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To	General Committee
Subject	Barrie Hydro Holdings Inc. Annual General Meeting Matters
Date	April 16, 2025
Ward	All
From	W. Cooke, City Clerk/Director of Legislative and Court Services x4560
Executive Member Approval	M. Prowse, Chief Administrative Officer
CAO Approval	M. Prowse, Chief Administrative Officer
Staff Report #	LCS002-24

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## Recommendation(s):

That, acting as sole shareholder in Barrie Hydro Holdings Inc. (BHHI), the following actions be authorized:

- a) The minutes of the BHHI Shareholder's Meeting held on May 1, 2024, attached as Appendix A to Staff Report LCS002-25, be approved;
  - b) The non-consolidated financial statements of BHHI attached as Appendix B to Staff Report LCS002-25 for the financial year ended December 31, 2024, be received (subject to approval from the Board of Directors); and
  - c) The City of Barrie's auditor be appointed as Accountants for BHHI, to compile the annual Non-consolidated financial statements through a Compilation (formerly Notice to Reader) engagement, with remuneration to be fixed by the Directors through the City's agreement with its auditor.
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## Executive Summary:

**Submission of 2024 Financial Statements** - In accordance with section 2.04 of the Shareholders Agreement, the non-consolidated financial statements of Barrie Hydro Holdings Inc. (BHHI) have been submitted for acceptance by the shareholder (See Appendix "B" attached). The acceptance of the Financial Statements is recommended to be conditional upon the Board of Directors approval. The Board will be meeting immediately prior to the AGM to consider the statements.

**Net Income and Retained Earnings in 2024** - As per the Non-consolidated Statement of Operations and Retained Earnings, the net income of BHHI for the year ending December 31, 2024 was \$7,424,772. The retained earnings at year end was \$82,490,099, which is an improvement from retained earnings of \$82,526,841 at December 31, 2023.

**Re-confirming the Appointment of Accountants** - Additionally, the Board of Directors recommends that the City of Barrie's auditors (Deloitte) be appointed as Accountants for BHHI and Barrie Hydro Energy Services Inc. (BHESI). Deloitte was the successful respondent to the City of Barrie's Request for Proposals from auditing firms, for the 2022 to 2024 years with an option for an additional two years.

Utilizing the City's auditor as the accountants on behalf of BHHI and BHESI results in economic savings to the shareholder. The statement of work in the City of Barrie's Request for Proposals for auditing services included the Compilation (formerly Notice to Reader) Engagement for the annual Non-consolidated financial statements of Barrie Hydro Holdings Inc.

**Approval of the Appointment of an Accountant** - The Shareholder is being asked to approve the appointment of the Accountant of the Corporation and its subsidiaries as provided in section 2.06 of the Shareholders Agreement. The engagement of the Accountant is to complete a Compilation Engagement by compiling the annual non-consolidated financial statements.

### **Key Findings:**

**Ownership of Barrie Public Utilities Commission** - In February, 1999, City Council directed that the City of Barrie retain ownership of the assets of the Barrie Public Utilities Commission and incorporate a Holding Company and other Affiliate corporations under the Ontario Business Corporations Act to operate Barrie's electrical distribution corporation for the benefit of the citizens of Barrie.

**Establishment of a Holding Company** - In October, 2000, City Council directed, through Resolution 00-G-291, the establishment of a Holding Company and its related subsidiaries in accordance with the requirements of The Electricity Act, 1998. The Holding Company was named "Barrie Hydro Holdings Inc." and the subsidiaries were named "Barrie Hydro Distribution Inc." and "Barrie Hydro Energy Services Inc."

**Merger with Powerstream** - Barrie Hydro Distribution Inc. (BHDl) was merged with PowerStream Inc. effective January 1, 2009.

**Creation of Alectra Inc.** - On January 31, 2017, PowerStream Inc. merged with Enersource and Horizon Utilities to create Alectra Inc. On February 28, 2017, Alectra acquired Hydro One Brampton. On January 2, 2019, Guelph Hydro merged with Alectra.

**Efficiencies Achieved through Amalgamations with Alectra Inc.** - Alectra Inc., through its subsidiary Alectra Utilities Corporation, serves over one million homes and businesses in the Greater Golden Horseshoe Area. Efficiencies achieved through the various mergers have resulted in reduced pressure on customer distribution rates, improved customer service and system reliability as well as more robust emergency response capabilities for inclement weather. The dividends received by Barrie Hydro Holdings Inc. have been higher than would have been anticipated if it had remained a stand-alone Local Distribution Company.

As a result of the amalgamation to create Alectra Inc ("Alectra") and the subsequent merger with Guelph Hydro, BHHI now owns 8.37% of Alectra and a 20.5% ownership of a ring-fenced solar portfolio

## **Financial Implications:**

### **Barrie Hydro's dividend policy reflects the following:**

- a) A minimum cash balance of \$100K be maintained in BHHI bank account;
- b) On a quarterly basis or after receipt of cash payments from Alectra, BHHI declare a dividend and allocate net proceeds (Cash payment from Alectra less cost for loan payments and other expenses, less minimum cash balance of \$100K) to the City of Barrie;
- c) For the next 10 years (ending December 2028), a total of \$650K of the annual BHHI dividend should be allocated to the City of Barrie's working Capital, to repay the \$6.5 million equity injection.
- d) The remaining annual BHHI dividend should be allocated 80% to the Community Benefit Reserve and 20% to the Tax Capital Reserve.

**Declaration and Allocation of Dividends:** By declaring and allocating dividends quarterly, any excess cash is transferred from Barrie Hydro over to the City of Barrie, where the funds can be more efficiently utilized through investments or working capital needs.

### **Alternatives:**

The following alternatives are available for consideration by General Committee:

The non-consolidated financial statements of Barrie Hydro Holdings Inc. have been compiled by the Corporate Treasurer and a Compilation engagement completed by Deloitte. Acceptance by the Shareholder is required under the Shareholders Agreement, and as a result, no other alternatives are presented with respect to the financial statements.

There is an alternative available to the Shareholder with respect to the appointment of the accountants. The Shareholder could recommend that the City's auditor not be appointed as the Accountant for BHHI. This is not recommended as there are cost savings associated with a single accounting/auditing firm on behalf of each organization.

### **Strategic Plan Alignment:**

The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2022-2026 Strategic Plan.

### **Additional Background Information and Analysis:**

There is no additional background or information required for this staff report.

### **Consultation and Engagement:**

There was no public consultation required in relation to this staff report.

**Environmental and Climate Change Impact Matters:**

There are no environmental and/or climate change impact matters related to the recommendation.

**Appendix:**

Appendices can include draft by-laws, studies, surveys, charts, etc.

Appendix A – Shareholder's Meeting Minutes May 1, 2024

Appendix B – Financial Statements for the year ended December 31, 2024

**Report Author:**

W. Cooke, Legislative and Court Services

M. Mifsud, Senior Manager of Accounting and Revenue

**File #:**

A01

**Pending #:**

Not applicable