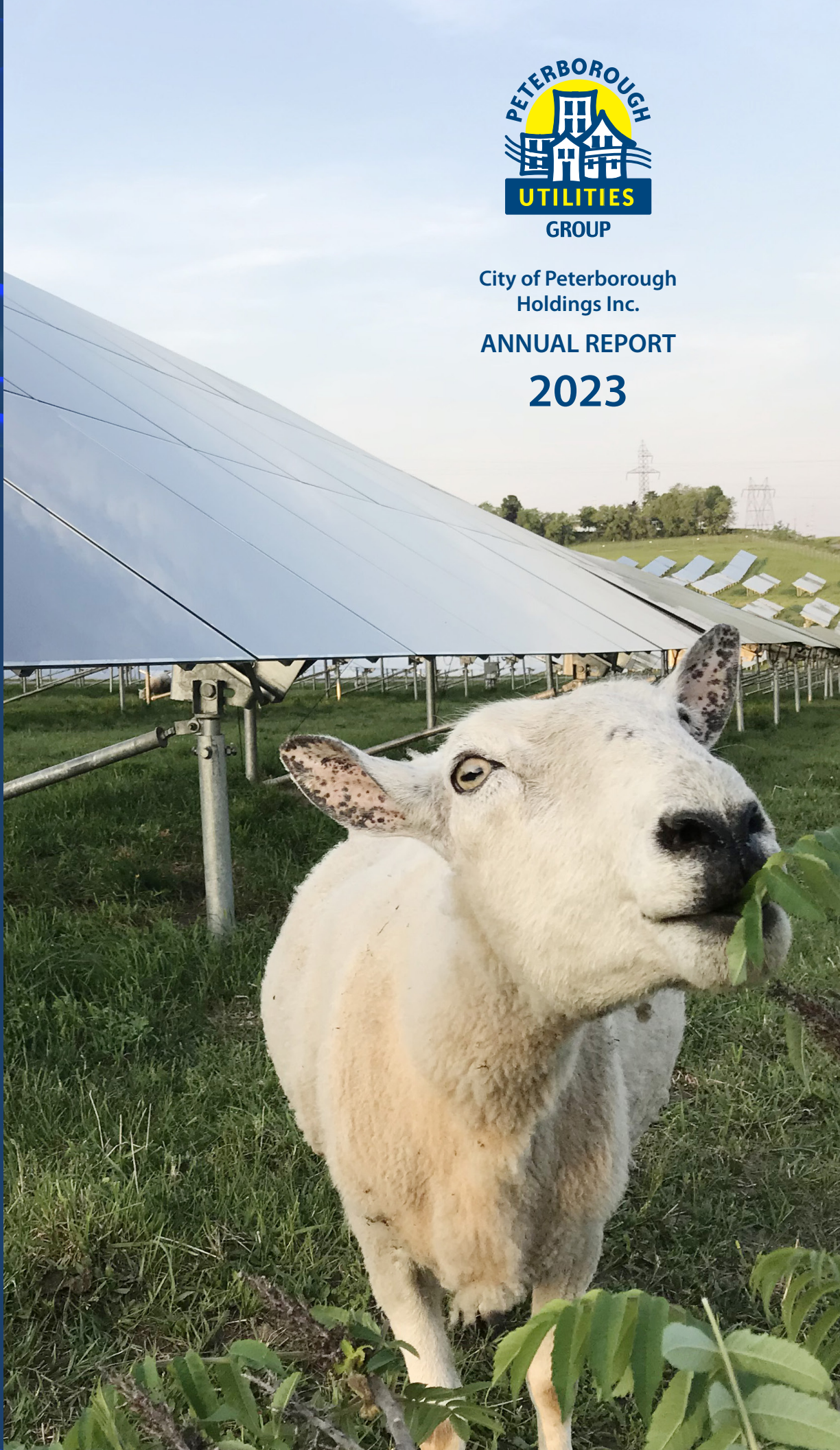




City of Peterborough
Holdings Inc.

ANNUAL REPORT
2023



Our 2023 Annual Report	1
We Start with Safety	2
Community Involvement	2
Our Group of Companies	3
2023 CoPHI Financial Performance	4
Peterborough Utilities Inc.	6
Customer Service	12
Support Services	12
Facilities	13
Water Services	14
Water Conservation	15
Riverview Park & Zoo	16
Best Management Practices	19
Independent Auditor's Report	20
Board of Directors, Executive Team, Companies and Committees	24



Our 2023 Annual Report

Introduction

We are very pleased to provide this Annual Report for the City of Peterborough Holdings Inc. (“CoPHI” or “Company”) for the fiscal year ended December 31, 2023. The Company develops, operates and maintains renewable energy generation facilities and provides wholesale metering services within the province of Ontario. The Company also operates and maintains water treatment and distribution facilities within the City of Peterborough, operates and maintains Riverview Park & Zoo, and provides information technology services to the Company and City. The Company and its related entities operate as Peterborough Utilities Group (PUG).

Our Performance

Financial

Financial results from operations in 2023 were very strong but offset by several unplanned events. Net income of \$5.9 million was \$123,000 greater than the previous year. Net income from operations exceeded target by \$1.4 million due to the strong performance of the Company’s hydroelectric generation facilities. However, net income was adversely impacted by a \$600,000 impairment expense on the Bensfort Road Landfill Gas Generation (LFG) facility and an accrued expense of \$2.0 million related to the transition costs that will be incurred in transferring the water utility and IT services to the City. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$23.7 million was \$1.8 million greater than the previous year’s EBITDA of \$21.9 million indicative of the strong operational performance of the Company in 2023.

Safety

Our employees continued to support and achieve strong safety performances for the year, accruing more than nine years and over 2.8 million hours with no lost-time injuries.

City Annual Dividend

In fiscal 2023, the annual dividend of \$5.4 million represented 92% of the Company’s earnings for the year. Industry practices suggest a dividend ratio that is 60 to 65% of sustainable earnings, or approximately \$3.5 to \$3.8 million, and less for organizations undertaking a growth strategy. In November 2021, we provided City Council with recommendations on the dividend policy that would ensure the sustainability of the Company and its ability to continue to earn revenue for the City. With the pending transition of the water utility and IT services to the City, it becomes imperative that this matter be addressed.

Thank You

Thank you to our customers, supporters and employees for contributing to a successful year in 2023. We thank the Board of Directors for their leadership and oversight of the Peterborough Utilities Group. We also thank the Commissioners of Peterborough Utilities Commission for their oversight of the water utility and Riverview Park & Zoo operations. Additionally, we wish to acknowledge and thank John Stephenson, President & CEO, for his outstanding leadership of the Company for more than 15 years. John will be retiring in 2024.

We Start with Safety

Safety is the cornerstone of well-being and is a guiding principle of operations at PUG. We are committed to protecting the health and safety of our employees, customers, contractors, suppliers and everyone in the communities we serve. By identifying and mitigating workplace hazards, we aim to ensure the safest possible working environment. We believe that there is no room for compromise when it comes to workplace injuries, accidents and occupational diseases.

During 2023, PUG surpassed nine years and over 2.8 million hours with no lost-time injuries. As an essential services provider of clean water and electricity generation, we ensure that every employee feels empowered to identify risks, intervene when necessary, and champion a culture of safety and continual improvement.

By working safely, we can continue to meet the needs of the community and ensure the reliability of critical infrastructure.



Risk and Asset Management Group

Community Involvement

One of PUG's core values is Community Focus. Our employees regularly demonstrate the importance of this value by giving back to the communities we live in and serve.

- The Peterborough Children's Water Festival returned in person in 2023. PUG staff volunteered in various roles during the festival to provide students in grades 2 to 5 with the opportunity to discover the importance of water.
- PUG's team, Wild Water Power, participated in the Peterborough Dragon Boat Festival in June 2023. The team paddled to fundraise for world-class cancer screening, diagnosis and treatment at Peterborough Regional Health Centre (PRHC).
- PUG continues to be a Partner for Life with Canadian Blood Services, pledging to make 50 donations annually.
- In 2023, PUG continued its support for the Trent Excalibur Green & White Scholarship Fund, which plays a crucial role in helping deserving student athletes in their pursuit of excellence.
- Each year, our employees donate to United Way Peterborough through payroll deductions. PUG hosts an annual auction internally to raise even more funds for the organization.
- PUG is committed to the youth of our communities by participating in Junior Achievement Northern and Eastern Ontario and providing annual bursaries to the secondary schools in Peterborough and Norwood. Our goal is to assist students in their pursuit of a postsecondary diploma in Electricity, Engineering, Information Technologies and in the field of Water.

Our employees are proud to do their part in making Peterborough a great place to live, work and visit.

Our Group of Companies

Peterborough Utilities Group (PUG) operates the following business lines within its corporate group of companies:

Peterborough Utilities Inc. (Unregulated Operations)

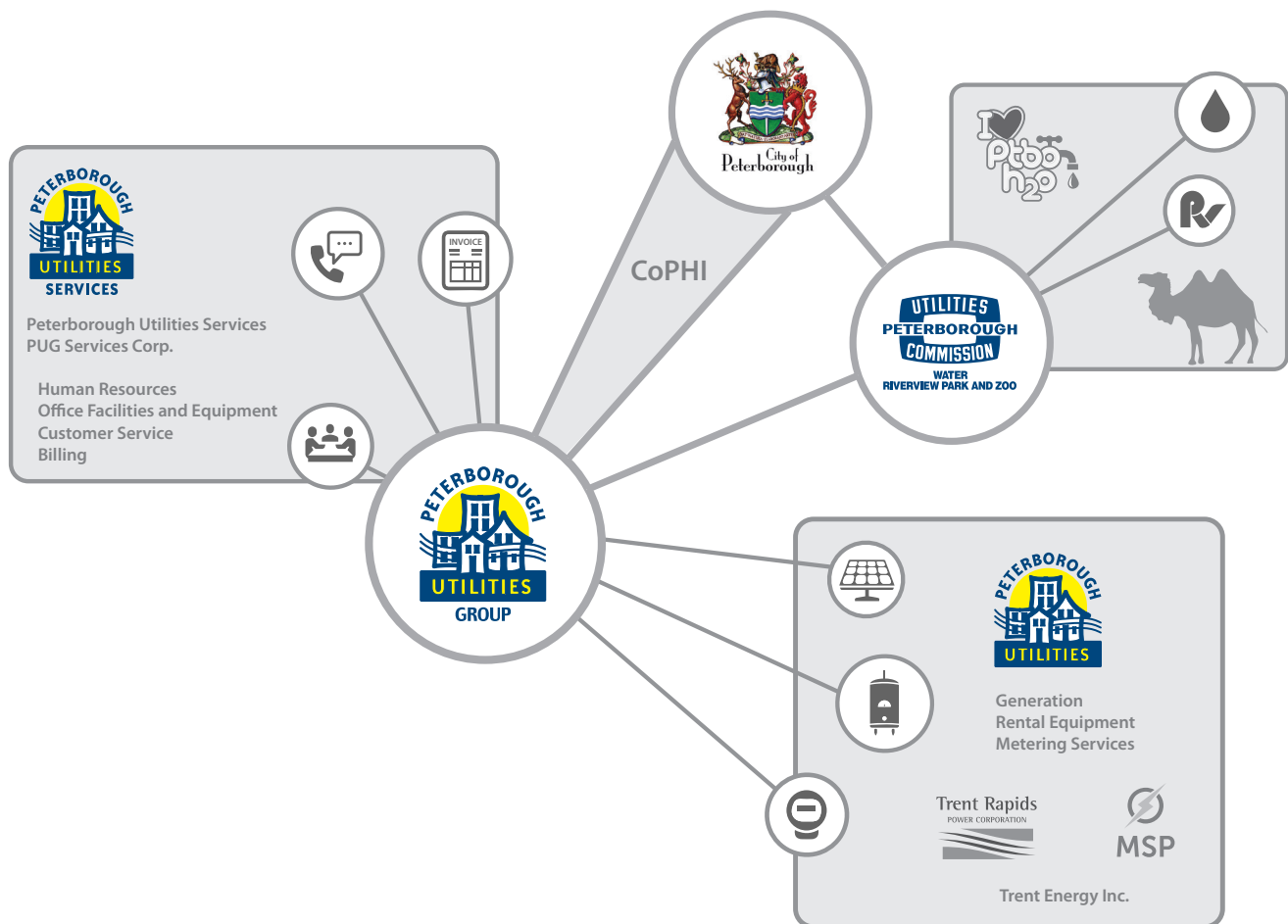
- Renewable power generation
- Metering services
- Equipment rentals

PUG Services Corp./Peterborough Utilities Services Inc.

- Professional services
- Building and equipment rental

Peterborough Utilities Commission

- Municipal water system
- Riverview Park & Zoo

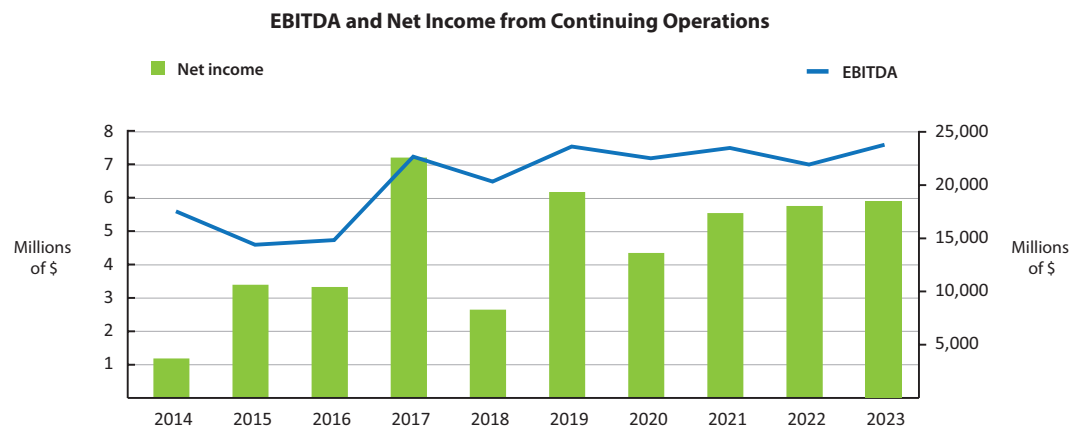


2023 CoPHI Consolidated Financial Performance

Net Earnings and EBITDA

Net income for 2023 was \$5.9 million, an increase of \$123,000 compared to \$5.8 million in the prior year.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased to \$23.7 million from \$21.9 million earned in 2022. Over the last 10 years, excluding the previously disposed-of distribution business, EBITDA has increased by 35% from \$17.5 million in 2014 as shown in the chart below. Management considers EBITDA a strong measure of cash flow performance and our ability to fund future growth and commitments to our capital providers.



Revenues

Revenues for fiscal 2023 increased by \$2.8 million (6.3%) over 2022.

The largest increase was in generation which was \$1.2 million above the prior year. Hydrology was especially strong during the first eight months of the year, with production levels exceeding monthly targets each month. Overall hydrology exceeded the prior year by \$1.4 million, with each facility exceeding both the target and the prior year's results. Solar and biogas results were both below the prior year by \$73,000 and \$97,000 respectively.

Metering services revenue exceeded 2022 results by \$724,000, representing a 37% increase. This was driven by a one-time boost to operations from a new installation contract that was fully completed during 2023.

Professional services revenue increased by \$917,000 primarily due to anticipated increases in information technology operations that are fully charged to the City of Peterborough.

Operating Expenses

Total operating and administrative expenses increased by \$1.0 million (4.3%). The main changes year over year were:

- Metering services costs increased by \$620,000 primarily due to the cost of goods relating to the increased revenue.
- Information technology costs increased by \$352,000 due to the increase in costs associated with City of Peterborough work.
- Generation expenses increased by \$104,000 related to increased costs associated with the increase in production.
- Professional fees and project development decreased by \$341,000 as 2022 included additional work associated with the attempted acquisition of additional generating facilities.

Net Financing and Other Expenses

Net financing and other expenses were \$3.3 million in 2023 compared to \$4.4 million in 2022. The difference was the result of the decrease in interest expense relating to the continued repayment of the long-term debt, in addition to increases in interest income due to higher interest rates.

Other expenses were driven by two significant one-time items in 2023:

- Impairment loss of \$630,000 on the landfill gas generating asset.

Due to past decisions to divert waste and extend the life of the landfill, the facility has consistently underperformed its initial projections. Despite management's best efforts to improve production over the years, gas levels have consistently decreased, and financial write-downs of the facility have been taken in previous years.

In October 2023, the City of Peterborough launched its green bin collection program which diverted organic waste from the landfill. As a result of this diversion, it has become apparent that future production at the Landfill Gas generating asset will continue to miss projections. A review of the net present value of the facility resulted in a full write-down of the remaining \$630,000 book value.

- Transition costs of \$2 million relating to the cancellation of the water service contract between PUC and PUGSC.

As noted earlier in this report, on Dec. 11, 2023 Peterborough's City Council approved in principle the transfer of the water operations of the PUC and Riverview Park & Zoo to the City. CoPHI immediately set forth a plan to transfer the operations and management of PUC back to the City as expeditiously and efficiently as possible. In preparation for the transfer, and with respect to the due diligence work being undertaken by the City, based on specific engagement details and timing estimates, it is estimated that \$2 million in transition costs will be incurred, not including any additional costs incurred by the City.

Shareholder Returns

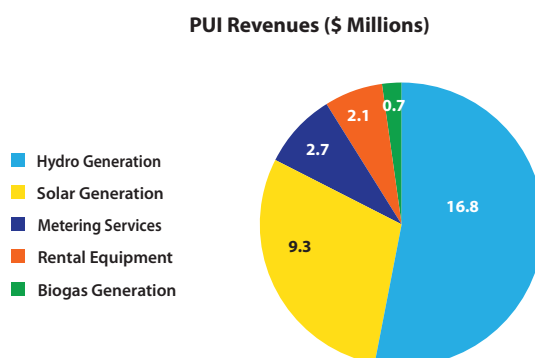
Total dividends paid to the City of Peterborough in 2023 were \$5.4 million. This represents a 2% increase over the regular dividends paid in the prior year, while an additional one-time discretionary payment of \$1.8 million was also made in 2022.

Since its incorporation in 2000, the utility has paid a total of \$154 million in distributions (dividends and interest) to the City of Peterborough.

In addition, during this time frame, the Company has grown a highly valued and respected renewable generation business and provided outstanding community services through its operation of a world-class water utility and Riverview Park & Zoo.

Peterborough Utilities Inc. (PUI) – Unregulated Operations

Revenue from the unregulated businesses was \$31.43 million, an increase of approximately 6.6% from the previous year's revenue of \$29.47 million. Strong performance of PUI's fleet of renewable power generation facilities resulted in a \$1.23 million increase in revenue from the prior year. The balance of the revenue growth was primarily attributable to PUI's metering services business.



Generation revenue of \$26.67 million was 5% above budget with the following segmental results:

- Revenue from the hydroelectric facilities was 112% of budget. Hydro production exceeded target each month from January through August. Production decreased significantly from September to November due to drought-like conditions but returned to seasonal norms in December. All hydroelectric facilities finished the year ahead of budget.
- Revenue from PUI's solar facilities was 98% of budget. Solar production during the winter months was below target due to excessive snow cover, notably on the fifteen 500-kilowatt ground-mount facilities located in the Haliburton, Bancroft and Apsley regions. Performance of the Lily Lake solar farm and PUI's three rooftop facilities marginally exceeded expectations for the year.
- Performance of PUI's two biogas facilities was only 68% of target due to several planned and unplanned maintenance outages at these facilities. The sub-par performance of these facilities does not have a significant impact upon the overall performance of PUI's generating assets due to their relatively small capacity and contribution to total revenue.

Revenue of \$2.69 million from the metering services business was 37% greater than the previous year's revenue of \$1.97 million. The year-over-year increase in revenue was primarily attributable to the completion of a new large-scale metering installation for a mining sector client located in northern Ontario.

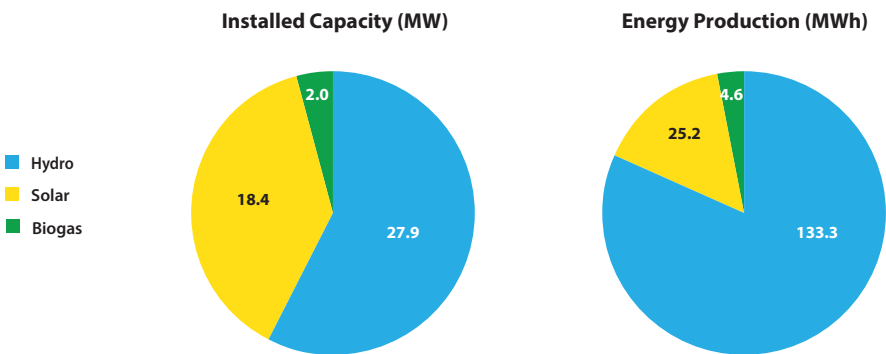
Revenue of \$2.07 million from PUI's retail services was marginally greater than the prior year's revenue. These businesses have a strong customer base and yield consistent revenue year over year.

Operating expenses of \$18.34 million were \$551,000 above the previous year's operating expenses largely due to the higher expenses associated with the new large-scale metering installation project. In addition, PUI incurred a one-time impairment cost of \$630,000 on the Bensfort Road Landfill Gas Generation (LFG) facility. This facility experienced a major equipment failure near the end of last year and will be decommissioned in 2024.

Renewable Generation Assets

PUI owns and operates 27 renewable generation facilities with an aggregate capacity of 48.3 MW: six hydroelectric generating stations, 19 solar facilities and two biogas plants.

Production from our fleet of renewable generation facilities was approximately 163 gigawatt-hours in 2023, about 7% greater than target production. The clean energy generated by our facilities was enough to meet the electricity needs of approximately 21,733 households, more than 60% of the households in Peterborough.



PUI did not develop or acquire any new renewable generation assets in 2023. However, the electricity sector is entering a period of transition driven by economic growth, electrification of the economy and decarbonization objectives that will be the catalyst for growth in renewable generation and energy storage in the coming years. In 2023, the Company established a partnership with a key player in the development and operation of battery energy storage projects. In late 2023, the Independent Electricity System Operator (IESO) launched its Long-Term 2 (LT2) procurement program targeting up to 5,000 MW of new generation facilities, predominantly from non-emitting resources such as solar, wind, water power, and energy storage providing the Company with excellent opportunities for growth in the near term..

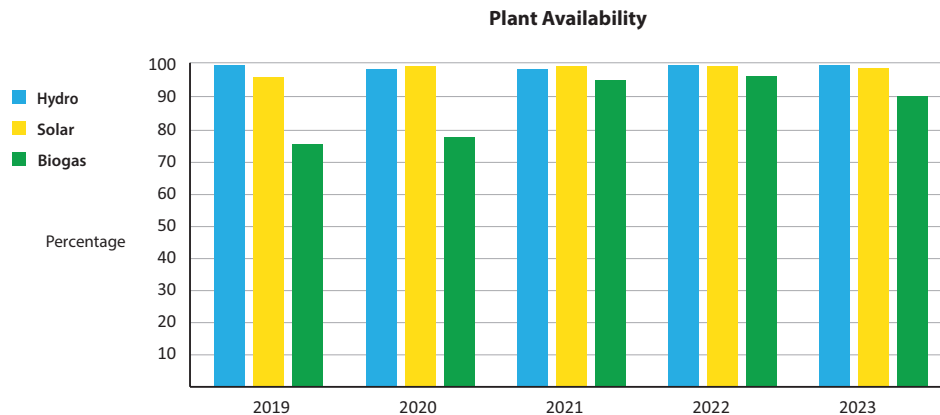
CoPHI's shareholder previously approved investment of up to 50% of the net proceeds from the sale of PDI (approximately \$30 million) for the future growth of the renewable generation business, subject to undertaking changes to the Shareholder Direction to address specific requirements. CoPHI continues to seek clarification from its shareholder on this matter as it will inform the Company's approach and ability to undertake development of new projects.



Generation Operation and Maintenance

Generation operation and maintenance expenses of \$3.24 million were approximately 4% below budget in 2023. Solar and biogas facility operation and maintenance expenses were 12% below target highlighting the Company's commitment to continual improvement.

Plant availability indicates the amount of time, measured as a percentage, that a generating facility is capable of operating, excluding externalities such as forced outages. This is an important metric that helps gauge our efficiency in scheduling and performing maintenance work and the effectiveness of our preventative maintenance programs. In 2023, PUI's weighted average plant availability of 99.1% once again exceeded industry benchmarks.



The Generation department successfully completed its operation and maintenance plan in 2023 with only a few minor safety incidents and no lost-time injuries. This department further demonstrated outstanding safety leadership by being the first department to adopt paperless safety documentation, providing a more efficient and transparent approach for all workers.

Hydroelectric Generating Stations

PUI owns and operates six hydroelectric generating facilities with a combined capacity of 27.9 MW that generated over 133,000 MWh of electricity in 2023, representing about 58% of PUI's total installed generating capacity and about 82% of its total production last year.

Major maintenance work completed on our hydroelectric fleet in 2023 included:

- turbine maintenance completed at all six waterpower facilities;
- major refurbishment of the Campbellford Generating Station Plant No. 2 generators;
- replacement of the intake deck at London Street Generating Station Plant No. 1; and
- installation of public safety fencing, booms and signage at the Stanley Adamson Powerhouse.

Each of these projects helps mitigate operational risk and improves the performance and reliability of these hydroelectric generating stations. Most of this work was scheduled during periods of low flow to reduce the loss of production from these facilities.

Notably in 2023, PUI completed the replacement of the wooden stop logs in all but one sluice bay of the London Street dam following a successful demonstration of the design and approach the prior year. This cost-effective approach to dewatering the sluices also mitigated safety concerns by minimizing the use of divers for installation of temporary cofferdams.



PUI and its contractor, Avit Manufacturing, received the Innovation Award from the Ontario Waterpower Association in recognition of the London Street project.

Solar Generating Facilities

CoPHI owns and operates 19 solar generating facilities including the 10 MW Lily Lake solar facility, fifteen 500 kW ground-mount solar facilities located north of Peterborough and three rooftop solar facilities. The total capacity of the solar generating facilities equals 18.4 MW and production in 2023 was 25,201 MWh, approximately 97% of target.

The Lily Lake solar facility includes 20 large-scale inverters manufactured by Schneider Electric Canada. Significant evolution in solar technologies has occurred since the completion of the facility in 2011 and the inverters installed at Lily Lake solar facility are no longer manufactured. In 2023, we worked collaboratively with Schneider Electric to complete major refurbishment of all 20 inverters that will extend the life of this equipment until at least the expiration of the IESO contract for this facility in 2031.

Continuing our efforts to enhance the sustainability of the Lily Lake solar facility, approximately 700 sheep and lambs were raised on the grounds between May and November of 2023. Four llamas provided additional safety for the sheep and lambs during this period. In addition, CoPHI maintained its collaboration with a local beekeeper to host honeybee hives at the site.

Biogas Generating Facilities

PUI's two biogas generating facilities underperformed in 2023. The Bensfort Road Landfill Gas Generation (LFG) facility has experienced a steady decline in the volume of landfill gas and production since its commissioning in 2013. Operating expenses have exceeded revenue at this facility for the past few years. A major equipment failure occurred near the end of 2023 and it is not economically feasible to return this plant to service. Decommissioning of this facility is planned for 2024.

Production from PUI's Combined Heat and Power plant at the City's Wastewater Treatment Plant was approximately 78% of target in 2023. The City undertook extensive maintenance on one of its digesters last year which contributed to lower than forecast amounts of biogas and production.

Generation Optimization Projects

Procurement, regulatory approvals and stakeholder engagement continued in 2023 for a project to excavate scoured bedrock deposited downstream of the Stanley Adamson Powerhouse and Nassau Dam. The removal of this material will lower water levels downstream of the powerhouse resulting in higher facility production. Construction of this project is scheduled to be completed in the summer of 2024.

The successful installation of steel stop logs at the London Street dam in 2023 has reduced leakage at the dam yielding marginally higher flows and production at the two London Street generating stations. Furthermore, the replacement of the Plant No. 1 intake deck allows PUI to operate these two generating stations at marginally higher water levels yielding further production gains.

In 2023, PUI also completed major upgrades to its Supervisory Control And Data Acquisition (SCADA) and Computerized Maintenance Management System (CMMS) programs to enhance its operations and maintenance systems.

Industry and Market Changes

The electricity sector has entered a period of transition from one of excess generating capacity to one of forecast shortages by the mid-2020s. This change is being driven by several factors including:

- Economic recovery from the COVID-19 pandemic;
- Planned closure of the Pickering nuclear power plant in 2025-2026; and
- Broader electrification of the economy.

Furthermore, government policy and public support of climate change mitigation and adaptation are driving growth for renewable generation and energy storage solutions within the industry.

The Independent Electricity System Operator (IESO) released its most recent Annual Planning Outlook (APO) in March 2024 setting out Ontario's electricity system needs between 2025 and 2050. The APO forecasts demand for electricity will grow from 154 TWh in 2025 to 245 TWh by 2050, driven primarily by economic and population growth, mining and steel industry electrification, and growth in electric vehicle industries. It recommends a regular cadence of procurements every two years to flexibly meet Ontario's near- to long-term energy needs, allowing for a reassessment of needs as time progresses, and to take advantage of technological advances and associated reductions in costs.

In alignment with the APO, the IESO undertook the first in a series of cadenced procurements for new generating capacity in 2023. Under this program, the IESO contracted for 2,723 MW of capacity from new energy storage facilities and an additional 1,015 MW of capacity, largely from upgrades and expansions to existing natural gas fired generating plants. While PUI qualified to participate in this competitive procurement program, we ultimately determined that the risks associated with the submission of a proposal could not be adequately addressed within the tight timeframe and program design established by the IESO.

Late in 2023, the IESO launched the Long Term 2 (LT2) procurement program targeting 2,000 MW of new energy from non-emitting resources such as solar and wind; up to 1,000 MW of new capacity from energy storage; and up to 1,000 MW from resources with long development timelines such as waterpower. The IESO has indicated that proposals will be due in mid-2025. PUI has identified several opportunities to participate in this program and has commenced investigations into these opportunities.

In December 2023, the IESO launched its Small Hydro Program (SHP) that provides new contracts for existing waterpower facilities with a capacity of 10 MW or less. The new SHP contract provides a contract term extending to 2043 and new payment terms that take effect upon the natural expiry of existing payment terms. The program will provide PUI with greater revenue certainty for its existing waterpower assets and may provide opportunities for future upgrades and expansions.

Lastly, during the past year, the federal government took steps to put in place Investment Tax Credits (ITCs) for clean electricity projects. The Clean Technology ITC provides tax credits of up to 30% of eligible costs on new clean technology to taxable Canadian corporations. The Clean Electricity ITC provides tax credits of up to 15% of eligible costs on new clean electricity projects to both taxable and non-taxable entities.

Wholesale Meter Services

PUI is an IESO-registered Metering Service Provider (MSP) that provides wholesale metering services to customers across Ontario including local distribution companies, generators, and commercial and industrial market participants. PUI reads, validates and records metering data from over 2,000 meters for the purposes of electricity billing and settlement. We also register and install new metering installations, repair and/or replace metering equipment and audit meter accuracy at customer facilities.

In 2023, the Metering Services department successfully completed its largest value contract for the supply and installation of new metering equipment for the expansion of a large-scale mining operation in northern Ontario. This project drove revenues of almost \$2.7 million, an approximate \$700,000 increase from the prior year. The Company anticipates that this trend will continue in conjunction with the broader transition of the electricity system and will provide an opportunity for growth of its metering services business.

Rental Equipment

CoPHI provides rental hot water tanks and lighting to customers in Peterborough, Lakefield and Norwood. The customer base and expenses associated with this business unit have been relatively unchanged over the past decade and provide a stable source of annual revenue.

In addition to rental equipment, CoPHI manages several EV charging stations in Peterborough, Lakefield and Norwood. Revenue from its rental equipment and other retail services marginally exceeded \$2.0 million in 2023, consistent with past years.



Customer Service

During 2023, Customer Service and Billing staff continued to deliver excellent customer service while being mindful of impacts to the environment. In 2023, Customer Service implemented a paper-free notification system to quickly notify customers of potential water leaks. Customers are very appreciative of these notifications, which can save money and prevent potential damage to their property.

E-bill registration is always top of mind when setting up new accounts or communicating with customers. E-bill registration rose to a 39% participation rate by the end of 2023. These changes resulted in a \$20,000 cut in postage costs that will be realized for the 2024 budget.

Upskilling and succession planning played a significant role in 2023 for the Customer Service and Billing department. Team members were eager to learn new roles and responsibilities, which made the group even more efficient and effective.

Late in the year, we re-introduced the proactive replacement program to reach out to customers who rent a water heater that is 15 years old or older. Customers were notified that their tanks should be replaced. Our success rate on this program will be better defined in 2024 as the program expands. Working with a new third-party vendor on this program has been successful and beneficial to both our customers and PUG staff.



Support Services

PUG provides back-office support internally throughout its corporate group, to the City of Peterborough through its shared IT infrastructure, and externally to third parties through the provision of water services to neighboring municipalities. These services include:

- Finance – Full accounting services including the preparation of budgets, financial statements and tax returns for 15 companies within the corporate group. The department works directly with all operation groups to ensure budget adherence throughout the year for standard operations as well as larger capital projects.
- Human Resources – In addition to administering the corporate safety program, the HR department is responsible for talent management, training and development and recruitment within the organization. In 2023, the HR department recruited for and filled eight full-time or contract positions as well as 30 summer students.
- Purchasing – The department provides a centralized approach for the PUG group in overseeing competitive bidding, contract management, fleet management and shipping and receiving among other responsibilities. The purchasing staff are a key organizational resource for sourcing difficult-to-find products and services for all operational business units, including sourcing legacy components for older facilities to minimize operational downtime.
- Inventory Management – The majority of the inventory of the PUG group is maintained at the Ashburnham location which consists of approximately 12,000 square feet of warehouse space. The team manages over 4,000 individual inventory SKUs worth a total of \$3.8 million.
- IT Services – PUG administers IT services for both the City of Peterborough and the PUG group. The department encompasses three divisions:
 - IT Security and Service Desk – This group triages and manages all reported incidents throughout the organizations and manages IT-related security.
 - IT Enterprise Technology – This group manages the overall IT infrastructure and ensures all corporate tools are functioning efficiently and effectively.
 - IT Enterprise Application Services – This group comprises Business Systems Analysts that assist user departments in managing IT for capital projects.

Facilities

PUG has two main office buildings that support internal staff as well as space it leased to Hydro One following the sale of the distribution business. The main office on Ashburnham Drive consists of 24,000 square feet of office space, 12,000 square feet of warehouse space and two separate garage bays that are approximately 27,500 square feet in total. A second office supports the PUI generation and development businesses along with the metering services group.

In addition to these main office buildings, the facilities team also supports the operational facilities throughout the City of Peterborough including the Water Treatment Plant, water towers and pumping stations, generation facilities and Riverview Park & Zoo.

Water Services

Through the operation of the services company (PUG Services Corp.), we provide full municipal water services for PUC to City of Peterborough customers. This includes water utility operations and capital asset planning, rehabilitation and replacement; water and wastewater services to the Township of Selwyn to operate both the Village of Lakefield and Woodland Acres systems; and the operation, maintenance and capital upgrades for Riverview Park & Zoo.

Water Treatment Plant

The plant is located at 1230 Water Street North, Peterborough, adjacent to Riverview Park & Zoo. The plant was built in 1922 and expanded in 1952, 1965, 1995 and 2016. The conventional treatment process includes coagulation, flocculation, sedimentation, filtration and chlorine disinfection and the operation of a process waste treatment facility to dewater the backwash sludge. Total raw water processed in 2023 was 11,479.75 megalitres (ML), averaging 31.45 ML daily. The maximum daily pumpage of 37.69 ML, occurred on August 7 and represented a 2.6% increase from the maximum daily value (36.99 ML) recorded on May 21, 2022.

Water Distribution

The water distribution system consists of approximately 472 kilometers of pipe (water mains), 2,462 hydrants and 27,818 individual water services. Hydrants are colour-coded according to Ontario Fire Code requirements to indicate the available flow rate at a 20 psi residual pressure.

Treated water is stored at various locations throughout the City in underground reservoirs and elevated storage tanks. Storage is used to supplement supply during times of high water demand and in emergency situations such as firefighting. The water storage capacity in the system is 55.36 ML, including at the Water Treatment Plant.



Capital Program

The Water Utility Master Plan assesses existing infrastructure and projected future infrastructure requirements, considering the growth and potential water needs of the City of Peterborough. This plan includes major components of the water system, including the Water Treatment Plant, pumping stations, water storage facilities and the distribution system. The master plan will be the Water Utilities' guide for the next 15 years.

Capital works, within the Peterborough water system, included approximately 990 meters of water main replacement and 3,500 meters of new distribution water mains. A total of 53 water services were replaced in 2023. Peterborough Utilities Commission installed a permanent sampling station in the west end to assist operators in monitoring water quality throughout the distribution system. Upgrades were made to the turbidimeters in use at the Water Treatment Plant as well as the replacement of two intrinsically safe heaters on the sodium hydroxide and fluoride chemical storage tanks. Technical Standards and Safety Authority (TSSA) upgrades were completed on the diesel engine generators at the Water Treatment Plant and pumping stations.

Regulatory Highlights

The Peterborough, Lakefield and Woodland Acres Drinking Water Systems maintained full accreditation to the Drinking Water Quality Management Standard (DWQMS). The accreditation body, NSF International, conducted an on-site re-accreditation audit of the DWQMS for all three of the water systems in October 2023. The audit report confirmed that all management systems operated by PUG Services Corp. are well documented and continue to be effective.

In addition to the external and internal audits, the Ministry of the Environment, Conservation and Parks (MECP) performed inspections throughout 2023 of the Peterborough and Lakefield water treatment plants, and the Woodland Acres distribution system. All water systems achieved a 100% inspection rating.

Water Conservation

In 2023, PUG provided funding to Peterborough Green-Up for several important programs. Peterborough Utilities' Water Wise Landscaping Recognition Program, which showcases methods of landscaping and local resources to make your yard water wise, is one of many conservation programs that benefit our local community. Through our partner agencies we continually stress the importance of being water wise, while encouraging citizens to landscape in a such a way that reduces water consumption. Green-Up, with PUG support, makes efforts to recognize home and business owners who have taken these water-wise steps in their landscapes. Residents can nominate their own yard or a neighbour's yard that is making their best efforts to reduce water use.

The Rain Barrel Rebate program continues to be a success. The demand for these locally made recycled rain barrels remains high and interest in the program has inspired other nearby communities to offer subsidies similar to ours. Green-Up affixes the PUG logo to each barrel that is subsidized by the company and a total of 192 rain barrels were purchased by PUG customers in 2023. This represented a 100% increase in the number of barrels sold at a subsidized rate in 2022.



Park Operation & Facilities

In 2023, Riverview Park & Zoo (RPZ) was fully open and operated 365 days from 8:30 am until dusk. Attendance was stronger than ever, with a total annual attendance estimated at over 300,000 visitors. In part, the post-pandemic economy led more families, school boards and tourists to travel from further jurisdictions to attend the only free-admission accredited zoo in Canada.

Further improvements were made to facilities, park infrastructure and equipment in 2023. Among these items: investments in the new parking lot to an accessible ramp in the playground, expansion of the animal exhibits, safety upgrades to facilities, improved park infrastructure, as well as climate change and emergency preparedness measures.

RPZ has earned a reputation for excellence in biodiversity conservation, at-risk species propagation, outdoor education, student mentorship job training, as well as being a notable accessible recreation space throughout the province. RPZ was voted Top Outdoor Attraction in Ontario's Choice Awards in 2023 and was one of three top vote-getters for Ontario's Best Attraction overall, recognized by Ontario Tourism and Peterborough & the Kawarthas Tourism.

Zoo Operations & Facilities

Our animal collection status is healthy and moving toward the goal of fewer, bigger and better exhibits with an emphasis on conservation, increasing local native species, animals that are acclimatized to our region and facility and appropriate for our staff capacity. Acquisitions of Ontario turtles, leopard frogs, wild turkeys and spotted salamanders were complemented with exotic species acquisitions such as golden pheasants, parakeets and sloths. Dispositions as a part of our species survival plans and sustainability goals included the tropical fish, elongated tortoises, juvenile crocodiles and young wallabies.

As of December 31, 2023, the animal collection on-site consisted of 93 animals, representing a total of 69 species (excluding groups of fish and invertebrates). The collection had 32 animals in on loan and 12 animals out on loan.



Education

RPZ hosted nearly 10,000 students for education programs. These included school trips, classroom tours, early childhood programming with Zoo Crew, special accessibility groups, adult learning and community groups. Each education program includes a curriculum-linked focus on conservation and the actions we can take to protect animals and their habitats. Education at RPZ includes programs offered to a wide variety of audiences and staff through publications, exhibit interpretation, graphics, on-site presentations, tours, responsible pet ownership, the Roberta Bondar Photography Challenge for youth, summer camps, the classroom pet outreach program through Pathways, meet-the-keepers and teacher training.



The Seasonal Conservation Exhibit showcased local, provincial and national partnerships and the relevance of accredited zoos in communities and welcomed over 15,000 visitors.

Conservation

A native turtle nesting site was constructed on the shore of the Otonabee River in the lower park with volunteer support and in partnership with Otonabee Conservation, the Ontario Turtle Conservation Centre (OTCC), Trent University and the Ministry of Natural Resources and Forestry.

RPZ supports other conservation facilities like the OTCC with turtle food and equipment to home injured and orphaned turtles. This collaboration improved their capacity to help over 6,000 animals in 2023. Zookeepers and wildlife experts supported the release of healed and hatched turtles to their original habitat; their native lakes and rivers.

RPZ has invested in more local species in the collection and the supporting work for IUCN species that are of special interest, endangered and at-risk, through membership in the Species Survival Plans, stud books and research with other accredited facilities, thus ensuring a healthy genetically diverse captive population for eventual release, once habitats are protected. These conservation species included woodland caribou, slender-tailed meerkats, squirrel monkeys, spotted salamanders and leopard frogs.

Capital Program

Park investments included new equipment in the playground Tot Lot with help from the Kiwanis Club of Scott's Plains, as well as accessibility features that were optimized thanks to Kiwanis 'Aktion' Club donations in 2023. Investment in new substrate for the playground was prioritized due to the volume of visitors year-round and heavy use of the multifaceted play structures, to ensure they meet and exceed CSA standards and to ensure a safe outdoor play space for all. The wooden superslide stairs require renovation. Phase one of this project included the creation of engineering designs along with slope integrity tests which are now completed.

Naturalization of the shoreline and picnic areas on our source water protection site also helped us meet our commitment to Bird Friendly Peterborough and Healthy Communities, creating homes and food sources for native wildlife and pollinators.

Necessary repairs to the ornamental fountain, the event gazebo, splash pad and snack bar became priorities this season. An additional drinking water fountain was installed, along with a retaining wall in the playground.

Climate readiness was among our top priorities this year in response to the week-long power outage following the devastating storm in 2022, which challenged park and zoo operations. The installation of two 14 kV generators for the primate building and the education centre will ensure all four major exhibit buildings with life systems and food storage have back-up power in an extreme event.

Significant investment in slope erosion studies along the Riverview Trail was required because of the derecho storm that wiped out 80 trees on park and zoo property. This damage, coupled with heavy rains, led to a slope stability investigation, beginning with integrity testing by a local engineering firm to ensure the appropriate strategy and plan for the necessary investment.



Best Management Practices

Risk Management

CoPHI has a well-defined and dynamic risk management program that aims to identify all risks for mitigation. An organization-wide risk assessment team works to identify, categorize and measure risks prior to coming up with strategies to minimize and mitigate the risks. These results are then shared with the CoPHI Executive Leadership team and the Board to ensure that all areas of the organization have an impact on the overall risk governance process.

These processes continue to be relied upon as we navigate through the numerous challenges presented over the previous years, including increased cybersecurity threats related to global conflicts, operational issues caused by supply chain delays and severe weather events, as well as safety concerns over the global pandemic.

The ever-changing nature of these risks is always top of mind within the organization and the potential impacts continue to be evaluated based on the organization's risk appetite and framework.

Sustainability

CoPHI recognizes the importance of sustainability in the way we conduct our business and we strive to be leaders in implementing sustainable practices for the betterment of our communities. Some examples of our sustainable practices are:

- Lily Lake Solar Farm, in partnership with a local farm, is used as a safe and secure pasture for raising sheep between the months of April and November. A rainwater harvesting program was implemented using the canopies of the inverter stations and storage buildings to provide drinking water for the sheep and llamas. Pesticides and herbicides have never been used at Lily Lake Solar Farm.
- In partnership with local beekeepers, we host beehives at both the solar farm and Riverview Park & Zoo to support pollination.
- At Robert G. Lake Generating Station, we have restored lands utilized for the construction of the project including development of a wetland that supports a diverse ecosystem and enhancement of a public walking trail that provides safe access across our facility and through the adjacent natural environment. We have erected poles and platforms at the Robert G. Lake and London Street Generating Stations that provide a safe environment for osprey and their nests.
- The majority of the transformers that we deploy at our generating facilities utilize a fully biodegradable insulating oil to mitigate the impact of a potential spill on the environment.
- We continue to support the rain barrel rebate program and other initiatives focused on water conservation.



Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
Canada K9J 2V4

D: 705.742-3418
F: 705.742-9775

www.bakertilly.ca

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholder of City of Peterborough Holdings Inc.

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2023, December 31, 2022, December 31, 2021, December 31, 2020, and December 31, 2019 and the summary consolidated statements of income and comprehensive income and cash flows for the years then ended are derived from the audited consolidated financial statements of City of Peterborough Holdings Inc. for the years ended December 31, 2023, December 31, 2022, December 31, 2021, December 31, 2020, and December 31, 2019.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited financial statements, in accordance with International Financial Reporting Standards.

The Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our reports dated April 24, 2024, April 13, 2023, April 1, 2022, April 1, 2021, and April 3, 2020.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 28, 2024

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

Courtice

Lindsay

Cobourg

Consolidated Statement of Financial Position

As at December 31, 2023
(\$s in thousands)

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
ASSETS					
Current assets					
Cash	20,039	20,233	20,804	25,073	23,976
Restricted cash	9,807	9,789	9,772	6,844	5,741
Accounts receivable	5,505	4,505	4,646	4,336	4,410
Unbilled revenue	158	323	85	106	274
Inventories	2,875	2,724	2,457	2,012	1,671
Prepaid expenses	489	509	521	560	401
Income taxes receivable	344	-	460	802	359
Assets held by discontinued operations	-	-	-	8,942	105,162
	39,217	38,083	38,745	48,675	141,994
Other assets					
Non-current receivables	276	489	573	-	-
Intangible assets	2,728	2,962	3,196	3,430	3,687
Property, plant and equipment	143,377	148,712	155,146	160,943	167,509
Right of use assets	4,434	4,697	4,923	5,205	5,490
Deferred tax assets	4,002	4,221	4,134	4,488	3,596
	154,817	161,081	167,972	174,066	180,282
	194,034	199,164	206,717	222,741	322,276
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	7,612	5,923	5,264	5,099	4,640
Current portion of long-term debt	7,326	7,068	6,822	6,587	6,363
Current portion of lease obligations	268	262	225	234	214
Income taxes payable	242	299	665	280	172
Liabilities held by discontinued operations	-	-	-	4,733	69,210
	15,448	13,552	12,976	16,933	80,599
Long-term liabilities					
Provisions	990	945	900	857	816
Employee future liabilities	4,354	5,697	5,699	6,121	5,700
Lease obligations	4,788	4,994	5,188	5,383	5,564
Deferred tax liabilities	19,798	19,241	18,809	17,963	15,196
Long-term debt	83,040	90,361	97,430	104,251	110,838
	112,970	121,238	128,026	134,575	138,114
Shareholder's equity					
Share capital	34,258	34,258	34,258	37,081	60,098
Accumulated other comprehensive loss	(1,542)	(2,309)	(2,309)	(2,309)	(1,496)
Retained earnings	32,900	32,425	33,766	36,461	44,961
	65,616	64,374	65,715	71,233	103,563
	194,034	199,164	206,717	222,741	322,276

Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2023
(\$s in thousands)

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Revenue	47,740	44,930	46,939	45,085	44,183
Expenses					
Operations and administration	23,991	22,993	23,451	22,255	20,557
Amortization	9,682	9,753	9,757	10,050	10,344
	33,673	32,746	33,208	32,305	30,901
Income from operations	14,067	12,184	13,731	12,780	13,282
Other (income) expense					
Net finance charges	3,257	4,401	5,190	5,345	5,092
Loss on disposal of property, plant and equipment	299	125	111	172	176
Loss on impairment of property, plant and equipment	630	-	-	366	-
Integration costs	-	-	947	841	-
Transition costs	2,000	-	-	-	-
	6,186	4,526	6,248	6,724	5,268
Income before income taxes	7,881	7,658	7,483	6,056	8,014
Provision for income taxes					
Current	1,565	1,417	724	(608)	(122)
Deferred	422	470	1,200	2,168	2,004
	1,987	1,887	1,924	1,560	1,882
Income from continuing operations, after tax	5,894	5,771	5,559	4,496	6,132
Income from discontinued operations, after tax	-	-	-	30,022	1,865
Net income for the year	5,894	5,771	5,559	34,518	7,997
Other comprehensive income (loss) for the year	767	-	-	(813)	55
Total comprehensive income for the year	6,661	5,771	5,559	33,705	8,052

Consolidated Statement of Cash Flows

For the year ended December 31, 2023
(\$s in thousands)

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)					
Operating activities					
Income from continuing operations	5,894	5,771	5,559	4,496	6,132
Adjustments for:					
Amortization	9,682	9,753	9,757	10,050	10,344
Deferred income tax	422	470	1,200	2,168	2,004
Current income tax	1,565	1,417	724	(608)	(122)
Net finance costs	3,257	4,401	5,190	5,345	5,092
Loss on impairment of property, plant and equipment	630	-	-	366	-
Loss on disposal of property, plant and equipment	299	125	111	277	176
	21,749	21,937	22,541	22,094	23,626
Change in non-cash working capital items	722	505	(1,094)	183	(1,550)
Taxes paid	(1,773)	(1,452)	(1)	(117)	61
Interest received	1,340	479	212	339	666
Increase in employee future liabilities	(210)	(2)	(422)	4	97
Cashflows from operating activities of discontinued operations	-	-	-	14,836	11,239
	21,828	21,467	21,236	37,339	34,139
Investing activities					
Purchase of property, plant and equipment	(4,717)	(2,904)	(3,522)	(3,275)	(7,425)
Transfers from/(to) restricted cash account	(18)	(17)	(2,928)	(1,103)	5,617
Cashflows from/(used in) investing activities of discontinued operations	-	-	-	81,526	(6,154)
	(4,735)	(2,921)	(6,450)	77,148	(7,962)
Financing activities					
Repayment of long-term debt	(7,063)	(6,823)	(6,676)	(6,455)	(6,244)
Principal portion of lease payments	(480)	(465)	(477)	(436)	(272)
Interest paid	(4,325)	(4,717)	(5,034)	(5,284)	(5,512)
Dividends paid	(5,419)	(7,112)	(8,254)	(43,018)	(5,787)
Net proceeds receivable from City of Peterborough	-	-	6,193	(6,193)	-
Redemption of share capital	-	-	(2,823)	(23,017)	-
Cashflows used in financing activities of discontinued operations	-	-	(1,984)	(32,826)	(4,247)
	(17,287)	(19,117)	(19,055)	(117,229)	(22,062)
Net increase (decrease) in cash	(194)	(571)	(4,269)	(2,742)	4,115
Cash and cash equivalents - beginning of year	20,233	20,804	25,073	27,815	23,700
Cash and cash equivalents - end of year	20,039	20,233	20,804	25,073	27,815
Cash and cash equivalents - continuing operations	20,039	20,233	20,804	25,073	23,976
Cash and cash equivalents - discontinued operations	-	-	-	-	3,839
Cash and cash equivalents - end of year	20,039	20,233	20,804	25,073	27,815

2023 Board of Directors

As a Board, we continue to focus on creating value for our shareholder and customers, and we believe that starts with good governance and risk management. Through our Board Committees, we have emphasized attention to risk, safety, and our employees, as cornerstones to everything that we do.



*Nancy Brown
Andison, Chair*



*Louis O'Brien,
Vice-Chair*



*Mayor
Jeff Leal*



*Councillor
Andrew Beamer*



Arlynn Dupuis



Ross Garland



Louise Lalonde

Executive Team



*John Stephenson
President &
Chief Executive
Officer*



*Kyle Davis
Chief Financial
Officer*



*Patrick Devlin
Vice-President
Water Services*



*John Wynsma
Vice-President
Generation
& Retail Services*



*Carrie Rucska
Director
Information
Technology*



*Brendan McCracken
Director
Human Resources
and Safety*

2023 Directors by Board and Committee

CITY OF PETERBOROUGH HOLDINGS INC.

Nancy Brown Andison, Chair
Louis O'Brien, Vice-Chair
Mayor Jeff Leal
Councillor Andrew Beamer
Arlynn Dupuis
Ross Garland
Louise Lalonde

PETERBOROUGH UTILITIES INC.

Ross Garland, Chair
Nancy Brown Andison
Louis O'Brien

PETERBOROUGH UTILITIES SERVICES INC./ PUG SERVICES CORP.

Louis O'Brien, Chair
Ross Garland, Vice-Chair
Nancy Brown Andison

AUDIT COMMITTEE

Louise Lalonde, Chair
Councillor Andrew Beamer
Arlynn Dupuis
Louis O'Brien

GOVERNANCE & NOMINATING COMMITTEE

Arlynn Dupuis, Chair
Mayor Jeff Leal
Nancy Brown Andison





1867 Ashburnham Dr.
P. O. Box 4125
Station Main
Peterborough, Ontario
K9J 6Z5

General Inquiries

705-748-9300

**Account Information
and Customer Service**

705-748-6900

peterboroughutilities.ca