

Council Meeting Addendum Agenda

Regular Council Meeting

Monday, April 25, 2022

7:00 p.m.

Virtual Location

This meeting is open to the public and is available through an online platform. Please subscribe to the Township of Wilmot You Tube Channel to watch the live stream or view after the meeting. Delegations must register with the Information and Legislative Services Department. The only matters being discussed at this meeting will be those on the Agenda.

Pages

5. ADDITIONS TO THE AGENDA

***5.1. Kitchener Power Corporation Annual Report**

10. PRESENTATIONS

***10.2. Kitchener Power Corporation Annual Report, COR-2022-24**

2

RECOMMENDATION

THAT Report COR 2022-020 be received for information purposes; and further,

THAT the audited financial statements of Kitchener Power Corporation for the year ended December 31, 2021 as audited by KPMG LLP, as presented, are hereby received; and further,

THAT Mr. James Phillips, Ms. Rosa Lupo and during their tenure, Mayor Berry Vrbanovic, Mayor Les Armstrong, Mr. Bil Ioannidis, Ms. Kelly Galloway-Sealock and President & CEO Mr. Jerry Van Ooteghem be hereby elected Directors of Kitchener Power Corporation for a one year term or until they otherwise cease to be a director of the Corporation; and,

THAT KPMG, LLP be hereby appointed as Auditors of Kitchener Power Corporation for the ensuing fiscal year and the Directors are authorized to set their remuneration.



CORPORATE SERVICES

Staff Report

REPORT NO: COR 2022-020

TO: Council

SUBMITTED BY: Patrick Kelly CPA, CMA Director of Corporate Services / Treasurer

PREPARED BY: Patrick Kelly CPA, CMA Director of Corporate Services / Treasurer

REVIEWED BY: Sharon Chambers, CAO

DATE: April 25, 2022

SUBJECT: Kitchener Power Corporation Annual Report

RECOMMENDATION:

THAT Report COR 2022-020 be received for information purposes; and further,

THAT the audited financial statements of Kitchener Power Corporation for the year ended December 31, 2021 as audited by KPMG LLP, as presented, are hereby received; and further,

THAT Mr. James Phillips, Ms. Rosa Lupo and during their tenure, Mayor Berry Vrbanovic, Mayor Les Armstrong, Mr. Bil Ioannidis, Ms. Kelly Galloway-Sealock and President & CEO Mr. Jerry Van Ooteghem be hereby elected Directors of Kitchener Power Corporation for a one year term or until they otherwise cease to be a director of the Corporation; and,

THAT KPMG, LLP be hereby appointed as Auditors of Kitchener Power Corporation for the ensuing fiscal year and the Directors are authorized to set their remuneration.

SUMMARY:

This report provides an overview regarding the 2021 Annual Report for Kitchener Power Corporation (KPC), and seeks Council approval of the audited financial statements, support for the elected representatives to the board of directors, and appointment of auditors for the ensuing fiscal year.

BACKGROUND:

Kitchener Power Corp. (the “Corporation”) is a holding company for the affiliate companies, Kitchener-Wilmot Hydro Inc. and Kitchener Energy Services Inc., and is itself wholly owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot.

The Township is a minority shareholder, owning a 7.75% interest, with the remaining ownership share of 92.25% belonging to the City of Kitchener.

REPORT:

On an annual basis, representatives from Kitchener Power Corp. present the results from the previous fiscal year to the shareholder Councils in Wilmot and Kitchener.

Mr. James Phillips, Chair of KPC and Mr. Jerry Van Ooteghem, President and CEO will be present at the Council meeting to outline the results from the year ended December 31, 2021, and attend to any questions of Council.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

This report is aligned with the Strategic Plan goal of Responsible Governance through the action of Fiscal Responsibility. The public disclosure of financial information to Council and the community adheres to the requirements of the Municipal Act, and the Township’s Policy on Accountability and Transparency.

ACTIONS TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS:

This report and the proposed actions are consistent with the Sustainable Development Goals for Sustainable Cities and Communities, Responsible Consumption and Production, and Peace, Justice and Strong Institutions.

FINANCIAL CONSIDERATIONS:

The Township is the recipient of annual dividends from Kitchener Power Corp. in addition to interest on a promissory note.

The 2022 Budget estimated total investment income of \$562,700 from Kitchener Power Corp.

ATTACHMENTS:

- Financial Statement of Kitchener Power Corp. (Consolidated)
- Slide Presentation from Kitchener Wilmot Hydro Inc.

Financial Statements of

Kitchener Power Corp.
Consolidated

Year ended December 31, 2021
(Expressed in thousands of dollars)



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 Waterloo ON N2J 5A3 Canada
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kitchener Power Corp.

Opinion

We have audited the consolidated financial statements of Kitchener Power Corp. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Page 2

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

April 11, 2022

KITCHENER POWER CORP.

Consolidated Statement of Financial Position

As at December 31, 2021, with comparative information for 2020
(Expressed in thousands of dollars)

	Note	2021	2020
Assets			
Current assets			
Cash	4	\$ 6,079	\$ 6,861
Accounts receivable	5	21,287	15,709
Unbilled revenue		14,705	29,865
Inventory	6	3,080	2,458
Prepaid expenses		1,082	1,146
Income taxes receivable		30	5
Total current assets		46,263	56,044
Non-current assets:			
Property, plant and equipment	7	279,444	267,581
Intangible assets	8	11,185	8,079
Deferred tax assets	9	302	211
Investment in subsidiaries and associates		893	838
Total non-current assets		291,824	276,709
Total assets		338,087	332,753
Regulatory deferral account debit balances	10	25,396	19,661
Total assets and regulatory assets		\$ 363,483	\$ 352,414

KITCHENER POWER CORP.

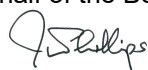
Consolidated Statement of Financial Position

Year ended December 31, 2021, with comparative information for 2020
(Expressed in thousands of dollars)

	Note	2021	2020
Liabilities and Shareholder's Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 32,821	\$ 37,744
Income taxes payable		-	32
Current portion of lease liabilities	17	42	-
Current portion customer deposits	13	8,530	8,945
Current portion of deferred revenue		1,185	1,069
Total current liabilities		42,578	47,790
Non-current liabilities:			
Long-term debt	11	76,963	76,963
Employee future benefits	12	6,012	5,937
Long-term customer deposits	13	5,675	5,833
Long-term portion of lease liabilities	17	556	-
Deferred revenue		44,451	39,759
Deferred tax liability	9	8,675	4,415
Total non-current liabilities		142,332	132,907
Total liabilities		184,910	180,697
Shareholder's equity:			
Share capital - common shares	14	66,389	66,389
Retained earnings		108,261	101,452
Accumulated other comprehensive loss		-620	-620
Total shareholder's equity		174,030	167,221
Total liabilities and shareholder's equity		358,940	347,918
Regulatory deferral account credit balances	10	779	2,276
Deferred taxes associated with regulatory accounts		3,764	2,220
Impact of COVID-19 pandemic	27		
Total equity, liabilities and shareholder's equity		\$ 363,483	\$ 352,414

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:



Director



Director

KITCHENER POWER CORP.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020
(Expressed in thousands of dollars)

	Note	2021	2020
Energy sales	\$	205,727	\$ 239,962
Cost of energy sold		208,472	245,909
		(2,745)	(5,947)
Other operating revenue			
Distribution sales		45,033	42,690
Other income	15	3,319	2,873
Net operating revenue		45,607	39,616
Expenses:			
Operations and maintenance		11,552	11,405
Customer services		5,674	5,313
Administration		6,452	5,542
Amortization		10,977	10,022
		34,655	32,282
Other			
Energy conservation program revenue		(1,262)	(727)
Energy conservation program expense		1,277	713
Net energy conservation programs		15	(14)
Finance income	16	(39)	(132)
Finance charges	16	2,509	2,981
Net finance costs		2,470	2,849
Income before income taxes		8,467	4,499
Income tax expense	9	(520)	907
Income for the year before movements in regulatory deferral account balances		8,987	3,592
Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	10	2,208	6,847
Income for the year and net movements in regulatory deferral account balances		11,195	10,439
Total comprehensive income for the year	\$	11,195	\$ 10,439

The accompanying notes are an integral part of these financial statements.

KITCHENER POWER CORP.

Consolidated Statement of Changes in Equity

Year ended December 31, 2021, with comparative information for 2020
(Expressed in thousands of dollars)

	Share capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2020	\$ 66,389	\$ (620)	\$ 95,195	\$ 160,964
Net income before other comprehensive income (loss)	-	-	10,439	10,439
Dividends	-	-	(4,182)	(4,182)
Balance at December 31, 2020	66,389	(620)	101,452	167,221
Net income before other comprehensive income (loss)	-	-	11,195	11,195
Dividends	-	-	(4,386)	(4,386)
Balance at December 31, 2021	\$ 66,389	\$ (620)	\$ 108,261	\$ 174,030

The accompanying notes are an integral part of these financial statements.

KITCHENER POWER CORP.

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020
(Expressed in thousands of dollars)

	2021	2020
Cash flows from operating activities:		
Total comprehensive income for the year	\$ 11,195	\$ 10,439
Adjustments to reconcile net income to cash provided by (used in) operations:		
Amortization	11,690	10,752
Amortization of deferred revenue	(1,140)	(1,016)
Gain on disposal of property, plant and equipment	(51)	(149)
Income tax expense	(520)	907
Income taxes paid	353	(816)
Interest on Lease Liability	24	-
Income from subsidiaries and associates	(55)	425
Increase decrease in employee future benefits	75	77
	21,571	20,619
Change in non-cash operating working capital:		
Accounts receivable	(5,580)	1,802
Unbilled revenue	15,159	(2,216)
Inventory	(622)	(134)
Prepaid expenses	64	201
Accounts payable and accrued liabilities	(4,923)	7,683
Other current liabilities	(299)	(303)
Change in regulatory debit balances	(5,735)	(10,261)
Change in regulatory credit balances	47	654
Change in deferred tax	4,282	1,900
Net cash from operating activities	23,964	19,945
Cash flows from investing activities:		
Proceeds on disposals of property, plant and equipment	370	151
Investments in subsidiaries and associates	-	(500)
Purchase of property, plant and equipment	(22,644)	(21,356)
Purchase of intangible assets	(3,733)	(4,565)
Net cash used in investing activities	(26,007)	(26,270)
Cash flows from financing activities:		
Net change in customer deposits	(158)	(355)
Dividends paid out	(4,386)	(4,182)
Change in contributed capital received	5,832	4,390
Repayment of long-term debt	-	(607)
Payment of lease liability	(27)	-
Net cash from financing activities	1,261	(754)
Change in cash and cash equivalents	(782)	(7,079)
Cash and cash equivalents, beginning of year	6,861	13,940
Cash and cash equivalents, end of year	\$ 6,079	\$ 6,861

The accompanying notes are an integral part of these financial statements.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

1. Reporting entity:

Kitchener Power Corp. (the "Corporation") is a holding company for the affiliate companies, Kitchener-Wilmot Hydro Inc. and Kitchener Energy Services Inc., and is itself wholly owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot.

The Corporation oversees the operations of Kitchener-Wilmot Hydro Inc., a regulated distribution company, and Kitchener Energy Services Inc., an unregulated retail services company. The Corporation also owns 33% of Grand River Energy Solutions Corp. (GRE), a generation and renewable energy solutions company.

It is located in the City of Kitchener. The address of the Corporation's registered office is 301 Victoria Street South, Kitchener, Ontario, Canada.

The financial statements are for the Corporation as at and for the year ended December 31, 2021.

Mergers of the holding companies, Kitchener Power Corp. and Waterloo North Hydro Holding Corporation and the local distribution companies, Kitchener-Wilmot Hydro Inc. and Waterloo North Hydro Inc. were proposed in 2021. The proposals have been agreed to by the City of Kitchener and Township of Wilmot councils. A Mergers, Amalgamations, Acquisitions and Divestitures (MAADs) application was filed on February 4, 2022 seeking permission from the Ontario Energy Board ("OEB") to proceed with the proposed merger.

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements were approved by the Board of Directors on March 25, 2022.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

- (i) Where held, financial instruments at fair value through profit or loss
- (ii) Contributed assets are initially measured at fair value.

The methods used to measure fair values are discussed further in note 23.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

2. Basis of presentation (continued):

(d) Use of estimates and judgments:

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 disclosure 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 any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- i) Note 3(b) – Determination of the performance obligation for contributions from customers and the related amortization period
- ii) Note 7 – Property, plant and equipment
- iii) Note 9 – Deferred tax assets
- iv) Note 12 – Employee future benefits
- v) Note 18 – Commitments and contingencies

(e) Rate regulation:

The Corporation 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 fulfill 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 Corporation, 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.

Rate setting:

Distribution revenue and electricity rates

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. All low volume customers without a contract with an energy retailer are charged the OEB mandated rate for electricity. If a customer (regardless of volume) has a retailer agreement, then retailer rates are charged instead. All remaining consumers pay the market price for electricity. The

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

2. Basis of presentation (continued):

(e) Rate regulation (continued):

Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

For the distribution revenue included in electricity sales, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every four years where rates are determined through a review of the forecasted annual amount of operating and capital expenses, debt and shareholder’s equity required to support the Corporation’s business. The Corporation 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 intervenors and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years, an Incentive Rate Mechanism application (“IRM”) 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 Corporation 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 Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation filed a COS application on April 30, 2019 for rates effective January 1, 2020 to December 31, 2020. The GDP IPI-FDD for 2021 is 3.3%, the Corporation’s productivity factor is 0% and the stretch factor is 0.15%, resulting in a net adjustment of 3.15% to the previous year’s rates.

Electricity rates were impacted by the COVID-19 pandemic, distribution rates were unaffected, which has been discussed further in Note 27.

(f) Investments

Investments in subsidiary companies, associates and other long-term investments are accounted for by the equity method. Dividends received are recorded as a reduction of the carrying value of these investments.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements unless otherwise indicated.

(a) Financial instruments:

At initial recognition, the Company measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined on initial recognition. Financial assets are classified as either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets.

Financial liabilities are initially measured at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

The Corporation has not entered into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

Cash equivalents include short-term investments with maturities of three months or less when purchased.

(b) Revenue recognition:

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to 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 Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers 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 Corporation'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.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants and the related performance incentive payments under 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.

(c) Inventory:

Inventory, comprising material and supplies, the majority of which is consumed by the Corporation 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 material and supplies and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is transferred from customers, its fair value, less accumulated depreciation.

Consistent with IFRS 1, the Corporation elected to use the carrying amount as previously

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

determined under Canadian GAAP as the deemed cost at January 1, 2015, the transition date to IFRS.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of PP&E are determined by comparing the proceeds from disposal, if any, with the carrying amount of the item of PP&E and are recognized net within other income 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 property, plant and equipment 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 Corporation and its cost can be measured reliably. In this event, the replaced part of property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount and is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. The depreciable amount is cost. Land is not depreciated. Construction-in-progress assets are not amortized until the projects are complete and in service.

The estimated useful lives are as follows:

Buildings	20-50 years
Transformer station equipment	15-50 years
Distribution station equipment	15-50 years
Distribution system	25-60 years
Meters	15-25 years
SCADA equipment	15 years
Other capital assets	3-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(e) Intangible assets (continued):

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Land rights:

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 Corporation does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are:

Computer software	3-10 years
Land rights	100 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

(f) Impairment:

(i) Financial assets:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventories 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"). The recoverable amount of an asset or cash-generating unit 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 cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For assets other than goodwill, impairment recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Corporation 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.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(h) Regulatory deferral accounts:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances are assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

Regulatory deferral accounts attract interest at OEB prescribed rates. With the exception of Pension and OEB Forecast Accrual accounts (OPEBs), the rate for 2021 was 0.57%. Prior year rates from January to June 2020 were 2.18%, July to December 2020 were 0.57%.

In 2021, OPEB rates were 2.03% for the period January to March, and 2.29% for the period April to December. In 2020, OPEBs were 2.88% for the period January to March, 2.48% for the period April to September and 2.03% for the period October to December.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(i) Employee future benefits:

(i) Pension plan:

The Corporation 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 Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net income on a straight-line basis over the average period until the benefits become vested. In circumstances where the benefits vest immediately, the expense is recognized immediately in net income.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(j) Deferred revenue and assets transferred from customers:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue. Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(k) Leased assets:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assess whether:

- (a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) The Corporation has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- (c) The Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either the Corporation has the right to operate the asset, or the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of a right-of-use asset is determined on the same basis as those for property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued):

(l) 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 on regulatory assets.

Finance charges comprise interest expense on borrowings, finance lease obligations, regulatory liabilities and unwinding of the discount on provisions and impairment losses on financial assets. Finance costs are recognized as an expense unless they are capitalized as part of the cost of qualifying assets.

(m) 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 Corporation 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 Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax is the tax payable on the taxable income 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 using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

4. Cash:

		2021		2020
Cash	\$	6,079	\$	6,861

5. Accounts receivable:

		2021		2020
Customer and other trade receivables	\$	21,027	\$	15,667
Trade receivables from related parties		260		42
	\$	21,287	\$	15,709

6. Inventory:

The amount of inventories consumed by the Corporation and recognized as an expense during 2021 was \$373 (2020 - \$279).

7. Property, plant and equipment:

(a) Cost or deemed cost:

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Right-of-use assets	Total
Balance at January 1, 2021	\$ 26,433	\$ 277,793	\$ 9,992	\$ 5,837	\$ -	320,055
Transfer to Intangible Assets	1,380	2,316	1,099	17,849	601	23,245
Transfers	692	19,982	28	(20,702)	-	-
Disposals/Retirements	(65)	11	(3,683)	(230)	-	(3,967)
Balance at December 31, 2021	\$ 28,440	\$ 300,102	\$ 7,436	\$ 2,754	\$ 601	\$ 339,333

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Right-of-use assets	Total
Balance at January 1, 2020	\$ 24,729	\$ 260,009	\$ 9,723	\$ 5,487	\$ -	299,948
Additions	1,709	17,846	1,451	350	-	21,356
Disposals/Retirements	(5)	(62)	(1,182)	-	-	(1,249)
Balance at December 31, 2020	\$ 26,433	\$ 277,793	\$ 9,992	\$ 5,837	\$ -	\$ 320,055

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

7. Property, plant and equipment (continued):

(b) Accumulated depreciation:

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Right-of-use assets	Total
Balance at January 1, 2021	\$ 3,429	\$ 46,021	\$ 3,024	\$ -	\$ -	52,474
Depreciation charge	758	8,818	1,467	-	20	11,063
Disposals/Retirements	(65)	11	(3,594)	-	-	(3,648)
Balance at December 31, 2021	\$ 4,122	\$ 54,850	\$ 897	\$ -	\$ 20	59,889

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Right-of-use assets	Total
Balance at January 1, 2020	\$ 2,718	\$ 37,766	\$ 2,853	\$ -	\$ -	43,337
Depreciation charge	716	8,317	1,351	-	-	10,384
Disposals/Retirements	(5)	(62)	(1,180)	-	-	(1,247)
Balance at December 31, 2020	\$ 3,429	\$ 46,021	\$ 3,024	\$ -	\$ -	52,474

(c) Carrying amounts:

	Land and buildings	Distribution equipment	Other fixed assets	Construction- in-progress	Right-of-use assets	Total
At December 31, 2021	\$ 24,318	\$ 245,252	\$ 6,539	\$ 2,754	\$ 581	279,444
At December 31, 2020	\$ 23,004	\$ 231,772	\$ 6,968	\$ 5,837	\$ -	267,581

(d) Leased plant and equipment:

In May 2021, the Corporation entered into a lease agreement with Grand River Energy Solutions Corp., an associated company, for the construction and lease of solar PV roof-top equipment located at the Corporation's registered office. A right-of-use asset and corresponding lease liability of \$601 were recorded.

(e) Security:

At December 31, 2021, the Corporation had zero properties subject to a general security agreement.

(f) Borrowing costs:

During the year, borrowing costs of \$ nil (2020 - \$ nil) were capitalized as part of the cost of property, plant and equipment.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

7. Property, plant and equipment (continued):

(g) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment and the amortization of intangible assets has been allocated to profit or loss as follows:

	Operations and maintenance expense	Customer services expense	Administration expense	Energy conservation expense	Other	Total
December 31, 2021:						
Depreciation of property, plant and equipment	\$ 702	\$ 9	\$ -	\$ 2	\$ 10,350	\$ 11,063
Amortization of intangible assets	-	-	-	-	627	627
	\$ 702	\$ 9	\$ -	\$ 2	\$ 10,977	\$ 11,690
December 31, 2020:						
Depreciation of property, plant and equipment	\$ 717	\$ 6	\$ -	\$ 7	\$ 9,654	\$ 10,384
Amortization of intangible assets	-	-	-	-	368	368
	\$ 717	\$ 6	\$ -	\$ 7	\$ 10,022	\$ 10,752

8. Intangible assets:

(a) Cost or deemed cost:

	Computer Software	Land Rights	Total
Balance at January 1, 2021	\$ 10,938	\$ 8	\$ 10,946
Additions	3,733	-	3,733
Disposals	(2,833)	-	(2,833)
Balance at December 31, 2021	\$ 11,838	\$ 8	\$ 11,846
Balance at January 1, 2020	\$ 6,373	\$ 8	\$ 6,381
Transfers in from CIP	4,565	-	4,565
Balance at December 31, 2020	\$ 10,938	\$ 8	\$ 10,946

Included within Computer Software is \$250 (2020 - \$7,433) of intangible assets under development.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

8. Intangible assets (continued):

(b) Accumulated amortization:

	Computer Software	Land Rights	Total
Balance at January 1, 2021	\$ 2,859	\$ 8	\$ 2,867
Additions	627	-	627
Disposals	(2,833)	-	(2,833)
Balance at December 31, 2021	\$ 653	\$ 8	\$ 661
Balance at January 1, 2020	\$ 2,491	\$ 8	\$ 2,499
Additions	368	-	368
Balance at December 31, 2020	\$ 2,859	\$ 8	\$ 2,867

(c) Carrying amounts:

	Computer Software	Land Rights	Total
At December 31, 2021	\$ 11,185	\$ -	\$ 11,185
At December 31, 2020	\$ 8,079	\$ -	\$ 8,079

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

9. Income tax expense:

Current tax expense:

		2021		2020
Current period	\$	291	\$	1,297
Adjustment for prior periods		(700)		(332)
	\$	(409)	\$	965

Deferred tax expense:

		2021		2020
Original & reversal of temporary differences	\$	(20)	\$	(21)
Recognition of previously unrecognized tax losses		(91)		(38)
	\$	(111)	\$	(59)

Reconciliation of effective tax rate:

		2021		2020
Total comprehensive income for the year	\$	11,195	\$	10,439
Total income tax expense		(520)		907
Comprehensive income before income taxes		10,675		11,346
Income tax using the Corporation's statutory tax rate of 26.5%		2,829		3,007
Temporary differences not benefitted		(2,649)		(1,768)
Under (over) provided in prior periods		(700)		(332)
	\$	(520)	\$	907

Significant components of the Corporation's deferred tax balances are as follows:

		2021		2020
Deferred tax assets (liabilities):				
Plant and equipment	\$	(22,536)	\$	(16,989)
Non-vested sick leave		168		168
Employee benefits		1,593		1,573
Intangible assets		7		7
Loss carry-forward		295		204
Ontario refundable tax credits		6		14
Deferred revenue - contributed capital		12,094		10,819
	\$	(8,373)	\$	(4,204)

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

Regulatory deferral account balance:

The following is a reconciliation of the carrying amount for each class of regulatory deferral account balances:

	2020	Balances arising in the period	Recovery/ Reversal	Other	2021	Remaining recovery/ reversal period (years)
Regulatory deferral account debit balances						
Group 1 deferred accounts	\$ 8,716	\$ (1,174)	\$ 1,657	\$ 231	\$ 9,430	Note 1, Note 3
Regulatory asset recovery account	773	281	(232)	-	822	Note 1
Deferred tax asset	8,375	5,826	-	-	14,201	Note 2
LRAM	1,728	874	(1,728)	-	874	1
Other	69	-	-	-	69	Note 2
Total amount related to regulatory deferral account debit balances	\$ 19,661	\$ 5,807	\$ (303)	\$ 231	\$ 25,396	

	2020	Balances arising in the period	Recovery/ Reversal	Other	2021	Remaining recovery/ reversal period (years)
Regulatory deferral account credit balances						
Group 1 deferred accounts	1,718	(976)	(754)	230	218	Note 1
Other	558	3	-	-	561	3 Year
Total amount related to regulatory deferral account credit balances	2,276	(973)	(754)	230	779	

	2021	2020
Movements in regulatory accounts		
Net change in regulatory deferral account debit and credit balances	7,232	10,292
Less movement related to the balance sheet		
Deferred income tax	(5,826)	(2,585)
Deferred revenue	802	(860)
Amounts moved to property, plant, equipment	-	-
Net movement in regulatory deferral account balances related to profit or loss and the related deferral tax movement	2,208	6,847

Note 1 KWHI has been approved for collection of these amounts in its 2021 filing for 2022 rates.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

10. Regulatory deferral account balance (continued):

- Note 2 KWHI has not sought approval for the disposition of this amount as changes in underlying assumptions may reduce the amounts recorded in the account. KWHI may seek refunds in the future
- Note 3 In December 2020, KWHI was informed that beginning June 2015 charges were not included in the monthly power bill for one delivery point for Transmission Network Charges. KWHI has accrued a payable of \$6 million, offset by a regulatory asset. These monies will be collected through an OEB approved rate rider in 2022
- Note 4 **COVID-19 Emergency Deferral**
 The COVID-19 emergency deferral account comprises of four sub-accounts established to track incremental costs and lost revenues related to the COVID-19 pandemic: (i) Impacts from Complying with Government/OEB-initiated Customer Relief Programs, (ii) Bad Debt, (iii) Capital Related Revenue Requirement Impacts, and (iv) Other Costs and Savings.
 June 17, 2021, the OEB Staff released their report on the COVID-19 deferral accounts which introduces certain criteria to that need to be satisfied for amounts to be eligible for recovery. \$69 has been recorded in the COVID-19 Emergency Deferral Account as at December 31, 2021 (2020 - \$69).

11. Long-term debt:

Effective August 1, 2000, the Corporation incurred unsecured promissory notes payable to the City of Kitchener and the Township of Wilmot and have an interest rate of 3.23% per annum. Interest is payable in quarterly installments, in arrears, on March 31st, June 30th, September 30th and December 31st.

	2021		2020	
Senior unsecured debentures:				
City of Kitchener	\$	70,998	\$	70,998
Township of Wilmot		5,965		5,965
Senior unsecured debentures, net proceeds	\$	76,963	\$	76,963
Less: current portion of long-term debt	\$	-	\$	-
Total long-term debt	\$	76,963	\$	76,963

12. Employee future benefits:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2021 of \$6,012 was based on an actuarial valuation completed in 2020 using a discount rate of 3.1% (3.1% in 2020).

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

12. Employee future benefits (continued):

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:

		2021		2020
Defined benefit obligation, beginning of year	\$	5,937	\$	5,858
Current service cost		191		192
Interest cost		180		178
Benefits paid during the year		(296)		(291)
Accrued benefit liability, end of year	\$	6,012	\$	5,937

Components of net benefit expense recognized are as follows:

		2021		2020
Current service cost	\$	191	\$	192
Interest cost		180		178
Net benefit expense recognized	\$	371	\$	370

Actuarial losses recognized in other comprehensive income:

		2021		2020
Cumulative amount at January 1	\$	(620)	\$	(620)
Cumulative amount at December 31	\$	(620)	\$	(620)

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

12. Employee future benefits (continued):

The significant actuarial assumptions used in the valuation are as follows (weighted average):

		2021	2020
Accrued benefit obligation:			
Discount rate		3.1%	3.1%
Benefit cost for the year:			
	<u>Age</u>		
Withdrawal rate	18-29	3.50%	3.50%
	30-34	2.00%	2.00%
	35-39	1.7%	1.7%
	40-49	1.3%	1.3%
	50-54	1.0%	1.0%
Assumed health care cost trend rates:			
Initial health care cost trend rate	Health	4.7%	4.4%
	Dental	4.9%	4.7%

The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	Benefit Obligation	Periodic Benefit Cost
1% increase in health care trend rate	\$ 218	\$ 27
1% decrease in health care trend rate	\$ (196)	\$ (23)

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

12. Employee future benefits (continued):

The main actuarial assumptions utilized for the valuation are as follows:

General inflation - future general inflation levels, as measured by the changes in the Consumer Price Index, were assumed at 2% in 2021, and thereafter (2020 - 2%).

Discount (interest) rate - the discount rate used to determine the present value of future liabilities and the expense for the year ended December 31, 2021, was 3.1% (2020 - 3.1%).

Salary levels - future general salary and wage levels were assumed to increase at 3.3% (2020 - 3.3%) per annum.

Medical costs - medical costs were assumed to be 4.7% for 2021 (4.4% for 2020)

Dental costs - dental costs were assumed to be 4.9% for 2021 (4.7% for 2020)

13. Customer and IESO deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

The Corporation delivers conservation and demand management programs for its customers on behalf of the IESO. Prepayments received from the IESO have been recorded and will be transferred to revenue as programs are delivered and the revenue is earned.

The deposits comprise:

		2021		2020
Customer deposits	\$	5,623	\$	6,424
Construction deposits		7,424		7,196
IESO deposit for energy conservation programs		1,158		1,158
Total customer and IESO deposits	\$	14,205	\$	14,778

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

14. Share capital:

	2021	2020
Authorized:		
Unlimited number of common shares		
Issued:		
20,000 common shares	\$ 66,389	\$ 66,389

Dividends:

The holders of the common shares are entitled to receive dividends as declared from time to time. The Corporation paid aggregate dividends in the year on common shares of \$4,386 (2020 - \$4,182).

15. Other operating revenue:

Other income comprises:

	2021	2020
Specific service charges	\$ 1,748	\$ 1,875
Deferred revenue	1,140	1,016
Scrap sales	187	101
Net gain on disposal of capital assets	51	149
Non-Utility Operation	4	-
Retailer services	39	48
Sundry	150	(316)
Total other income	\$ 3,319	\$ 2,873

16. Finance income and expense:

	2021	2020
Interest income on bank deposits	\$ 39	\$ 132
Finance income	39	132
Interest expense on long-term debt	2,472	2,496
Interest expense (recovery) on short-term debt	(256)	271
Interest expense on BMO Letter of Credit	123	123
Interest expense on deposits	35	91
Interest expense on capital lease	24	-
Other	111	-
	2,509	2,981
Net finance costs recognized in profit or loss	\$ 2,470	\$ 2,849

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

17. Lease Liabilities:

The Corporation has entered into a lease agreement for solar PV roof-top equipment representing right-of-use assets (note 7). The right-of-use assets are recognized at the present value of the minimum lease payments, plus any extensions estimated to be exercised, with the corresponding equivalent lease liability recognized. The Corporation has determined the lease terms based on all available information as at the reporting date.

Maturity Analysis - contractual undiscounted cash flows	2021	2020
Less than one year	\$ 42	\$ -
One to five years	228	-
More than five years	799	-
Total undiscounted lease liabilities at December 31, 2021	1,069	-
Interest included on the liabilities included in the statement of financial position at December 31, 2021	(471)	-
Lease Liabilities - current	42	-
Lease Liabilities - non-current	\$ 556	\$ -

18. Commitments and contingencies:**Contractual Obligations**

KWHI entered into a lease agreement with Grand River Energy Solutions Corp for a rooftop solar PV system (see note 17 for details).

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation 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 Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2021, no assessments have been made.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

19. Guarantees:

Kitchener Power Corp. is the guarantor for a line of credit issued by the Canadian Imperial Bank of Commerce on behalf of Grand River Energy Solutions Corp. (GRE Corp). GRE Corp. is one third owned by each of Kitchener Power Corp., Waterloo North Hydro Holding Corporation and Cambridge & North Dumfries Energy Plus Inc.; each of which has guaranteed a maximum of \$6 million in the event of default by GRE Corp.

20. Pension agreement:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2021, the Corporation made employer contributions of \$1,681 to OMERS (2020 - \$1,723). The Corporation's net benefit expense has been allocated as follows:

- a) \$439 (2020 - \$449) capitalized as part of property, plant and equipment;
- b) \$1,242 (2020 - \$1,274) charged to net income.

The Corporation estimates that a contribution of \$1,721 to OMERS will be made during the next fiscal year.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

21. Employee benefits:

		2021		2020
Salaries, wages and benefits	\$	19,657	\$	19,684
CPP and EI remittances		782		732
Contributions to OMERS		1,681		1,723
Expenses related to defined benefit plans		371		370
	\$	22,491	\$	22,509

22. Related party transactions:

(a) Parent and ultimate controlling party:

The Corporation is wholly-owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot. The City and the Township produce financial statements that are available for public use.

(b) Entity with significant influence:

The Corporation of the City of Kitchener exercises significant influence over the Corporation through its 92.25% ownership interest in the Corporation.

(c) 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 and is summarized below.

		2021		2020
Directors' fees	\$	93	\$	67
Salaries and other short-term benefits		1,106		1,061
Post employment benefits		20		19
Other long-term benefits (OMERS)		91		90
	\$	1,310	\$	1,237

(d) Transactions with parent:

During the year the Corporation paid management and business development services to its parent in the amount of \$ nil (2020 - \$ nil)

(e) Transactions with entity with significant influence:

In the ordinary course of business, the Corporation delivers electricity to the Corporation of the City of Kitchener. Electricity is billed to the City of Kitchener at prices and under terms approved by the OEB.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

22. Related party transactions (continued):

(f) Transactions with ultimate parent (the City of Kitchener)

In 2021, the Corporation had the following significant transactions with its ultimate parent, a government entity:

- Construction, contracted through Kitchener Wilmot Hydro Inc.
- Streetlight maintenance services contracted through Kitchener Energy Services Inc.
- Pre-merger costs paid by the City of Kitchener on behalf of KWHI and reimbursed in 2022

23. Financial instruments and risk management:**Fair value disclosure**

Cash and cash equivalents are measured at fair value. The carrying values of receivables, and accounts payable and accrued charges approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long term debt (senior unsecured debentures issued by the shareholders (City of Kitchener and Township of Wilmot)) approximates the carrying value due to the short term nature of the loan.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Kitchener and the Township of Wilmot. As of December 31, 2021, no customers accounted for more than 1% of total accounts receivable, \$21,287.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

23. Financial instruments and risk management (continued):

(a) Credit risk (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously provisioned are credited to net income. The balance of the allowance for impairment at December 31, 2021 is \$250 (2020 - \$500). The allowance was decreased due to an expected decrease in Covid-19 related bad debt. An impairment gain of \$127 (2020 loss of \$793) was recognized during the year. This is due to lower than expected bad debt related to COVID-19 and a reduction of the allowance for bad debt from \$500 to \$250 resulting from the lessening of economic impacts caused by the pandemic

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2021, approximately \$112 (2020 - \$314) is considered 60 days past due. The Corporation has over 100 thousand customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2021, the Corporation holds security deposits in the amount of \$14,205 (2020 - \$14,778).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

The Corporation does not hold any long-term debt that is subject to market rates. Consequently a 1% increase or decrease in the interest rate at December 31, 2021 would have no financial impact.

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$35,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. As at December 31, 2021, no amounts had been drawn under Bank of Montreal credit facility (2020 - \$ nil).

The Corporation also has a bilateral facility for \$35,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which \$35,000 has been drawn and posted with the IESO (2019 - \$35,000). The majority of accounts payable, as reported on the balance sheet, are due within 30 days.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

23. Financial instruments and risk management (continued):

(c) Liquidity risk (continued):

The Company's currently available liquidity is also expected to be sufficient to address any reasonably foreseeable impacts that the COVID-19 pandemic may have on the Company's cash requirements.

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2021, shareholder's equity amounts to \$174,830 (2020 - \$167,221) and long-term debt amounts to \$76,963 (2020 - \$76,963).

24. Revenue from Contracts with Customers

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include performance incentive payments under CDM programs.

		2021		2020
Revenue from Contracts with Customers	\$	252,110	\$	284,230
Other Revenue:				
CDM programs		1,262		727
Other		2,007		1,426
Total	\$	255,379	\$	286,383

In the following table, revenue from contracts with customers is disaggregated by type of customer.

		2021		2020
Residential	\$	111,252	\$	127,780
Commercial		137,661		153,515
Large Users		1,565		1,346
Other		1,632		1,589
Total Revenue	\$	252,110	\$	284,230

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

25. Change in Accounting Policy

The International Accounting Standards Board (IASB) has issued the following Standards, Interpretations and Amendments to Standards that were adopted by the Corporation effective January 1, 2021:

- a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)
- b) COVID-19 Related Rent Concessions (Amendment to IFRS 16)

The amendments and clarifications did not have an impact on the financial statements.

26. Future accounting pronouncements:

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company and it is still to be determined if any will have a material impact on the Company's financial statements.

- (a) Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

On May 14, 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16). The amendments clarify that proceeds from selling items before the related item of Property, Plant and Equipment is available for use should be recognized in profit or loss, together with the cost of producing those items. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

- (b) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37). This amendment clarifies which costs are included as a cost of fulfilling a contract when determining whether a contract is onerous. The amendments are effective for annual periods beginning on or after January 1, 2022 and apply to contracts existing at the date when the amendments are first applied. Early adoption is permitted.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

26. Future accounting pronouncements (continued):

(c) Annual Improvements to IFRS Standards 2018 -2020

On May 14, 2020, the IASB issued *Annual Improvements to IFRS Standards 2018 -2020*.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

IFRS 9 *Financial Instruments*

Clarifies which fees are included for the purpose of performing the '10 per cent test' for derecognition of financial liabilities.

IFRS 16 *Leases*

Removes the illustration of payments from the lessor relating to leasehold improvements.

The impact of adoption of these improvements is not expected to have an impact on the business.

(d) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include a requirement for companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

(e) Definition of Accounting Estimate (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

KITCHENER POWER CORP. - CONSOLIDATED

Notes to Financial Statements

Year ended December 31, 2021

(Expressed in thousands of dollars)

27. Impact of COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared that the COVID-19 outbreak was a global pandemic. In response, the Ontario Government implemented a number of emergency orders and/or other legislation to address the COVID related risks and support customers.

On March 25, 2020, the OEB established a deferral account for regulatory balances to record the costs of changes to billing systems resulting from the Ontario Government's TOU emergency order, other incremental costs and lost revenues associated with the COVID-19 pandemic. On June 17, 2021, the OEB Staff released their report on the COVID-19 deferral accounts which introduces certain criteria to that may need to be satisfied for amounts to be eligible for recovery.

On December 22, 2020, the Ontario Government amended O. Reg. 95/05 Classes of Consumers and Determination of Rates, setting both the TOU rates for on-peak, mid-peak, and off-peak and tiered rates at the TOU off-peak rate of 8.5 cents per kWh. That regulatory amendment was effective through February 22, 2021. On February 23, 2021, residential and small business customers resumed paying TOU and tiered pricing under the RPP at prices that were set by the OEB.

In light of the COVID-19 pandemic, new stay at home measures were introduced in Ontario on April 8, 2021 and the OEB ordered a ban on issuing disconnection notices to residential customers until May 6, 2021, which was extended until June 2, 2021. The Corporation extended its ban on disconnecting residential and low volume customers until the transition back into the OEB's annual recurring winter disconnection ban on November 15, 2020.

On June 17, 2021, the OEB issued its report on the Regulatory Treatment of Impacts Arising from the COVID-19 Emergency. The Corporation has assessed the balances recorded in the deferral account and has made no changes as a result of the report.

The financial impacts of COVID have been reflected in the financial statements. While the pandemic has resulted in incremental operating costs and lost revenues, the Company has evaluated the impact on the financial results as at and for the year ended December 31, 2021 and has determined that there was no material impact.

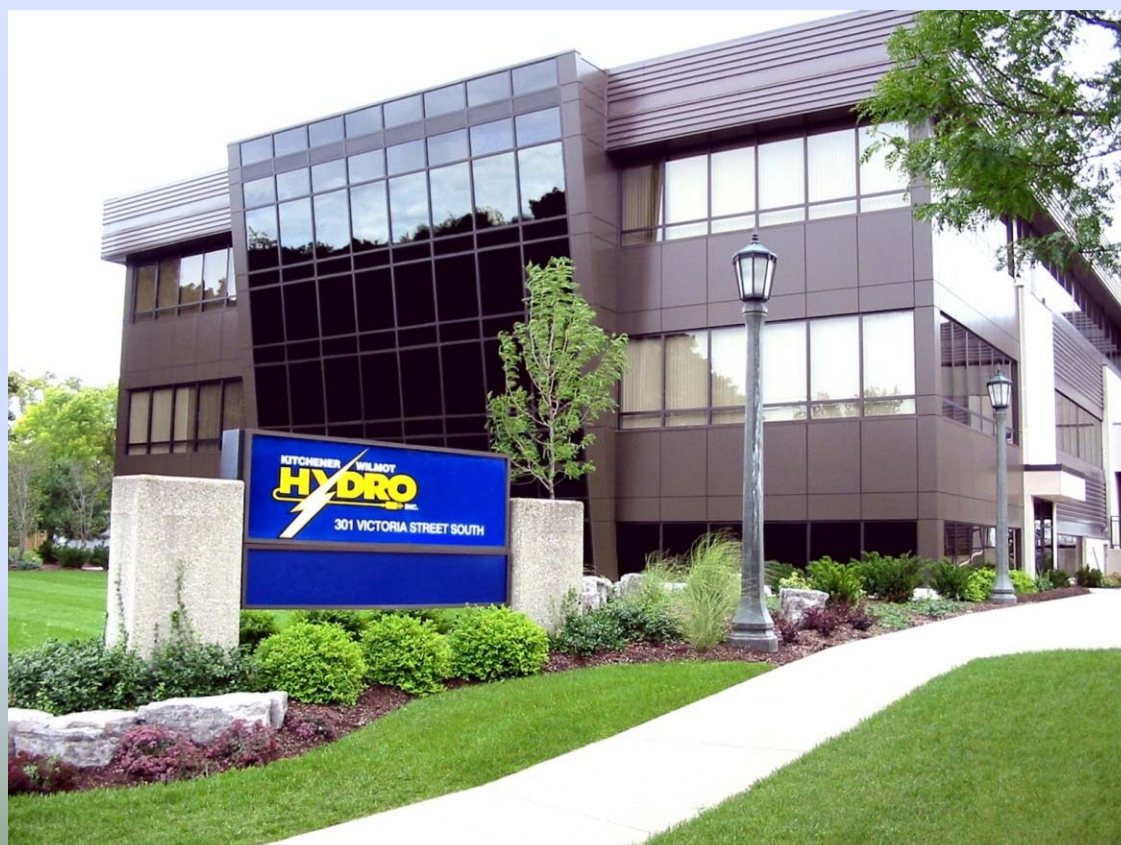
The Company continues to monitor and assess the impact of COVID to the Company's financial results and operations. Potential adverse impacts of the pandemic include, but are not limited to changes in cash flows, working capital and debt requirements.

28. Comparative Figures:

Certain comparative figures have been reclassified for conform with the current period's presentation.

Kitchener-Wilmot Hydro Inc.

*Your Local Supplier of Safe, Reliable and
Efficient Electricity Distribution Services*



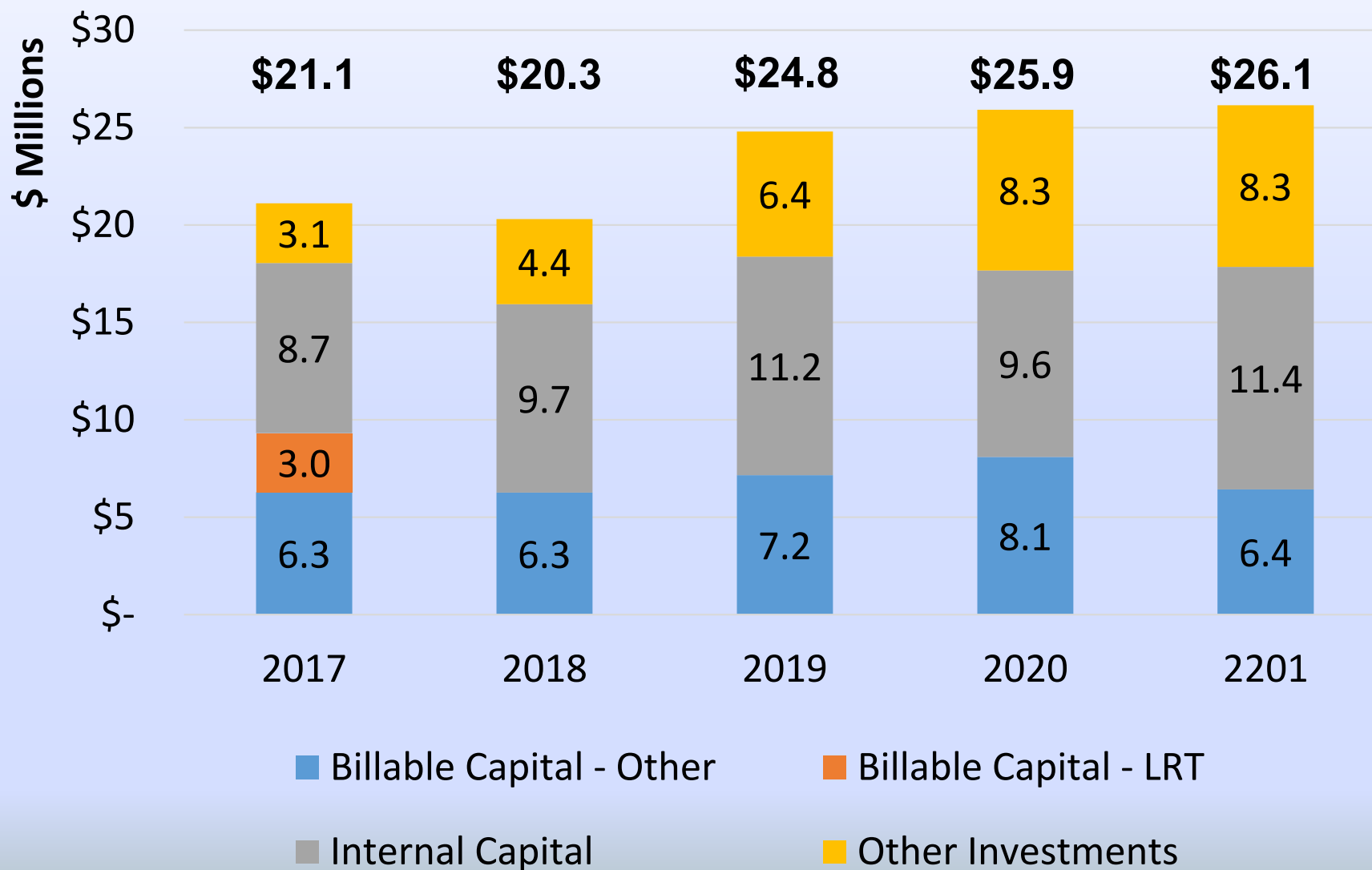
Statistics

- **Number of Customers: 100,053 (99,026 in 2020)**
 - **Residential 90,962**
 - **Small Business 8,103**
 - **Commercial 988**
- **Billed Energy Consumption = 1,839M kWhs (1,820M kWhs in 2020)**
- **Peak Demand = 363 MW (386 MW in 2020)**

Financial Performance

- **Total Revenue = \$253.4M (\$285.6 in 2020)**
- **Distribution Revenue = \$44.8M (\$43.3M)**
- **Total Expenses = \$242.0M (\$274.7M)**
- **Operating Expenses = \$37.3M (\$36.4M)**
- **Net Income = \$11.4M (\$11.0M)**

Capital Investments



Operating Expense (\$M)

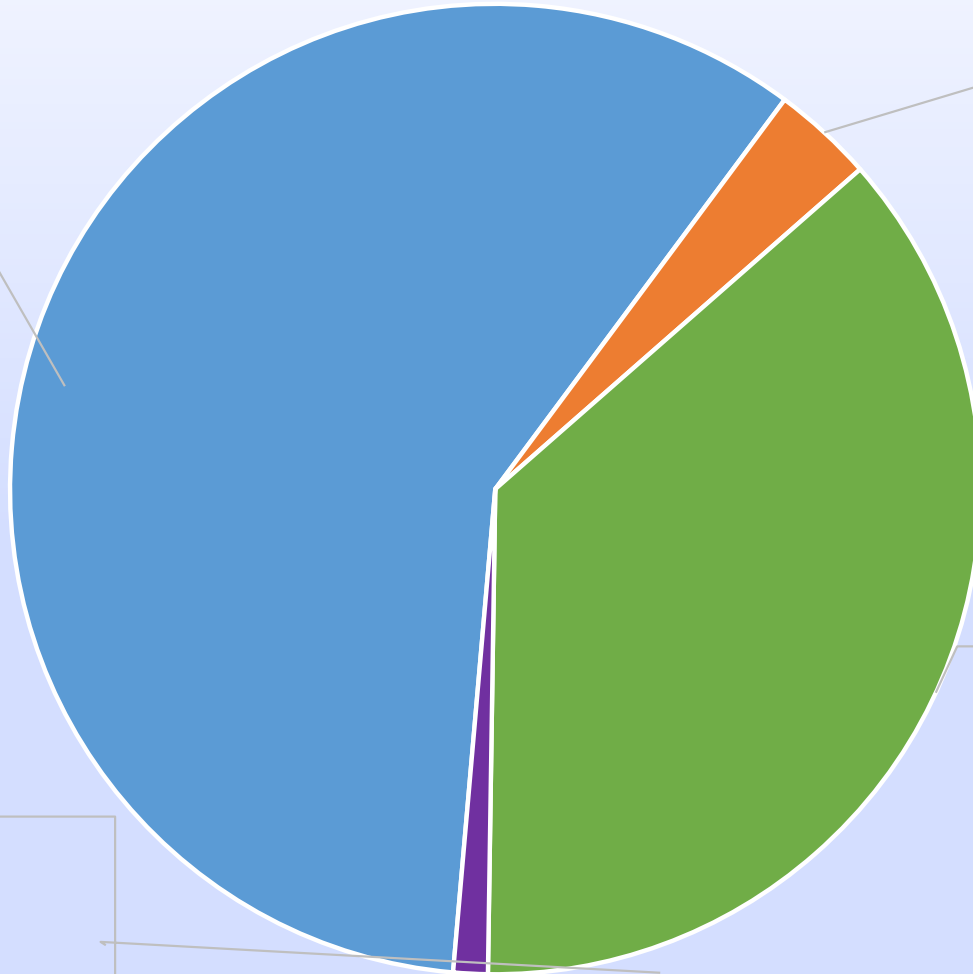
Controllable
\$22.4 M
60%

CDM
\$1.3 M
3%

**Interest,
Property Taxes
&
Amortization**
\$14.0 M
38%

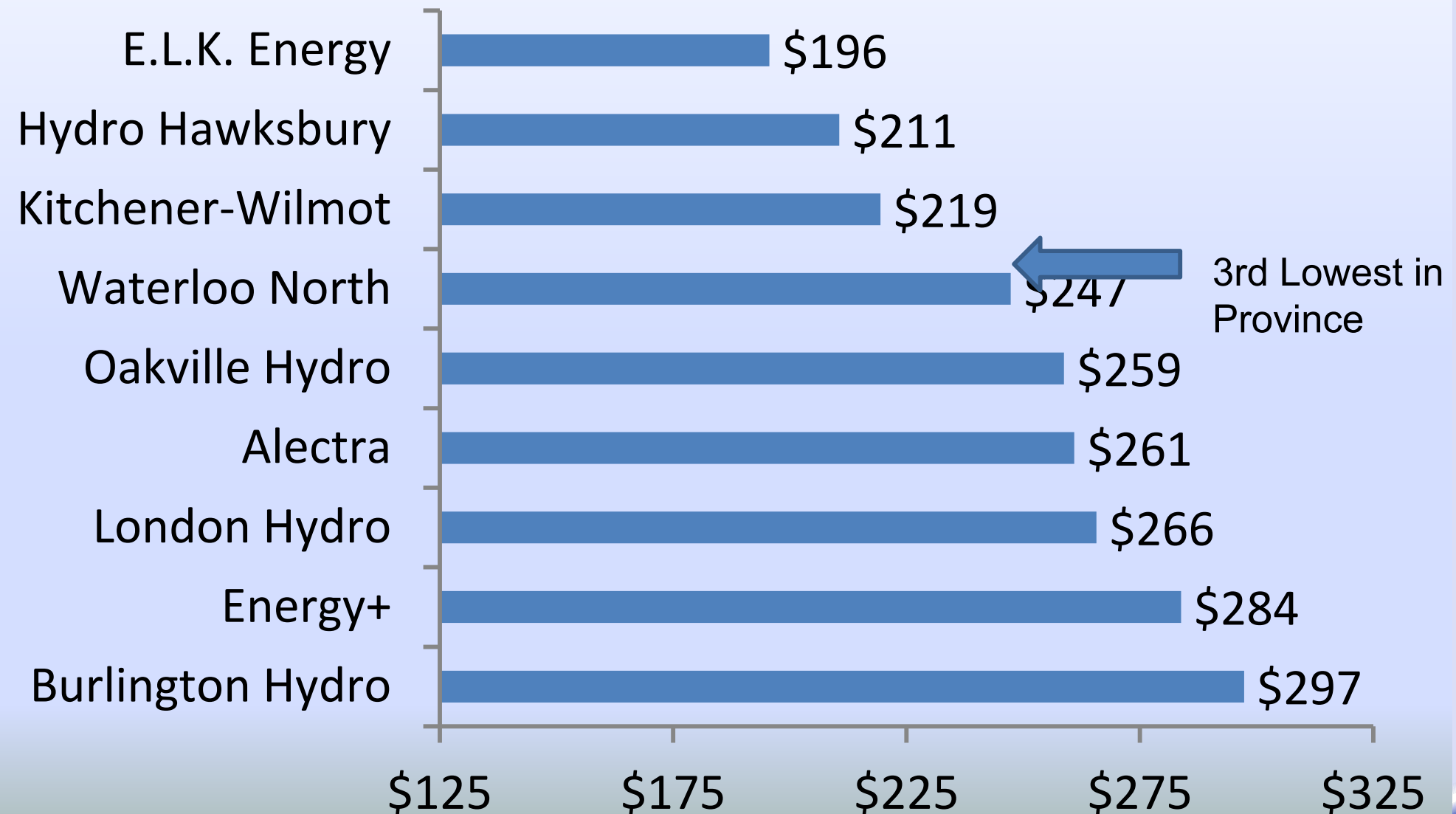
Income Taxes
\$(0.4)M
-1%

Total \$37.3M

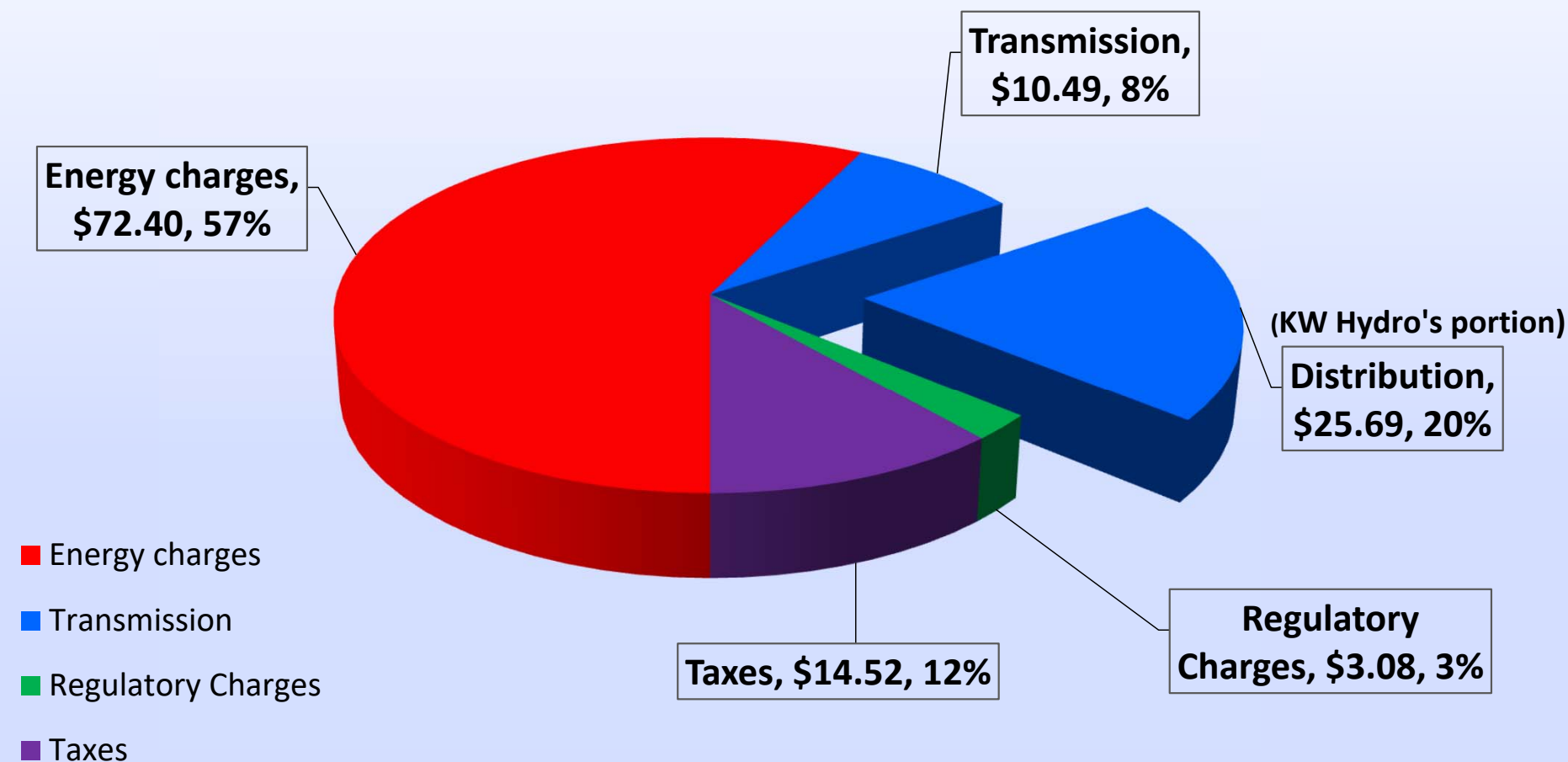


Note: A tax refund was received in 2021

2020 Controllable Cost Per Customer Per Year (as published by OEB)



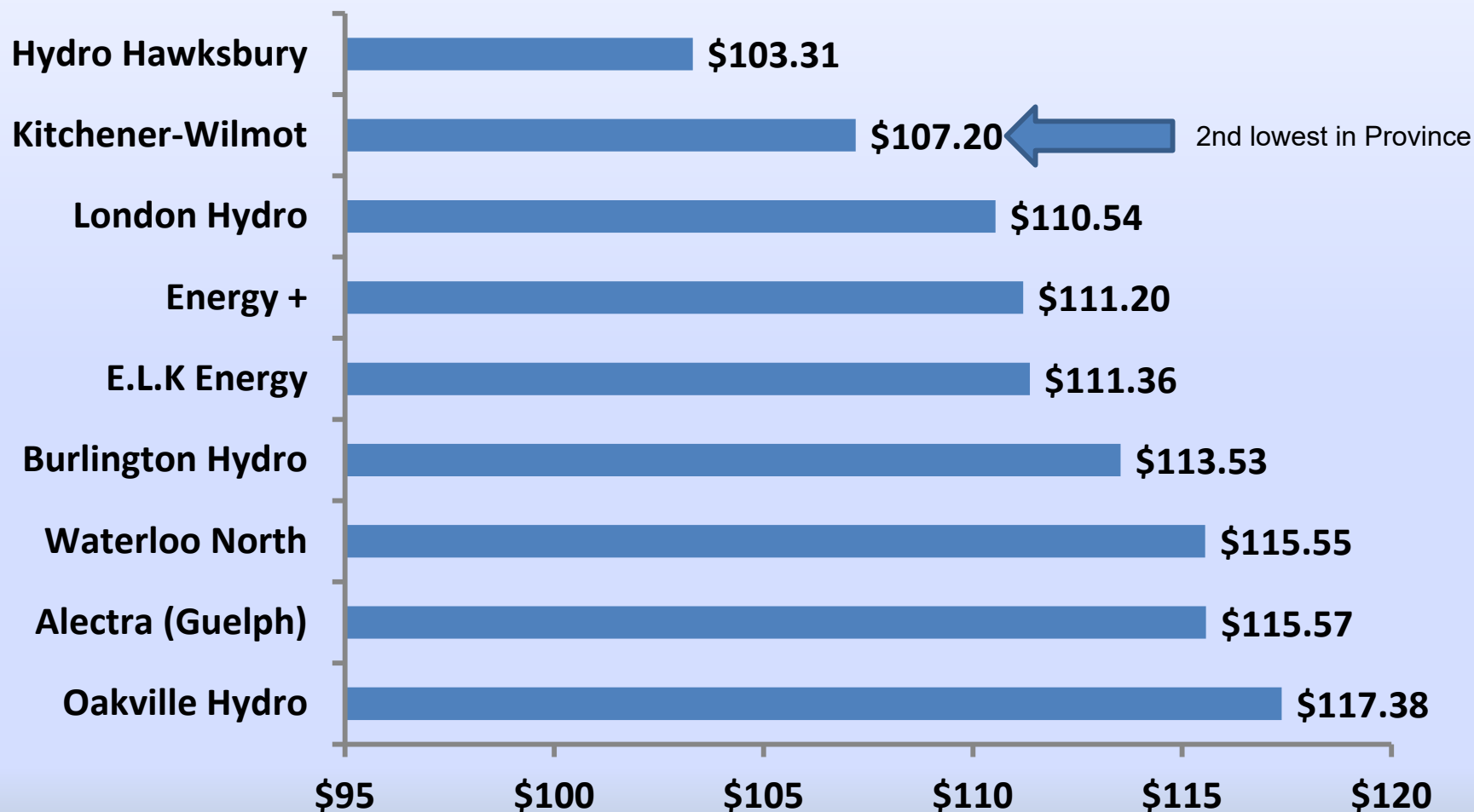
Rates for 700 kWh Residential Customer Effective Jan. 1/22



Total Bill \$107.20*

*Includes Ontario Electricity Rebate equal to \$18.98, or 17.0%

Monthly Residential bill (700 kWh) as at Jan. 1, 2022



Service Reliability Performance

Service Reliability Performance	Measurement	Provincial Average 2015 to 2019	2017	2018	2019	2020	2021
SAIDI	Average length of outage (minutes) for the system	163.68	54.9	41.1	60.9	31.8	34.1
SAIFI	Average number of interruptions per customer	1.50	1.02	0.97	1.05	0.92	0.71
MAIFI	Average number of momentary interruptions per customer	N/A	3.22	2.70	2.35	1.90	1.87

Note: In prior years the industry average *excluded* Hydro One.
The OEB no longer reports those figures. Industry average now *includes* Hydro One

Service Quality Performance

Customer Service Performance Indicator	Criteria	OEB Min Std	2019	2020	2021
			%	%	%
Connection of new LV services	5 working days	90%	99%	99%	97%
Telephone accessibility	Within 30 secs	65%	90%	88%	74%
Appointment scheduling, including underground cable locates	5 working days	90%	97%	95%	96%
Emergency response - urban	Within 60 mins	80%	91%	86%	100%
Emergency response - rural	Within 120 mins	80%	100%	100%	100%

On-Going Impact of COVID-19

- Continued with hybrid Work From Home/Work From Office for Office Staff. Staff levels adjusted during the year in accordance with public health guidelines ... currently 4 days per week at Office
- Some field crews are still reporting to remote locations at our Transformer Stations
- Supply chain issues have significantly affected material prices and deliveries
- Electricity demand is below pre-pandemic levels for commercial and institutional customer class

New Customer Information System

- After 2 years of effort by a dedicated and resilient team (during a pandemic) our new CIS system went live on September 27, 2021
- The new Oracle Customer Care & Billing system replaces a 30+ year old in-house solution that has served us very well.
- A new bill design was also implemented as part of the upgrade.

Merger of KWH and WNH

- After many months of study and financial, legal and technical due diligence, and following a public consultation process in October, the five municipal shareholders of Kitchener Power Corp. and Waterloo North Hydro Holding Corporation approved proceeding with a proposed merger of the two companies and their subsidiaries Kitchener-Wilmot Hydro and Waterloo North Hydro in December 2021.
- A Merger application was submitted to the Ontario Energy Board on January 31, 2022.
- Integration teams have been established and work is underway
- A decision is expected early summer and a possible Closing Date in Q3, 2022 is anticipated.

Community Initiatives



- Kitchener-Wilmot Hydro is proud to support a number of charities with donations to the Food Bank, United Way and House of Friendship. In addition, our employees continued to support several other charities.
- Provided sponsorship support to Centre-In-The-Square and two student awards at Conestoga College.
- Provided in-kind support to the Mike Schout Wetlands Preserve and A Better Tent City
- Provided tree reforestation grants to the City of Kitchener and the Township of Wilmot (\$2.23M since 1990)

Thank You