



2019
**Annual
Report**

Annual General Meeting
August 11, 2020 | 10 am



Building Connections for Life
Établir des liens pour la vie

Where a dollar went in 2019

62%
Electricity &
Global Adjustment

16.5%
Distribution
Charge

7.3%
Transmission
Charges

11.5%
HST less
Provincial Rebate

2.7%
Regulatory &
Debt Retirement



Did you
know?

GSH collects the entire bill, but keeps only **16.5%** to maintain the distribution system. Other agencies absorb the remaining 83.5%.

GSH DISTRIBUTION RATE CHANGE HAS AVERAGED:

0.95% per Year
over the past 5 years (2015-2019)

GSH Distribution Rate Change Over 5 Years (2015-2019)
4.77%
(based on avg. consumption of 750 kwh/month)

INFLATION RATE CHANGE OVER THE SAME 5 YEARS:

1.68% per Year
(2015-2019)

Cumulative Inflation Rate over 5 years (2015-2019):
8.38%
(source: www.inflation.eu/inflationrates/canada)

CAPEX 2019
\$12.1 M

CAPEX IN PAST 5 YRS
\$60.24 M
(Consolidated)

CHANGE IN EQUITY FROM
Jan 1, 2015-Dec 31, 2019
\$19.5 M

That's ~~67%~~ 67% increase over the past 5 years!

In 2019,
GSU added

\$5.5 Million in value to



DISCOUNTED

\$1.4 M

in telecom services in 2019

\$88k more than last year.

\$9,369,209 since 2004



INTEREST PAID

\$3.8M

On a "notional" loan in 2019

\$72,099,471

since 2001



ConverGen

TRANSFERRED

\$310k

cash to CGS in 2019

for landfill gasses, which would otherwise have been wasted.

\$3,602,858 since 2007

Total value of money and discounts
transferred to CGS since incorporation

= \$85,071,538



Consolidated Financial Statements

For the year ended December 31, 2019

Summary Consolidated Balance Sheet

(in millions of \$)

Assets

	2019	2018
Current assets	\$ 32.9	\$ 23.8
Capital assets	\$119.8	\$ 115.6
Other assets	\$ 15.9	\$ 14.8
Total Assets	\$168.6	\$154.2

Summary Consolidated Balance Sheet

(in millions of \$)

Liabilities and Shareholder's Equity

	2019	2018
Current liabilities	\$22.0	\$12.9
Promissory note payable to City	\$52.3	\$52.3
Deferred revenue, other liabilities and regulatory balances	\$20.1	\$18.9
Long-term obligations	\$25.6	\$23.1
Shareholder's Equity	\$48.6	\$47.0
Total Liabilities and Shareholder's Equity	\$168.6	\$154.2

Summary Statement of Earnings and Comprehensive Income

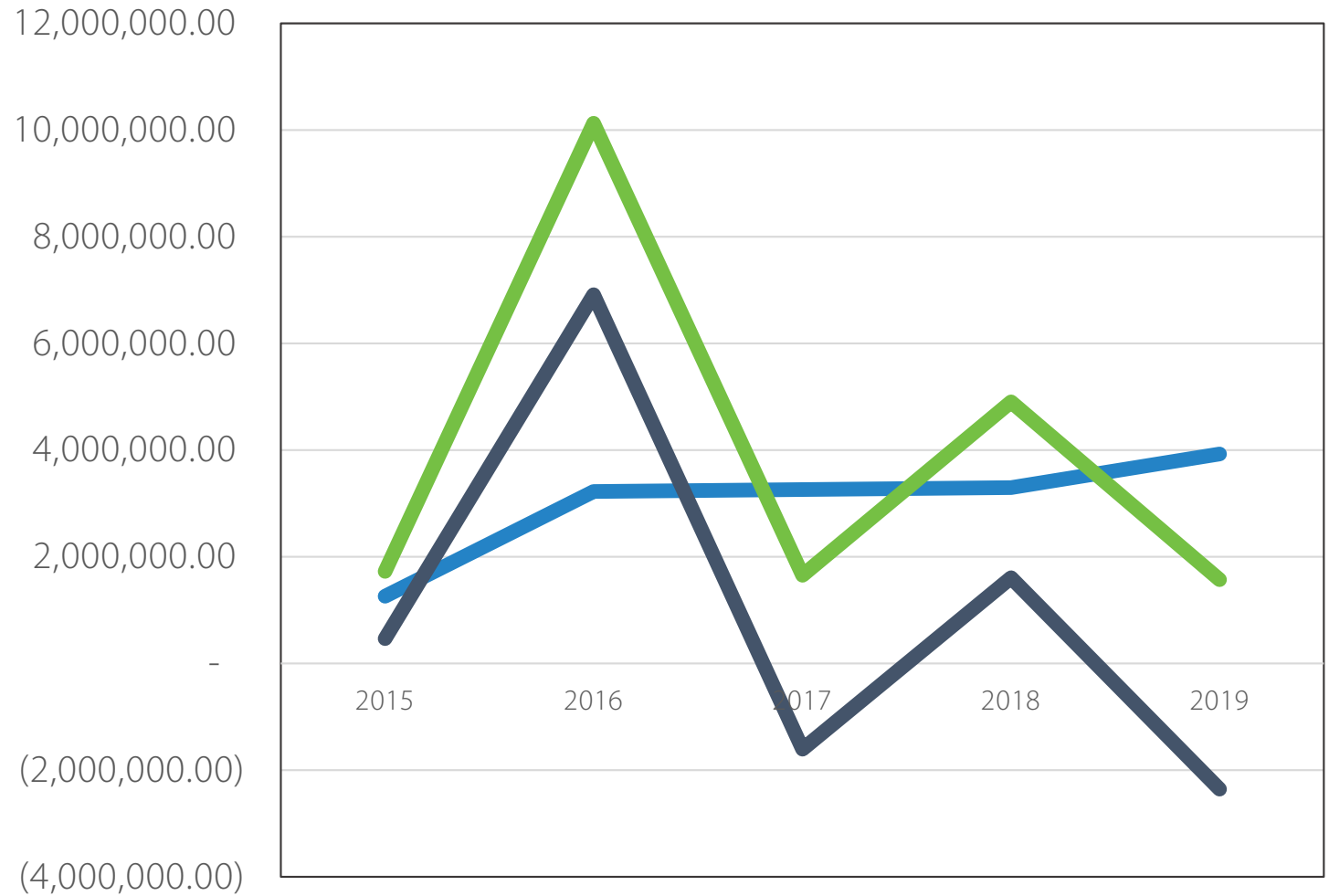
(in millions of \$)

	2019 Statements	2018 Statements
Revenue	\$147.2	\$141.0
<i>Less: Energy Sales</i>	(\$104.2)	(\$99.2)
GSU Revenue	\$43.0	\$41.8
Expenses	(\$145.6)	(\$136.1)
<i>Less: Energy Cost</i>	\$104.2	\$99.2
GSU Expenses	(\$41.4)	(\$36.9)
Total Comprehensive Net Income	\$1.6	\$4.9

Summary Statement of Earnings and Comprehensive Income Trending

- Net Income from Operations
- Actuarial Gain/(Loss)
- Net Income

Net Income - 5 Year Trend



Summary Statement of Earnings and Comprehensive Income

(in millions of \$)

Revenues

	2019	2018
Energy sales	\$104.2	\$99.2
Distribution revenue	\$23.7	\$23.0
Other revenues	\$19.3	\$18.8
Total Revenues	\$147.2	\$141.0

Summary Statement of Earnings and Comprehensive Income

(in millions of \$)

Expenses

	2019	2018
Cost of energy and net movement on regulatory accounts before taxes	\$104.2	\$99.2
Operating expenses, amortization, interest, taxes	\$35.9	\$34.3
Interest on promissory note payable to City	\$3.8	\$3.8
Loss (Gain) on Remeasurement of Future Benefit Obligation	\$1.7	(\$1.2)
Total Expenses	\$145.6	\$136.1

Cash Balances

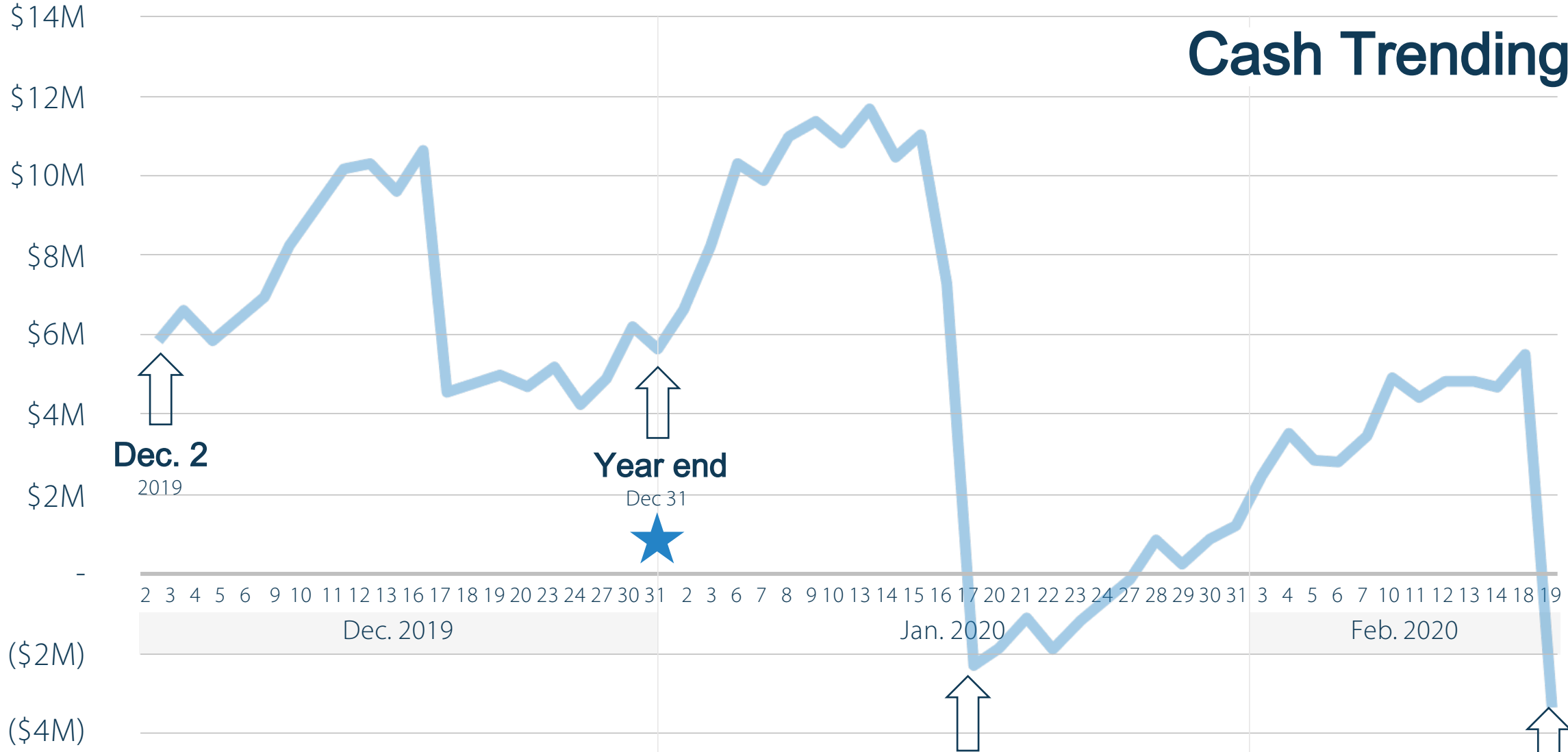
Increase (decrease) in cash during the year	\$7,056,302
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Cash and cash equivalents, beginning of year	(\$1,697,005)
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Cash and cash equivalents (bank indebtedness), end of year	\$5,359,297
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Payable for energy purchases	\$11,359,691
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Cash Trending



Dec. 2
2019

Year end
Dec 31

Paid Bill for Electricity
New Rules

Paid Monthly
Elec. Bill
Trend Repeats





Consolidated Financial Statements

For the year ended December 31, 2019

Reliability Stats

No Major Power Outage Events Occurred in 2019



113 mins

On Average

Total Outage

Customer 'down-time'
Exc. "loss of supply"



1.03 Outages

On Average

Number of Outages

a customer might have
experienced



27 mins

On Average

Planned Outage

Customer 'down-time'

Planned outages accounted for 1/10th of Outage Frequency.

17 Trees Utility Arborists(UA)

Turning a problem into an opportunity!

- Regular tree trimming minimizes power outages.
- UA companies were hard to find in Northern Ontario, expensive, and customer service was an issue.
 - ✓ Cooperative effort by 3 LDCs.
 - ✓ Partner work is completed first.
 - ✓ GSH spends an avg. of **\$485k annually** on area and spot trimming.
 - ✓ Money is kept in the North!



Substation Renewals

We are in the middle of a significant Capital Investment in our Distribution System. Voltage Conversion this year is laying the foundation for next year's Cressey project.

2018

Kathleen MS2
\$3.2M



2019

Capreol MS32
\$1.6M



2020

Gemmell MS11
\$3.1M
53 YEARS OLD







What's Next for Our Aging Assets?

Projects to be completed in order of priority, based on community need.

2021
Cressey MS3
\$4.5M
69 YEARS OLD

2022
Moonlight MS18
\$2.9M budget
58 YEARS OLD

2023
Marttila MS8
\$2.5M budget
58 YEARS OLD

2024
Paris MS13
\$2.5M budget
53 YEARS OLD



Upgrades to these substations will improve power supply & stability – beneficial for all of our customers!



ONTARIO
ENERGY
BOARD

Cost of Service Rate Application

- Usually submission to OEB every 5 years, it's been 7 years for GSH.
- Establishes plans for Capital Investment, Operating Budgets and Customer Distribution Rates.
- A team of 9; massive year-long application project
- Extensive consultation with customers and stakeholders began 3 years earlier with the preparation of our Distribution System Plan.



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Cost of Service Rate Application

Approved May 2020

Bill Adjustment:

Residential

2.44% increase or approx.

\$2.75/month on average bill (750KwH/mo)

Small Business

1.55% increase or

approx. **\$4.47/month** on average bill

**Until next Cost of Service Application,
any subsequent changes would be less than inflation.**

No material change in distribution charges until November 1.
Delay due to COVID-19.

Global Pandemic

COVID-19

How we Responded

- Pandemic Team created in early March and still active
- Created a COVID Journal
- Closed building to public, enhanced cleaning
- Sent At-Risk staff home early & isolated key personnel (i.e. Line crews)
- Most staff ended up working from home



Here to help

—even from a distance.



Global Pandemic – COVID19

Impact on Staff

Line Crews still isolated

Office Staff Working From Home

Impact on Service

Call Centre efficiency maintained

Capital program continues, including substation renewal


Field services continue for customers

No disconnections or collection activity through July 31

Impact on 2020 Financials

 **Increased arrears**
Higher than normal

 **Deferred distribution revenue**
Rate implementation delayed to Nov 1

 **March 23 to July 31**
No interest charges on overdue accounts



A Look Ahead...

Your Water is
**Going
Wireless**



Votre eau
**devient
sans fil**

AMI project is
rolling out.



The workplace as we know it
will never be the same.
Working from home will probably
be part of the “new normal”.



Cressey MS3 is a **HUGE**
Capital Project for 2021.



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