Non-Current Liabilities			
Long-term debt - note 13	40,919,717	42,057,704	43,143,585
Post employment benefits - note 15	1,236,004	1,205,061	1,077,901
Vested sick leave - note 14	111,037	106,410	92,262
Deferred revenues	837,901	439,812	-
Derivative liabilities - note 24	292,054	333,600	372,285
Deferred payments in lieu of corporate income taxes - note 10	459,557	-	-
Total Non-Current Liabilities	43,856,270	44,142,587	44,686,033
Total Liabilities	63,408,231	63,135,451	63,540,208
Contingencies and Commitments - note 19			
Equity			
Share capital - note 16	22,437,505	22,437,505	22,437,505
Retained Earnings	18,639,596	16,535,739	14,687,285
Accumulated Other Comprehensive Income	719,904	696,592	762,176
Total Equity	41,797,005	39,669,836	37,886,966
Total Liabilities and Equity	105,205,236	102,805,287	101,427,174
Regulatory balances - note 11	4,283,054	2,663,315	6,479,604
Total Liabilities, Equity and Regulatory Balances	109,488,290	105,468,602	107,906,778

Brantford Power Inc.

Statements of Comprehensive Income

for the year ended December 31, 2015, with comparative information for 2014

	<u>2015</u> \$	<u>2014</u> \$
Revenue		
Sale of energy	110,089,757	95,313,553
Distribution revenue	17,231,694	17,733,523
IESO conservation programs	2,537,140	3,407,271
Other income - note 17	1,178,498	792,603
	131,037,089	117,246,950
Operating Expenses		
Cost of power purchased	108,636,420	99,969,443
Distribution operations and maintenance	3,405,612	3,694,721
Billing and collecting	2,850,842	2,852,974
General administration	3,387,179	2,779,297
IESO conservation programs	2,283,586	3,407,271
Impairment loss on due from affiliates	136,261	-
Amortization - note 22	3,018,325	3,018,923
	123,718,225	115,722,629
Income from operating activities	7,318,864	1,524,321
Finance income - note 18	352,260	380,537
Finance costs - note 18	(2,279,989)	(2,338,717)
Income (loss) before income taxes	5,391,135	(433,859)
Income tax expense - note 10	1,139,101	(368,663)
Net income (loss) for the year	4,252,034	(65,196)
Movement in regulatory balances, net of tax	(1,148,177)	2,663,650
Net income for the year and net movement in regulatory balances	3,103,857	2,598,454
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefits	31,717	(89,230)
Tax on remeasurements	(8,405)	23,646
Other comprehensive (loss) income for the year	23,312	(65,584)
Total comprehensive income for the year	3,127,169	2,532,870

Brantford Power Inc.

Statements of Changes in Equity

for the year ended December 31, 2015, with comparative information for 2014

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income</u>	<u>Total</u>
	\$	\$	\$	\$
Balance at January 1, 2014	22,437,505	14,687,285	762,176	37,886,966
Net Income and net movement in regulatory balances	-	2,598,454	-	2,598,454
Other comprehensive loss	-	-	(65,584)	(65,584)
Dividends	-	(750,000)	-	(750,000)
Balance at December 31, 2014	22,437,505	16,535,739	696,592	39,669,836
Balance at January 1, 2015	22,437,505	16,535,739	696,592	39,669,836
Net Income and net movement in regulatory balances	-	3,103,857	-	3,103,857
Other comprehensive income	-	-	23,312	23,312
Dividends	-	(1,000,000)	-	(1,000,000)
Balance at December 31, 2015	22,437,505	18,639,596	719,904	41,797,005

Brantford Power Inc.

Statements of Cash Flows

for the year ended December 31, 2015, with comparative information for 2014

	<u>2015</u> \$	<u>2014</u> \$
Operating activities		
Net income and net movement in regulatory balances	3,103,857	2,598,454
Items not affecting cash		
Amortization - note 22	3,171,722	3,153,561
Amortization of deferred revenue	(14,241)	(5,394)
Post-employment benefits	30,943	127,160
Vested sick leave	4,627	14,148
Deferred payments in lieu of corporate income taxes	883,908	(243,501)
Loss (gain) on disposal of property, plant and equipment	53,782	(13,477)
Income tax expense	263,864	(148,808)
Other items not affecting cash	88,726	(100,566)
	7,587,188	5,381,577
Changes in non-cash working capital components - note 21	(1,129,377)	(661,749)
Regulatory balances	1,079,254	(3,594,908)
Income tax paid	(99,504)	(149,251)
Income tax received	358,294	-
Net cash from operating activities	7,795,855	975,669
Investing activities		
Acquisition of property, plant and equipment	(4,122,840)	(2,656,015)
Acquisition of intangible assets	(379,202)	(305,304)
Contributions received from customers	308,811	445,206
Proceeds from disposal of property, plant and equipment	45,964	17,252
Net cash used by investing activities	(4,147,267)	(2,498,861)
Financing activities		
Repayment of long-term debt	(1,088,567)	(1,038,479)
Dividends paid	(1,000,000)	(750,000)
Net cash used by financing activities	(2,088,567)	(1,788,479)
Change in cash and cash equivalents	1,560,021	(3,311,671)
Cash and cash equivalents, beginning of year	11,331,058	14,642,729
Cash and cash equivalents, end of year	12,891,079	11,331,058

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

1. Description of Business

On March 1, 2000, Brantford Power Inc. (the Company) was incorporated under the Business Corporations Act (Ontario) along with its affiliate companies, Brantford Hydro Inc. and Brantford Energy Corporation. Another affiliated 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 subsidiary of Brantford Energy Corporation which is wholly owned by the City of Brantford. The Company provides electricity distribution services to residents of the City of Brantford. The operations of the company are regulated by the Ontario Energy Board (OEB).

The Company's head office is located at 84 Market Street and it maintains operational offices at 220 Colborne Street and 400 Grand River Avenue. All of these offices are located in the City of Brantford.

2. Basis of Presentation

Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Adoption of IFRS

These are the Company's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 25.

The financial statements were approved by the Board of Directors on March 23, 2016.

Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

2. Basis of Presentation - continued

Use of estimates and judgments

Assumptions and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) Note 3 - measurement of unbilled revenue
- (ii) Note 3 - estimation of useful lives of its property, plant and equipment and intangible assets.
- (iii) Notes 3 and 11 - recognition and measurement of regulatory balances
- (iv) Notes 3 and 15 - measurement of defined benefit obligations: key actuarial assumptions
- (v) Note 19 - recognition and measurement of provisions and contingencies

Judgments

No significant judgments were made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

2. Basis of Presentation - continued

Rate regulation

The Company is regulated by the Ontario Energy Board (OEB), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfil obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (LDCs), such as the Company, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Company is required to bill customers for the debt retirement charge set by the province. The Company may file to recover uncollected debt retirement charges from the Ontario Electricity Financial Corporation (OEFC) once each year.

Rate setting - Distribution revenue

For the distribution revenue, the Company files a Cost of Service (COS) rate application with the OEB every four or five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Company's business. The Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years, an Incentive Rate Mechanism (IRM) application is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand (GDP IPI-FDD) net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

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 the customers.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

2. Basis of Presentation - continued

The Company last filed a COS application in 2013 for rates effective March 1, 2014 to December 31, 2014. The GDP IPI-FDD for 2015 is 1.60%, the Company's productivity factor is (0.00)% and the stretch factor is 0.30%, resulting in a net adjustment of 1.3% to the previous year's rates.

Rate setting - Electricity rates

Under an established Regulated Price Plan, the OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. Remaining consumers pay either the market price for electricity or the contracted price for electricity if they have enrolled with a retailer. The Company is billed for the cost of the electricity that its customers use and pass this cost on to the customer at a cost without a mark-up.

3. Significant Accounting Policies

Financial Instruments

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities with the exception of derivative instruments. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described later in this note under ***Impairment of assets***. The Company has two derivative instruments related to its long term debt facilities with the Royal Bank of Canada. These are classified as a financial asset or liability at fair value through profit or loss.

Hedge accounting has not been used in the presentation of these financial statements.

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

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Revenue recognition

Sale and distribution of electricity

Revenue from the sale and distribution of electricity is recognized as the electricity is delivered to customers on the basis of cyclical meter readings and estimated customer usage since the last meter reading date to the end of the year. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges or credits. The related cost of power is recorded on the basis of power used.

For customer billings related to the 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 has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Company is acting as an agent for this billing stream.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered or contract milestones are achieved. Amounts received in advance of these milestones are presented as deferred revenue.

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Company's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under Conservation and Demand Management (CDM) programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received. Funding for CDM related performance incentive payments is recognized as revenue in the year when the Company receives confirmation by the applicable agency that the performance incentive payments will be received.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Materials and supplies

Materials and supplies, the majority of which is consumed by the Company in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

Property, plant and equipment

Items of property, plant and equipment (PP&E) used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date (see Note 25, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Company has concluded it does not have any legal or constructive obligation to remove PP&E.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use. The Company applies the half year rule for depreciation in the year of acquisition.

The estimated useful service life are as follows.

Buildings	20-50 years
Transformer station	20-50 years
Distribution stations	30 years
Distribution lines - overhead	3-60 years
Distribution lines - underground	3-60 years
Distribution transformers	3-40 years
Distribution meters	15-35 years
Vehicles	8-20 years
Office furniture	10 years
Computer hardware	2-4 years
Tools and other equipment	5-15 years

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date (see Note 25), less accumulated amortization. All other intangible assets are measured at cost.

Payments to obtain rights to access land (land rights) are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights acquired after January 1, 2014 are measured at cost less accumulated amortization.

Capital contributions relate to projects undertaken by the Company that required the alteration of a neighbouring utility's PP&E to accommodate the Company's joint use of those facilities for its PP&E. Capital contributions paid are measured at cost less accumulated amortization.

Computer software that is acquired or developed by the Company after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

Land rights	50 years
Capital contribution paid	45 years
Software	2-5 years
Other	5 years

Impairment of assets

Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The Company recorded an impairment loss of \$136,261 (2014 - \$NIL) related to the receivable balance from their affiliate, Brantford Generation Inc.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Customer deposits

Customer deposits represent cash deposits from electricity distribution customers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Company.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Company is required to refund amounts to ratepayers in the future, the Company recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Pension plan

The Company provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the Fund), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Company to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Company is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

Post-employment benefits, other than pension

The Company provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Accumulated vested sick leave credits

Certain employees have accumulated sick leave credits and are entitled to receive special payments upon separation or retirement. Payments are charged to the liability when made. The annual change in accumulated vested sick leave entitlements are expensed in the year earned. An estimate of sick time utilized in excess of the annual entitlement has been made and a related accrual has been recorded under IFRS.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

3. Significant Accounting Policies - continued

Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents and late payments on customer electricity accounts receivable balances.

Finance costs comprise interest expense on borrowings, interest on customer deposits and the gain or loss on derivative liabilities. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

Payments in Lieu of Corporate Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

4. New Standards and Interpretations Not Yet Adopted

The Company is still evaluating the adoption of the following new and revised standards along with any subsequent amendments.

Revenue Recognition

In July 2015, the IASB announced a one-year deferral of the Revenue from Contracts with Customers (“IFRS 15”) effective date. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations and establishes principles regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact of IFRS 15 on its results of operations, financial position, and disclosures.

Financial Instruments

In July 2014, the IASB issued a new standard, IFRS 9 *Financial Instruments*, which will replace IAS 39 Financial Instruments: Recognition and Measurement. The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 is part of the first phase of this project. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. The Company is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

Property, Plant, and Equipment and Intangible Assets

In May 2014, the IASB issued amendments to IAS 16, *Property, Plant and Equipment* and IAS 38 *Intangible Assets*, which are effective for years beginning on or after January 1, 2016. The amendments clarify when revenue-based depreciation methods are permitted. The Company is assessing the impact of the amendments on its results of operations, financial positions, and disclosures.

Leases

In January 2016, IASB issued IFRS 16 to establish principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS 17 and it is effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact of IFRS 16 on its results of operations, financial positions, and disclosures.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

5. Cash and Cash Equivalents

	December 31, <u>2015</u> \$	December 31, <u>2014</u> \$	January 1, <u>2014</u> \$
Bank balances	12,888,979	11,328,958	14,641,129
Cash balances	2,100	2,100	1,600
	12,891,079	11,331,058	14,642,729

6. Accounts Receivable

	December 31, <u>2015</u> \$	December 31, <u>2014</u> \$	January 1, <u>2014</u> \$
Trade receivable	9,371,511	9,451,553	8,349,516
Other trade receivables	65,387	43,611	106,119
Billable work	457,274	862,241	819,488
IESO conservation program funding	198,394	-	-
	10,092,566	10,357,405	9,275,123

7. Material and supplies

The amount of inventory consumed by the Company and recognized as an expense during 2015 was \$282,068 (2014 - \$258,275).

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

8. Property, Plant and Equipment

	<u>Land and buildings</u>	<u>Distribution equipment</u>	<u>Other fixed assets</u>	<u>Construction- in-progress</u>	<u>Total</u>
<i>Cost or deemed cost</i>	\$	\$	\$	\$	\$
Balance at January 1, 2015	1,127,545	64,031,366	1,836,225	36,735	67,031,871
Additions	-	3,468,542	611,836	42,464	4,122,842
Disposals/retirements	-	(102,134)	(6,500)	-	(108,634)
Balance at December 31, 2015	1,127,545	67,397,774	2,441,561	79,199	71,046,079
Balance at January 1, 2014	1,123,690	61,714,995	1,499,513	41,414	64,379,612
Additions (disposals)	3,855	2,371,619	336,712	(4,679)	2,707,507
Disposals/retirements	-	(55,248)	-	-	(55,248)
Balance at December 31, 2014	1,127,545	64,031,366	1,836,225	36,735	67,031,871
<i>Accumulated depreciation</i>	\$	\$	\$	\$	\$
Balance at January 1, 2015	27,527	2,730,877	249,825	-	3,008,229
Depreciation	27,605	2,688,845	275,050	-	2,991,500
Disposals/retirements	-	(8,887)	-	-	(8,887)
Balance December 31, 2015	55,132	5,410,835	524,875	-	5,990,842
Balance at January 1, 2014	-	-	-	-	-
Depreciation	27,527	2,765,140	249,825	-	3,042,492
Disposals/retirements	-	(34,263)	-	-	(34,263)
Balance December 31, 2014	27,527	2,730,877	249,825	-	3,008,229

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

8. Property, Plant and Equipment - continued

	<u>Land and buildings</u> \$	<u>Distribution equipment</u> \$	<u>Other fixed assets</u> \$	<u>Construction- in-progress</u> \$	<u>Total</u> \$
<i>Carrying amounts</i>					
At December 31, 2015	1,072,413	61,986,939	1,916,686	79,199	65,055,237
At December 31, 2014	1,100,018	61,300,489	1,586,400	36,735	64,023,642
At January 1, 2014	1,123,690	61,714,995	1,499,513	41,414	64,379,612

No borrowing costs were capitalized during 2015 (2014 - Nil).

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

9. Intangible Assets

	<u>Land rights</u>	<u>Capital contributions paid</u>	<u>Software</u>	<u>Other</u>	<u>Total</u>
<i>Cost or deemed cost</i>	\$	\$	\$	\$	\$
Balance at January 1, 2015	89,712	168,856	491,222	36,578	786,368
Additions	8,475	245,752	112,926	12,050	379,203
Balance at December 31, 2015	98,187	414,608	604,148	48,628	1,165,571
Balance at January 1, 2014	85,462	-	373,637	23,005	482,104
Additions	4,250	168,856	117,585	13,573	304,264
Balance at December 31, 2014	89,712	168,856	491,222	36,578	786,368
<i>Accumulated depreciation</i>	\$	\$	\$	\$	\$
Balance at January 1, 2015	1,864	1,876	131,660	9,930	145,330
Depreciation	1,949	6,483	157,589	14,201	180,222
Balance December 31, 2015	3,813	8,359	289,249	24,131	325,552
Balance at January 1, 2014	-	-	-	-	-
Depreciation	1,864	1,876	131,660	9,930	145,330
Balance December 31, 2014	1,864	1,876	131,660	9,930	145,330
<i>Carrying amounts</i>					
At December 31, 2015	94,374	406,249	314,899	24,497	840,019
At December 31, 2014	87,848	166,980	359,562	26,648	641,038
At January 1, 2014	85,462	-	373,637	23,005	482,104

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

10. Income Tax Expense

	<u>2015</u> \$	<u>2014</u> \$
Current tax expense		
Current year	-	(148,808)
Adjustment for prior years	263,594	-
	263,594	(148,808)
Deferred tax expense		
Change in recognized deductible temporary differences	875,507	(219,855)
	875,507	(219,855)
Total income tax expense	1,139,101	(368,663)
Reconciliation of effective tax rate		
Income before taxes	5,391,135	(433,859)
Canada and Ontario statutory Income tax rates	26.5 %	26.5 %
Expected tax provision on income at statutory rates	1,428,651	(114,973)
Increase (decrease) in income taxes resulting from:		
Permanent differences	2,039	13,547
Prior periods and other	(291,589)	(267,237)
Income tax expense	1,139,101	(368,663)

Significant components of the Company's deferred tax balances:

	December 31, <u>2015</u> \$	December 31, <u>2014</u> \$	January 1, <u>2014</u> \$
Deferred tax assets (liabilities)			
Property, plant and equipment	(2,037,405)	(1,378,225)	(665,303)
Cumulative eligible capital	213,800	181,780	158,460
Post-employment benefits	352,630	347,536	310,092
Allowance for doubtful accounts	198,750	238,500	207,230
Regulatory balances	425,698	286,450	77,561
Losses available for carry forward	314,420	665,000	-
Other	72,550	83,310	92,810
	(459,557)	424,351	180,850

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

11. Regulatory Balances

Reconciliation of the carrying amount for each class of regulatory balances

	January 1, 2015 \$	Additions \$	Recovery/ reversal \$	December 31, 2015 \$	Remaining recovery/ reversal years
Regulatory deferral account debit balances					
Group 1 deferred accounts					
Retail Settlement Variance Accounts	3,058,748	1,634,350	(1,501,508)	3,191,590	2
Retailer cost variance accounts	48,103	28,218	-	76,321	2
Stranded meters	2,332,050	(695,904)	-	1,636,146	2
Other regulatory accounts	540,630	288,603	(107,734)	721,499	2
Income tax	377,765	894,460	-	1,272,225	N/A
	<u>6,357,296</u>	<u>2,149,727</u>	<u>(1,609,242)</u>	<u>6,897,781</u>	

	January 1, 2014 \$	Additions \$	Recovery/ reversal \$	December 31, 2014 \$	Remaining years
Regulatory deferral account debit balances					
Group 1 deferred accounts					
Retail Settlement Variance Accounts	2,290,034	1,578,627	(809,913)	3,058,748	2
Retailer cost variance accounts	371,268	29,266	(352,431)	48,103	3
Stranded meters	2,950,474	(618,424)	-	2,332,050	3
Smart meter recoveries and expenses	(958,257)	958,257	-	-	-
Other regulatory accounts	1,163,818	58,279	(681,467)	540,630	3
Income tax	761,340	(383,575)	-	377,765	N/A
	<u>6,578,677</u>	<u>1,622,430</u>	<u>(1,843,811)</u>	<u>6,357,296</u>	

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

11. Regulatory Balances - continued

	January 1, 2015 \$	Additions \$	Recovery/ reversal \$	December 1,2015 \$	Remaining recovery/ reversal years \$
Regulatory deferral account credit balances					
Group 1 deferred accounts					
Retail Settlement Variance Accounts	2,572,452	(643,870)	2,100,755	4,029,337	2
Regulatory settlement account	90,863	654,367	(491,513)	253,717	1
	2,663,315	10,497	1,609,242	4,283,054	

	January 1, 2014 \$	Additions \$	Recovery/ reversal \$	December 31, 2014 \$	Remaining years
Regulatory deferral account credit balances					
Group 1 deferred accounts					
Retail Settlement Variance Accounts	5,799,448	(7,311,114)	4,084,118	2,572,452	2
Regulatory settlement account	680,156	1,651,014	(2,240,307)	90,863	1
	6,479,604	(5,660,100)	1,843,811	2,663,315	

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

11. Regulatory Balances - continued

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Company has received approval from the OEB to establish its regulatory balances.

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. An application has been made to the OEB to repay \$585,441 of the Group 1 deferral accounts. Approval was received December 10, 2015. Effective January 1, 2016, the approved account balance was moved to the regulatory settlement account. The OEB requires the Company to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. The rates were as follows:

Quarter	2015	2014
January 1 to March 31	1.47%	1.47%
April 1 to June 30	1.10%	1.47%
July 1 to September 30	1.10%	1.47%
October 31 to December 31	1.10%	1.47%

12. Accounts Payable and Accrued Liabilities

	December 31, 2015	December 31, 2014	January 1, 2014
	\$	\$	\$
Accounts payable and accruals - energy purchases	10,144,915	9,968,434	9,272,320
Debt retirement charge payable to OEFC	474,084	480,025	507,285
Payroll payable	245,095	245,063	459,392
IESO conservation program funding	-	353,759	769,197
Other	4,011,388	3,267,607	2,684,665
	14,875,482	14,314,888	13,692,859

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

13. Long-Term Debt

	<u>2015</u>	<u>2014</u>	<u>January 1, 2014</u>
	\$	\$	\$
Note payable, bearing interest at 5.87%, repayable to the City, interest only payable annually - due February, 2016	24,189,168	24,189,168	24,189,168
Royal Bank, non-revolving term facility with interest at prime repayable in quarterly instalments, due January, 2018	2,737,312	3,175,574	3,591,652
Royal Bank, non-revolving term facility with interest at prime repayable in quarterly instalments, due November, 2016	152,589	296,999	433,539
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 5.14% repayable in semi annual instalments due December, 2032	1,951,471	2,021,441	2,087,911
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 4.95% repayable in semi annual instalments due December, 2050	4,592,555	4,640,181	4,685,503
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 3.46% repayable in semi annual instalments due October, 2027	4,671,374	4,979,381	5,276,866
Ontario Infrastructure and Lands Corporation non-revolving term facility with interest at 3.90% repayable in semi annual instalments due December, 2042	3,766,678	3,843,527	3,917,425
	42,061,147	43,146,271	44,182,064
Less current portion	1,141,430	1,088,567	1,038,479
	40,919,717	42,057,704	43,143,585

The City has an option to extend the maturity date of the promissory note for successive five year periods. The City also has the option to convert the principal sum outstanding into common shares of the Company at a conversion ratio of \$ 100 per common share. Interest payable to the City of \$1,419,904 (2014 - \$1,419,904) was outstanding as at December 31, 2015. The City renewed the promissory note on January 29, 2016 for a five year term maturing on February 1, 2021 bearing interest at 4.20%.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

13. Long-Term Debt - continued

The Company entered into a swap agreement during 2006 with Royal Bank to hedge against exposure to interest rate fluctuations. The 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% plus a stamping fee rate of 0.80% 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% plus a stamping fee rate of 0.80% while receiving a variable rate equivalent to the one month Canadian Dollar Offered Rate to be repriced quarterly.

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

Estimated principal repayment requirements are as follows:

	\$
2016	1,141,430
2017	1,034,099
2018	2,351,608
2019	587,993
2020	611,290
Thereafter	36,334,727

14. Vested and Non-Vested Sick Leave

The Company is obligated to pay certain employees their sick leave banks that were frozen on December 31, 1998 by the former Hydro-Electric Commission of the City of Brantford. The sick leave banks will be paid out at retirement at the employee's pay rate at time of retirement.

The Company has also estimated the expected sick time utilized during the year in excess of the allotted 18 days per employee per year.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

15. Post-Employment Benefits

Ontario Municipal Employees Retirement System (OMERS) Pension Plan

All full-time, permanent and certain contract employees of the Company are eligible to participate in the OMERS defined pension plan (the plan).

The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2015, the Company made employer contributions of \$467,702 to OMERS (2014 - \$399,742), of which \$59,529 (2014 - \$46,528) has been capitalized as part of PP&E and the remaining amount of \$408,173 (2014 - \$353,214) has been recognized in profit or loss. The Company estimates that a contribution of \$437,700 to OMERS will be made during the next fiscal year.

As at December 31, 2014, OMERS had approximately 451,115 members, of whom 275,044 are current. The most recently available OMERS annual report is for the year ended December 31, 2014, which reported that the plan was 90.8% funded, with an unfunded liability of \$7.1 billion. This unfunded liability is likely to result in future payments by participating employers and members

Post-employment benefits other than pension

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 is also obligated to provide post retirement benefits to active employees.

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, 2015 and the expense for the period ended December 31, 2015 are based on actuarial valuations done as at January 1, 2015.

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

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

15. Post-Employment 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>2015</u>	<u>2014</u>
	\$	\$
To determine benefit obligation at end of year		
Discount rate	3.50%	3.50%
Assumed long-term rate of return on assets	N/A	N/A
To determine benefit expense (income) for the year		
Discount rate	3.75%	4.25%
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	7.00%	8.50%
Ultimate rate	4.75%	5.00%
Year ultimate rate reached	2023	2019

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	114,400	143,963
Impact of 1% decrease in assumed health care trend rate	(98,100)	(120,867)

	<u>2015</u>	<u>2014</u>
	\$	\$
Reconciliation of the obligation		
Defined benefit obligation, beginning of year	1,205,061	1,077,901
Included in profit or loss		
Current service cost	71,129	61,014
Interest cost	43,753	46,916
Included in OCI	-	-
Actuarial (gains) losses	(31,717)	89,230
Benefits paid	(52,222)	(70,000)
Defined benefit obligation, end of year	1,236,004	1,205,061

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

16. Share Capital

	<u>2015</u>	<u>2014</u>
	\$	\$
Authorized		
Unlimited number of common shares		
Issued		
1,001 common shares	22,437,505	22,437,505

Dividends

The Company has established a dividend policy to pay a pure residual non-cumulative approach to dividends whereby no specified targeted dividend payout ratios or dollar amounts will be prescribed in advance.

The Company paid aggregate dividends in the year on common shares of \$999 per share (2014 - \$749), which amount to total dividends paid in the year of \$1,000,000 (2014 -\$750,000).

17. Other Revenue

	<u>2015</u>	<u>2014</u>
	\$	\$
Specific services charges	650,019	539,109
Management fees	410,230	85,811
Property rental	109,740	108,645
Retailer revenue	32,641	34,586
(Loss) gain on disposal of assets	(53,782)	13,477
Customer contributions	14,241	5,394
Other revenue	15,409	5,581
	1,178,498	792,603

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

18. Finance Income and Costs

	<u>2015</u>	<u>2014</u>
	\$	\$
Finance Income		
Interest income on bank deposits	126,219	173,887
Late payment charges	226,041	206,650
	<u>352,260</u>	<u>380,537</u>
Finance Costs		
Interest on long-term debt	2,245,461	2,296,798
Interest expense on customer deposits	13,103	12,430
(Gain) loss on derivative liabilities	(40,619)	(35,847)
Other	62,044	65,336
	<u>2,279,989</u>	<u>2,338,717</u>
Net finance costs recognized in profit or loss	<u>1,927,729</u>	<u>1,958,180</u>

19. 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, 2017. 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, 2015, 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, 2016.

General

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. The Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or its ability to carry on any of its business activities.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

20. Related Party Transactions

The Company is a wholly owned subsidiary of Brantford Energy Corporation and Brantford Energy Corporation is wholly owned by The Corporation of the City of Brantford (the City). Brantford Energy Corporation also owns Brantford Hydro Inc. and Brantford Generation Inc.

The Company obtains certain administrative and management services from the City and Brantford Energy Corporation. The Company also provides services to the City, Brantford Generation Inc. and Brantford Hydro Inc. These services were made in the normal course of business, are non-interest bearing, have terms of net thirty days and have been recorded at the exchange amounts.

The Company has entered into a shared services agreement with the City, whereby the City will provide administrative, maintenance and operational services for the Company. The exchange amount for these services has been set out in the agreement. As at December 31, 2015 the balance owing to the City for these services was \$545,650 (December 31, 2014 - \$639,065) (January 1, 2014 - \$952,468).

Details of the transactions between the Company and the City are detailed below:

	<u>2015</u>	<u>2014</u>
	\$	\$
City of Brantford		
Revenues		
Sale of energy	7,619,343	7,181,702
Other services	181,764	194,763
	<u>7,801,107</u>	<u>7,376,465</u>
Operating expenses		
Shared services agreement	2,148,044	2,169,080
Property taxes	19,445	17,835
	<u>2,167,489</u>	<u>2,186,915</u>

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

20. Related Party Transactions - continued

Brantford Energy Corporation and its subsidiaries restructured some of its services during 2014. As a result, the Company is now providing administrative support to their affiliates. Details of these charges are presented by affiliate in the following charts.

The Company obtains management services from Brantford Energy Corporation.

Details of the transactions between the Company and Brantford Energy Corporation are presented below:

	<u>2015</u> \$	<u>2014</u> \$
Brantford Energy Corporation		
Revenues		
Administrative support	119,107	15,185
	<u>119,107</u>	<u>15,185</u>
Operating expenses		
Management fees	160,728	125,308
	<u>160,728</u>	<u>125,308</u>

The Company purchases dark fibre optics services from Brantford Hydro Inc.

The Company charges pole rental fees to Brantford Hydro Inc. These rental fees allow fibre optic cables to be attached to the Company's distribution assets. The Company also provides other services such as, water heater tank disposal handling and assistance when fibre optic maintenance is done in proximity of electrical plant.

Details of the transactions between the Company and Brantford Hydro Inc. are presented below:

	<u>2015</u> \$	<u>2014</u> \$
Brantford Hydro Inc.		
Revenue		
Administrative support	179,862	36,041
Pole rental fees	46,399	45,773
Other services	10,447	34,451
	<u>236,708</u>	<u>116,265</u>
Operating expenses		
Dark fibre optic services	3,600	3,600
	<u>3,600</u>	<u>3,600</u>

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

20. Related Party Transactions - continued

For the year ended December 31, 2015, the Company provided electricity to Brantford Generation Inc. and purchases electricity from Brantford Generation Inc. A long term customer deposit of \$6,955 (December 31, 2014 - \$6,955) (January 1, 2014 - \$6,955) has been paid to the Company from Brantford Generation Inc.

Details of the transactions between the Company and Brantford Generation Inc. are presented below:

	<u>2015</u>	<u>2014</u>
	\$	\$
Brantford Generation Inc.		
Revenue		
Administrative support	111,261	34,584
Sale of energy	155,522	143,626
	<u>266,783</u>	<u>178,210</u>
Operating expenses		
Cost of power purchased	1,052,324	1,278,882
	<u>1,052,324</u>	<u>1,278,882</u>

Balances owing (to)/from affiliates are as follows:

	<u>December 31</u>	<u>December 31</u>	<u>January 1</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>
	\$	\$	\$
Brantford Energy Corporation	(13,045)	(48,624)	(10,322)
Brantford Hydro Inc.	43,153	57,454	2,960
Brantford Generation Inc. - amount			
owing for electricity generated	(92,044)	(118,070)	(272,951)
Brantford Generation Inc. - receivable			
balance	156,561	33,891	-
Brantford Generation Inc. - impairment			
allowance	(153,976)	-	-
Total due to affiliates	<u>(59,351)</u>	<u>(75,349)</u>	<u>(280,313)</u>

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

20. Related Party Transactions - continued

Key management personnel

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid or payable is as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Directors' fees	26,318	30,958
Salaries and other short-term benefits	952,954	812,979
Post-employment benefits	5,653	3,270
	<u>984,925</u>	<u>847,207</u>

21. Statement of Cash Flows

	<u>2015</u>	<u>2014</u>
	\$	\$
Changes in non-cash working capital		
Accounts receivable	264,839	(1,082,282)
Unbilled revenue	(1,507,734)	375,906
Materials and supplies	(277,047)	6,367
Prepaid expenses	(115,669)	(50,343)
Accounts payable and accrued liabilities	560,594	622,031
Accounts payable to the City of Brantford	(189,340)	(313,403)
Due to affiliates	(15,998)	(204,964)
Customer deposits	150,978	(15,061)
	<u>(1,129,377)</u>	<u>(661,749)</u>

22. Amortization

	<u>2015</u>	<u>2014</u>
	\$	\$
Amortization of capital assets	3,018,325	3,018,923
Amortization of capital assets charged to distribution operations and maintenance	153,397	134,638
	<u>3,171,722</u>	<u>3,153,561</u>

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

23. Capital Disclosures

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

- ensure ongoing access to funding to maintain and improve the electricity distribution system;
- ensure compliance with covenants related to its credit facilities; and
- closely align its capital structure with the debt to equity structure deemed by the OEB.

As at December 31, 2015, 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, 2015, shareholder's equity amounts to \$41,797,005 (2014 - \$39,669,836) and long-term debt, amounts to \$40,919,717 (2014 - \$42,057,704). The Company's capital structure as at December 31, 2015 is 49% debt and 51% equity (2014 - 51% debt and 49% 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, 2015 and as at December 30, 2014, the Company was in compliance with all covenants.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

24. Financial Instruments

All financial instruments are initially recorded on the statement of financial position 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.

Interest Rate Risk

Interest is paid on 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, the effect of which is to fix the interest rate on the first \$2,741,000 term facility loan at 4.71% and the second \$153,000 term facility loan at 4.97%. The potential replacement cost to Brantford Power Inc. of the interest rate swaps, representing estimated fair value as presented on the balance sheet, was \$292,054 (2014 - \$333,600), which was in the favour of Royal Bank. 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 \$1,606,069 (2014 - \$1,455,091) which is reflected on the Balance Sheet. Customer deposits are limited to those allowed under the OEB's Retail Settlement Code. Allowances of \$750,000 (2014 - \$900,000) are also maintained for potential credit losses. The Company's accounts receivable do not reflect the concentrated risk of default from exposure to large customers. At December 31, 2015, the outstanding amounts receivable from the largest ten customers represented \$2,517,034 or 30% (2014 - \$1,978,309 or 20%) of the total outstanding accounts receivable. 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.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

24. Financial Instruments - continued

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, 2015, the Company provided prudential support in the form of a bank letter of credit of \$13,057,140 (2014 - \$13,057,140).

Revolving Term Facility

As at December 31, 2015, the Company has been authorized for a revolving term facility of \$7,000,000 of which NIL had been drawn upon. The facility bears interest at prime and is secured by a general security agreement over all assets of the Company and 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, accounts payable and accrued liabilities, accounts payable to the City of Brantford, interest payable to the City of Brantford, and due to affiliates 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 the Ontario Infrastructure and Lands Corporation (OILC) has an estimated fair value of \$2,164,100 (carrying value - \$1,951,471). 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, 2015, of 3.73% per annum, (actual rate – 5.14% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

24. Financial Instruments - continued

The fixed rate long-term debt facility, maturing December 2050, funded by the OILC has an estimated fair value of \$5,303,200 (carrying value - \$4,592,555). 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, 2015, of 3.84% per annum, (actual rate – 4.95% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

The fixed rate long-term debt facility, maturing October 2027, funded by the OILC has an estimated fair value of \$4,701,900 (carrying value - \$4,671,374). 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, 2015, of 3.23% per annum, (actual rate – 3.46% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

The fixed rate long-term debt facility, maturing December 2042, funded by the OILC has an estimated fair value of \$3,800,700 (carrying value - \$3,766,678). 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, 2015, of 3.84% per annum, (actual rate – 3.90% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

The promissory note payable to the Corporation of the City of Brantford has an estimated fair value of \$30,548,900 (carrying value - \$24,189,168). 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, 2015, of 3.84% per annum, (actual rate – 5.87% per annum). The loan is classified as an Other Liability (OL) with no resulting adjustment to carrying value.

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 (i.e. as prices) or indirectly (i.e. derived from prices);

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

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

24. Financial Instruments - continued

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	12,891,079	-	-	12,891,079
Prepaid expenses	331,631	-	-	331,631
Total financial assets	13,222,710	-	-	13,222,710
Financial liabilities				
Customer deposits	1,606,069	-	-	1,606,069
Long-term debt	42,061,147	-	-	42,061,147
Derivative liabilities	292,054	-	-	292,054
Total financial liabilities	43,959,270	-	-	43,959,270

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.

25. Explanation of Transition to IFRS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2015, the comparative information presented in these financial statements for the year ended December 31, 2014, and in the preparation of the opening IFRS Statement of Financial Position as at January 1, 2014 (the Company's date of transition).

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

In preparing its opening IFRS Statement of Financial Position, the Company has adjusted the amounts reported previously in the financial statements prepared in accordance with Canadian general accepted accounting principles (CGAAP). An explanation of how the transition from CGAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes accompanying the tables.

Regulatory accounts

IFRS14: *Regulatory Deferral Accounts*, permits an entity to continue to account for regulatory deferral account balances in its financial statements in accordance with its previous GAAP when it adopts IFRS. An entity is permitted to apply the requirements of this standard in its first IFRS financial statements if and only if it conducts rate-regulated activities and recognized amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. This standard exempts an entity from applying paragraph 11 of IAS8: *Accounting policies, changes in accounting estimates and errors*, to its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances.

IFRS 14 is effective from periods beginning on or after January 1, 2016, however, early application is permitted. The Company has elected to apply this Standard in its first IFRS financial statements.

IFRS 1 Exemptions

IFRS 1 *First-time adoption of International Financial Reporting Standards* sets out the procedures that the Company must follow when it adopts IFRS for the first time as the basis for preparing its financial statements. The Company is required to establish its IFRS accounting policies as at December 31, 2015 and, in general, apply these retrospectively to determine the IFRS opening statement of financial position as its date of transition, January 1, 2014. This standard provides a number of mandatory and optional exemptions to this general principle. These are set out below, together with a description in each case of the exemption adopted by the Company.

Transfer of assets from customers

The company has elected to apply the transitional provisions in IFRIC 18 *Transfers of Assets from Customers*. This provision states that the effective date of this standard should be July 1, 2019 or the date of transition to IFRS whichever is the later.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Deemed cost

IFRS 1 provides an optional exemption for a first-time adopter with rate-regulated activities to use the carrying amount of PP&E and intangible assets as deemed cost on transition date when the carrying amount includes costs that do not qualify for capitalization in accordance with IFRS. The Company elected this exemption and used the carrying amount of the PP&E and intangible assets under CGAAP as deemed cost on transition date. The carrying amount used as deemed cost is \$64,379,612 for PP&E and \$482,104 for intangible assets.

If an entity applies this exemption, at the date of transition to IFRS, it shall test for impairment each item for which this exemption is used. The assets were tested for impairment at the date of transition and it was determined that the assets were not impaired.

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Reconciliation of statement of financial position and statement of changes in equity

January 1, 2014	Note	CGAAP \$	Presentation differences \$	Measurement & recognition differences \$	IFRS \$
Cash and cash equivalents	b	13,172,577	1,470,152	-	14,642,729
Accounts receivable		9,275,123	-	-	9,275,123
Unbilled revenue		11,018,050	-	-	11,018,050
Payments in lieu of corporate income taxes		324,099	-	-	324,099
Materials and supplies		859,915	-	-	859,915
Prepaid expenses	h	244,091	-	(78,472)	165,619
Special deposits	b	1,470,152	(1,470,152)	-	-
Property, plant and equipment	c	60,143,968	4,235,644	-	64,379,612
Intangible assets	d	3,432,578	(2,950,474)	-	482,104
Deferred payments in lieu of corporate income tax	j	455,648	(274,798)	-	180,850
Total assets		100,396,201	1,010,372	(78,472)	101,328,101
Regulatory balances	c, d	7,863,847	(1,285,170)	-	6,578,677
Total assets and regulatory balances		108,260,048	(274,798)	(78,472)	107,906,778

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Reconciliation of statement of financial position and statement of changes in equity

January 1, 2014	Note	CGAAP \$	Presentation differences \$	Measurement & recognition differences \$	IFRS \$
Accounts payable and accrued liabilities		13,692,859	-	-	13,692,859
Due to affiliates		280,313	-	-	280,313
Accounts payable to the City of Brantford		952,468	-	-	952,468
Interest payable to the City of Brantford		1,419,904	-	-	1,419,904
Current portion of long-term debt		1,038,479	-	-	1,038,479
Customer deposits		1,470,152	-	-	1,470,152
Long-term debt		43,143,585	-	-	43,143,585
Post employment benefits	j	2,114,875	-	(1,036,974)	1,077,901
Vested sick leave		92,262	-	-	92,262
Derivative liabilities		372,285	-	-	372,285
Total liabilities		64,577,182	-	(1,036,974)	63,540,208
Share capital		22,437,505	-	-	22,437,505
Retained Earnings	h, i	15,026,580	-	(339,295)	14,687,285
Accumulated Other Comprehensive Income	i, j	(260,823)	(274,798)	1,297,797	762,176
Total liabilities and equity		101,780,444	(274,798)	(78,472)	101,427,174
Regulatory balances		6,479,604	-	-	6,479,604
Total liabilities, equity, and regulatory balances		108,260,048	(274,798)	(78,472)	107,906,778

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Reconciliation of statement of financial position and statement of changes in equity

December 31, 2014	Note	CGAAP \$	Presentation differences \$	Measurement & recognition differences \$	IFRS \$
Cash and cash equivalents	b	9,875,967	1,455,091	-	11,331,058
Accounts receivable		10,357,405	-	-	10,357,405
Unbilled revenue		10,642,144	-	-	10,642,144
Payments in lieu of corporate income taxes		622,158	-	-	622,158
Materials and supplies		853,548	-	-	853,548
Prepaid expenses	h	262,836	-	(46,874)	215,962
Special deposits	b	1,455,091	(1,455,091)	-	-
Property, plant and equipment	f, k	63,602,605	439,812	(18,775)	64,023,642
Intangible assets		641,038	-	-	641,038
Deferred payments in lieu of corporate income tax	j	656,995	(232,644)	-	424,351
Total assets		98,969,787	207,168	(65,649)	99,111,306
Regulatory balances	k	6,336,310	-	20,986	6,357,296
Total assets and regulatory balances		105,306,097	207,168	(44,663)	105,468,602

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Reconciliation of statement of financial position and statement of changes in equity

December 31, 2014	Note	CGAAP \$	Presentation differences \$	Measurement & recognition differences \$	IFRS \$
Accounts payable and accrued liabilities		14,314,888	-	-	14,314,888
Due to affiliates		75,349	-	-	75,349
Accounts payable to the City of Brantford		639,065	-	-	639,065
Interest payable to the City of Brantford		1,419,904	-	-	1,419,904
Current portion of long-term debt		1,088,567	-	-	1,088,567
Customer deposits		1,455,091	-	-	1,455,091
Deferred revenues	f	-	439,812	-	439,812
Long-term debt		42,057,704	-	-	42,057,704
Post employment benefits	j	2,099,345	-	(894,284)	1,205,061
Vested sick leave	l	90,030	-	16,380	106,410
Derivative liabilities		333,600	-	-	333,600
Total liabilities		63,573,543	439,812	(877,904)	63,135,451
Share capital		22,437,505	-	-	22,437,505
Retained Earnings	i, j	16,866,210	26,347	(356,818)	16,535,739
Accumulated Other Comprehensive Income	i, j	(234,476)	(258,991)	1,190,059	696,592
Total liabilities and equity		102,642,782	207,168	(44,663)	102,805,287
Regulatory balances		2,663,315	-	-	2,663,315
Total liabilities, equity, and regulatory balances		105,306,097	207,168	(44,663)	105,468,602

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Reconciliation of net income for 2014

	Note	CGAAP \$	Presentation differences \$	Measurement & recognition differences \$	IFRS \$
Sale of energy	g	-	95,313,553	-	95,313,553
Distribution revenue	g	16,065,685	1,667,838	-	17,733,523
IESO conservation programs		3,407,271	-	-	3,407,271
Finance income	g	456,332	(75,795)	-	380,537
Other income	f, g	815,363	(22,760)	-	792,603
		20,744,651	96,882,836	-	117,627,487
Cost of power purchased	g	-	99,969,443	-	99,969,443
Distribution operations and maintenance	h	3,698,044	-	(3,323)	3,694,721
Billing and collecting	h	2,879,988	-	(27,014)	2,852,974
General administration	h, j, l	2,710,718	-	68,579	2,779,297
IESO conservation programs		3,407,271	-	-	3,407,271
Finance costs	g, i	2,419,341	(80,624)	-	2,338,717
Amortization	f, k	3,015,739	5,395	(2,211)	3,018,923
Income tax expense	e, g, i	23,920	(374,075)	(18,508)	(368,663)
		18,155,021	99,520,139	17,523	117,692,683
Net income for the year		2,589,630	(2,637,303)	(17,523)	(65,196)
Movement in regulatory balances	e, g	-	2,663,650	-	2,663,650
Net income and net movement in regulatory balances, net of tax		2,589,630	26,347	(17,523)	2,598,454

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Reconciliation of net income for 2014

	Note	CGAAP \$	Presentation differences \$	Measurement & recognition differences \$	IFRS \$
Net income and net movement in regulatory balances, net of tax		2,589,630	26,347	(17,523)	2,598,454
Other comprehensive income					
Reclass of 2014 CGAAP Unrecognized Gains	i	26,347	(26,347)	-	-
Remeasurement of post-employment benefits	j	-	-	(89,230)	(89,230)
Tax on post-employment remeasurements	j	-	-	23,646	23,646
Total other comprehensive income		26,347	(26,347)	(65,584)	(65,584)
Total comprehensive income for the year		2,615,977	-	(83,107)	2,532,870

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Notes to the reconciliations

Presentation Differences

a. Property, Plant and Equipment (PP&E) and Intangible Assets

The Company has elected under IFRS 1 to use the carrying value of items of PP&E and intangible assets as the deemed cost at the date of transition. Therefore, there has been no change to the net PP&E and intangible assets at January 1, 2014. The effect of this transitional adjustment is a decrease to the original cost and accumulated depreciation of the affected PP&E and intangible assets by \$35,041,924 and \$449,437 respectively, the CGAAP accumulated depreciation amount, on January 1, 2014.

b. Reclass Special Deposits

Under CGAAP, the Company recorded the portion of the bank account that related to customer deposits as "Special deposits" on the statement of financial position. Under IFRS, these balances remain in cash and cash equivalents.

c. Smart Meters

Under CGAAP, the Company treated smart meters that were installed in accordance with the OEB initiative as regulatory assets. Under IFRS, these meters have been reclassified to property, plant and equipment.

d. Stranded Meters

Under CGAAP, the Company treated meters that were stranded as a result of the OEB smart meter initiative as intangible assets. Under IFRS, these meters have been reclassified to regulatory balances.

e. Deferred Taxes

Deferred taxes related to regulatory balances have been reclassified from deferred taxes to regulatory balances

f Contributed Capital

Under CGAAP, customer contributions were netted against the cost of PP&E and amortized to profit or loss as an offset to depreciation expense, on the same basis as the related assets. Under IFRS, customer contributions are recognized as deferred revenue, not netted against PP&E, and amortized into profit or loss over the life of the related asset.

As detailed in note a above, the IFRS exemption allowed the NBV of the capital contributions as at January 1, 2014 to remain in the opening cost of PP&E. There was no opening deferred revenue as a result. The effect of the above is to increase PP&E and deferred revenue by \$439,812 at December 31, 2014 and to increase other revenue and depreciation expense by \$5,395 for the year ended December 31, 2014.

Brantford Power Inc.

Notes to the Financial Statements

for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

g. Sale and Purchase of Energy and Related Regulatory Balance Changes

As a result of the change to IFRS, the Company needs to report energy sales and purchases separately on the statement of income. Any regulatory changes related to the sale and purchase of energy as well as distribution revenues needs to be reported as movement in regulatory balances.

Measurement and Recognition Differences

h. Prepaid Expenses

Under CGAAP, the Company deferred and amortized several charges from the City related to major repairs and renovations of City owned buildings occupied by the Company. Under IFRS, these charges did not meet the definition of an asset and should have been expensed when incurred.

i. Accumulated Other Comprehensive Income (AOCI) on Hedge Derivatives

The Company is no longer using hedge accounting to record the interest rate swap on the two Royal Bank non-revolving term facilities. As a result, the opening AOCI of \$260,822 has been closed to retained earnings. The 2014 gain on derivatives of \$35,847 and the related future taxes of \$9,500 has been recognized in the 2014 net income under IFRS.

j. Post-Employment Benefits

The Company adopted the revised Employee Benefits standard effective January 1, 2014. This revised standard requires recognition of actuarial gains and losses through other comprehensive income. This decreased post-employment benefits and increased AOCI by \$1,036,974 at January 1, 2014 and, increased operating expenses by \$53,460 and increased post-employment benefits by \$142,690 at December 31, 2014.

k. Early disposal of Property, Plant and Equipment

Under CGAAP for rate regulated entities, the Company removed assets from the accounts at the end of their estimated useful lives. IFRS requires assets to be removed from the accounts when they have been removed from service.

The effect is to decrease PP&E by \$18,775 at December 31, 2014, increase regulatory balances by \$20,986 and to decrease amortization expense by \$2,211 for the year ended December 31, 2014.

l. Sick Time in Excess of Entitlement

Under IFRS, The Company is required to record a liability for non-vested accumulative sick leave.

Brantford Power Inc.
Notes to the Financial Statements
for the year ended December 31, 2015

25. Explanation of transition to IFRS - continued

Explanation of material adjustments to the statement of cash flows for 2014

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under CGAAP.

Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-F

Filed: May 4, 2016

Attachment 1-F

Reconciliation of Financial Statements to RRR

BRANTFORD POWER INC.
OEB TRIAL BALANCE RECONCILED TO AUDITED FINANCIAL STATEMENTS

	2013 Audited Financial Statements	2013 OEB Trial Balance	Difference	Adjustment	Remaining Difference	Adjustments Explained
Current Assets						
A1	Cash and cash equivalents	\$ 13,172,577.00	\$ 13,172,576.90	\$ (0.10)	\$ -	(0.10) N/A
A2	Accounts receivable	\$ 9,275,123.00	\$ 9,275,123.46	\$ 0.46	\$ -	0.46 N/A
A3	Unbilled revenue	\$ 11,018,050.00	\$ 11,018,050.05	\$ 0.05	\$ -	0.05 N/A
A4	Inventories	\$ 859,915.00	\$ 1,864,037.89	\$ 1,004,122.89	\$ (1,004,122.86)	\$ 0.03 Inventory Spares treated as PP&E on FS but classified as Inventory on OEB trial balance
A5	Special deposits	\$ 790,223.00	\$ 790,222.76	\$ (0.24)	\$ -	(0.24) N/A
A6	Prepaid expenses	\$ 174,548.00	\$ 244,090.15	\$ 69,542.15	\$ (69,542.63)	\$ (0.48) Long-term portion of prepaid expenses not included as prepaid expenses on the FS as they are included under other assets
A7	PILs recoverable	\$ 324,099.00	\$ 324,099.00	\$ -	\$ -	- N/A
A8	Future PILs	\$ 207,230.00	\$ 207,230.00	\$ -	\$ -	- N/A
		\$ 35,821,765.00	\$ 36,895,430.21	\$ 1,073,665.21	\$ (1,073,665.49)	\$ (0.28)
Property, Plant and Equipment						
A9	Property, plant and equipment	\$ 60,143,968.00	\$ 58,715,969.63	\$ (1,427,998.37)	\$ 1,427,998.60	\$ 0.23 Inventory Spares in the amount of 1M treated as PP&E on FS but classified as Inventory on OEB trial balance. Leasehold Improvements in the amount of 23K reported on FS as Intangibles but PP&E on OEB Trial Balance. Accumulated Amortization on Intangible assets in the amount of 447K grouped in PP&E on OEB Trial Balance.
Other Assets						
A10	Regulatory assets	\$ 7,863,847.00	\$ 10,052,981.19	\$ 2,189,134.19	\$ (2,189,134.00)	\$ 0.19 Stranded meters in the amount of 2.9M reported as Intangible Assets on FS but 1555 Smart Meter on OEB T/B. Regulatory liability in the amount of 761K related to future income taxes for rate making purposes grouped with Future Income Taxes.
A11	Long-term special deposits	\$ 679,929.00	\$ 679,929.25	\$ 0.25	\$ -	0.25 N/A
A12	Long-term prepaid expenses	\$ 69,543.00	\$ -	\$ (69,543.00)	\$ 69,542.63	\$ (0.37) Long-term portion of prepaid expenses not included as prepaid expenses on the FS as they are included under other assets.
A13	Future PILs	\$ 248,418.00	\$ 1,009,758.00	\$ 761,340.00	\$ (761,340.00)	\$ - Regulatory liability in the amount of 761K related to future income taxes for rate making purposes grouped with Future Income Taxes.
A14	Intangible assets	\$ 3,432,578.00	\$ 905,979.34	\$ (2,526,598.66)	\$ 2,526,598.26	\$ (0.40) Stranded meters in the amount of 2.9M reports as Intangible Assets on FS but 1555 Smart Meter on OEB T/B. Leasehold Improvements in the amount of 23K reported on FS as Intangibles but PP&E on OEB Trial Balance. Accumulated Amortization on Intangible assets in the amount of 447K grouped in PP&E on OEB Trial Balance.
		\$ 12,294,315.00	\$ 12,648,647.78	\$ 354,332.78	\$ (354,333.11)	\$ (0.33)
Total Assets		\$ 108,260,048.00	\$ 108,260,047.62	\$ (0.38)	\$ -	\$ (0.38)
Liabilities and Shareholder's Equity						
Current Liabilities						
L1	AP and accrued liabilities	\$ (13,692,859.00)	\$ (13,692,860.03)	\$ (1.03)	\$ -	(1.03) N/A
L2	AP to the City of Brantford	\$ (952,468.00)	\$ (1,232,781.04)	\$ (280,313.04)	\$ 280,313.16	\$ 0.12 Accounts Payable to affiliates separated from Accounts Payable to City of Brantford in the amount of 280K on the FS
L3	Interest payable to the City of Brantford	\$ (1,419,904.00)	\$ (1,419,904.00)	\$ -	\$ -	- N/A
L4	Due from affiliates	\$ (280,313.00)	\$ -	\$ 280,313.00	\$ (280,313.16)	\$ (0.16) Accounts Payable to affiliates separated from Accounts Payable to City of Brantford in the amount of 280K on the FS
L5	Current portion of customer deposits	\$ (790,223.00)	\$ (790,222.76)	\$ 0.24	\$ -	0.24 N/A
L6	Current portion of long-term debt	\$ (1,038,479.00)	\$ (1,038,479.00)	\$ -	\$ -	- N/A
		\$ (18,174,246.00)	\$ (18,174,246.83)	\$ (0.83)	\$ -	(0.83)
Long-Term Debt						
L7	Long-term debt	\$ (43,143,585.00)	\$ (43,143,585.38)	\$ (0.38)	\$ -	(0.38) N/A
Other Liabilities						
L8	Regulatory liabilities	\$ (6,479,604.00)	\$ (6,479,604.13)	\$ (0.13)	\$ -	(0.13) N/A
L9	Long-term customer deposits	\$ (679,929.00)	\$ (679,929.25)	\$ (0.25)	\$ -	(0.25) N/A
L10	Employee future benefits	\$ (2,114,875.00)	\$ (2,114,875.00)	\$ -	\$ -	- N/A
L16	Accumulated vested sick leave	\$ (92,262.00)	\$ (92,262.40)	\$ (0.40)	\$ -	(0.40) N/A
L11	Derivative liabilities	\$ (372,285.00)	\$ (372,285.00)	\$ -	\$ -	- N/A
		\$ (9,738,955.00)	\$ (9,738,955.78)	\$ (0.78)	\$ -	(0.78)
Shareholder's Equity						
L12	Share capital	\$ (22,437,505.00)	\$ (22,437,505.00)	\$ -	\$ -	- N/A
L13	Retained Earnings	\$ (14,885,261.00)	\$ (14,885,257.87)	\$ 3.13	\$ -	3.13 N/A
L17	Contributed surplus	\$ (141,319.00)	\$ (141,319.00)	\$ -	\$ -	- N/A
L14	AOCI	\$ 260,823.00	\$ 260,822.24	\$ (0.76)	\$ -	(0.76) N/A
		\$ (37,203,262.00)	\$ (37,203,259.63)	\$ 2.37	\$ -	2.37
Total Liabilities and Shareholder's Equity		\$ (108,260,048.00)	\$ (108,260,047.62)	\$ 0.38	\$ -	0.38

BRANTFORD POWER INC.
OEB TRIAL BALANCE RECONCILED TO AUDITED FINANCIAL STATEMENTS

	2013 Audited Financial Statements	2013 OEB Trial Balance	Difference	Adjustment	Remaining Difference	Adjustments Explained
STATEMENT OF OPERATIONS						
Revenue						
R1	Electricity distribution service charges	\$ (15,046,982.00)	\$ (15,046,982.36)	\$ (0.36)	\$ -	\$ (0.36) N/A
R2	OPA conservation programs	\$ (2,985,434.00)	\$ (2,985,434.25)	\$ (0.25)	\$ -	\$ (0.25) N/A
R3	Specific service charges	\$ (441,756.00)	\$ (441,756.25)	\$ (0.25)	\$ -	\$ (0.25) N/A
R4	Interest income	\$ (354,063.00)	\$ (354,062.95)	\$ 0.05	\$ -	\$ 0.05 N/A
R5	Other income	\$ (334,862.00)	\$ (334,861.57)	\$ 0.43	\$ -	\$ 0.43 N/A
		<u>\$ (19,163,097.00)</u>	<u>\$ (19,163,097.38)</u>	<u>\$ (0.38)</u>	<u>\$ -</u>	<u>\$ (0.38)</u>
Expenses						
E1	Distribution O&M	\$ 4,262,594.00	\$ 2,857,603.24	\$ (1,404,990.76)	\$ 1,404,990.89	\$ 0.13 Smart meter amortization in the amount of 362K in 5705 on OEB trial balance but contra'd to regulatory asset on FS. Billing and collecting on FS only includes customer service department cost and bad debts. OEB billing and collecting per TB filing includes metering and settlement department costs in the amount of 577K which are included in Distribution Operations and Maintenance on FS. Various metering and settlement, engineering and operations department costs in the amount of 465K that are mapped to administration for OEB purposes but treated as Distribution operations and maintenance on the FS.
E2	Billing and collecting	\$ 2,022,209.00	\$ 2,577,445.76	\$ 555,236.76	\$ (555,237.75)	\$ (0.99) Billing and collecting on FS only includes customer service department cost and bad debts. OEB billing and collecting per TB filing includes metering and settlement department costs in the amount of 577K which are included in Distribution Operations and Maintenance on FS. Reclass LEAP funding in the amount of 20K from 6205 Donations to Customer Billing & Collecting. Reclass various administration expense in the amount of 1K to Billing & Collecting. Reclass Billing & Collecting office supplies mapped to Admin Exp on OEB TB in the amount of 3K.
E3	General administration	\$ 2,977,462.00	\$ 3,346,754.23	\$ 369,292.23	\$ (369,292.31)	\$ (0.08) Brantford Energy Corp (Parent) Costs of 118K grouped with 4380 on OEB TB but in G&A on FS. Various metering and settlement, engineering and operations department costs in the amount of 465K that are mapped to administration for OEB purposes but treated as Distribution operations and maintenance on the FS. Reclass LEAP funding in the amount of 20K from 6205 Donations to Customer Billing & Collecting. Reclass various administration expense in the amount of 1K to Billing & Collecting. Reclass Billing & Collecting office supplies mapped to Admin Exp on OEB TB in the amount of 3K.
E4	OPA conservation programs	\$ 2,984,012.00	\$ 3,102,512.42	\$ 118,500.42	\$ (118,500.43)	\$ (0.01) Brantford Energy Corp (Parent) Costs of 118K grouped with 4380 on OEB TB but in G&A on FS.
E5	Interest on long-term debt	\$ 2,345,466.00	\$ 2,345,466.00	\$ -	\$ -	\$ - N/A
E6	Other financing expenses	\$ 205,558.00	\$ 205,557.64	\$ (0.36)	\$ -	\$ (0.36) N/A
E7	Capital tax	\$ -	\$ -	\$ -	\$ -	\$ - N/A
E8	Amortization	\$ 2,781,996.00	\$ 3,143,956.96	\$ 361,960.96	\$ (361,961.00)	\$ (0.04) Smart meter amortization in the amount of 362K in 5705 on OEB trial balance but contra'd to regulatory asset on FS
		<u>\$ 17,579,297.00</u>	<u>\$ 17,579,296.25</u>	<u>\$ (0.75)</u>	<u>\$ (0.75)</u>	<u>\$ (1.50)</u>
Income Before Taxes		<u>\$ (1,583,800.00)</u>	<u>\$ (1,583,801.13)</u>	<u>\$ (1.13)</u>	<u>\$ -</u>	<u>\$ -</u>
Payments in Lieu of Corporate Income Taxes						
T1	Current and Future	\$ (1,095,490.00)	\$ (1,095,490.00)	\$ -	\$ -	\$ - N/A
		<u>\$ (1,095,490.00)</u>	<u>\$ (1,095,490.00)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ - N/A</u>
NET INCOME		<u>\$ (2,679,290.00)</u>	<u>\$ (2,679,291.13)</u>	<u>\$ (1.13)</u>	<u>\$ -</u>	<u>\$ -</u>

BRANTFORD POWER INC.
OEB TRIAL BALANCE RECONCILED TO AUDITED FINANCIAL STATEMENTS

	2014 Audited Financial Statements	2014 OEB Trial Balance	Difference	Adjustment	Remaining Difference	Adjustments Explained
Current Assets						
	audited fs					
A1	Cash and cash equivalents	\$ 9,875,967.00	\$ 9,875,966.85	\$ (0)	\$ -	(0) N/A
A2	Accounts receivable	\$ 10,357,405.00	\$ 10,357,405.41	\$ 0	\$ -	0 N/A
A3	Unbilled revenue	\$ 10,642,144.00	\$ 10,642,144.05	\$ 0	\$ -	0 N/A
A4	Inventories	\$ 853,548.00	\$ 1,831,925.97	\$ 978,378	\$ (978,377)	1 Inventory Spares treated as PP&E on FS but classified as Inventory on OEB trial balance
A5	Special deposits	\$ 818,050.00	\$ 818,049.69	\$ (0)	\$ -	(0) N/A
A6	Prepaid expenses	\$ 233,336.00	\$ 262,836.40	\$ 29,500	\$ (29,500)	0 To reclass long term portion of prepaid expenses into non-current assets
A7	PILs recoverable	\$ 622,158.00	\$ 538,264.00	\$ (83,894)	\$ 83,894	- Reverse OEB smart meter rate rider entry to be repaid to customers in 2015-2017 in order to be compliant with OEB regulations
A8	Future PILs	\$ 238,500.00	\$ 238,500.00	\$ -	\$ -	- N/A
		\$ 33,641,108.00	\$ 34,565,092.37	\$ 923,984.37	\$ (923,983.43)	0.94
Property, Plant and Equipment						
A9	Property, plant and equipment	\$ 63,602,605.00	\$ 62,212,886.01	\$ (1,389,718.99)	\$ 1,389,719.10	1.62 Accumulated Amortization on Intangible assets grouped in PP&E on OEB Trial Balance in the amount of 450K. Inventory Spares treated as PP&E on FS but classified as Inventory on OEB trial balance in the amount of 978K. Leasehold Improvements reported on FS as Intangibles but PP&E on OEB Trial Balance in the amount of 39K
Other Assets						
A10	Regulatory assets	\$ 6,336,310.00	\$ 5,958,545.65	\$ (377,764.35)	\$ 377,764.35	(0.00) Regulatory liability related to future income taxes for rate making purposes grouped with FIT for OEB purposes but with regulatory assets for FS purposes
A11	Long-term special deposits	\$ 637,041.00	\$ 637,041.03	\$ 0.03	\$ -	0.03 N/A
A12	Long-term prepaid expenses	\$ 29,500.00	\$ -	\$ (29,500.00)	\$ 29,500.44	0.44 To reclass long term portion of prepaid expenses into non-current assets
A13	Future PILs	\$ 418,495.00	\$ 796,260.00	\$ 377,765.00	\$ (377,765.00)	- Regulatory liability related to future income taxes for rate making purposes grouped with FIT for OEB purposes but with regulatory assets for FS purposes
A14	Intangible assets	\$ 641,038.00	\$ 1,052,379.70	\$ 411,341.70	\$ (411,341.67)	0.03 Accumulated Amortization on Intangible assets grouped in PP&E on OEB Trial Balance in the amount of 450K. Leasehold Improvements reported on FS as Intangibles but PP&E on OEB Trial Balance in the amount of 39K
		\$ 8,062,384.00	\$ 8,444,226.38	\$ 381,842.38	\$ (381,841.88)	0.50
Total Assets						
		\$ 105,306,097.00	\$ 105,222,204.76			
Liabilities and Shareholder's Equity						
Current Liabilities						
L1	AP and accrued liabilities	\$ (14,314,888.00)	\$ (13,998,310.59)	\$ 316,577.41	\$ (316,581.00)	(3.59) Reverse OEB smart meter rate rider entry to be repaid to customers in 2015-2017 in order to be compliant with OEB regulations
L2	AP to the City of Brantford	\$ (639,065.00)	\$ (714,413.44)	\$ (75,348.44)	\$ 75,348.67	0.23 AP to affiliates separated from AP to City of Brantford on FS
L3	Interest payable to the City of Brantford	\$ (1,419,904.00)	\$ (1,419,904.00)	\$ -	\$ -	- N/A
L4	Due from affiliates	\$ (75,349.00)	\$ -	\$ 75,349.00	\$ (75,348.67)	0.33 AP to affiliates separated from AP to City of Brantford on FS
L5	Current portion of customer deposits	\$ (818,050.00)	\$ (818,049.69)	\$ 0.31	\$ -	0.31 N/A
L6	Current portion of long-term debt	\$ (1,088,567.00)	\$ (1,088,567.35)	\$ (0.35)	\$ -	(0.35) N/A
		\$ (18,355,823.00)	\$ (18,039,245.07)	\$ 316,577.93	\$ (316,581.00)	(3.07)
Long-Term Debt						
L7	Long-term debt	\$ (42,057,704.00)	\$ (42,057,704.41)			
Other Liabilities						
L8	Regulatory liabilities	\$ (2,663,315.00)	\$ (2,663,315.30)	\$ (0.30)	\$ -	(0.30) N/A
L9	Long-term customer deposits	\$ (637,041.00)	\$ (637,041.03)	\$ (0.03)	\$ -	(0.03) N/A
L10	Employee future benefits	\$ (2,099,345.00)	\$ (2,099,345.00)	\$ -	\$ -	- N/A
L16	Accumulated vested sick leave	\$ (90,030.00)	\$ (90,029.52)	\$ 0.48	\$ -	0.48 N/A
L11	Derivative liabilities	\$ (333,600.00)	\$ (333,599.99)	\$ 0.01	\$ -	0.01 N/A
		\$ (5,823,331.00)	\$ (5,823,330.84)	\$ 0.16	\$ -	0.16
Shareholder's Equity						
L12	Share capital	\$ (22,437,505.00)	\$ (22,437,505.00)	\$ -	\$ -	- N/A
L13	Retained Earnings	\$ (16,724,891.00)	\$ (16,957,576.01)	\$ (232,685.01)	\$ -	(232,685.01) Difference due to the difference in net income from the financial statements to the OEB trial balance
L17	Contributed surplus	\$ (141,319.00)	\$ (141,319.00)	\$ -	\$ -	- N/A
L14	AOCI	\$ 234,476.00	\$ 234,475.53	\$ (0.47)	\$ -	(0.47) N/A
		\$ (39,069,239.00)	\$ (39,301,924.48)			
Total Liabilities and Shareholder's Equity						
		\$ (105,306,097.00)	\$ (105,222,204.80)			

BRANTFORD POWER INC.
OEB TRIAL BALANCE RECONCILED TO AUDITED FINANCIAL STATEMENTS

		2014 Audited Financial Statements	2014 OEB Trial Balance	Difference	Adjustment	Remaining Difference	Adjustments Explained
STATEMENT OF OPERATIONS							
Revenue							
R1	Electricity distribution service charges	\$ (16,065,685.00)	\$ (16,382,266.28)	\$ (316,581.28)	\$ 316,581.00	\$ (0.28)	Reverse OEB smart meter rate rider entry to be repaid to customers in 2015-2017 in order to be compliant with OEB regulations
R2	Revenue from Non-Utility	\$ (3,407,271.00)	\$ (3,493,081.92)	\$ (85,810.92)	\$ 85,810.50	\$ (0.42)	Management Fee as Revenue on FS but classified as non-Utility Revenue on OEB trial balance
R3	Specific service charges	\$ (539,109.00)	\$ (539,109.35)	\$ (0.35)	\$ -	\$ (0.35)	N/A
R4	Interest income	\$ (249,186.00)	\$ (249,186.05)	\$ (0.05)	\$ -	\$ (0.05)	N/A
R5	Other income	\$ (483,400.00)	\$ (397,589.14)	\$ 85,810.86	\$ (85,815.50)	\$ (4.64)	Management Fee as Revenue on FS but classified as non-Utility Revenue on OEB trial balance
		\$ (20,744,651.00)	\$ (21,061,232.74)	\$ (316,581.74)	\$ 316,576.00	\$ (5.74)	
Expenses							
E1	Distribution O&M	\$ 3,698,044.00	\$ 3,262,247.34	\$ (435,796.66)	\$ 435,795.94	\$ (0.72)	On FS these accounts were under Distribution but as per OEB are now under Distribution in the amount of 9K. On FS these accounts were under Distribution but as per OEB are now under Billing & Collection in the amount of 22K. On FS these accounts were under General and Admin but as per OEB are now under Distribution in the amount of 422K.
E2	Billing and collecting	\$ 2,879,988.00	\$ 2,872,825.62	\$ (7,162.38)	\$ 7,162.65	\$ 0.27	On FS these accounts were under Distribution but as per OEB are now under Billing & Collection in the amount of 22K. On FS these accounts were under Billing & Collection but for OEB are in General and Admin in the amount of 30K. On FS these accounts were under General and Admin but as per OEB are now under Billing/Collections in the amount of 1K.
E3	General administration	\$ 2,710,718.00	\$ 2,942,557.70	\$ 231,839.70	\$ (231,839.58)	\$ 0.12	On FS these accounts were under Billing & Collection but for OEB are in General and Admin in the amount of 30K. On FS these accounts were under General and Admin but as per OEB are now under Billing/Collections in the amount of 1K. On FS these accounts were under General and Admin but as per OEB are now under Distribution in the amount of 422K. Management Fee Expenses are showing under Executive Expenses under FS but classified as non-Utility Expense in the amount of 85K. Brantford Energy Corp (Parent) Costs grouped with 4380 on OEB TB but in G&A on FS in the amount of 125K
E4	Expenses from Non-Utility	\$ 3,407,271.00	\$ 3,618,390.23	\$ 211,119.23	\$ (211,118.81)	\$ 0.42	Management Fee Expenses are showing under Executive Expenses under FS but classified as non-Utility Expense in the amount of 85K. Brantford Energy Corp (Parent) Costs grouped with 4380 on OEB TB but in G&A on FS in the amount of 125K
E5	Interest on long-term debt	\$ 2,296,798.00	\$ 2,296,798.31	\$ 0.31	\$ -	\$ 0.31	
E6	Other financing expenses	\$ 122,543.00	\$ 122,542.63	\$ (0.37)	\$ -	\$ (0.37)	
E7	Capital tax	\$ -	\$ -	\$ -	\$ -	\$ -	
E8	Amortization	\$ 3,015,739.00	\$ 3,015,738.77	\$ (0.23)	\$ -	\$ (0.23)	
		\$ 18,131,101.00	\$ 18,131,100.60	\$ (0.40)	\$ 0.20	\$ (0.20)	
Payments in Lieu of Corporate Income Taxes							
T1	Current and Future	\$ 23,920.00	\$ 107,814.00	\$ 83,894.00	\$ (83,894.00)	\$ -	Reverse OEB smart meter rate rider entry to be repaid to customers in 2015-2017 in order to be compliant with OEB regulations
		\$ 23,920.00	\$ 107,814.00	\$ 83,894.00	\$ (83,894.00)	\$ -	
NET INCOME							
		\$ (2,589,630.00)	\$ (2,822,318.14)	\$ (232,688.14)			

BRANTFORD POWER INC.
OEB TRIAL BALANCE RECONCILED TO AUDITED FINANCIAL STATEMENTS

		2015 Audited Financial Statements	2015 OEB Trial Balance	Difference	Adjustment	Remaining Difference	Adjustments Explained
Current Assets							
A1	Cash and cash equivalents	12,891,079	12,891,079	-	-	-	N/A
A2	Accounts receivable	10,092,566	9,740,197	(352,369)	352,369	(0)	CDM receivables in the amount of \$198,394 is treated as Accounts receivable on FS , but classified as AP & Accrued Liabilities City of Brantford on the OEB TB. A/P to Affiliates in the amount of \$153,975 is classified as A/P to the City of Brantford on the OEB TB.
A3	Unbilled revenue	12,149,878	12,149,878	0	-	0	N/A
A7	PILs recoverable	99,504	99,504	-	-	-	N/A
A4	Inventories	1,130,595	2,148,429	1,017,834	(1,017,834)	(0)	Inventory Spares treated as PP&E on FS but classified as Inventory on OEB TB in the amount of \$1,017,834.
A6	Prepaid expenses	331,631	331,631	0	-	0	N/A
		36,695,253	37,360,718	665,465	(665,465)	0	
Other Assets							
A9	Property, plant and equipment	65,055,237	63,351,649	(1,703,588)	1,703,588	(0)	Inventory Spares treated as PP&E on FS but classified as Inventory on OEB TB in the amount of \$1,017,834. Leasehold Improvements in the amount of \$48,628 treated as Intangible Asset on audited FS but classified as PP&E on OEB TB. Capital Contributions in the amount of \$734,382 is classified as Deferred Revenue on FS and PP&E on OEB TB.
A14	Intangible assets	840,019	791,391	(48,628)	48,628	(0)	Leasehold Improvements in the amount of \$48,628 treated as Intangible Asset on audited FS but classified as PP&E on OEB TB
A13	Future PILs	-	-	-	-	-	N/A
		65,895,256	64,143,040	(1,752,216)	1,752,216	(1)	
A10	Regulatory assets	6,897,781	5,625,556	(1,272,225)	1,272,225	0	Regulatory assets in the amount of \$1,272,225 classified as future PILs on OEB TB
		6,897,781	5,625,556	(1,272,225)	1,272,225	0	
	Total Assets	109,488,290	107,129,314	(2,358,976)	2,358,976	0	
Liabilities and Shareholder's Equity							
Current Liabilities							
L1	AP and accrued liabilities	(14,875,482)	(14,677,086)	198,396	(198,394)	2	CDM receivables in the amount of \$198,394 is treated as Accounts receivable on FS , but classified as AP & Accrued Liabilities City of Brantford on the OEB TB.
L2	AP to the City of Brantford	(449,725)	(355,100)	94,625	(94,625)	0	A/P to Affiliates in the amount of \$94,625 classified as A/P to the City of Brantford on OEB TB
L3	Interest payable to the City of Brantford	(1,419,904)	(1,419,904)	-	-	-	N/A
L4	Due to affiliates	(59,351)	-	59,351	(59,351)	0	A/P to Affiliates in the amount of \$59,351 classified as A/P to the City on OEB TB
L5	Customer deposits	(1,606,069)	(1,606,069)	0	-	0	N/A
L6	Current portion of long-term debt	(1,141,430)	(1,141,430)	0	-	0	N/A
		(19,551,961)	(19,199,589)	352,372	(352,369)	3	
Other Liabilities							
L7	Long-term debt	(40,919,717)	(40,919,717)	(0)	-	(0)	N/A
L9	Deferred Revenues	(837,901)	(103,520)	734,381	(734,382)	(0)	Capital Contributions in the amount of \$734,382 is classified as Deferred Revenue on FS and PP&E on OEB TB.
L10	Employee future benefits	(1,236,004)	(1,236,004)	-	-	-	N/A
L16	Accumulated vested sick leave	(111,037)	(111,037)	(0)	-	(0)	N/A
L11	Derivative liabilities	(292,054)	(292,054)	0	-	0	N/A
L15	Deferred PILs	(459,557)	812,668	1,272,225	(1,272,225)	-	Regulatory assets in the amount of \$1,272,225 classified as future PILs on OEB TB
		(43,856,270)	(41,849,664)	2,006,606	(2,006,607)	(0)	
Shareholder's Equity							
L12	Share capital	(22,437,505)	(22,437,505)	-	-	-	N/A
L13	Retained Earnings	(18,639,596)	(18,639,594)	2	-	2	N/A
L17	Contributed surplus	-	-	-	-	-	N/A
L14	AOCI	(719,904)	(719,908)	(4)	-	(4)	N/A
		(41,797,005)	(41,797,007)	(2)	-	(2)	
L8	Regulatory liabilities	(4,283,054)	(4,283,055)	(1)	-	(1)	N/A
		(4,283,054)	(4,283,055)	(1)	-	(1)	
	Total Liabilities and Shareholder's Equity	(109,488,290)	(107,129,314)	2,358,976	(2,358,976)	(0)	

BRANTFORD POWER INC.
OEB TRIAL BALANCE RECONCILED TO AUDITED FINANCIAL STATEMENTS

		2015 Audited Financial Statements	2015 OEB Trial Balance	Difference	Adjustment	Remaining Difference	Adjustments Explained
STATEMENT OF OPERATIONS							
Revenue							
R1	Sale of Energy	(110,089,757)	(107,276,399)	2,813,358	(2,813,358)		Reclass of RSVA Adjustments in the amount of \$3,294,692 to regulatory movement for IFRS purposes. Sale of Energy in the amount of \$481,334 classified as Electricity Distribution Service Charges on OEB TB.
R2	Electricity distribution service charges	(17,231,694)	(16,483,859)	747,835	(747,835)		Reclass of RSVA Adjustments in the amount of \$266,501 to regulatory movement. Sale of Energy in the amount of \$481,334 classified as Electricity Distribution Service Charges on OEB TB.
R3	Revenue from Non-Utility	(2,537,140)	(2,947,370)	(410,230)	410,229		(0) Utility Revenue on OEB trial balance
R5	Interest income	(352,260)	(422,293)	(70,033)	70,033		(0) Interest on Regulatory Assets and Liabilities in the amount of \$70,033 to regulatory movement
R6	Other income	(1,178,498)	(915,438)	263,060	(263,060)		Reclass of early disposal loss in the amount of \$93,246 treated as Other Income. Other Financing Expense in the amount of \$40,619 classified as Other Income on OEB TB. Reclass of RSVA Adjustments in the amount of \$27,545 to regulatory movement. Management Fee in the amount of \$410,229 is classified as Revenue on FS but classified as non-Utility Revenue on OEB trial balance.
		(131,389,349)	(128,045,358)	3,343,991	(3,343,991)	(0)	0 Amortization for contributions in the amount of \$14,241 classified as Other Income on OEB TB
Expenses							
E1	Cost of Power Purchased	108,636,420	107,276,399	(1,360,021)	1,360,021		0 Reclass of RSVA Adjustments in the amount of \$1,360,021 to regulatory movement.
E2	Distribution O&M	3,405,612	3,141,100	(264,512)	264,512		General Expenses in the amount of \$264,512 classified as Billing & Collecting on FS and (0) Distribution O&M on OEB TB
E3	Billing and collecting	2,850,842	2,840,394	(10,448)	10,448		Billing and Collecting expenses in the amount of \$10,448 that is classified as Administration (0) Expenses on the OEB TB.
E4	General administration	3,387,179	3,091,182	(295,997)	295,997		Administration Expenses in the amount of \$274,959 that is classified as Distribution O&M Expenses on the OEB TB. Expenses in the amount of \$570,956 from Non Utility classified as Distribution O&M, (0) Billing and Collecting & Impairment loss on OEB TB.
E5	Expenses from Non-Utility	2,283,586	2,990,804	707,218	(707,218)		Impairment loss in the amount of \$136,261 classified as Expenses from Non Utility on OEB TB. Administration Expenses in the amount of \$274,959 that is classified as Distribution O&M Expenses on the OEB TB. Expenses in the amount of \$570,956 from Non Utility classified as Distribution O&M, (0) Billing and Collecting & Impairment loss on OEB TB.
E6	Impairment loss on due from affiliates	136,261	-	(136,261)	136,261		0 Impairment loss in the amount of \$136,261 classified as Expenses from Non Utility on OEB TB
E7	Other financing expenses	2,279,989	2,352,897	72,908	(72,908)		Interest on Regulatory Assets and Liabilities in the amount of \$32,289 to regulatory movement. Other (0) Financing Expense in the amount of \$40,619 classified as Other Income on OEB TB.
E9	Amortization	3,018,325	3,004,084	(14,241)	14,241	(0)	Amortization for contributions in the amount of \$14,241 classified as Other Income on OEB TB
		125,998,214	124,696,859	(1,301,355)	1,301,354	(1)	
Income Before Taxes		(5,391,135)	(3,348,499)	2,042,636	(2,042,637)	(1)	
Payments in Lieu of Corporate Income Taxes							
T1	Current and Future	1,139,101	244,641	(894,460)	894,460	-	Taxes in the amount of \$894,460 on regulatory assets included in Balance Sheet on OEB TB.
		1,139,101	244,641	(894,460)	894,460	-	
D1	Movement in Regulatory Balances	1,148,177	-	(1,148,177)	1,148,177	(0)	Regulatory assets included in Balance Sheet on OEB TB.
		1,148,177	-	(1,148,177)	1,148,177	(0)	
NET INCOME		(3,103,857)	(3,103,858)	(1)	-	(1)	

Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-G

Filed: May 4, 2016

Attachment 1-G

2014 Annual Report



THE ENERGY BEHIND BRANTFORD

BRANTFORD ENERGY CORPORATION 2014 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.

4 BRANTFORD ENERGY CORP.

7 BRANTFORD POWER INC.

10 BRANTFORD HYDRO INC.

12 BRANTFORD GENERATION INC.

17 FINANCIAL STATEMENT

18 FINANCIALS: BRANTFORD ENERGY CORP.

19 FINANCIALS: BRANTFORD POWER INC.

20 FINANCIALS: BRANTFORD HYDRO INC.

21 FINANCIALS: BRANTFORD GENERATION INC.

22 VISION MISSION & VALUES



BRANTFORD

FINANCIAL OVERVIEW

Brantford Energy Corporation (BEC) operates as a holding company for three businesses, Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc. Its sole shareholder is the Corporation of the City of Brantford.

BEC's consolidated net income for 2014 was \$3.49 million, a significant increase from the \$8.91 million net loss in 2013, and the highest net income for BEC group of companies since its incorporation in 2000.

From a consolidated perspective, the overall return on equity was 12.13 per cent, the largest return in the seven years despite the Brantford Generation's underperformance.

Total consolidated assets were \$111.1 million a slight decrease from \$113.66 million in 2013. Consolidated revenue was \$24.86 million in 2014 compared to \$23.87 million in 2013. Operations and maintenance, and general administration expenses are both down from 2013. The total dividend paid in 2014 to the City of Brantford, was \$1.15 million.

ORGANIZATIONAL GOVERNANCE

Forward-thinking, determined and customer-focused describe 2014 for the Brantford Energy Corporation with strong financial results and a continued emphasis on supporting the City of Brantford's economic growth and development strategy.

In response to the extent of change occurring in Ontario's energy sector, Brantford Energy group of companies responded with five strategic priorities. Each will help strengthen the organization's role of providing the City of Brantford and its

citizens and businesses with safe, reliable, efficient and locally operated electricity, telecommunications and energy-related services. Our efforts to date—as we've highlighted in this year's annual report—are making great headway.

In 2014, we sought out the best means to streamline our organizational governance and executive leadership structures to position us to succeed in a continuously evolving energy sector. We reduced the number of directors, while retaining a level of expertise and best practice performance. We also achieved greater efficiencies in managing expenses by sharing the cost of the organization's executive leadership across the four companies. At the same time, we took great care in ensuring that the business remained compliant with the Ontario Affiliate Relationship Code (ARC) so Brantford Hydro and Brantford Generation do not receive any competitive advantage from their relationship with Brantford Power.

Following the reorganization of departments, the mandate of Brantford Power's chief executive officer was expanded to all the companies of the Brantford Energy group of companies, as was the role of chief financial officer, creating greater efficiencies and cost-savings. The board is unanimous that we have one of the best professional and skilled teams that have delivered outstanding results and allows the board to focus on areas at risk and the longer-term vision of the organization.

BRANTFORD POWER

Brantford Power went through a restructuring of its own executive leadership and organizational responsibilities by aligning complementary business functions inside the

ENERGY CORP

“The Board is unanimous that we have one of the best professional and skilled teams that have delivered outstanding results.”

organization. Operations and engineering were joined, as were finance and regulatory. Most important, we elevated the vital roles of customer service, communications and conservation into the executive leadership under its own accountability.

We continued to invest in and maintain sound infrastructure to support both residential and commercial-industrial customers. This infrastructure contributes to both the municipality's overall economic prosperity, and the attraction and retention of businesses of all sizes. It also continues to serve as the catalyst in the development and diversification of the city's economic base.

In 2014, Brantford Power was also successful with its cost of service rate adjustment approval process and implementation, which became effective March 1, 2014 and will remain in place until January 1, 2017. The Ontario Energy Board, on behalf of Ontario electricity consumers, oversees and approves rate adjustments for all LDCs. This rate adjustment, which shows that Brantford Power has been prudent and well managed, allows us to continue to invest in Brantford Power while maintaining competitive electricity rates.

The company's comprehensive strategic planning session resulted in a very focused direction for the organization—maintaining an alignment with the priorities of the City of Brantford and five strategic goals that will drive the organization forward.

BRANTFORD HYDRO

Brantford Hydro contributed to the organization's strong performance through NetOptiks, our fibre optics telecommunications network, and Enersure Home Comfort line of business. In 2015, the company will go through its own strategic planning exercise to identify priorities and further strengthen Brantford Hydro's long-term contributions to the BEC group of companies. Undoubtedly, the NetOptiks business will continue to be a driving force of Brantford Hydro, and an important conduit of economic growth for the City of Brantford.

BRANTFORD GENERATION

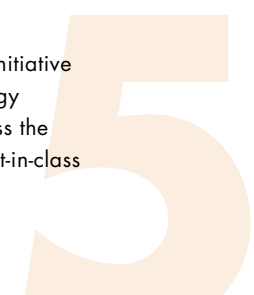
For Brantford Generation, it was a challenging year due to setbacks with the Mohawk Street Landfill Gas Collection and Utilization facility. Addressing both the technological and environmental challenges that have troubled the methane gas facility since 2013, and getting the landfill site running optimally again and contributing to the organization's revenues is the company's priority in 2015. Despite the challenges experienced by Brantford Generation over the past two years, it presents great opportunities for the organization and the City of Brantford.

STRATEGIC PLANNING

Looking forward, more significant changes are coming to Ontario's energy sector both as a result of technological developments and initiatives of the provincial government. More mergers of utilities are expected, if not being encouraged, as well as an increasingly greater emphasis on conservation and alternative generation, and customer engagement.

Our organizational priorities have been identified in our strategic plan, and we will continue to pursue their implementation and achievement. Organizational efficiencies have been realized over the past two years and more will be sought. Overall, the reliability of our electricity distribution system will remain paramount in all our endeavors as we move forward.

In 2015, the board of directors will turn its focus to a long-term strategic planning initiative that will set out the strategic direction for all of the companies of the Brantford Energy Corporation for the next three to five years. This concerted effort will help us address the changing marketplace and energy sector, deliver superior service, maintain our best-in-class service and keep Brantford's economic development agenda visible every day.





BRANTFORD

POWER INC

FINANCIAL OVERVIEW

Total revenue in 2014 was \$20.74 million up 8.25 per cent from \$19.16 million in 2013. Distribution revenues were \$16.1 million, representing a \$1.02 million increase over the level of 2013, and \$303,000 higher than budget. The 2014 revenues reflect the impact of rate rebasing resulting from the 2013 cost of service rate decision that resulted in new rates effective March 1, 2014. Operating expenses of \$9.29 million were marginally higher than \$9.26 million in 2013, and lower than 2014 budget estimate of \$10.73 million.

Brantford Power's long-term debt has decreased by \$1.1 million reflecting the principle payments made during 2014. Dividend paid to shareholder was \$750,000. Net income was \$2.59 million compared to \$2.68 million in 2013, and the 2014 budgeted target of \$1.14 million. The resulting higher than expected income is largely due to better than expected performance in operating expenses and Payments in Lieu of Income Taxes (PILS). Despite a slightly reduced net income, Brantford Power actually reported a \$1.03 million or 65% increase in pre-tax earnings totalling \$2.61 million in 2014.

This year's performance reflects a 6.79 per cent return on average equity compared to 7.41 per cent in 2013, and 2014 budget of 3.29 per cent. Total assets of Brantford Power were \$105.31 million, down marginally from \$108.26 million in 2013.

LEADERSHIP | STRATEGIC GOALS

Demonstrating leadership for the City of Brantford and within the Ontario energy sector highlights the past year for Brantford Power. Investments in infrastructure, health and safety, customer service, and employee engagement dominated Brantford Power's agenda. At Brantford Power, leadership has also meant that all of our efforts must ensure that our electricity distribution system remains safe, reliable, price-competitive, customer-focused and an enabler of local business development.

It was the charter year of operationalizing the company's new strategic plan — and with some significant results. The company's five strategic goals are: 1) investing in human resources, 2) growing our business, 3) pursuing organizational efficiencies, service excellence and quality, 4) raising community visibility and establishing the Brantford Power brand, and 5) having an increasing role in energy efficiency and conservation. Our intention is to drive Brantford Power forward over the next three years, strengthening its foundation and ability to thrive in an increasingly evolving and somewhat volatile energy sector.

BUSINESS GROWTH | DELIVERING VALUE

Brantford Power continues to help the City of Brantford enable new business and achieve the city's economic development strategy and agenda. While only 21 cents of every electricity dollar is controlled by the local

distribution company, Brantford Power remains committed to ensuring customers are getting the best value for their money—meaning we provide an electricity system that has "24/7" reliability, is safe for both workers and the public, and is competitively priced. Our customer feedback from commercial and industrial customers reaffirm that Brantford Power is indeed delivering value and meeting their expectations.

In 2014, as part of our proactive organizational restructuring, there was a substantial focus on customer service, conservation and communications—reflecting both the government's high expectations of LDCs and our own drive to remain a best practice organization. As a result, these crucial functions that will drive the energy sector were further integrated into all areas of our business.

CUSTOMER SATISFACTION | OUTREACH

Listening to and engaging with customers is one of the most important ways of determining whether an organization's efforts are meeting their needs. In 2014, we listened and we engaged—continuously. In fact, Brantford Power went above and beyond what is mandated for LDCs and carried out a series of initiatives to evaluate customer satisfaction levels. Our benchmark customer satisfaction survey was conducted of both residential and business customers. Overall, satisfaction with Brantford Power was excellent—95 per cent among residential customers and 97 per cent among business customers. Quality of power

“Ensuring the safety and reliability of our local electricity distribution system has been a constant priority at Brantford Power.”

service was 98 per cent; quality of customer service was 96 per cent; affordability of service was rated 76 percent, and first call resolution was rated 82 per cent. Despite the overwhelming positive results, we are committed to maintaining this high level of service excellence and targeting areas for improvement.

Brantford Power expanded its customer evaluation process and also introduced monthly “transactional” customer service evaluations. Customers who have had any contact with the company receive follow-up calls during which they are asked to evaluate the quality of the customer’s interaction with employees and their level of satisfaction in resolving their issues. Identifying key drivers helps Brantford Power to better understand what is most important to customers and where to focus its efforts to have the greatest impact on overall satisfaction.

We also extended our outreach to our large industrial and commercial customers, and continued to celebrate our relationships with customer appreciation events. We recognize our business customers’ own commitment to our shared energy conservation agenda and goals, which help us reach our Independent Electricity System Operator’s (IESO) mandated conservation targets and helps our customers become more sustainable.

HUMAN RESOURCES | EMPLOYEE ENGAGEMENT

Last year, we continued to invest in our employees’ well being and professional development through a range of health and safety programs and training initiatives. The importance of health and safety is intrinsic to Brantford Power’s corporate culture. Our concern for the safety of both employees and the public at large underlines our commitment and is reflected in our zero lost-time

incidents record. In 2014, we completed “Outcomes Level II of ZeroQuest” through the Infrastructure Health and Safety Association (IHSA). ZeroQuest is an auditing program designed to guide workplaces in implementing, sustaining and continually improving their health and safety management system. While most utilities of Brantford Power’s size do not usually approach the IHSA’s health and safety program due to its complexity and rigour, we take health and safety with the utmost seriousness and challenged our organization to meet the highest levels possible.

Succession planning is also a critical priority for our organization. Preparing for the unprecedented generational shift that is now taking place and will accelerate in the next five to seven years in all work places requires forethought and investment. We have begun to identify key areas of the organization. A new performance management program was implemented in 2014, and includes a focus on behavioural competencies, accountabilities and results that reflect best practice approaches and programs employed in the broader business community. Both of these initiatives will help us maintain our leadership position, attract new talent in a competitive market and remain one of the best workforces in the Ontario energy sector.

ORGANIZATIONAL EFFICIENCIES | SERVICE QUALITY

Last year, we moved from the planning stage to implementation of our “modernization” agenda for Brantford Power’s systems and IT infrastructure. Our aging finance, customer and billing systems will be retired and replaced with new robust systems that will provide for integration of information and superior performance.

Implementing these new system technologies will be one of our biggest priorities and challenges for the next two years. The new systems will result in both expanded and improved services for our customers. In particular, a new e-billing system will address energy management issues identified in our recent customer survey and will be launched in 2015.

Ensuring the safety and reliability of our local electricity distribution system has been a constant priority at Brantford Power. We have a comprehensive asset management program in place where we conduct a full inspection of our electricity system on a three-year cycle—one-third of the system is inspected each year, including poles, switches, transformers, etc. We also review the physical conditions of equipment, their age and physical location to determine whether reinforcement or replacement is needed.

COMMUNITY PARTICIPATION

At Brantford Power, we take great pride in the fact that we have high visibility with our customers and throughout the Brantford community. We believe our role is not only to provide safe, reliable electricity—in essence to ensure the “lights are on” at all times—but also to enhance Brantford’s quality of life and to make Brantford a better place.

With the full support of the company, Brantford Power’s employees continued their grassroots support of the Children’s Safety Village and Participation House. Over the past 15 years, Brantford Power and its employees have contributed more than \$50,000 to Participation House. Brantford Power’s employees went above and beyond in 2014 by raising 2,771 kilograms (6,109 pounds) of food for the local food bank—far exceeding their 2013 achievement of 831 kilograms (1,832 pounds) of food.

CONSERVATION EFFORTS

Brantford Power achieved success with its conservation initiatives last year and is positioned in the top tier of LDCs. The unverified results for 2014 (results will be verified in September 2015) show we achieved 161 per cent of our energy target and 73 per cent of our demand target. As a result, we are pleased that Brantford Power is among the top tier of LDCs, and ranks 11th and 2nd, respectively, out of Ontario’s 76 LDCs.

In 2014, we began to prepare for the Independent Electricity System Operator’s (IESO) new “Conservation First Framework,” a six-year (2015-2020) conservation program designed to reduce electricity consumption by seven terawatt-hours (TWh) or seven billion kilowatt-hours (kWh) by December 31, 2020. Brantford Power’s allocated portion of the provincial energy savings is 54.3 GWh of total incremental energy savings. While our new Conservation and Demand Management (CDM) plans were submitted in early 2015, the province-wide saveONenergy programs will continue to be available to customers in 2015. The new Framework will provide Brantford Power and other local distribution companies with long-term, stable funding for CDM programs.

In addition to our IESO-sanctioned conservation programs, Brantford Power is also an enabler of alternative generation technologies. In 2014, we continued to assist our customers embracing solar technology and connected 14 more generators

to our local distribution system. At year-end 2014, we had 115 generators connected to Brantford Power’s distribution system. While 87 of these are MicroFIT generators (output of 10kW or less), the remaining 28 generators are a mixture of FIT generators of our commercial and industrial customers (output is 500kW or less), net-metered generators and customer-owned load displacement generators.

Brantford Power’s expanded role in energy efficiency and conservation means we will provide the tools and support to meet customer needs, including customized local programs; grow our recognition as a leader in conservation best practices; and maintain strong channel partner and vendor relationships.

BUILDING A STRONGER LOCAL SYSTEM

Maintaining a safe and reliable, and competitively priced local electricity system is critical to the ongoing success of Brantford Power, and to the City of Brantford. Our promise is to continue to provide value to our shareholder, maintain the level and quality of service that all of our customers have come to expect, and provide a place of employment that is not only safe and satisfying, but also meaningful and rewarding. We remain committed to maintaining a strong relationship with the City of Brantford, moving forward together, and also through increasing efficiencies and continued leadership, to remain one of the best electricity distribution companies in Ontario.

BRANTFORD

FINANCIAL OVERVIEW

Total revenue for Brantford Hydro was \$2.87 million in 2014, down from \$2.92 million in 2013. NetOptiks revenue — \$2.17 million in 2014 compared to \$2.24 million in 2013 and \$2.29 million in 2014 budget. Enersure revenue was \$699,000 in 2014 compared to \$671,000 in 2013, and a 2014 budget of \$780,000.

In particular, general administration costs are down 11 per cent from \$483,309 in 2013 to \$428,781 in 2014. Dividend paid to shareholder was \$400,000 in 2014. Return on average equity was 22.27 per cent compared to 10.5 per cent in 2013 and 20.94 per cent budget 2014.

Net income of \$612,776 is a \$329,000 increase to the \$283,668 net income in 2013 and slightly less than 2014 budget of \$645,000. Total assets were \$4.69 million, up from \$4.36 million in 2013.

NETOPTIKS

Network expansion was the primary focus for NetOptiks in 2014—with the goal of making the network stronger and more resilient. The expansion of our telecommunications network will help us maintain our market dominance. Moreover, it will ensure

we are able to meet the changing needs and expectations of the commercial and industrial customers we serve.

Our network is truly state-of-the art and has grown to more than 300 kilometres. It has played a significant role in the City of Brantford's growth and attraction of new business, and is a major asset to economic development. Providing a "big city" telecommunications service in an urban community of less than 100,000 people has positioned Brantford to be competitive into the future. Increasingly, we are diversifying and expanding our customer portfolio, serving more medium to large businesses in Brantford.

Last year, we explored and moved forward with the requirement for a secondary location or point of distribution. This second location will be constructed in a geographical distant site from our current main location and duplicate all of its technology and equipment. It will allow us to maintain our network seamlessly for our customers in the face of a network failure, catastrophic disaster or other unforeseen challenges.

Our customer service focus led to the launch of a new program called Red Oxygen. The new service provides instant messaging to customers if there is an outage of any kind or if there are any problems in the telecommunications network. The service

HYDRO INC

“Providing a “big city” telecommunications service in an urban community of less than 100,000 people has positioned Brantford to be competitive into the future.”

instantaneously releases an alert message via text notifying not only Brantford Hydro IT managers, but also all of our business customers' IT managers on their smartphones. We are pleased to report that Red Oxygen has been well received.

We are divesting the “legacy” sentinel lighting business—the rental of street, parking lot and high-rise parking lighting—inherited from the public utilities corporation. The business no longer fits with the company's growth plans and the pursuit of a new owner is underway.

ENERSURE HOME COMFORT

In 2014, we initiated a rebranding and re-launching of this division across Brantford as Enersure Home Comfort. Our goal was to raise awareness, and to build Enersure's brand of “home comfort services.” Through community outreach, our customer awareness program included a concerted marketing campaign and social media engagement.

While our focus is on gas-fired heaters and water softeners, we will move forward to diversify Enersure's product portfolio, which currently includes electric, gas and tankless

(on-demand) water heaters, as well as the more recent launch of HVAC rentals (i.e., furnace, air conditioner). This new product line provides the opportunity to bundle services together as an alternative rental service for existing and new homeowners, as well as local homebuilders. It also enhances our competitiveness in the natural gas sector.

Looking forward, we will continue to investigate the market for ancillary services or products that can leverage the assets of the entire Brantford Hydro organization. While steps have already been taken to improve our customer service, our level of responsiveness and accessibility, a comprehensive strategic review of the business will be conducted in 2015.

Brantford Hydro's goal is to maintain and strengthen the company's stellar performance of the past few years—for both NetOptiks and Enersure Home Comfort. We will also continue to strengthen both our fibre optics network and the solid relationships we've developed with our customers—ensuring our organizational foundation is sound as we move forward with new business opportunities. Our “personal” business-to-business strategy will continue to support our future growth.

BRANTFORD

“We have worked with stakeholders at the Ministry of the Environment, the City of Brantford’s engineering group, suppliers and contractors to put together a plan of action to optimize the performance of this utility.”

FINANCIAL OVERVIEW

In 2014, electricity generation decreased by approximately four million kWhs from the levels achieved in 2013 due to continued issues with well flooding and a higher occurrence of operational downtime. This resulted in a \$477,000 drop in revenue from 2013. Total revenue was \$1.3 million in 2014—total generation revenue earned in 2014 was \$1.28 million compared to \$1.76 million in 2013, and budget 2014 of \$1.74 million.

The company has incurred operating losses each year since its incorporation except in 2012 (net income of \$142,000). Lower than expected electricity production has been the leading cause for the net losses throughout this period. The net loss for 2014 was \$216,000 compared to \$11.94 million loss in 2013. Total assets of Brantford Generation decreased from \$1.49 million in 2013 to \$1.02 million in 2014.

LANDFILL GAS AND COLLECTION RECOVERY PLAN

The potential benefits of Brantford Generation to the City of Brantford are many and remain attainable. Among the project’s positive attributes is a guaranteed revenue stream for the next 15 years under the IESO’s Renewable Energy Standard Offer Program (RESOP), which is based on a fixed price for power that is supplied. In addition to the potential bottom-line contribution, the project is located optimally by a landfill site that has a significant source

of fuel (i.e., landfill gas) and will contribute to the reduction of greenhouse gases once operating at a sustainable level. The methane extraction’s contribution to the environment could have the impact of taking 16,000 to 20,000 vehicles off the road.

While the plant is sophisticated, leading technology and has been a leader in operating efficiency, the challenge has been access to the fuel source. Surface water and leachate have penetrated the landfill site, flooding the wells and pumps fitted to extract the methane gas, which has led to both production and financial setbacks for Brantford Generation for the past two years.

The Mohawk Street plant recovery initiative required a special application process to the Ministry of the Environment as landfill sites are highly regulated regardless of their purpose or nature. We have worked with stakeholders at the Ministry of the Environment, the City of Brantford’s engineering group, suppliers and contractors to put together a plan of action to optimize the performance of this utility. By year-end 2014, our plan was in place to move forward with the mechanical phase of underground construction, which will occur during the first half of 2015 with results expected by the summer of 2015. Our goal is to get the landfill site operating so we are able to maximize its contributions to the Brantford community and also explore future opportunities in other renewable resources such as solar, wind power and other emerging alternative energies.

GENERATION INC



13



CUSTOMER SATISFACTION

OVERALL, SATISFACTION WITH BRANTFORD POWER IS



AMONG RESIDENTIAL CUSTOMERS



AMONG BUSINESS CUSTOMERS



CONSERVATION LEADERSHIP

BRANTFORD POWER ACHIEVED



OF OUR
ENERGY
TARGET



OUT OF
ONTARIO'S
76 LDCS



HEALTH AND SAFETY

0

LOST-TIME INCIDENTS
RECORD IN

2014



BUSINESS DEVELOPMENT

NETOPTICS



SERVING 180 OF BRANTFORD'S
KEY EMPLOYERS



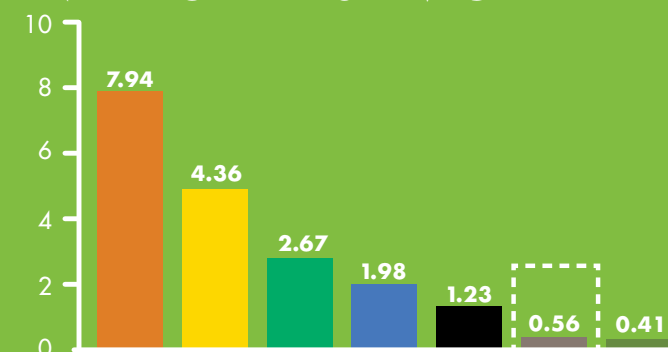
COMMUNITY SUPPORT

EMPLOYEES RAISED 2,771 KGS (6,109 LBS)
OF FOOD FOR THE LOCAL FOOD BANK



BENCHMARK PERFORMANCE

AVERAGE NUMBER OF HOURS OF
INTERRUPTED SERVICE PER YEAR



SOURCE: OEB YEARBOOK OF ELECTRICITY PROVIDERS - ISSUED IN 2014

COST PER kWh



- MILTON HYDRO
- HORIZON
- CAMBRIDGE AND NORTH DUMFRIES
- BURLINGTON HYDRO
- ENTEGRUS
- BPI
- ERIE THAMES

5



FINANCIAL

STATEMENT

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2014, 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, 2014, the summary income statement and retained earnings, and summary statement of 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, 2014. We expressed unmodified audit opinions on those (consolidated) financial statements in our reports dated April 22, 2015 - Brantford Power Inc., April 22, 2015 - Brantford Hydro Inc., May 21, 2014 - Brantford Generation Inc. (not yet issued), April 22, 2015 - Brantford Energy Corp. (not yet issued). 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, 2014 are a fair summary of those financial (consolidated) statements, in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants,
Chartered Accountants
Licensed Public Accountants
Hamilton, Ontario

BRANTFORD ENERGY CORPORATION

SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31	2014 (\$)	2013 (\$)
ASSETS		
Current assets	36,143,736	38,102,322
Property, plant and equipment	66,508,141	62,958,070
Regulatory assets	6,336,310	7,863,847
Other assets	2,083,583	4,733,817
TOTAL ASSETS	111,071,770	113,658,056
LIABILITIES		
Current liabilities	31,814,404	31,738,882
Regulatory liabilities	2,663,315	6,479,604
Long-term debt	43,361,039	44,446,920
Other liabilities	3,285,864	3,409,995
TOTAL LIABILITIES	81,124,622	86,075,401
SHAREHOLDER'S EQUITY		
Capital stock	23,895,512	23,895,512
Retained earnings	6,144,793	3,806,647
Contributed surplus	141,319	141,319
Accumulated other comprehensive loss	(234,476)	(260,823)
TOTAL EQUITY	29,947,148	27,582,655
TOTAL LIABILITIES & EQUITY	111,071,770	113,658,056
SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31	2014 (\$)	2013 (\$)
REVENUE		
Electricity distribution and service revenue	16,065,685	15,046,982
Fibre optic and retail service revenue	2,924,084	2,966,669
Generation revenue	1,278,882	1,755,752
Other revenue	4,589,485	4,098,408
	24,858,136	23,867,811
EXPENSES		
Operations, maintenance and administration	14,954,858	12,575,707
Other expenses	6,087,146	9,646,288
	21,042,004	22,221,995
Income before the undernoted	3,816,132	1,645,816
Impairment loss on long lived assets	87,099	11,359,011
Income (loss) before payments in lieu of income taxes	3,729,033	(9,713,195)
Current and future income taxes	240,887	(802,875)
NET INCOME (LOSS)	3,488,146	(8,910,320)
Retained Earnings - Beginning of Year	3,806,647	13,866,967
Dividends	(1,150,000)	(1,150,000)
Retained Earnings - End of Year	6,144,793	3,806,647

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31	2014 (\$)	2013 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	3,488,146	(8,910,320)
Changes to income not involving cash	3,332,412	16,818,588
Net change in non-cash working capital balances related to operations	(1,302,996)	(398,775)
	5,517,562	7,509,493
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and special deposits	(3,615,616)	(3,891,071)
Change in regulatory assets and liabilities	(3,342,406)	(2,345,698)
	(6,958,022)	(6,236,769)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(1,338,276)	(1,291,134)
Capital contribution, customer deposits and deferred revenues	316,158	343,857
Dividends	(1,150,000)	(1,150,000)
	(2,172,118)	(2,097,277)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,612,578)	(824,553)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,616,654	16,441,207
CASH AND CASH EQUIVALENTS, END OF YEAR	12,004,076	15,616,654

BRANTFORD POWER INC

SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31	2014 (\$)	2013 (\$)
ASSETS		
Current assets	33,641,108	35,821,765
Property, plant and equipment	63,602,605	60,143,968
Regulatory assets	6,336,310	7,863,847
Other assets	1,726,074	4,430,468
TOTAL ASSETS	105,306,097	108,260,048
LIABILITIES		
Current liabilities	18,355,823	18,174,246
Regulatory liabilities	2,663,315	6,479,604
Long-term debt	42,057,704	43,143,585
Other liabilities	3,160,016	3,259,351
TOTAL LIABILITIES	66,236,858	71,056,786
SHAREHOLDER'S EQUITY		
Capital stock	22,437,505	22,437,505
Retained earnings	16,724,891	14,885,261
Contributed surplus	141,319	141,319
Accumulated other comprehensive loss	(234,476)	(260,823)
TOTAL EQUITY	39,069,239	37,203,262
TOTAL LIABILITIES & EQUITY	105,306,097	108,260,048
SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31	2014 (\$)	2013 (\$)
REVENUE		
Distribution revenue	16,065,685	15,046,982
Conservation programs revenue	3,407,271	2,985,434
Other revenue	1,271,695	1,130,681
	20,744,651	19,163,097
EXPENSES		
Operations, maintenance and administration	12,696,021	12,246,277
Other expenses	5,435,080	5,333,020
	18,131,101	17,579,297
Income before Income Taxes	2,613,550	1,583,800
Current and future income taxes	23,920	(1,095,490)
NET INCOME	2,589,630	2,679,290
Retained Earnings - Beginning of Year	14,885,261	12,955,971
Dividends	(750,000)	(750,000)
Retained Earnings - End of Year	16,724,891	14,885,261

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31	2014 (\$)	2013 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	2,589,630	2,679,290
Changes to income not involving cash	2,936,267	4,347,791
Net change in non-cash working capital balances related to operations	(953,195)	(750,697)
	4,572,702	6,276,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and special deposits	(3,055,302)	(3,275,040)
Change in regulatory assets and liabilities	(3,342,406)	(2,345,698)
	(6,397,708)	(5,620,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(1,038,479)	(991,134)
Capital contribution, customer deposits and deferred revenues	316,875	323,003
Dividends	(750,000)	(750,000)
	(1,471,604)	(1,418,131)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,296,610)	(762,485)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,172,577	13,935,062
CASH AND CASH EQUIVALENTS, END OF YEAR	9,875,967	13,172,577

BRANTFORD HYDRO INC

SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31	2014 (\$)	2013 (\$)
ASSETS		
Current assets	1,807,193	1,540,778
Property, plant and equipment	2,848,536	2,754,102
Other assets	38,916	64,561
TOTAL ASSETS	4,694,645	4,359,441
LIABILITIES		
Current liabilities	399,015	251,791
Long-term debt	1,303,335	1,303,335
Other liabilities	132,803	157,599
TOTAL LIABILITIES	1,835,153	1,712,725
SHAREHOLDER'S EQUITY		
Capital stock	1,338,006	1,338,006
Retained earnings	1,521,486	1,308,710
TOTAL EQUITY	2,859,492	2,646,716
TOTAL LIABILITIES & EQUITY	4,694,645	4,359,441
SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31	2014 (\$)	2013 (\$)
REVENUE		
Fibre optic and retail service revenue	2,867,868	2,915,430
Other revenue	34,831	17,866
Income from discontinued operations	18,465	35,177
	2,921,164	2,968,473
EXPENSES		
Operations, maintenance and administration	1,641,416	1,746,165
Other expenses	450,090	894,732
	2,091,506	2,640,897
Income before income taxes	829,658	327,576
Current and future income taxes	216,882	43,908
NET INCOME	612,776	283,668
Retained Earnings - Beginning of Year	1,308,710	1,425,042
Dividends	(400,000)	(400,000)
Retained Earnings - End of Year	1,521,486	1,308,710

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31	2014 (\$)	2013 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	612,776	283,668
Changes to income not involving cash	385,852	251,648
Net change in non-cash working capital balances related to operations	56,958	220,687
	1,055,586	756,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(473,215)	(567,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions, customer deposits, and deferred revenues	(717)	20,854
Dividends	(400,000)	(400,000)
	(400,717)	(379,146)
NET INCREASE IN CASH AND CASH EQUIVALENTS	181,654	(190,462)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,188,312	1,378,774
CASH AND CASH EQUIVALENTS, END OF YEAR	1,369,966	1,188,312

BRANTFORD GENERATION INC

SUMMARIZED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31	2014 (\$)	2013 (\$)
ASSETS		
Current assets	694,652	1,253,369
Property, plant and equipment	-	-
Other assets	325,548	245,068
TOTAL ASSETS	1,020,200	1,498,437
LIABILITIES		
Current liabilities	13,633,284	13,895,757
Long-term debt	-	-
TOTAL LIABILITIES	13,633,284	13,895,757
SHAREHOLDER'S EQUITY		
Capital stock	50,000	50,000
Deficit	(12,663,084)	(12,447,320)
TOTAL EQUITY	(12,613,084)	(12,397,320)
TOTAL LIABILITIES & EQUITY	1,020,200	1,498,437
SUMMARIZED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31	2014 (\$)	2013 (\$)
REVENUE		
Generation revenue	1,278,882	1,755,752
Other revenue	23,816	27,880
	1,302,698	1,783,632
EXPENSES		
Operations, maintenance and administration	1,233,140	1,161,121
Other expenses	198,223	888,932
	1,431,363	2,050,053
Income (loss) before the undernoted	(128,665)	(266,421)
Impairment of fixed assets	87,099	11,420,886
Income (loss) before payments in lieu of income taxes	(215,764)	(11,687,307)
Current and future income taxes	-	248,596
NET INCOME (LOSS)	(215,764)	(11,935,903)
Deficit - Beginning of year	(12,447,320)	(511,417)
Deficit - End of year	(12,663,084)	(12,447,320)

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31	2014 (\$)	2013 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	(215,764)	(11,935,903)
Changes to income not involving cash	6,619	12,277,487
Net change in non-cash working capital balances related to operations	33,441	145,241
	(175,704)	486,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(87,099)	(46,192)
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term debt	(299,797)	(300,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(562,600)	140,633
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,244,296	1,103,663
CASH AND CASH EQUIVALENTS, END OF YEAR	681,696	1,244,296

BRANTFORD ENERGY CORP.

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

BOARD OF DIRECTORS



BRANTFORD ENERGY CORP.

Jim Ryan, Chair
Scott Saint
Gerry Smits
Councillor Vince Bucci (to Nov. 30/14)
Councillor John Utley
Councillor Larry Kings (to Nov. 30/14)
Councillor Richard Carpenter
Mayor Chris Friel (to Nov. 30/14)



BRANTFORD POWER INC.

Scott Saint, Chair
Ron Stewart
Neil Sandford, P. Eng.
Terry Smith
Councillor John Utley



BRANTFORD HYDRO INC. BRANTFORD GENERATION INC.

Craig Mann, Chair
Gerry Smits
John Mitchell
Councillor Richard Carpenter
Peter Vicano



EXECUTIVE TEAM

MANAGEMENT

Paul Kwasnik
Chief Executive Officer
Brantford Energy Corp.,
Brantford Power Inc.,
Brantford Hydro Inc. & Brantford Generation Inc.

Brian D'Amboise
Vice President, Corporate Services,
Chief Financial Officer and Corporate Secretary
Brantford Energy Corp.,
Brantford Power Inc.
Brantford Hydro Inc.
Brantford Generation Inc.

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

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

James Nagle
Chief Operating Officer
Brantford Hydro Inc.
Brantford Generation Inc.



BRANTFORD ENERGY CORPORATION

**415 Mohawk Street
Brantford, Ontario
N3T 5L9**

Brantford Power Inc.

EB-2016-0058

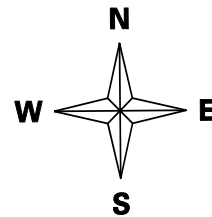
Exhibit 1

Attachment 1-H

Filed: May 4, 2016

Attachment 1-H




Map of BPI Service Territory



BRANT TS ■ ■ POWERLINE TS

BRANTFORD TS ■

Legend

-  Service Boundary
-  Property
-  Station



Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-I

Filed: May 4, 2016

Attachment 1-I

Shareholder Declaration

**CITY OF BRANTFORD
REVISED SHAREHOLDER DECLARATION**

FOR

BRANTFORD ENERGY CORPORATION

[Revised on August 25, 2014]

(Originally Executed on February 21, 2000)

CORPORATION OF THE CITY OF BRANTFORD
SHAREHOLDER DECLARATION

1. Definitions

In this Shareholder Declaration:

"Act" means the *Electricity Act, 1998* including all amendments thereto and all regulations made thereunder;

"Board" means the board of directors of the Corporation;

"Chair" means the chair of the Board;

"Clerk" means the Clerk of the Shareholder;

"Corporation" means Brantford Energy Corporation;

"IESO" means the Independent Electricity System Operator;

"Mayor" means the Mayor of the Shareholder;

"OBCA" means the *Business Corporations Act (Ontario)* including all amendments thereto and all regulations made thereunder;

"OEB" means the Ontario Energy Board or any successor thereto;

"OEB Act" means the *Ontario Energy Board Act, 1998* including all amendments thereto and all regulations made thereunder;

"Shareholder" means The Corporation of the City of Brantford;

"Shareholder Declaration" means this Shareholder Declaration;

"Shareholder Representative" shall have the meaning set out in section 7;

"Subsidiaries" means the subsidiary corporations (as defined in the OBCA) of the Corporation including, without limitation, Brantford Generation Inc. ("BGI"), Brantford Hydro Inc. ("BHI") and Brantford Power Inc. ("BPI") and "Subsidiary" has a corresponding meaning; and

2. Purpose

This Shareholder Declaration outlines the requirements and expectations of the Shareholder relating to the principles of governance and other fundamental principles and policies of the Corporation. Except as provided in subsection section 11, this Shareholder Declaration is not intended to constitute a unanimous shareholder declaration under the OBCA or to formally restrict the exercise of the powers of the Board.

3. Permitted Business Activities

Subject to the restrictions in section 11, the Corporation may engage in the business activities that are permitted by any law applicable to the Corporation from time to time, including the Act, and as the Board may authorize. In so doing, the Corporation shall

adhere to all requirements of the OEB, the IESO and all other applicable regulatory or governmental authorities.

Subject to the restrictions in section 11, the Corporation may engage in the following business activities and such other business activities as may be permitted by law and authorized by the Board from time to time:

- (a) distributing electricity;
- (b) owning and/or operating an electricity generation facility;
- (c) distributing or retailing gas or any other energy product that is carried through pipes or wires to the user;
- (d) business activities that enhance or develop the ability of the Corporation to carry on any of the activities described in paragraphs (a), (b) or (c) above;
- (e) business activities the principal purpose of which is to use more effectively the assets of the Corporation including providing meter installation and reading services, providing billing services and business activities in the telecommunications area;
- (f) renting, selling, installing or maintaining equipment and appliances, including, without limitation, hot water heaters and fibre optic wires;
- (g) managing or operating, on behalf of a Shareholder, the provision of a public utility as defined in section 1 of the *Public Utilities Act* or sewage services;
- (h) providing services related to improving energy efficiency; and

- (i) holding shares of the Subsidiaries.

4. Standards of Governance

As required by the OBCA, the Board shall supervise the management of the business and affairs of the Corporation in accordance with the principles of good governance and, in doing so, each member of the Board shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5. Board of Directors

- (1) Number of Directors - The Corporation shall be managed by the Board, which shall consist of a minimum of one (1) and maximum of 15 directors to be appointed by the Shareholder. The Shareholder shall, by special resolution, designate the number of Board members to hold office from time to time.

Board of Directors for Subsidiaries

- (2) The Boards of Directors for BEC, BGI and BHI shall have the same membership. The Board of Directors for BPI shall consist of the same members with an additional 3 members, who are independent of the other Boards of Directors, or such number of members as is necessary to ensure one third of the membership of the BPI Board of Directors is independent from the other Boards of Directors.

- (3) Qualification of Directors - In addition to sound judgment and personal integrity, the qualifications of candidates for the Boards may include:
- (a) business experience including, without limitation, business development, marketing, sales and consumer relations;
 - (b) experience on private corporation boards of directors;
 - (c) financial, legal, accounting, banking and/or finance experience;
 - (d) environmental, labour relations and/or safety experience;
 - (e) high level of commitment, maturity, enthusiasm and leadership qualities;
 - (f) innovative and committed;
 - (g) regulated industry knowledge and experience including, without limitation, experience in the telecommunications, energy and/or hydro sectors;
 - (h) engineering, technical and/or systems experience;
 - (i) retail business experience; and/or
 - (j) knowledge of public policy issues relating to the Shareholder.
- (4) Residency - In the event that all other factors in the selection of one (1) or more members of the Board or its Subsidiaries are equal between or among candidates, preference will be given to the appointment of persons who are

the owner or tenant of land or the spouse of said owner or tenant of land in the City of Brantford.

(5) Term --

(a) The term of office for each director of the Board shall be a term expiring not later than the close of the third annual meeting of the Shareholder following the election of that director or until his or her successor is appointed, provided that the term of any director who is a member of City Council will expire when that person ceases to be a member of City Council or until his or her successor is appointed. Any director may be re-elected for any number of further terms.

(b) The Shareholder Declarations in respect of Brantford Hydro Inc., Brantford Generation Inc., and Brantford Power Inc. shall be identical with (a) above.

(6) Board Committees - The Board may establish committees of the Board in its discretion. It is anticipated that the Board will establish an Audit and Finance Committee to review and report financial results.

(7) Directors' Compensation - The Shareholder shall establish compensation for directors of the Corporation and its Subsidiaries from time to time in an amount sufficient to attract individuals with necessary qualifications.

6. Shareholder Requirements

The Shareholder requires the Board to establish policies (which policies shall be disclosed to the Shareholder for review prior to their implementation) to:

- (1) Capital Structure - develop and maintain a prudent financial and capitalization structure for the Corporation and its Subsidiaries consistent with industry norms and sound financial principles, in compliance with applicable regulatory requirements and established on the basis that the Corporation and its Subsidiaries are intended to be self-financing entities;
- (2) Returns - provide the Shareholder with a reasonable return:
 - (a) through the payment of dividends, interest or otherwise; and
 - (b) consistent with a prudent financial and capitalization structure;
- (3) Timing and Quantum of Dividends - consider payment of dividends comparable to those received by municipalities of a similar size in similar businesses, while complying with corporate obligations under the OBCA and any credit covenants, in keeping with the strategic plans of the Corporation;
- (4) Risk Management - manage all risks related to the business conducted by the Corporation and its Subsidiaries, by way of the adoption of appropriate risk management strategies and internal controls consistent with industry norms;
- (5) Strategic Plan - develop, with the input of the Shareholder, a long-range strategic plan for the Corporation and its Subsidiaries that is consistent with the maintenance of a viable, competitive business and preserves the value of the businesses of the Corporation and its Subsidiaries; and

- (6) Environment - ensure the operation of the businesses of the Corporation and its Subsidiaries in an environmentally-responsible manner and promote energy conservation and environmental responsibility.

7. *Shareholder Representative*

The Shareholder hereby designates the Mayor and the Clerk or their respective designates, as approved by the Shareholder, as the legal representative of the Shareholder (the "Shareholder Representative") for purposes of providing, pursuant to section 8, any consent or approval required by this Shareholder Declaration or by the OBCA.

8. *Decisions of the Shareholder*

Approvals or decisions of the Shareholder required pursuant to this Shareholder Declaration or the OBCA shall require a resolution or by-law of the Shareholder passed at a meeting of the Shareholder and shall be given in writing signed by the Shareholder Representative.

9. *Annual Meeting and Resolution*

- (1) Within six (6) months after the end of each fiscal year, the Board shall report to a meeting of the Shareholder and provide such information concerning the Corporation and its Subsidiaries as the Board considers appropriate.
- (2) The Shareholder shall annually consider candidates for the Board and the boards of directors of the Subsidiaries in keeping with the qualifications of

board members as set out herein at section 5(3); the appointment of the auditors of the Corporation; and receive the audited financial statements of the Corporation for the last completed fiscal year.

- (3) Within six (6) months after the end of each fiscal year, the Shareholder, by resolution in writing signed by the Shareholder Representative in accordance with section 8, shall appoint members of the Board sufficient to replace those members whose terms have expired and appoint the auditors for the Corporation and complete such other business as would normally be completed at an annual meeting of shareholders under the OBCA.

[As amended by By-law Number 115-2008]

10. *Reporting on Major Developments*

In addition to the annual meeting described in section 9, the Board shall report to the Shareholder on major business developments or materially adverse results as the Board, in its discretion, considers appropriate and such reports may be considered by the Shareholder at an *in camera* meeting of the Shareholder.

11. *Matters Requiring Shareholder Approval*

Without Shareholder approval given in accordance with section 8 of this Shareholder Declaration, the Corporation shall not:

Statutory Approval Rights

- (1) change the name of the Corporation; add, change or remove any restriction on the business of the Corporation; create new classes of shares;

or in any other manner amend its articles of incorporation or make, amend or repeal any by-law;

- (2) amalgamate with any other corporation(s) other than wholly-owned subsidiaries, which amalgamations may, under the OBCA, be approved by a resolution of directors;
- (3) take or institute proceedings for any winding up, arrangement, or dissolution of the Corporation;
- (4) apply to continue as a corporation under the laws of another jurisdiction;

Other Approval Rights

- (5) sell assets of the Corporation or purchase assets, in a single transaction, with an aggregate value in excess of five million dollars;
- (6) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the Corporation;
- (7) redeem or purchase any of its outstanding shares;
- (8) materially alter the nature or geographic extent of the business of the Corporation in a manner which would have a financial impact equal to or greater than five million dollars;
- (9) enter into any joint venture, partnership, strategic alliance or other venture, including ventures in respect of the generation or co-generation of electricity, which would require an investment, or which would have a financial impact, equal to or greater than five million dollars;

- (10) acquire any material distribution asset(s) including, without limitation, another electricity distribution system;
- (11) amend, change or alter the compensation for any member of the Board;
and,
- (12) approve any of the following matters with respect to any Subsidiary:
 - (a) the changing of the name of any Subsidiary; the addition, the changing or removal of any restriction on the business of any Subsidiary; the creation of new classes of shares; or the amendment of any Subsidiary's articles of incorporation or the making, amending or repealing of any by-law of a Subsidiary;
 - (b) the amalgamation of any Subsidiary with any other corporation(s) other than wholly-owned subsidiaries, which amalgamations may, under the OBCA, be approved by a resolution of directors;
 - (c) the institution of proceedings for any winding up, arrangement, or dissolution of any Subsidiary;
 - (d) the application to continue any Subsidiary as a corporation under the laws of another jurisdiction;
 - (e) the sale of assets of any Subsidiary or the purchase of assets with an aggregate value in excess of five million dollars;

- (f) the issuance, or the entering into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of a Subsidiary;
- (g) the redemption or purchase of the outstanding shares of a Subsidiary;
- (h) the making of any decision that would materially adversely affect the tax or regulatory status of a Subsidiary;
- (i) the material alteration of the nature or geographic extent of the business of a Subsidiary in a manner that would have a financial impact equal to or greater than five million dollars;
- (j) the entering by a Subsidiary into any joint venture, partnership, strategic alliance or other venture, including ventures in respect of the generation or co-generation of electricity, which would require an investment, or which would have a financial impact, equal to or greater than five million dollars;
- (k) appoint or reappoint directors to the board of directors of any Subsidiary; and
- (l) amend, change or alter the compensation for any director of any Subsidiary.

[As am. by By-law Number 216-2002]

12. Salary Band for Chief Executive Officers

The Corporation shall set a salary band for the Chief Executive Officer, in accordance with industry norms, and appropriate business comparators.

13. Revisions to this Declaration

The Shareholder acknowledges that this Shareholder Declaration may be revised from time to time as circumstances may require and that the Shareholder will consult with the Board prior to completing any revisions and will promptly provide the Board with copies of such revisions.

DATED at Brantford, Ontario, this 25th day of August, 2014.

**THE CORPORATION OF THE CITY OF
BRANTFORD**

By: 

Name: Chris Friel

Title: Mayor

By: 

Name: Lori Wolfe

Title: Clerk

Brantford Power Inc.

EB-2016-0058


Exhibit 1

Attachment 1-J

Filed: May 4, 2016

Attachment 1-J

Conflict of Interest Policy and Procedure

 POLICY AND PROCEDURE MANUAL	PROCEDURE #	GOV-01.1
	DATE ISSUED	Dec. 2015
CONFLICT OF INTEREST PROCEDURE – BOARD OF DIRECTORS	DATE REVISED	
	PAGE NO.	1 of 6
APPROVED BY: CEO/President	SIGNATURE:	

1.0 Purpose

- 1.1** The Purpose of this Procedure is to set out the process to be followed for implementing the Conflict of Interest Policy ("the Policy") regarding conflicts of interest for each of the Directors ("The Directors") of the Board of Directors ("the Board") for Brantford Power Incorporated ("The Corporation").

2.0 Scope

- 2.1** This Procedure applies to all Directors of Brantford Power Incorporated.

3.0 Procedure Content

3.1 Determining What Falls Within The Definition Of Conflict Of Interest

In determining what constitutes a Conflict of Interest within the meaning of the definition set out in section 4.1 of the Policy, the following guidelines shall be followed:

3.1.1 Contracts and Transactions: Conflicts Covered by the OBCA

Conflicts of Interest covered under the *Ontario Business Corporations Act* ¹("OBCA") fall under the definition of Conflicts of Interest in the Policy, and expressly include situations where a Director:

- a) Is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- b) Has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation.

The above two scenarios are Conflicts of Interest regardless of whether the material contract or transaction, or proposed material contract or transaction, requires or required, approval by the Board.²

¹ Ontario Business Corporations Act, R.S.O. 1990, c. B.16, ("OBCA") s. 132

² OBCA supra, s. 132(4).

3.1.2 Employment, Directorships or Activities

Any engagement in outside work, other directorships, activities, or business or professional undertakings (whether paid or not), that conflict with, or appear to conflict with, the official duties as a Director, shall be considered Conflicts of Interest.

3.1.3 Appointments

A Conflict of Interest may arise if a Director engages in, or accepts, an appointment or election to office in any organization or association engaged in or expected to become engaged in, any activity that is, or is likely to be, in conflict with any activity of the Corporation.

3.1.4 Non-Profit and Professional Associations

If a Director is in a position of leadership for a non-profit or professional organization where he/she may be viewed as a spokesperson for such groups, a Conflict of Interest shall arise if a reasonable person would perceive that the Director is speaking as a spokesperson or representative of the Corporation, instead of an individual speaking as a spokesperson or representative for the non-profit or professional organization.

3.1.5 Vendors/Suppliers

It is a Conflict of Interest if a Director is engaged as a director, employee, lobbyist, or consultant (including being on a retainer, although not presently active) of a vendor or supplier who is bidding to, or already does, perform work or provide services for the Corporation.

3.1.6 Gifts, Hospitality, and Benefits

Accepting gifts and/or hospitality may compromise or appear to compromise a Director's ability to make fair, impartial, and objective business decisions. Accordingly, no Director or his or her related Persons (as defined in the Policy), shall accept a gift, favour or personal benefit, (except of a nominal value not to exceed \$50.00), that is connected directly or indirectly with the performance of the Director's duties.

3.1.7 Conflict of Reputation

Any activity or appointment that is, or may be, perceived to be to the detriment of, or conflict with, the Corporation's reputation, falls under the definition of a Conflict of Interest.

3.1.8 Situations Not Specifically Addressed/Anticipated in this Procedure

This Procedure does not contemplate all situations or circumstances that may arise from time to time. Directors are expected to use their best judgment to

ensure that they deal with potential and actual Conflicts of Interest appropriately. If a Director is not certain if a situation requires disclosure under the Policy and this corresponding Procedure, the onus is on the Director to seek clarification from the Chair of the Board (“the Chair”) in accordance with the timelines set out in the Policy and this Procedure (or if it is the Chair, seek clarification from the Board).

3.2 The Duty To Disclose and Procedures For Determining If a Conflict Of Interest Exists

3.2.1 Disclosures

1. As soon as a Director becomes aware of any Conflict of Interest, a Director has an obligation to disclose such Conflict of Interest in writing (email is acceptable) to the Chair with a copy to the Corporate Secretary. In the case of a new declaration by the Chair, the written disclosure referenced herein shall be made in writing to all the members of the Board with a copy to the Corporate Secretary.
2. The disclosure shall provide sufficient details that a reasonable person could understand the nature and extent of the Conflict of Interest, and shall include any submissions on mitigating factors or actions that are deemed relevant for a determination of whether that Director could continue to exercise independent judgement with respect to the matter.
3. The Chair (or the Board, in the case of the Chair’s disclosure) and one Director may make an immediate determination regarding the Director’s disclosure, or the Chair may confer with the Board, or seek additional advice if he/she believes it is necessary in order to be able to make a decision as to whether a Conflict of Interest exists.
4. The Chair will respond in writing (email is acceptable) to the Director, with copy to the Corporate Secretary, confirming whether or not the Chair has found a Conflict of Interest, and/or actions required, if any.
5. The Corporate Secretary will retain a copy of the Director’s disclosure and Chair’s response in the Corporation’s minute book.
6. The declaration of the Conflict of Interest shall be made to all Directors at the first meeting after the Director becomes interested in a matter, and recorded in the Minutes.

3.2.2 Disclosure At Board or Committee Meetings

1. Before a meeting of the Board, an agenda shall be circulated to each Director by the Corporate Secretary, with agenda items described in sufficient detail to allow Directors to identify possible Conflicts of Interest.
2. At the beginning of each meeting, the Chair will call for any “Declarations of Conflicts of Interest.” Directors should disclose any Conflicts of Interest at that time, regardless of whether they have been previously disclosed or not.
3. A member of the Board with a Conflict of Interest shall declare the conflict to the Chair immediately after step 2 above. It is essential to the Policy and this Procedure for the declaration of the Conflict of Interest to be made prior to the introduction of the agenda item at the meeting in which the matter is first considered.
4. The disclosure must explain the fact that a Conflict of Interest exists, and the nature and extent of the interest and shall include any submissions on mitigating factors or actions that are deemed relevant for a determination of whether that Director could continue to exercise independent judgement with respect to the matter.
5. If the disclosure of a Conflict of Interest made at a Board meeting is:
 - a. “Not related” to an agenda item, the Board Chair may make an immediate determination regarding the Director’s disclosure, and mitigating factors and actions which will be written into the minutes; or at his/her discretion, if it is appropriate, the Chair may defer making a final determination until after the meeting and advise the Director of the decision in writing accordingly (email is acceptable). The Corporation’s Corporate Secretary will retain a record of the meeting Chair’s response in the Corporation’s minute books; or
 - b. “Related to” an agenda item, the Chair must make a decision as to whether a Conflict of interest exists before the agenda item it discussed. If it is determined that a Conflict of Interest exists, the Director shall not attend any part of a meeting of the Board during which the Conflict of Interest is discussed and must not vote on any resolution pertaining to the matter. This prohibition is subject to the following three exceptions permitted by OBCA³, that is, where the Conflict of Interest stems from a contract or transaction that is:

³ OBCA, s. 132(5)

- i. One relating primarily to his or her remuneration as Directors of Corporation or one of its affiliates;
- ii. One for Directors' indemnities or insurance in accordance with section 136 of the OBCA; and/or
- iii. One with an affiliate of the Corporation.

3.3 Records Of Proceedings

The minutes of the Board shall contain:

1. The name of the person who disclosed or otherwise was found to have a Conflict of Interest in connection with an agenda item or otherwise, the nature of the Conflict of Interest, any action taken to determine whether a conflict of interest was present or not, and the decision as to whether a Conflict of Interest in fact existed; and
2. The names of the persons who were present for discussions and votes relating to a matter that involves a Conflict of Interest of one of the Director's, the content of the discussion, including any alternatives to the proposed transaction or arrangement, the factual basis for the Board's determination that the ultimate transaction/arrangement was fair and reasonable and in the best interests of the Corporation, and a record of any votes taken in connection with the proceedings.

3.4 Board Packages

1. With respect to any disclosures made by Directors pursuant to the Policy and this associated Procedure, the Chair (or the Board in the case of the Chair's Conflict of Interest), may make a determination not to provide certain information to any particular Director, on the basis that such Director may have an interest in the matter with respect to which the information pertains.
2. In such cases, the Director shall be advised by the Chair in writing as to the information that is being withheld from that Director and the reason that such information is being withheld.

3.5 Obligations of Disclosure Related to Other Directors

1. If a disinterested Director has reasonable cause to believe a Director (or the Chair) has failed to disclose a Conflict of Interest, the onus is on the disinterested Director to inform the Director of the basis for such belief and afford the Director an opportunity to explain the alleged failure to disclose.


2. If, after hearing the Director or Chair's response and after making further investigation as warranted by the circumstances, a disinterested Director determines the Director/Chair has still failed to disclose a Conflict of Interest, the Director (or the Chair, if it is the Chair reporting), shall report it to the Chair in writing or at a Board meeting. This declaration shall be reported in the minutes of the meeting or the Minute Book as applicable.
3. The Chair will make a determination as to whether a Conflict of Interest exists and ensure all administrative functions are completed in accordance with the above-mentioned Procedures (section 3.2.1 or 3.2.2 as applicable).

3.6 Violations of the Disclosure Obligations

If a determination is made that a Chair or Director has violated the Policy or this Procedure, the Chair (or the Board in the case of a violation by the Chair), shall determine what action is appropriate as per the requirements set out in section 4.2(5) of the Policy.

4.0 Associated Policies and Procedures

Conflict of Interest Policy (GOV-01)

 Policy and Procedure Manual	PROCEDURE #	GOV-01
	DATE ISSUED	Dec. 2015
Conflict of Interest Policy	DATE REVISED	
	PAGE NO.	1 of 3
APPROVED BY: BPI Board of Directors	SIGNATURE:	

1.0 Purpose

- 1.1 The Purpose of this Policy is to set out the governing principles and framework with respect to conflicts of interest that arise in the performance of the duties and responsibilities of members ("The Directors") of the Board of Directors ("the Board") of Brantford Power Incorporated ("The Corporation"). To ensure that the integrity, objectivity and impartiality of the Board is conserved and enhanced, this Conflict of Interest Policy goes beyond the minimal legal requirements and sets out a higher standard for Directors.

2.0 Scope

- 2.1 This Policy applies to all members of the Board of Directors of Brantford Power Incorporated.

3.0 Definitions

For purposes of this Policy, unless otherwise stated, the following definitions shall apply:

Pecuniary Interest	An interest in which there is a reasonable likelihood or expectation of financial gain or loss for that Director or another person with whom that Director is associated (namely a related person or a business associate).
Non-Pecuniary Interest	An interest which is not pecuniary (as defined in this Policy) but is nonetheless so significant to the Director (or a related person or business associate) that a reasonable person with knowledge of the relevant facts, would reasonably regard the interest to be so significant that it would materially impact upon the Director's judgement.
Related Person	A spouse, child, parent or sibling of a Director or a corporation or trust controlled or beneficially owned by any of them.

4.0 Policy Content

4.1 Conflict of Interest Defined

For the purpose of this Policy, a Conflict of Interest, includes the following categories of conflict of interest, whether direct or indirect, and/or whether the interest is pecuniary or non-pecuniary in nature:

- (i) A “Real Conflict of Interest” exists when a Director, or a related person or business associate of the Director, has a private or personal interest that is sufficiently connected to his or her duties and/or responsibilities as a Director that it influences the exercise of these duties and/or responsibilities;
- (ii) A “Potential Conflict of Interest” exists when a Director or a related person or business associate of the Director, has a private or personal interest that could influence the performance of his or her duties and/or responsibilities provided that he or she has not yet exercised the duty or responsibility; and
- (iii) An “Apparent Conflict of Interest” exists when a reasonable observer could properly perceive that a Director or a related person or business associate of the Director, has a real conflict of interest, even where there is not, in fact, a real Conflict of Interest.

4.2 Principles

All Directors shall comply with the following principles:

1. Directors shall abide by this Policy and any associated policies, procedures and guidelines, including but not limited to, fully disclosing and reporting all Conflicts of Interest in the manner and timeframe prescribed by the associated procedures and guidelines;
2. In assessing whether a Conflict of Interest exists for the purpose of disclosure under this Policy, Directors are expected to exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances, and therefore:
 - a. A Director will be deemed to be aware that he or she has a Conflict of Interest and shall disclose same in accordance with associated procedures, if the Director knows, or ought reasonably to know about the Conflict of Interest with reasonable enquiries; and
 - b. A Director shall make reasonable enquiries and take any other action related to disclosure prescribed by the associated procedures, if a Director has reasonable cause to believe that a fellow Director has failed to disclose a Conflict of Interest.

3. Compliance with this Policy is in addition to, and not in substitution for, any obligation of a Director and/or the Corporation imposed by law;
4. Any conflict between the private or personal interests of a Director and his or her related person or business associate, and his or her official duties and/or responsibilities to the Corporation, shall be resolved in favour of the Corporation; and
5. A Director who fails to comply with this Policy shall be subject to appropriate disciplinary action, up to and including removal from the Board, in addition to any other sanctions permitted by law.

4.3 Accountabilities

The Board has overall accountability the execution of this Policy and related procedures and guidelines.

5.0 Policy Review

The Chief Executive Officer ("CEO") or Designate will regularly review and monitor this Policy, and associated procedures and guidelines to ensure that they remain current, relevant, and effective in meeting their purpose and objectives.

6.0 Associated Policies and Procedures

Conflict of Interest Procedure – Board of Directors

Brantford Power Inc.

EB-2016-0058

Exhibit 1

Attachment 1-K

Filed: May 4, 2016

Attachment 1-K

Board Audit Committee Terms of Reference

BRANTFORD ENERGY GROUP OF COMPANIES
Audit Committee – Terms of Reference

Purpose:

The Audit Committee shall be an advisory committee to the “Boards” (*Brantford Energy Corporation, Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc.*) and is responsible for the oversight of the external audit function of the corporations and as such shall be responsible for the following:

- Assure that the scope of the External Audit Plan, as presented by the external auditors, is appropriate, risk based, and addresses the major areas of concern.
- Obtains assurance that the external audit has been conducted in accordance with Canadian Generally Accepted Auditing standards.
- Assure that any matters the external audit firm wishes to bring to the attention of the Board are given adequate attention.
- Review of all material correspondence between the external audit firm and management related to audit findings.
- Hold a meeting(s) with the external audit firm, without Management present, to:
 - Understand all significant issues relating to the external audit that may have arisen between the external audit firm and management in the course of the audit and to understand how those issues have been resolved;
 - Review the extent that accounting practices being used by the corporations are appropriate relative to the materiality of the item; and
 - Address any other matters that the external audit firm believes that the committee should be aware of in order to exercise its responsibilities.
- Discuss with senior management and the external audit firm the results of the audit, the annual financial statements and related documents, the audit report and any related concerns that the external audit firm may have.
- Annually review the external auditor’s performance.
- Any other matters that the Boards delegate to this committee.

Membership:

The Brantford Energy Corporation (BEC) shall elect annually from among its members to sit on the Audit Committee (to include BEC, Brantford Power Inc., Brantford Hydro Inc. and Brantford Generation Inc.)

The Audit committee is composed of four directors, one of which will be an independent BPI director as chosen by the BPI Board.

The CFO and the President CEO will attend on behalf of management. Three members shall constitute a quorum.

The Terms of Reference and membership shall be reviewed annually.

Meetings:

The Committee shall meet at least two times annually, or at the call of the Chair, as follows:

- Fall meeting to review Audit Plan
- Spring meeting to review Audit Findings