



# St. Catharines Hydro Inc.

## Consolidated Financial Highlights

### As at December 31, 2013

(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 2013 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 continues to provide 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		
	2013	2012
<b>Assets</b>	\$	\$
Cash	12,298	10,327
Other current assets	224	713
Investments	51,287	50,186
Capital assets	16,750	17,834
Other assets	92	92
	<b>80,651</b>	<b>79,152</b>
<b>Liabilities</b>		
Current Liabilities	443	494
Long-Term Note Payable	7,754	7,754
Future Income Tax Liabilities	822	857
Employee Future Benefits		
	<b>9,019</b>	<b>9,105</b>
<b>Shareholder's Equity</b>		
Share capital	40,265	40,265
Retained earnings	31,807	30,496
Accumulated other comprehensive income	-440	-714
	71,632	70,047
	<b>80,651</b>	<b>79,152</b>

STATEMENT OF RETAINED EARNINGS		
	2013	2012
	\$	\$
Retained Earnings, Beginning of Year	30,496	27,595
Net Income for the Year	4,199	6,155
Dividends	-2,882	-3,254
Refundable income taxes	-6	
Retained Earnings, End of Year	<b>31,807</b>	<b>30,496</b>

STATEMENT OF OPERATIONS		
	2013	2012
<b>Revenue</b>	\$	\$
Generation	2,338	2,823
Equity investment income	3,730	5,523
Interest and other income	678	158
Gain on disposal of property, plant and equipment	-61	27
	<b>6,685</b>	<b>8,531</b>
<b>Expenses</b>		
Operations, maintenance and administration	1,003	951
Interest expense on promissory notes	554	554
Depreciation	705	690
	<b>2,262</b>	<b>2,195</b>
<b>Net Income from Operations before Impairment from Long-Lived Assets</b>	<b>4,423</b>	<b>6,336</b>
<b>Impairment from Long-Lived Assets</b>	<b>0</b>	<b>0</b>
<b>Payments in Lieu of Corporate Income Taxes</b>	<b>224</b>	<b>180</b>
<b>Net Income for the Year</b>	<b>4,199</b>	<b>6,156</b>
Equity investment, other comprehensive income adjustment	274	-277
<b>Total Net Comprehensive Income</b>	<b>4,473</b>	<b>5,879</b>

STATEMENT OF CASH FLOWS		
	2013	2012
<b>Operating Activities</b>	\$	\$
Net income for the Year	4,260	6,128
Equity investment income	-3,730	-5,523
Depreciation	705	690
Changes in non-cash working capital components	216	-373
Increase/Decrease in employee future benefits	0	-22
Future payments in lieu of corporate income taxes	-16	-61
	<b>1,435</b>	<b>839</b>
<b>Investing Activities</b>		
Additions to property, plant and equipment	-99	-261
Dividends received	2,882	2,254
	<b>2,783</b>	<b>1,993</b>
<b>Financing Activities</b>		
Dividends paid	-2,882	-3,254
Refundable Income Taxes	-6	0
	<b>-2,888</b>	<b>-3,254</b>
<b>Funds Provided by Continuing Operations</b>	<b>642</b>	<b>120</b>
<b>Cash, Beginning of Year</b>	<b>10,327</b>	<b>10,629</b>
<b>Cash, End of Year</b>	<b>12,299</b>	<b>10,327</b>

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