



City of
Peterborough

To: Members of the General Committee

From: Richard Freymond, Commissioner of Corporate and Legislative Services

Meeting Date: September 12, 2022

Subject: City of Peterborough Holdings Inc. – 2021 Annual Report, Report CLSFS22-030

Purpose

A report to provide Council with the City of Peterborough Holdings Inc. (COPHI) 2021 Annual Report.

Recommendations

That Council approve the recommendations outlined in Report CLSFS22-030 dated September 12, 2022, of the Commissioner of Corporate and Legislative Services on behalf of the President and Chair of the City of Peterborough Holdings Inc., as follows:

- a) That the 2021 Annual Report for the fiscal year ended December 31, 2021, from the City of Peterborough Holdings Inc., and attached as Appendix A to Report CLSFS22-030, be provided to Council pursuant to paragraph 4.13(a) of the City's Shareholder Declaration; and
- b) That Baker Tilly KDN LLP, Chartered Professional Accountants, are hereby appointed auditors of the Corporation, until the next annual resolution of the Shareholder is signed or until their successors are duly appointed.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

Background

The President and Chair of COPHI have provided a letter dated August 17, 2022 to supplement the Annual Report.

As the Corporation of the City of Peterborough is the sole Shareholder of COPHI, it is appropriate for City Council to be provided CoPHI's Annual Report to fulfill the annual requirement of the **Ontario Business Corporations Act** and paragraph 4.13(a) of the City's Shareholder Declaration.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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Attachments:

Appendix A – 2021 Annual Report



PETERBOROUGH UTILITIES GROUP

1867 Ashburnham Drive, PO Box 4125, Station Main
Peterborough ON K9J 6Z5

August 17, 2022

Mr. John Kennedy, City Clerk
City of Peterborough, City Hall
500 George St. N.
Peterborough, ON
K9H3R9

Re: City of Peterborough Holdings Inc. (COPHI) 2021 Annual Report

Dear Mayor and Councillors,

We are pleased to enclose the annual report for COPHI for the year ended December 31, 2021. The highlights as described in greater detail in the report are as follows:

- 1) COPHI maintained its primary focus on safety, reaching more than seven years and over 2.4 million hours worked with no lost time injuries.
- 2) All business segments operated successfully under continually changing COVID safety protocols that ensured the safety of our employees and the public.
- 3) Financial results were ahead of both plan and prior year results. Net income for the year was \$5.6 million compared to \$4.5 million from continuing operations in 2020.
- 4) The Company successfully completed the final integration of the distribution business of Peterborough Distribution to Hydro One. This included both the on-schedule transfer of close to 39,000 customer accounts, and the transfer of all impacted employees while maintaining a high level of employee engagement.
- 5) Looking forward, industry and market changes have shifted Ontario from a position of excess generating capacity to one of forecast capacity shortages by 2025. COPHI continues to be a market leader in the production of renewable energy and is well positioned for growth in the coming years to help bridge these shortages and increase the green energy produced for the City of Peterborough.

As we look forward to potential new opportunities in the coming months, we are proud of the achievements of 2021 and trust that you will find the 2021 Annual Report informative.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Stephenson', with a horizontal line extending from the end.

John Stephenson
President & CEO
Peterborough Utilities Group

A handwritten signature in blue ink, appearing to read 'Nancy Brown Andison', written in a cursive style.

Nancy Brown Andison
Board Chair
City of Peterborough Holdings Inc.



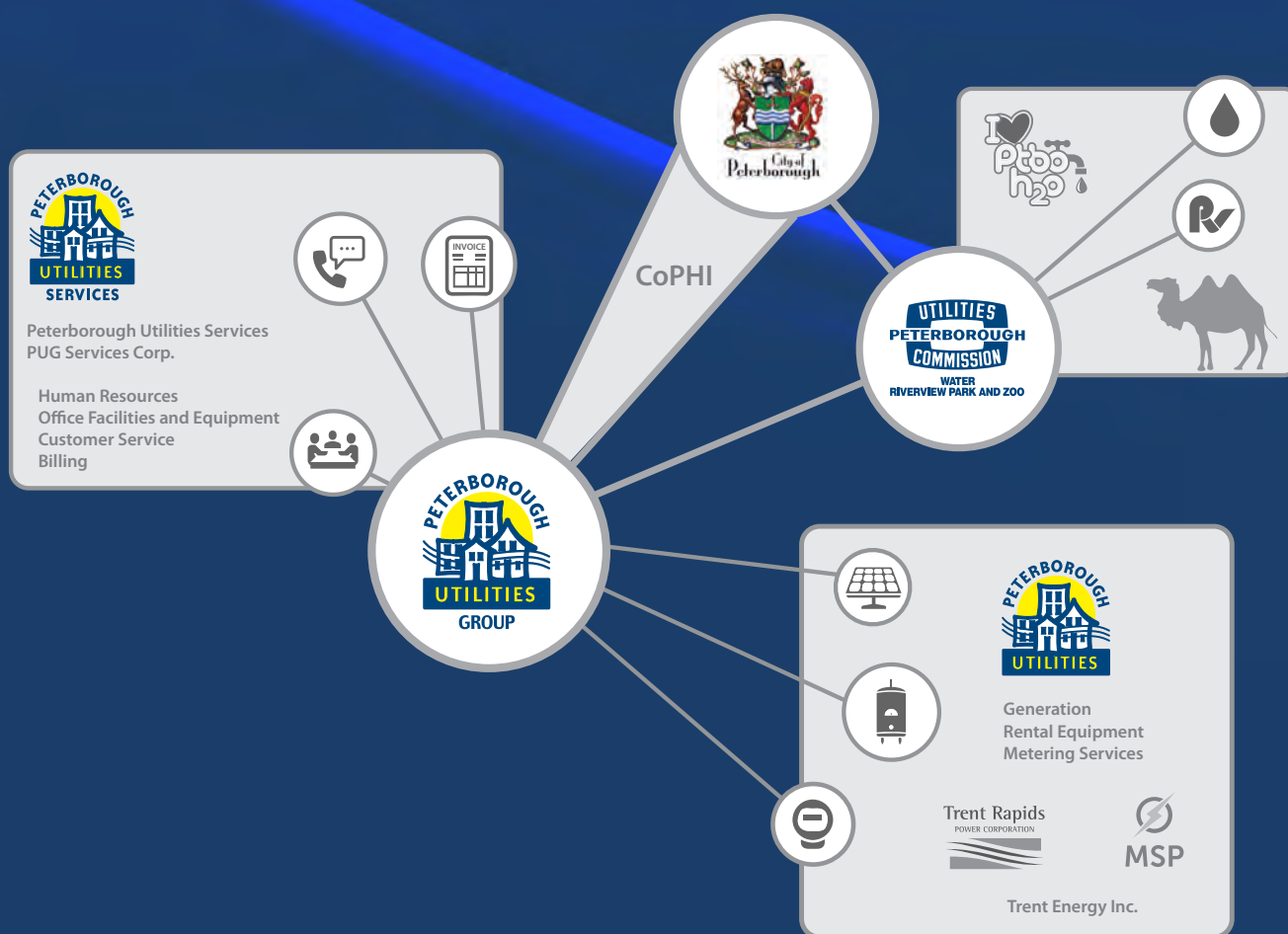
City of Peterborough
Holdings Inc.

ANNUAL REPORT

2021

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Our 2021 Annual Report

Introduction

We are very pleased to provide the Annual Report for the City of Peterborough Holdings Inc. (COPHI) for the fiscal year ended December, 31, 2021. CoPHI operates electricity and water distribution systems in the City of Peterborough and surrounding communities. The Company also develops and operates renewable hydro and solar generation facilities and operates a wholesale metering business. The Company and its related entities operate as the Peterborough Utilities Group (PUG).

Our Performance

Financial

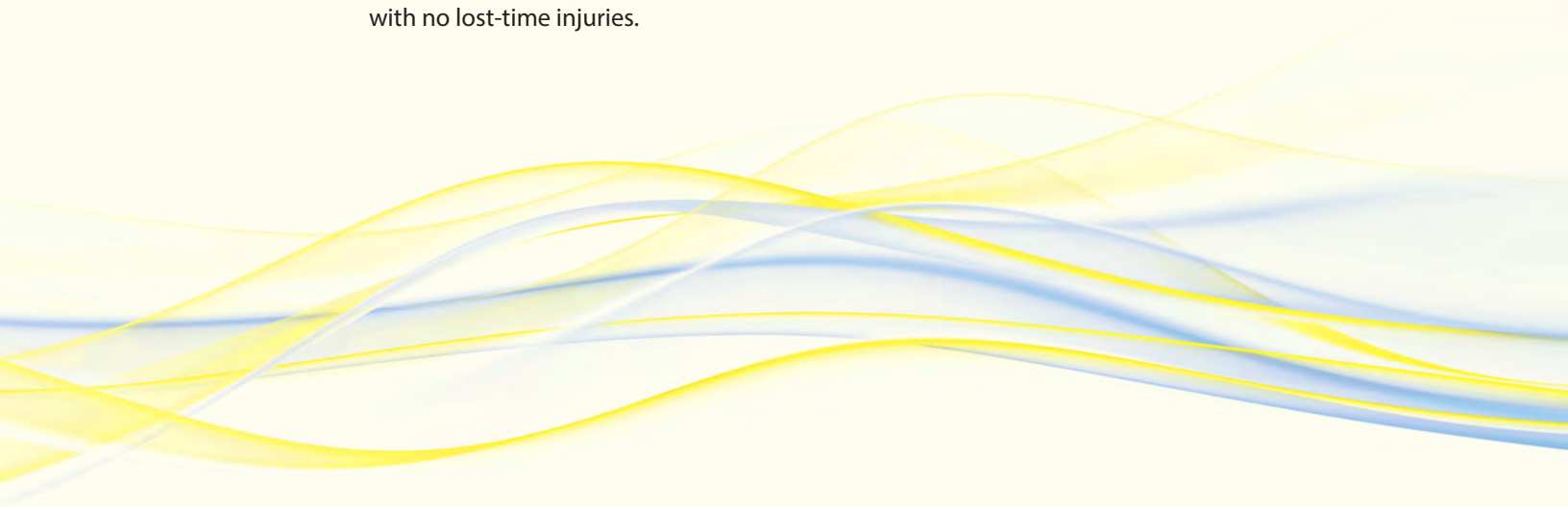
Financial results for 2021 reflect another strong year of performance. Income from continuing operations, before transition costs and tax, was \$5.6 million (2020: \$4.5 million), which exceeded the Company's plan and expectations for the year. Earnings before income taxes interest and depreciation was consistent at \$23.5 million (2020: \$22.8 million). While annual financial targets were exceeded, climate change affected the performance with significant swings in production throughout the year. As predicted, earnings variability is increasing as a direct result of the change in climate patterns. In fiscal 2021, we achieved historic highs on the operating times of our production facilities with limited unplanned downtime as a result of our continued focus on operating efficiency and risk management.

Business Integration and Transition

During the year, the Company successfully completed the transition and integration of the distribution business operating as Peterborough Distribution Inc. (PDI) to Hydro One, and satisfied all contractual commitments related to the disposition of PDI. The integration was completed on schedule and successfully migrated close to 39,000 customer accounts while maintaining high customer satisfaction, and transitioned employees to Hydro One attaining a high employee engagement response.

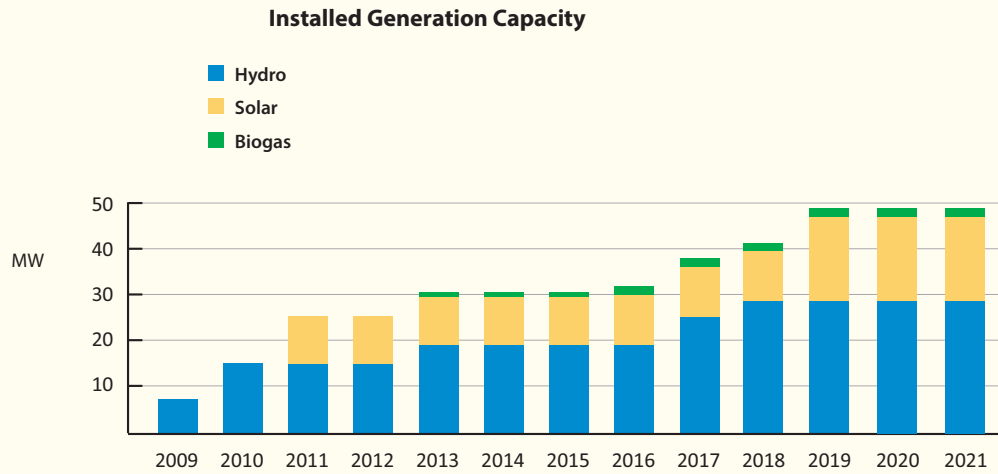
Safety

In response to the continuing impact of the COVID pandemic in 2021, all PUG business segments operated under modified safety protocols to ensure the safety of our employees and the public. Our operations, customer service and financial performance were not significantly affected by our modified operations. Our employees continued to support and achieve strong safety performance for the year; attaining more than seven years and over 2.4 million hours with no lost-time injuries.

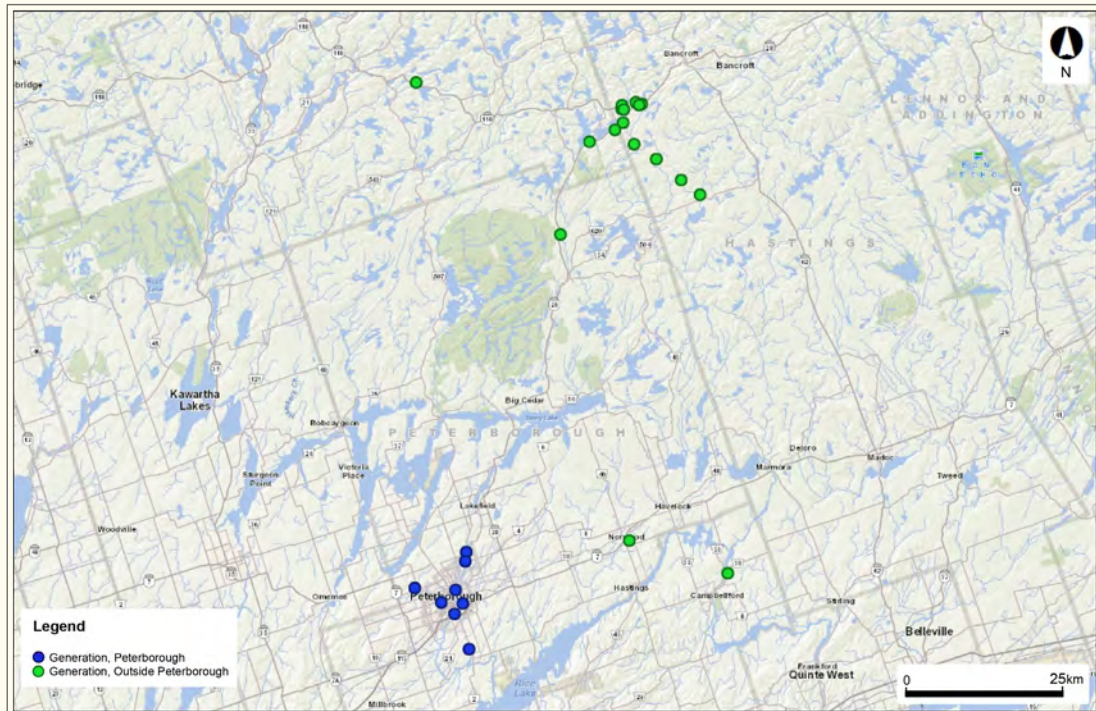


Environmental Contribution

Our portfolio of renewable generation operating assets provide clean energy to our community and across Ontario.

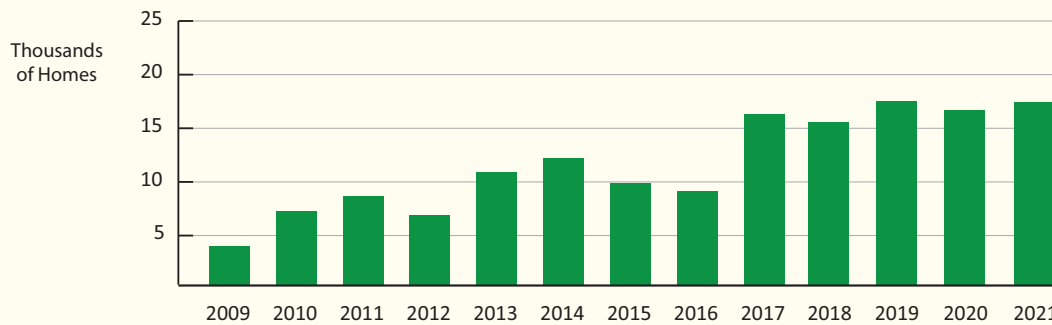


Peterborough Utilities Generation Portfolio



Our investments in renewable energy currently provide enough clean energy to power approximately 17,000 average Peterborough Households.

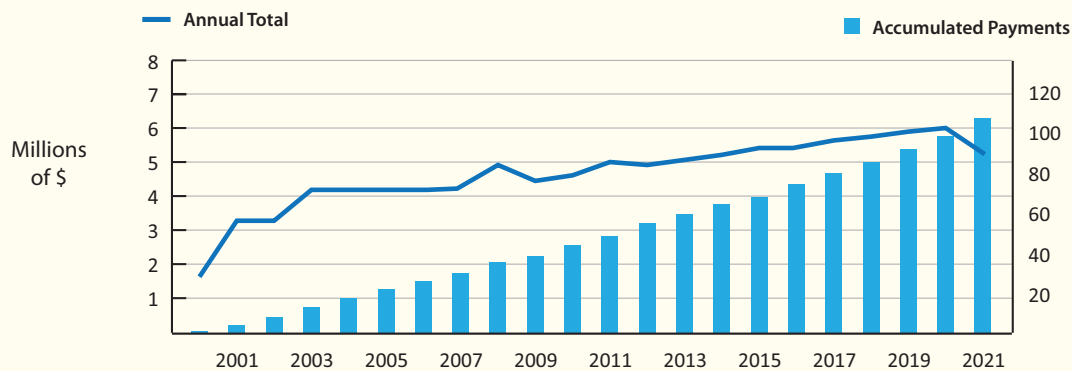
**Number of Homes Supplied with Clean Electricity
using Renewable Energy**



City Distributions

Standard distributions to the City in fiscal 2021 were \$5.2 million, a decrease from \$5.9 million in 2020 which included \$800 thousand from the distribution business. The below chart details the cumulative dividends paid by COPHI to the City of Peterborough since 2000.

Payments to the City of Peterborough



In addition to the above noted distributions, in each of the past two years the City has received additional distributions relating to the sale of the distribution business. In 2021, an additional \$2.5 million of distributions were made resulting in total distribution for the year of \$7.7 million (2020: \$37.1 million in additional dividends for a total of \$43.0 million). Including these additional payments, total dividends since 2000 exceed \$143 million.

Industry and Market Changes

Over the past year, the electricity market has begun to shift from one of excess generating capacity to one of forecast capacity shortages by 2025. This change is being driven by three factors: (i) economic recovery from the COVID-19 pandemic; (ii) planned closure of the Pickering nuclear power plant in 2025–2026; and (iii) broader electrification of the economy. Furthermore, government policy and public support for climate change mitigation and adaptation are driving growth for renewables and energy storage solutions within the industry.

The Independent Electricity System Operator (IESO) released its most recent Annual Planning Outlook (APO) in December 2021 setting out Ontario's electricity system needs between 2023 and 2042. Key findings of the APO include:

- Ontario is entering a period of increasing electricity demand with the pandemic recovery well under way, robust growth in the agricultural sector, new electricity demand in the steel and mining sub-sectors and decarbonization driving strong transportation electrification. Future policy decisions, customer choice and economic growth may result in electricity demand being even higher than forecast.
- Ontario's supply mix could look very different in the future due to the combined effects of nuclear retirements and refurbishments, evolving carbon policies that could result in less gas-fired generation, while distributed energy resources, energy storage and demand response take on more prominence.
- In conjunction with the retirement of the Pickering nuclear plant, Toronto and areas to the east, including Peterborough, are expected to account for the majority of Ontario's needs by 2025.
- Broader electrification is expected to be a key driver of electricity demand as well as lead to significant greenhouse gas emissions reductions in Ontario over the next two decades.

To address the forecast growth in electricity demand and reduction in nuclear generation capacity, the IESO is undertaking a number of initiatives under its Resource Adequacy framework to ensure the province has adequate generating resources to meet its needs. These include annual capacity auctions, mid-term and long-term Request for Proposal programs, distributed energy resources engagement, and hybrid integration projects engagement (i.e., integration of energy storage projects with existing generation).

In addition, in late 2021, the Minister of Energy directed the IESO to engage the waterpower industry to design a program to re-contract existing facilities and to potentially include provisions for future upgrades and expansions.

These initiatives will provide the Company with greater revenue certainty for its existing waterpower assets as well as opportunities for the future growth of its renewable generation business.

Sustainability

For many years the City has been able to enjoy a dividend level that is well above the industry average and at times above what is an acceptable norm. Fiscal 2021 continued that trend with a dividend of \$5.2 million representing 93% of the Company's earnings for the year. In the prior year, the dividend of \$5.9 million from recurring operations was 131% of the Company's recurring earnings. Normal industry ratios would suggest a dividend that is 65% of sustainable earnings or approximately \$3.4 million.

In November 2021, we provided City Council with the actions required to ensure that the sustainability of the Company from both a dividend and reinvestment perspective, noting that the City was negatively affecting the long-term sustainability of the Company.

Thank You

Thank you to our customers, supporters and employees for contributing to a successful year in 2021.

We also thank the Board of Directors for their leadership and oversight of the Peterborough Utilities Group. Additional thanks go to the Commissioners of the Peterborough Utilities Commission for their oversight of the water operations of our business.

A blue ink signature of John Stephenson, consisting of stylized initials and a surname.

John Stephenson
President & CEO
Peterborough Utilities Group

A blue ink signature of Nancy Brown Andison, written in a cursive style.

Nancy Brown Andison
Chair
City of Peterborough Holdings Inc.

We Start with Safety

PUG is committed to protecting the health and safety of our employees, customers, contractors, suppliers and everyone in the communities we serve. We believe that all workplace injuries, accidents and occupational diseases are unacceptable and preventable, and we promote a culture of continual improvement.

Since the onset of the COVID-19 pandemic, PUG has consistently taken a conservative approach to our pandemic response. Segregated work groups and shifts along with personal protective equipment has been a successful strategy. PUG safety protocols have consistently aligned with Provincial and Municipal Public Health's most up-to-date recommendations and regulations.

During 2021, PUG reached a significant milestone of working more than seven years and over 2.4 million hours with no lost-time injuries. As an essential services provider of clean water and electricity generation, our main goal is to ensure employees are protected and safe. By working safely, we can continue to meet the needs of the community and ensure the reliability of critical infrastructure.

Through 2021, PUG maintained a comprehensive health and safety program with a commitment to continual improvement.

> 7 years with no lost-time injuries

0 COVID-19 workplace transmissions



Community Involvement

One of PUG's core values is Community Focus. Our employees regularly demonstrate the importance of this value by giving back to the communities we live in and serve.

- PUG continues to be a Partner for Life with Canadian Blood Services, pledging to make 50 donations annually.
- Employees continue to provide donations to United Way through payroll deduction.
- PUG is committed to the youth of our communities and continues to provide annual bursaries to secondary schools in Peterborough and Norwood. Our goal is to assist students in their pursuit of a post-secondary diploma in disciplines such as engineering, electricity, information technologies and water sciences.
- Employees put a focus on the environment by participating in a Garbage Clean Up at the community's Riverview Park and Zoo.

Our employees are community focused and do their part to make Peterborough a great place to live, work and visit.

Our employees regularly and generously give back to the communities we live in and serve



Photo courtesy of United Way Peterborough & District

Customer Service

The continued impact of the pandemic and the Hydro One integration ensured that 2021 was another challenging year for the Customer Service and Billing department. The Hydro One integration was an interesting and exciting project that tested both our technical and human resource abilities. The fact that it was done remotely through Teams and WebEx meetings is no small task. The Customer Service team worked diligently to ensure we had clean data to transfer to the Hydro One system, while testing the validity and quality of the data before each transfer of data.

Our team continued to work remotely for the majority of 2021. They have risen to the occasion and have continued to provide excellent customer service before, during and after transition to H1. The focus in the latter half of 2021 was to streamline the water business strategy to ensure ongoing high-quality customer satisfaction.

Our team successfully navigated another year of difficult and unique challenges



Supporting the Changes

Customer Service and Billing Integration team are a relatively small team. However, they support many other departments with many facets of our business. Since our billing system is the centrepiece of meter to cash processes, this talented team manages more systems than just billing. This is on top of the demands placed on them by the Hydro One integration which has been challenging and has made for very busy days.

Add in COVID and the challenge of conducting all this work online and the plethora of video calls and meetings to organize our data to ensure a clean and smooth transition to Hydro One. This by itself would be a challenge, but they continue to move the stakes on day-to-day business to ensure the balance of our business continues to move forward in an efficient manner.

PUG has:

5,758 Facebook followers 

 11,800 followers on Twitter

1,095 Instagram followers 

Water Safety and Conservation

In 2021, our funding of the Peterborough Risk Watch Network continued. The main objective of the program is to educate children on safety around water and dams and encourage safety at Riverview Park & Zoo.

PUG once again subsidized customers' purchases of 152 rain barrels from our partner, GreenUP. Staff continued the online store, where they prominently featured the rain barrels offered through our rebate program.

The Water Wise Landscape Recognition Program proved to be successful throughout 2021. Its "Garden-in-a-Box" kits help customers switch to drought-resistant landscaping. This program allowed customers to pre-order, pre-pay, and arrange for curbside pickup. The Water Wise website at greenup.on.ca/program/waterwise maintained its popularity across the city with a self-guided Water Wise Garden tour.

PUG continued to participate and financially support the BlueW Ptbo program, which promotes municipal tap water as a healthy, easily accessible alternative to bottled drinks. Participating locations display a co-branded Blue W decal in their windows. To ensure the bluewptbo.ca water refill map is accurate, GreenUP has reached out to each water refill location host to confirm their participation and offer support. This program has been very well received throughout the commercial sector within the City of Peterborough.

We continue to support local initiatives that help residents conserve water in their homes and businesses



2021 COPHI Financial Performance

Overview

The year ended December 31, 2021, represents the first full year of operations following the completion of the sale of the distribution business of Peterborough Distribution Inc. (PDI) to Hydro One Inc. As the sale was completed on August 1, 2020, certain financial results of PDI remain in comparative figures in the financial statements, a condensed summary of which is included in this report and which are classified as discontinued operations.

Net Earnings and EBITDA

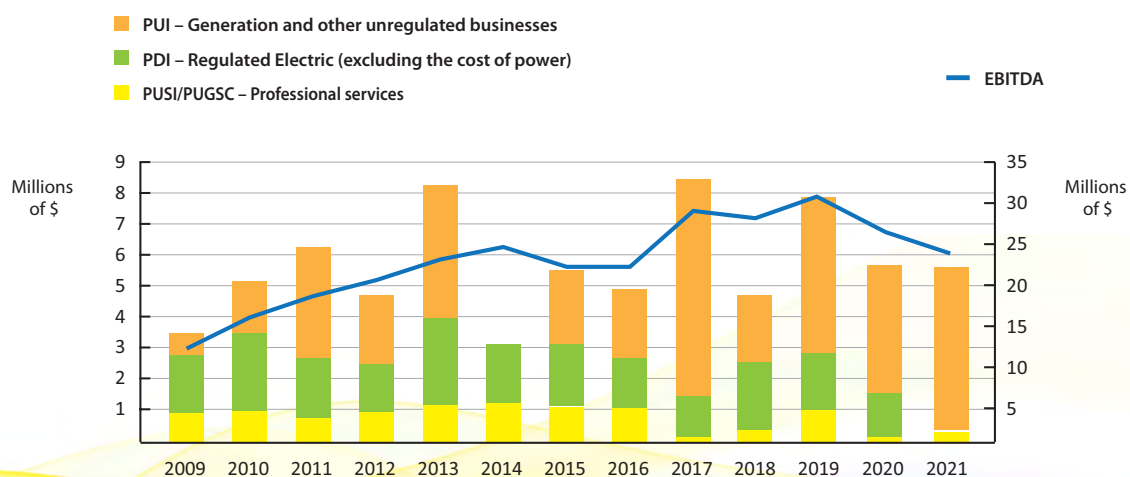
Net income for 2021 was \$5.6 million, compared to \$4.5 million in earned from continuing operations in the prior year. Total income in 2020 was \$34.5 million, with \$30.0 million coming from the discontinued operations and gain on the sale of the distribution business.

In 2021, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased to \$23.5 million from \$22.8 million earned on continuing operations in 2020. The primary reasons for the increase are:

- Generation results exceeded average production levels and were 2% above 2020 results,
- The legal, consulting and other professional fees associated with closing the Hydro One transaction in 2020 exceeded the integration-related costs that were incurred in 2021,
- The positive settlement of a litigation dispute had a one-time increase on revenues in 2021 of \$700 thousand.

The following chart details the growth of EBITDA from 2009 to 2021, excluding the gain on the disposition of the distribution business. Over this period, EBITDA has grown from \$11.37 million to the current \$23.5 million. Management considers EBITDA a strong measure of cash flow performance and our ability to fund future growth and commitments to our capital providers.

EBITDA and Net Income

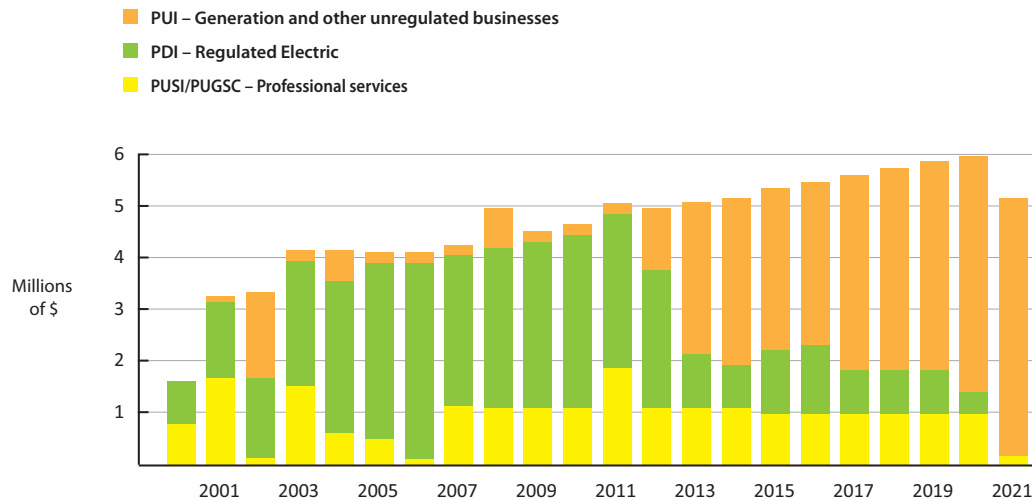


Shareholder Returns

Total dividends paid to the City of Peterborough in 2021 was \$7.7 million, comprising \$5.2 million of regular dividends (2020: \$5.9 million) and \$2.5 million of special dividends relating to final distribution of funds from the Hydro One Transaction (2020: \$37.1 million).

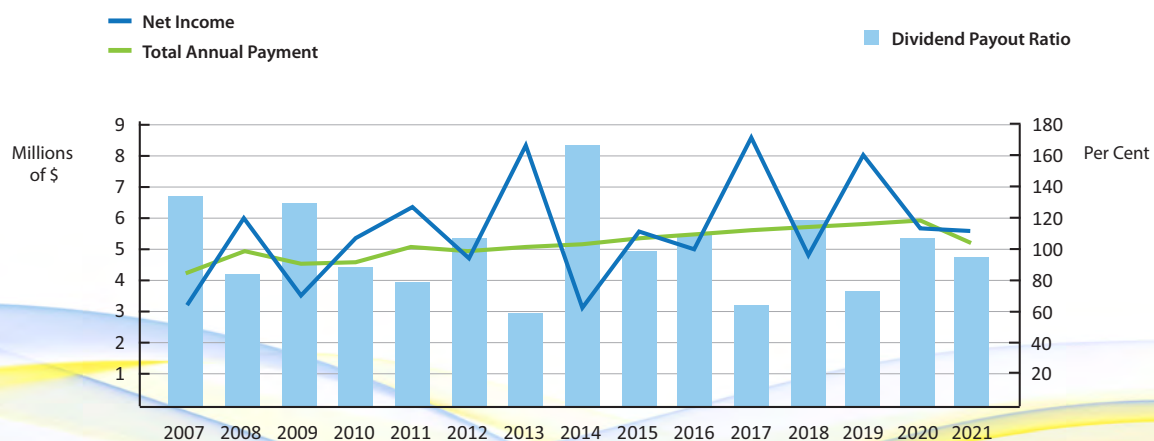
Since its incorporation in 2000, the utility has paid a total of \$141.5 million in distributions (dividends and interest) to the City (\$101.9 million excluding the dividends on the sale of the distribution business).

CoPHI Dividend Contribution by Company



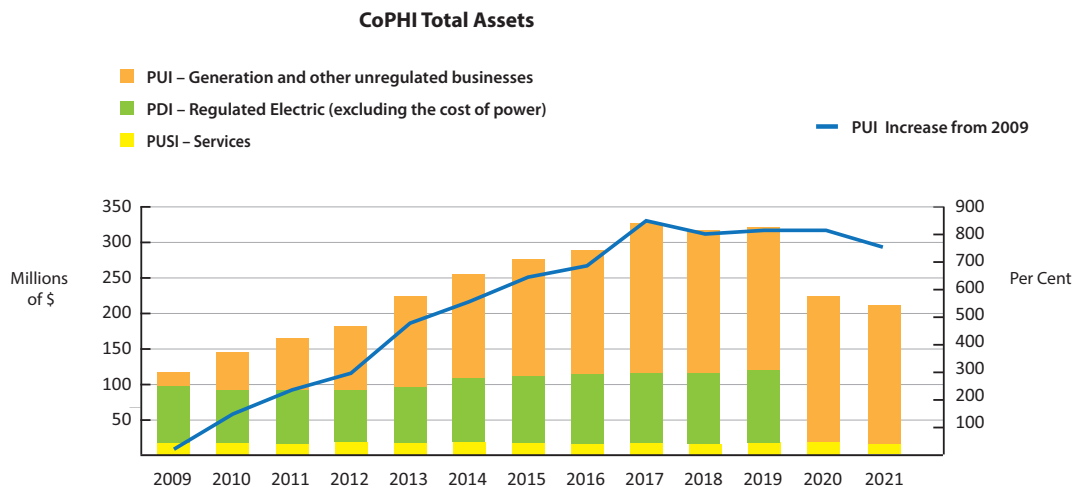
The continued growth in the generation business over this period has provided the necessary funds to facilitate the annual growth in dividend payments. As the conclusion of the sale of the distribution business in 2020 removed the regulated portion of CoPHI's net income, the annual distribution is now fully reliant on the more variable generation business.

CoPHI Distributions

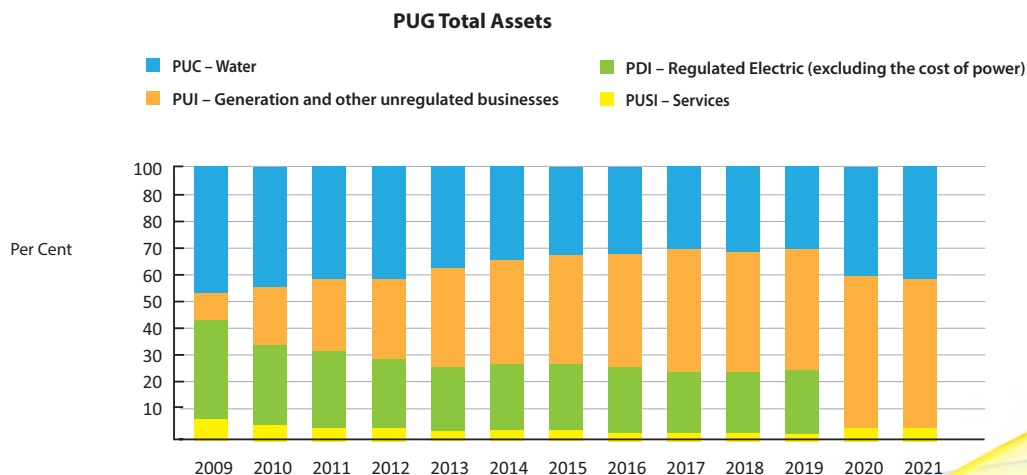


Total Assets

The total assets of CoPHI decreased from \$214 million in 2020 to \$207 million in 2021 (excluding prior year amounts held for discontinued operations). The decrease is primarily the result of annual depreciation taken on the generation assets. From 2009 to 2017 the focus of CoPHI was the expansion of the generation business with total assets increasing by 850% over that period. This growth in green energy assets added 19 solar projects with a combined capacity of over 18,000 kW. As there has been little opportunity for new facilities over the past four years, PUI has shifted its focus to improving and maximizing its existing fleet of hydro assets, starting with the intake improvements done at the Trent Rapids facility in 2021, which has already had a positive effect on results.



In addition to the direct assets owned by CoPHI, PUG, through its service company PUGSC, also manages the assets of the Peterborough Utilities Commission (PUC). Assets held by the PUC have increased from \$102 million in 2009 to \$154 million in 2021.



As noted above, the focus of CoPHI since 2009 has been the shift away from the distribution business and towards green energy generation. This chart shows the explosive growth of the generation business over this period, with all other areas decreasing until the completion of the transaction in 2019. Total PUI assets have increased from 10% of the total assets in 2009, to 44% in 2019, and now comprise over 50% of the total assets.

2021 Statement of Operations

Revenues

Revenue from continuing operations increased by 4.1%, from \$45.09 million in 2020 to \$46.94 million in 2021. Details concerning the sources of revenue are as follows:

Peterborough Utilities Inc. (PUI)

Total revenues were \$29.86 million (2020: \$28.49 million).

- Generation revenue accounts for 85% of total PUI revenue. In 2021, generation revenues increased by 2% over 2020, earning \$25.49 million compared to \$24.98 million in 2020. The increase was driven by an increase in hydro generation, with 2021 revenues exceeding 2020 by 4%.
- Meter service revenue of \$1.78 million was \$130 thousand above 2020, yet revenues remain below 2018 and 2019. The increase in 2021 represents a positive shift back towards more normal operations following the decrease in new installations in 2020 due to the pandemic.
- Water heater rental revenue was \$1.74 million in 2021, an increase of 1% over the previous year.

Service Companies

Total revenues earned by PUSI and PUGSC, net of inter-corporate eliminations, were \$17.45 million (2020: \$16.82 million).

- Similar to the prior year, professional service revenue was above historical averages due to the impact of the sale of the distribution business to Hydro One. From January 1 to May 31, PUSI performed the back office services for Hydro One as part of the Transition Services Agreement (TSA). In addition to providing these services to support the distribution operations, staff also worked to complete the transition of all financial and customer data over to the Hydro One system. On May 31, the TSA officially ended as all required information and impacted employees were fully transitioned over to Hydro One. From financial close to final integration, this process took a total of 10 months to complete and was done on schedule and on budget. Following the completion of the TSA, the revenues and expenses incurred in the services decreased during 2021, and are expected to maintain that level moving forward.

Revenue from continuing operations increased by 4.1%,
from \$45.09 million in 2020 to \$46.94 million in 2021

Operations and Administration Expense

The company's expenses from operations and administration were \$23.45 million in 2021, a 5% increase from the \$22.26 million incurred in 2020. There were three main causes of the increased expenditures in 2021:

- As noted above, professional services provided by PUGSC were above previous years due to the timing of the transaction and the TSA, and the fact that these revenues/expenses were now provided to a third party instead of being internally charged and consolidated when the distribution business was part of COPHI.
- Increased expenditures due to both increases in generation and a return to more typical annual expenses following the deferral of certain discretionary expenditures due to the pandemic in 2020.
- Increases in professional and legal fees due to litigation that was settled prior to year end.

Amortization Expense

In 2021, the company's amortization expense for continuing operations of \$9.76 million was \$290 thousand lower than in the previous year (2020: \$10.05 million). While amortization charges had been increasing over the previous years as PUI continued to grow its asset base, the lower capital expenditures and lack of new generation projects in 2020 resulted in the minor decrease in 2020.

Financing Expense

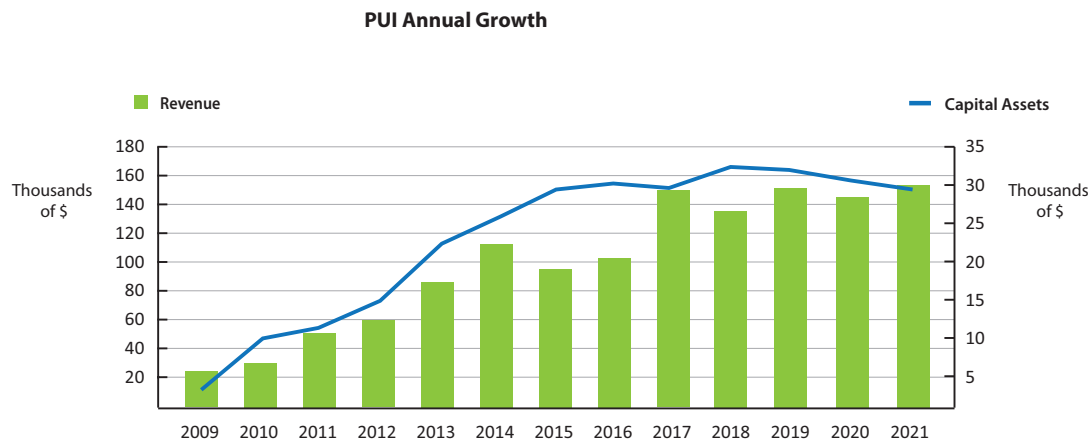
Financing and other costs of \$5.30 million in 2021 decreased by \$580 thousand from \$5.88 million in 2020 as no impairment charges were taken on assets during 2021.



Peterborough Utilities Inc. – Unregulated Operations

Peterborough Utilities Inc. (PUI) operates three business units: (i) renewable power generation; (ii) metering services; and (iii) equipment rentals. The renewable power generation business unit is the largest of the three business units and accounts for more than 80% of PUI's annual revenues.

Revenue from the unregulated businesses was approximately \$29.861 million, approximately 4.7% above its budget of \$28.515 million, and an increase of approximately 4.8% from the previous year's revenue of \$28.485 million.



Generation revenue was 3.0% above budget with the following segmental results:

- Revenue from the hydroelectric facilities was 109% of budget. Poor river flows during the first half of the year left PUI with a generation budget deficit of \$2.09 million as of June 30. A strong performance in the second half of the year made up for this shortfall with all facilities finishing the year ahead of budget.
- Solar facilities finished the year 95% of budget. The majority of the deficit was due to weakness at the ground mount solar sites during the winter months, while Lily Lake solar farm and the rooftop facilities both performed at budget expectations for the year.
- The biogas facilities produced at 90% of budget during the year leading to a \$96 thousand combined unfavourable variance. While under budget, both facilities performed significantly better than in the previous year with no significant periods of downtime occurring in 2021.

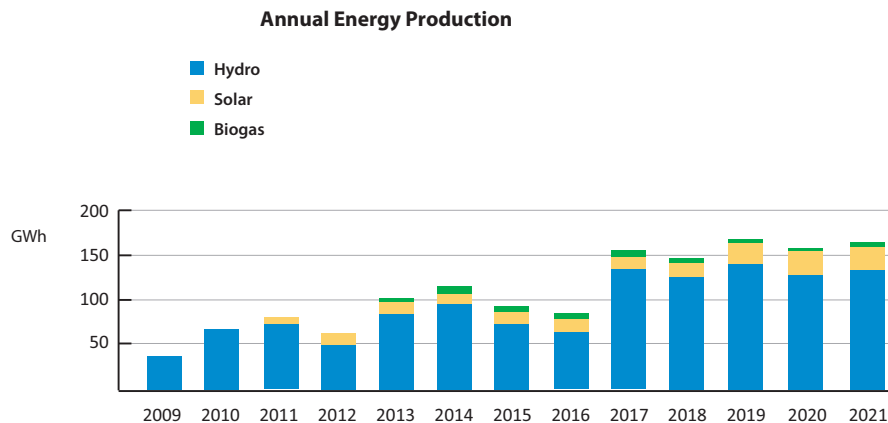
Revenue from PUI's two retail service businesses were both 3% below target. This represents a bounce-back close to expected operations as meter services were 18% below budget in the prior year due to several metering installation projects being deferred at the onset of the COVID-19 pandemic.

Operating expenses of \$17.39 million were \$500 thousand above the prior year as operations began to trend back towards normal following the pandemic related decreases experienced in 2020.

GENERATION

Renewable Generation Assets

PUI owns and operates 27 renewable generation facilities: six hydroelectric generating stations, 19 solar facilities and two biogas plants. The aggregate capacity of all generation facilities is 48.3 MW.



In 2021, production from PUI's facilities exceeded 128 million kilowatt-hours. The clean energy generated by our facilities was enough to meet the electricity needs of approximately 16,875 households, slightly less than half of the residential customers in Peterborough.

PUI did not develop or acquire any new renewable generation assets in 2021 or 2020. The termination of programs that support the development of renewable energy projects, such as the Feed-In-Tariff program, by the provincial government in 2018 has curtailed opportunities for new development over the past few years. PUI continued to investigate opportunities for growth through acquisitions, partnerships, expansion of its existing assets and emerging technologies such as energy storage and behind-the-meter projects. Such opportunities are expected to increase over the next few years as the provincial government and the Independent Electricity System Operator plan for the closure of the Pickering nuclear plant and a need for new capacity by 2025, and the broader electrification of the economy to address climate change.

In February 2021, PUI's shareholder approved investment of up to 50% of the net proceeds from the sale of PDI (approximately \$30 million) for the future growth of PUI's renewable generation business, subject to undertaking changes to the Shareholder Direction to address specific shareholder requirements. PUI continues to seek clarity from its shareholder on this matter.

Generation Operation & Maintenance

The COVID-19 pandemic continued to influence our approach to the operation and maintenance of our generation facilities. Safety procedures created to specifically address issues related to COVID-19 continued to be in effect throughout the year with several new protocols implemented. Despite the challenges, PUI was able to safely and reliably undertake planned operation and maintenance activities in accordance with budget.

In conjunction with the PDI-Hydro One transaction, PUI completed all outstanding activities related to the migration of its Supervisory Control And Data Acquisition (SCADA) system from PDI's Survalent platform to the Ignition platform. In addition, we finalized and executed new connection agreements with Hydro One for each of our generation facilities that was embedded within PDI's former territory.

Plant availability is a measure of the percentage of time that a generating facility is capable of operating, excluding externalities such as forced outages. This is an important metric that helps gauge our efficiency in scheduling and performing maintenance work and the effectiveness of our preventative maintenance programs. In 2021, PUI's generating fleet had a weighted average plant availability of 98.5%, exceeding both industry benchmarks and the previous year's availability of 98.2%.

Robert G. Lake Hydroelectric Generating Station Intake Expansion

During 2021, PUI completed a major capital project at the Robert G. Lake Generation Station. The project entailed substantial excavation upstream of the facility's intake within both the river bed and embankment to significantly reduce hydraulic losses in the vicinity of the intake and within the power canal in order to achieve production gains. The work was coordinated closely with the Parks Canada Agency's reconstruction of the dam situated adjacent to the facility's intake to achieve synergies that reduced the project cost and schedule.

The excavation work was planned to commence in July, however, due to unseasonably high flows at this time, the work was rescheduled to start in August thereby allowing PUI to maximize production from this facility. A revised approach that compressed the schedule was implemented and the project was successfully completed on schedule in September, 2021. Initial results indicate that the project has exceeded expectations, achieving greater hydraulic improvements and greater incremental production than forecast.



Hydroelectric Generating Stations

The operation of our hydroelectric plants is very complex and requires the use of Programmable Logic Controllers (PLCs) in order to safely and efficiently integrate the various systems in the plant. The PLC is essentially the “brain” of the hydro plant. Like most technologies, the PLCs become dated and are no longer supported by the manufacturer and require updating or replacement. A significant amount of planning and extensive testing is necessary with a PLC upgrade. In 2021, PUI successfully upgraded the PLC systems at the Robert G Lake GS and Campbellford Plants 1 and 2.

Cavitation is a phenomena that creates air bubbles on the downstream side of a turbine blade. The air bubbles can cause vibration and lead to degradation in machine performance. As a component of PUI’s Asset Management (AM) program, cavitation monitoring was installed on the turbines at London Street Plant 2. This system monitors the levels of cavitation and machine performance and provides the AM team with data that trends operational characteristics.

At London Street Plant 2 it was necessary to replace the upstream bearing on Unit 5. At PUI’s hydro-electric stations, the vibration levels are monitored on the turbine bearings and shafts. These are very large components that need to operate within specific parameters in order to ensure safe operation. The monitoring system provided an alert about an elevated vibration level for this bearing and the ensuing investigation resulted in the proactive replacement of the bearing.

Each of these projects helps to mitigate the operational risk and improve the performance and reliability of these hydroelectric generating stations.

Lily Lake Solar Facility

PUI continues to invest in spare components that will ensure the safe and reliable operation of all of the generation assets. The Lily Lake solar facility comprises 20 large-scale inverters manufactured by Schneider Electric. In 2021, PUI acquired a complete inverter, one of only two in North America, and several additional components that will be placed in inventory so they are available for use when needed. Additionally, PUI has negotiated a service agreement with Schneider Electric that will result in ten of the inverters undergoing major refurbishments in 2022. The remaining inverters will be refurbished in 2023. The agreement will ensure that PUI has technical support for the inverters through the life of the facility.

Continuing our efforts to enhance the sustainability of the Lily Lake solar facility, approximately 589 sheep and lambs were raised on the solar facility grounds between May and November of 2021. In addition, PUI collaborated with a local beekeeper and increased the number of honeybee hives at this solar facility from 10 to 15. Each hive produced about 150 pounds of honey, indicative of a very productive environment. At the peak of the season we had about 50,000 bees in each hive.

We increased the number of honeybee hives at the Lily Lake facility to 15 in 2021 – each containing about 50K bees

WHOLESALE METER SERVICES

PUI is an Independent Electricity System Operator registered Meter Service Provider (MSP) that provides wholesale metering services to customers across Ontario including local distribution companies, generators and commercial and industrial market participants. PUI reads, validates and records metering data from over 2,000 meters for the purposes of electricity billing and settlement. We also register and install new metering installations, repair and/or replace metering equipment and audit meter accuracy at customer facilities.

Consolidation in the electricity distribution sector has resulted in the loss of several notable MSP customers over the past few years, including Peterborough Distribution Inc. However, PUI's metering services department has been able to mitigate the financial impact through the addition of several new customers and service offerings.

In 2020, the COVID-19 pandemic resulted in several notable challenges to PUI's metering services business including the deferral of some non-critical projects as PUI and its customers developed new safety protocols to address pandemic-specific issues. Over the past year, the volume of work returned to pre-pandemic levels in conjunction with the economic recovery and the emergence of several energy storage projects. PUI anticipates that this trend will continue over the next few years resulting in a steady growth of its metering services business.

RENTAL EQUIPMENT

PUI provides rental hot water tanks and lighting to customers located within Peterborough, Lakefield and Norwood. The customer base and expenses associated with this business unit have been relatively unchanged over the past decade and provide PUI with a stable source of annual revenue. In addition to rental equipment, PUI manages several EV charging stations within Peterborough, Lakefield and Norwood.



Water Services

Through the operation of the services company (PUG Services Corp.), we provide full municipal water services for the Peterborough Utilities Commission (PUC) to City of Peterborough customers. This includes water utility operations and capital asset planning, rehabilitation and replacement; water and wastewater services to the Township of Selwyn to operate both the Village of Lakefield and Woodland Acres systems; and the operation, maintenance and capital upgrades for Riverview Park & Zoo. Currently PUG Services Corp. is in the final year of a five-year contract with the Township of Cavan Monaghan to operate and maintain the water and wastewater system in the Village of Millbrook.

The Peterborough, Millbrook, Lakefield and Woodland Acres Drinking Water Systems maintained full accreditation to the Drinking Water Quality Management Standard (DWQMS). The accreditation body, NSF International, conducted an external audit of the DWQMS for all four of the water systems in October 2021, along with an internal audit. The audit report confirmed that all management systems operated by PUG Services Corp. are well documented and continue to be effective.

In addition to the external and internal audits, the Ministry of the Environment, Conservation and Parks (MECP) performed inspections throughout 2021 of the Millbrook, Peterborough and Lakefield water treatment plants, and the Woodland Acres distribution system. All water systems achieved a 100% inspection rating.

Our water quality management is state of the art
resulting in 100% compliance with all governing bodies

The Water Utility Master Plan is used to assess existing infrastructure and projected future infrastructure requirements in considering growth and potential water needs within the City of Peterborough. This plan includes major components of the water system, including the water treatment plant, pumping stations, water storage facilities and the distribution system. The master plan will be the Water Utilities' guiding principle for the next 15 years.

Capital works, within the Peterborough water system, included rehabilitation of approximately 4.4 kilometres of existing water main using cement-mortar lining as well as installation of 0.75 kilometres of new distribution water mains. PUC upgraded the High Street Water Tank by replacing the interior and exterior coating, piping and valves as well as Health and Safety upgrades to the ladders and platforms.

The Peterborough Water Treatment Plant has continued its partnership with the University of Toronto's Drinking Water Research Group to conduct pilot scale studies. Pilot scale research has played a prominent role in assessing the Otonabee river source water characteristics and evaluating alternative treatment technologies. Our key objectives were to mitigate Disinfection By-Product (DBP) formation and improve taste and odour, through the reduction of geosmin (GSM) and 2-methylisoborneol (2-MIB), compounds released by algae.

Our current studies in 2021 focused on the assessment and integration of ozone into full-scale applications. Optimization of ozone dose, evaluation of ozone demand and half-life, and the impact on coagulation and biofiltration were key components of our study. Biologically active filtration (biofiltration) allows the growth of naturally occurring biomass on the surface of granular filter media. Previous studies have shown the ability of biofiltration to improve the performance of conventional filtration through the removal of organic matter. The primary objective of our study was to determine if ozone could be incorporated as a pre-coagulant oxidant and assess infrastructure and energy costs associated with implementation.

The implementation of ozone will play an integral role as the next generation treatment alternative for the City of Peterborough's Otonabee river source water.

Ozone will provide enhanced water quality through the reduction of regulated DBP compounds, including both trihalomethanes (THMs) and haloacetic acids (HAAs). Ozone will also optimize our coagulant use, improve settled water turbidity, enhance biofiltration capabilities, reduce chlorine demand, and provide an additional barrier against microbial pathogens. Ozone has also been shown to eliminate taste and odour compounds, GSM and 2-MIB. These compounds impart an earthy-musty odour that is the primary water quality complaint from the citizens of Peterborough.

Ozone will also play a key role in future applications and treatment challenges. Previous studies have shown the effectiveness of ozone in the reduction of pharmaceuticals, endocrine disrupting compounds, and cyanotoxins. Impacts on water quality from global warming, including the potential increase of blue-green algae, can also be effectively handled through ozone as a component of our multi-barrier approach.

As part of the City of Peterborough's Jackson Creek Flood Diversion Project, PUG is installing new watermains on Bethune Street.



2021 Annual Water Quality Report

Pilot Plant

The Peterborough Water Treatment Plant, working together with the University of Toronto's Drinking Water Research Group (DWRG), has conducted pilot-scale studies in an effort to improve water quality, optimize production, and investigate next-generation treatment technologies for the citizens of Peterborough.

A 5000:1 scale-model version of the main treatment facility, the pilot plant includes processes such as coagulation, tapered mixing, flocculation, settling and filtration. In addition to conventional water treatment studies, ozone and advanced oxidation applications have been investigated. The primary objectives using the ozone pilot were to determine if ozone, advanced oxidation and biofiltration will enhance our water quality and provide operational flexibility as an integral component of our multi-barrier approach to water treatment.

Ozone

Ozone application and the benefits for enhanced water quality has been an important focus of our pilot-scale research program since 2015. Previous research at our facility has shown the effectiveness of ozone on the reduction of Disinfection By-Product (DPB) formation and taste-and-odour compounds, geosmin (GSM) and 2-methylisoborneol (2-MIB). Our current studies in 2021 focused on the assessment and integration of ozone into full-scale applications.

Optimization of ozone dose, evaluation of ozone demand and half-life, and the impact on coagulation and biofiltration were key components of our study. Biologically active filtration (biofiltration) allows the growth of naturally occurring biomass on the surface of granular filter media. Previous studies have shown the ability of biofiltration to improve the performance of conventional filtration through the removal of organic matter. The primary objective of our study was to determine if ozone could be incorporated as a pre-coagulant oxidant and assess infrastructure and energy costs associated with implementation.

The ozone dose was optimized through evaluation of ozone concentrations of 3.0, 2.5, 1.5, and 1.0 mg/L. Ozone decay rates were monitored at the variable ozone doses. The ozone demand in our source water was 1.7 mg/L, and ozone doses in the range of 1.5 to 3.0 mg/L were effective in reducing Natural Organic Matter (NOM), DBP formation and GSM and 2-MIB compounds. Trihalomethanes (THMs) and haloacetic acids (HAAs) were reduced by 35% and 40%, respectively and GSM and 2-MIB were below detectable levels. Ozone doses of 1.0 mg/L were shown to be less effective for NOM reduction. Based on this data, ozone systems are being designed to target maximum 3.0 mg/L ozone dose.

Ozone residual also appears to decay quickly under cold-water conditions, with a half-life of 0.5 minutes observed for ozone doses of 2.0 and 2.5 mg/L, and a half-life of 3.4 minutes at 3 mg/L. Decay rates under all water temperatures and seasonal conditions must be examined further, in order to design ozone off-gas and quenching systems.

Coagulant dose was optimized through targeting equivalent Total Organic Carbon (TOC) reduction post-sedimentation. Following addition of ozone in the source water, coagulant demand decreased up to 30% prior to observing a decline in settled water effluent quality. Coagulant dose reduction plays an important role in minimizing sludge formation, optimizing water quality and filter performance, and decreasing chemical use required in the treatment process.

The optimization of ozone dose did not improve filter performance, however, with increased Loss-Of-Head (LOH) observed during pre-ozonation. LOH is associated with increased air binding in the filter media, and the dissolved oxygen remained elevated at all ozone doses. The mechanism causing the increased LOH requires further investigation, as elevated LOH will impact filter performance and increase energy demand and chemical use during full-scale treatment.

Ozone was also shown to provide enhanced biofiltration performance in the filter media. Bioactivity in the filter media increased following ozonation even under cold-water conditions. This may provide long-term benefits in further reducing DBP precursors and taste-and-odour compounds. Chlorinated backwash was not observed to affect water quality or the concentration of biomass in the filter. This result was important to our water treatment process in Peterborough as it indicates chlorine quenching, or modification of infrastructure to achieve chlorine-free backwash water, is not required to facilitate enhanced biofiltration performance.

Studies in 2022 will focus on decreasing the ozone retention time to 1.5 minutes, the impact of calcium thiosulphate on coagulation and filter performance, and the potential for advanced oxidation (peroxone) to further ameliorate GSM and 2-MIB under peak flow conditions. Monitoring parameters, including ozone residual and Oxidative Reduction Potential, will also be employed to evaluate control systems to modulate ozone dose through our SCADA software.





Riverview Park & Zoo

In 2021, Riverview Park & Zoo operations were severely affected by the COVID-19 pandemic. The park and zoo were closed for almost the entire year as a precautionary measure in response to the ongoing impact of the COVID pandemic. Many areas and facilities remained closed for most of the year and all of our facility bookings and many of our education programs and special events were cancelled. Despite restrictions and supply issues, some progress was made on ongoing improvements to the facilities and equipment in 2021.

The zoo's animal collection saw many changes in 2021 with some new acquisitions and the deaths of some of our older animals. Deaths included a pot-bellied pig, a Sichuan takin, a reindeer, a yak and the passing of Ferrari, our last two-toed sloth. Other changes included the acquisition of a variety of animals including two Sichuan takin, two alpacas, a domestic yak, and one Eurasian lynx. Additions to the collection also included the birth of a meerkat and two additional successful hatchings of Sulawesi forest turtles.

Park Operation & Facilities

Most of the Park & Zoo's areas and facilities were closed for the duration of 2021 including the miniature train ride, splash pad, snack bar and gift shop. The zoo area was closed other than for pre-booked guided tours. The park grounds and pathways were open for walk-through access and the disc golf course and playground were open for limited use.

RPZ made some progress with ongoing improvements while being closed for much of 2021



Zoo Operations & Facilities

Zoo operations and specifically animal care and wellness were identified as first priorities during the pandemic. Ensuring excellent animal care proved to be challenging due to staffing issues. Our operations were impacted by reduced seasonal staffing due to the fiscal impact of the pandemic, segregated teams, work areas, and routines as part of our pandemic response plan, as well as by staff absences due to COVID testing/self-isolation, etc. Having adequate resources to provide animal care required extensive adaptation and the curtailment of many non-critical activities.

Regular and emergency veterinary care was provided primarily by consulting veterinarian Dr. John Sallaway throughout 2021. Dr. Mike Cranfield remained unavailable for much of the year due to the border closure. Our animal care staff worked with Dr. Sallaway throughout the year to provide planned care to the animals in our collection. Animals were examined and/or treated as part of their annual health care program. This included physical exams, surgery, numerous vaccinations/treatments, blood samples, the trimming of many hooves/claws/beaks/tusks, dentistry and dental cleaning.

As of December 31, 2021, the animal collection on site consisted of 127 animals, representing a total of 58 species (excluding groups of fish and invertebrates). The collection had 39 animals in on loan and 12 animals out on loan.



RPZ has:

14,338 Facebook followers 

 4,616 followers on Twitter

6,223 Instagram followers 

Education

In-person education programs in the form of pre-booked guided tours throughout 2021 met COVID regulations and restrictions. Limited spaces were booked quickly.

Although we were unable to open the zoo area in most of 2021, our staff and volunteers were able to provide 350 guided group Tours & Treks. Tours were offered from July 2 to October 11, generating \$5,530 in donations.

Virtual adaptations of our education programs evolved in 2021 allowing us to invest in technology and virtual classrooms in partnership with the school boards. The Bondar Challenge program connecting youth to nature through the art of photography in partnership with Otonabee Conservation engaged 28 participants who swept the Ruby Summer Camp National Award category.

Other virtual programming included:

- Pathway to Stewardship/Classroom Pets Project reached nearly 600 students and received funding of \$5,100 through Camp Kawartha's Ontario Trillium Foundation Grant.
- Working with both local school boards, we held an environmental symposium in May focusing on biodiversity and conservation, and engaged over 750 students over two days.
- Peterborough Children's Water Festival (PCWF) Water Wednesday's animated stations at the Zoo – Otterly Amazing and Rolling through the Shed – had nearly 1,500 participants across grades 3, 4, 7 and 8.
- Partnered with Trent University to create CALAS symposium virtual videos on Culture of Care, Enrichment and Training Programs at accredited zoos for professionals who work with animals in a research setting.
- The Bringing the Zoo to You campaign continued in 2021 and included live events and recorded videos available to our 22,478 followers on our social media channels.

This programming was made possible through the support of 41 active volunteers in 2021 who supported education programs and guided tours, created virtual program resources at home, participated in litter pick-up and invasive species removal day-events, sat on advisory boards and helped operate our gift shop. These volunteers contributed over 700 hours in-kind.

In addition, we hosted nine post-secondary placement students from Conservation Biology, Travel and Tourism, the Museum and Curatorship Management Program and Alternative Education Placement Programs from Trent University and Fleming College that provided over 400 hours of research, resource development and ethogram (inventory of behaviours in animals) observations in 2021.

Conservation

Last year the Park & Zoo's conservation program included our ongoing support of the Ontario Turtle Conservation Centre's work with our donation of heat lamp bulbs, turtle feed (smelt) and equipment. The Park & Zoo also participated in the Association of Zoos and Aquariums (AZA) Stud Book for red-necked wallaby, Sichuan takin and bobcat. We also participated in the slender-tailed meerkat and common squirrel monkey AZA Species Survival Plans, as well as the Emu and Brazilian agouti Population Management Plans.

Research

In 2021, the Park & Zoo participated in the Ontario Turtle Conservation Centre's Blanding's Turtle research project as well as hosting research projects by university biology and conservation biology students.

Special Events

Unfortunately, all of the in-person special events planned for 2021 had to be cancelled because of the pandemic. This included the Peterborough Children's Water Festival, the Zoo Fun Run, and the Summer Concert Series.

Capital Program

Work completed under the 2021 capital program included security upgrades to the takin exhibit stand-off fence, new enrichment facilities in several exhibits, new automatic water bowls in the yak and takin exhibits, a new garbage compound, renovation of the train station, and new barricades at several exhibits (part of our COVID precautions).



Revenue Generation and Fundraising

In 2021, the impact of the pandemic was devastating to Riverview Park & Zoo's revenue, with no train operations, no food services and limited facility bookings and retail sales.

On the positive side, the limited-edition Miniature Train Ride puzzle fundraiser was a huge success in the fall of 2021. The project was championed by Advisory Board members, who recruited retailers including Brant Basics, House of Scales, Griffin's Greenhouses, Fork in the Road Country Market and Ennismore Pharmacy. With the support of these advocates, all 1,500 puzzles were sold. This two-month effort raised \$20,000 towards the train replacement capital campaign goal of \$300,000.

The Kiwanis Club of Peterborough came on board our capital train campaign as a partnership level sponsor, committing to a \$25,000 donation for a train passenger coach. Support achieved in 2020/2021, in addition to online donations, brought us to \$130,000 or 43% of our campaign goal by the end of 2021.

Social media fundraising campaigns continued to increase online donations and helped to maintain the animal adoption program while closed to the public. Dedicated volunteers and part-time staff helped to open the gift shop for holiday sales in November and December.

Income	Balance	Donors
Animal Adoption Program	\$27,700	169
Memorial Bench Donations	\$5,000	3
Train Replacement	\$3,466	4
Donations – Reserve Fund	\$6,838	95
Online donations	\$6,200	68
Gift Shop Sales	\$16,046	

Local businesses stepped up to help support the Park & Zoo including Ennismore Pharmacy's Mother's Day, Father's Day and seasonal holiday raffle soliciting support from 30 local businesses for gift basket items and raising \$7,500 in 2021.

Businesses like Brealey Animal Clinic and the Kawartha Veterinary Association chose Riverview Park & Zoo as the recipient of their annual fundraisers with membership or clients.

Grant applications and awards were maximized due to support funding made available in response to the pandemic for the tourism sector and to encourage youth employment. Some significant examples of success include:

- Canada Summer Jobs – \$20,954
- Tourism Resiliency Fund Peterborough/Kawartha's Economic Development – \$8,800
- Hydro One Networks Inc., Safe Communities and Workplaces – \$25,000
- Healthy Communities Fund – \$18,000
- Pathway to Stewardship Delivery Partner – 2021: \$5,100 and 2022: \$5,100
- Employment and Social Development Canada's Enabling Accessibility – \$100,000

For a total of \$182,954.

Enterprise Risk Management

Over the past five years, CoPHI has taken significant steps to continually evolve and improve its enterprise risk management process. The goal of the process is to help ensure that, as much as possible, adverse impacts on corporate objectives can be understood and mitigated as necessary based on the organization's risk appetite and framework. These processes have been increasingly relied upon over the past couple of years as we navigate through the numerous challenges presented, including the pandemic, global conflict and supply chain uncertainty.

In today's increasingly digital world, cybersecurity is vital for businesses with the associated risks placed near the top of our risk register. At CoPHI, our IT Security Program centres around staying abreast of an ever-changing cybercrime landscape and selecting security investments that prevent, detect and mitigate attacks. Opportunities for improvement are garnered through cybersecurity news and alerts, internal reviews, third party assessments, and industry peer committees and working groups.

Our investment selection process involves quantifying risks through a formal internal Risk Register process and assessing desired maturity levels against the National Institute of Standards and Technology (NIST) standard. Weighing security initiative costs and benefits against these measures allows us to recommend priorities for the IT Security Program.

Governance and approvals for these recommendations includes review and approval at the CoPHI Executive Leadership level and presentation and confirmation at the Board and Committee level.

A team of internal IT security experts works in partnership with external vendors as needed to implement the approved initiatives. Regular updates are provided along the way including quarterly Board and Committee updates. Success is then measured by re-evaluating our security posture against the established Risk Register and NIST standards.





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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholder of City of Peterborough Holdings Inc.

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2021 and the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of City of Peterborough Holdings Inc. for the year ended December 31, 2021.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited financial statements, in accordance with International Financial Reporting Standards.

The Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated April 1, 2022.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 7, 2022

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

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Consolidated Statement of Financial Position

As at December 31, 2021

(\$s in thousands)

	2021 \$	2020 \$
ASSETS		
Current assets		
Cash	20,804	25,073
Restricted cash	9,772	6,844
Accounts receivable	4,646	4,336
Unbilled revenue	85	106
Inventories	2,457	2,012
Prepaid expenses	521	560
Income taxes receivable	1,015	802
Funds held for third parties	-	2,749
Transaction funds held in escrow	-	6,193
	39,300	48,675
Other assets		
Non-current receivables	573	-
Intangible assets	3,196	3,430
Property, plant and equipment	155,146	160,943
Right of use assets	4,923	5,205
Deferred tax assets	4,134	4,488
	167,972	174,066
	207,272	222,741
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	5,264	5,099
Current portion of long-term debt	6,822	6,587
Current portion of lease obligations	225	234
Income taxes payable	665	280
Restricted accounts payable	-	2,749
Due to Hydro One Inc.	-	1,984
	12,976	16,933
Long-term liabilities		
Provisions	900	857
Employee future liabilities	5,699	6,121
Lease obligations	5,188	5,383
Deferred tax liabilities	18,809	17,963
Long-term debt	97,430	104,251
	128,026	134,575
Shareholder's equity		
Share capital	34,258	37,081
Accumulated other comprehensive loss	(2,309)	(2,309)
Retained earnings	34,321	36,461
	66,270	71,233
	207,272	222,741

Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2021
(\$s in thousands)

	2021	2020
	\$	\$
Revenue	46,939	45,085
Expenses		
Operations and administration	23,451	22,255
Amortization	9,757	10,050
	33,208	32,305
Income from operations	13,731	12,780
Other (income) expense		
Net finance charges	5,190	5,345
Loss on disposal of property, plant and equipment	111	172
Loss on impairment of property, plant and equipment	-	366
	5,301	5,883
Income before integration costs of discontinued operations, income taxes and discontinued operations	8,430	6,897
Integration costs of discontinued operations	(947)	(841)
Income before income taxes and discontinued operations	7,483	6,056
Provision for income taxes		
Current	724	(608)
Deferred	1,200	2,168
	1,924	1,560
Income from continuing operations, after tax	5,559	4,496
Income from discontinued operations, after tax	-	30,022
Net income for the year	5,559	34,518
Other comprehensive income		
Items that will not be reclassified subsequently to net income		
Employee benefit plan actuarial losses	-	(417)
Related deferred tax	-	108
Other comprehensive income from discontinued operations, net of tax	-	(504)
Other comprehensive income (loss) for the year	-	(813)
Total comprehensive income for the year	5,559	33,705

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021
(\$s in thousands)

	Share Capital \$	Retained Earnings \$	Accumulated Other Comprehensive Income (Loss) \$	Total Equity \$
Balance, January 1, 2020	60,098	44,961	(1,496)	103,563
Net income for the year	-	34,518	-	34,518
Redemption of share capital	(23,017)			(23,017)
Change in value of employee future liabilities, net of tax	-	-	(309)	(309)
Dividends paid	-	(43,018)	-	(43,018)
Other comprehensive income from discontinued operations, net of tax	-	-	(504)	(504)
Balance, December 31, 2020	37,081	36,461	(2,309)	71,233
Balance, January 1, 2021	37,081	36,461	(2,309)	71,233
Net income for the year	-	5,559	-	5,559
Redemption of share capital	(2,823)	-	-	(2,823)
Dividends paid	-	(7,699)	-	(7,699)
Balance, December 31, 2021	34,258	34,321	(2,309)	66,270

Consolidated Statement of Cash Flows

For the year ended December 31, 2021
(\$s in thousands)

	2020 \$	2019 \$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Income from continuing operations	5,559	4,496
Adjustments for:		
Amortization	9,757	10,050
Deferred income tax	1,200	2,168
Current income tax	724	(608)
Net finance costs	5,190	5,345
Loss on impairment of property, plant and equipment	-	366
Loss on disposal of property, plant and equipment	111	277
	22,541	22,094
Change in non-cash working capital items	(1,094)	183
Taxes paid	(556)	(117)
Interest received	212	339
Increase in employee future liabilities	(422)	4
Cashflows from operating activities of discontinued operations	-	14,836
	20,681	37,339
Investing activities		
Purchase of property, plant and equipment	(3,522)	(3,275)
Transfers from/(to) restricted cash account	(2,928)	(1,103)
Cashflows from/(used in) investing activities of discontinued operations	-	81,526
	(6,450)	77,148
Financing activities		
Repayment of long-term debt	(6,676)	(6,455)
Principal portion of lease payments	(477)	(436)
Interest paid	(5,034)	(5,284)
Net proceeds receivable from City of Peterborough	6,193	(6,193)
Redemption of share capital	(2,823)	(23,017)
Dividends paid	(7,699)	(43,018)
Cashflows used in financing activities of discontinued operations	(1,984)	(32,826)
	(18,500)	(117,229)
Net increase (decrease) in cash	(4,269)	(2,742)
Cash and cash equivalents, beginning of year – continuing operations	25,073	23,976
Cash and cash equivalents, beginning of year – discontinued operations	-	3,839
Cash and cash equivalents – beginning of year	25,073	27,815
Cash and cash equivalents, end of year – continuing operations	20,804	25,073
Cash and cash equivalents, end of year – discontinued operations	-	-
Cash and cash equivalents – end of year	20,804	25,073

2021 Board of Directors

We are very proud of CoPHI's track record of success, both financially and in serving our customers and community. In 2020, financial performance and our total contribution to the community remained strong despite the challenges facing all during the year.

We continue to focus on creating value for our shareholder and customers, and we believe that starts with good governance and risk management. As a Board and through our Board Committees, we have emphasized attention to risk, safety, and our employees, as cornerstones to everything that we do.



*Nancy Brown
Andison, Chair*



*Mayor
Diane Therrien*



Arlynn Dupuis



Ross Garland



Louise Lalonde



Louis O'Brien



Keith Riel

Executive Team



*John Stephenson
President &
Chief Executive
Officer*



*Kyle Davis
Chief Financial
Officer*



*Patrick Devlin
Vice-President
Water Services*



*John Wynsma
Vice-President
Generation
& Retail Services*



*Carrie Rucska
Director
Information
Technology*

2021 Directors by Board and Committee

CITY OF PETERBOROUGH HOLDINGS INC.

Nancy Brown Andison, Chair
Louise Lalonde, Vice-Chair
Mayor Diane Therrien
Councillor Keith Riel
Arlynn Dupuis
Ross Garland
Louis O'Brien

PETERBOROUGH UTILITIES INC.

Ross Garland, Chair
Nancy Brown Andison
Louis O'Brien

PETERBOROUGH UTILITIES SERVICES INC./ PUG SERVICES CORP.

Louis O'Brien, Chair
Ross Garland, Vice-Chair
Nancy Brown Andison

AUDIT COMMITTEE

Louise Lalonde, Chair
Arlynn Dupuis
Louis O'Brien

GOVERNANCE & NOMINATING COMMITTEE

Arlynn Dupuis, Chair
Nancy Brown Andison
Mayor Diane Therrien



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