



St. Catharines Hydro Inc.

Consolidated Financial Highlights

As at December 31, 2014

(In thousands of dollars)

A MESSAGE FROM THE CHAIR OF ST. CATHARINES HYDRO INC.

On behalf of the Board of Directors, I am pleased to present the 2014 Financial Statements for St. Catharines Hydro Inc. This Corporation is wholly owned by the City of St. Catharines, and is the holding company for our 21.1% ownership of Horizon Holdings Inc., as well as 100% ownership of St. Catharines Hydro Generation Inc.

St. Catharines Hydro Generation Inc. owns and operates the Heywood Generating Station in Port Dalhousie and is in the process of building the Shickluna Generating Station on Twelve Mile Creek near Fourth Avenue which, when completed, will have a 4 megawatt capability.

Horizon Holdings Inc., is jointly owned with Hamilton Utilities Corp., and distributes electricity to the cities of Hamilton and St. Catharines. The merger with Hamilton Utilities Corp. which produced Horizon Holdings Inc. continues to exceed pre-merger financial expectations, with above average customer satisfaction ratings confirmed by an independent study. Horizon Holdings Inc. continues to have low costs and customer rates in comparison to other Ontario electricity distributors. The company provides the City of St. Catharines with a healthy dividend stream which we anticipate will grow in coming years.

Note: St. Catharines Hydro Inc. adopted International Financial Reporting Standards on January 1, 2012, with a transition date of January 1, 2011.

Robert Marshall, Chair
St. Catharines Hydro Inc.

BALANCE SHEET

	2014	2013
	\$	\$
Assets		
Cash	11,234	12,298
Other current assets	441	224
Investments	48,352	51,287
Capital assets	17,265	16,750
Other assets	134	92
	77,426	80,651
Liabilities		
Current Liabilities	732	444
Long-Term Note Payable	7,754	7,754
Future Income Tax Liabilities	779	822
Employee Future Benefits		
	9,265	9,020
Shareholder's Equity		
Share capital	40,265	40,265
Retained earnings	29,325	31,807
Accumulated other comprehensive loss	-1,428	-440
	68,162	71,632

STATEMENT OF RETAINED EARNINGS

	2014	2013
	\$	\$
Retained Earnings, Beginning of Year	31,807	30,496
Net Income for the Year	1,564	4,199
Dividends	-4,046	-2,882
Refundable income taxes		-6
Retained Earnings, End of Year	29,325	31,807

STATEMENT OF OPERATIONS

	2014	2013
	\$	\$
Revenue		
Generation	3,148	2,338
Equity investment income	899	3,730
Interest and other income	165	678
Gain on disposal of property, plant and equipment		-61
	4,212	6,685
Expenses		
Operations, maintenance and administration	1,102	1,003
Interest expense on promissory notes	554	554
Depreciation	698	705
	2,354	2,262
Net Income from Operations before Impairment from Long-Lived Assets	1,858	4,423
Impairment from Long-Lived Assets	0	0
Payments in Lieu of Corporate Income Taxes	294	224
Net Income for the Year	1,564	4,199
Equity investment, other comprehensive income (loss) adjustment	-988	274
Total Net Comprehensive Income	576	4,473

STATEMENT OF CASH FLOWS

	2,014	2,013
	\$	\$
Operating Activities		
Net income for the Year	1,564	4,260
Equity investment income	-899	-3,730
Depreciation	698	705
Changes in non-cash working capital components	29	216
Increase/Decrease in employee future benefits	0	0
Future payments in lieu of corporate income taxes	-43	-17
	1,349	1,434
Investing Activities		
Additions to property, plant and equipment	-1,214	-99
Dividends received	2,846	2,882
	1,632	2,783
Financing Activities		
Dividends paid	-4,046	-2,882
Refundable Income Taxes		-6
	-4,046	-2,888
Funds Provided (Used) by Continuing Operations	-1,065	1,329
Funds Provided by Discontinued Operations	0	642
Cash, Beginning of Year	12,299	10,327
Cash, End of Year	11,234	12,298

Note: Certain comparative figures have been reclassified to confirm with the current years' presentation.