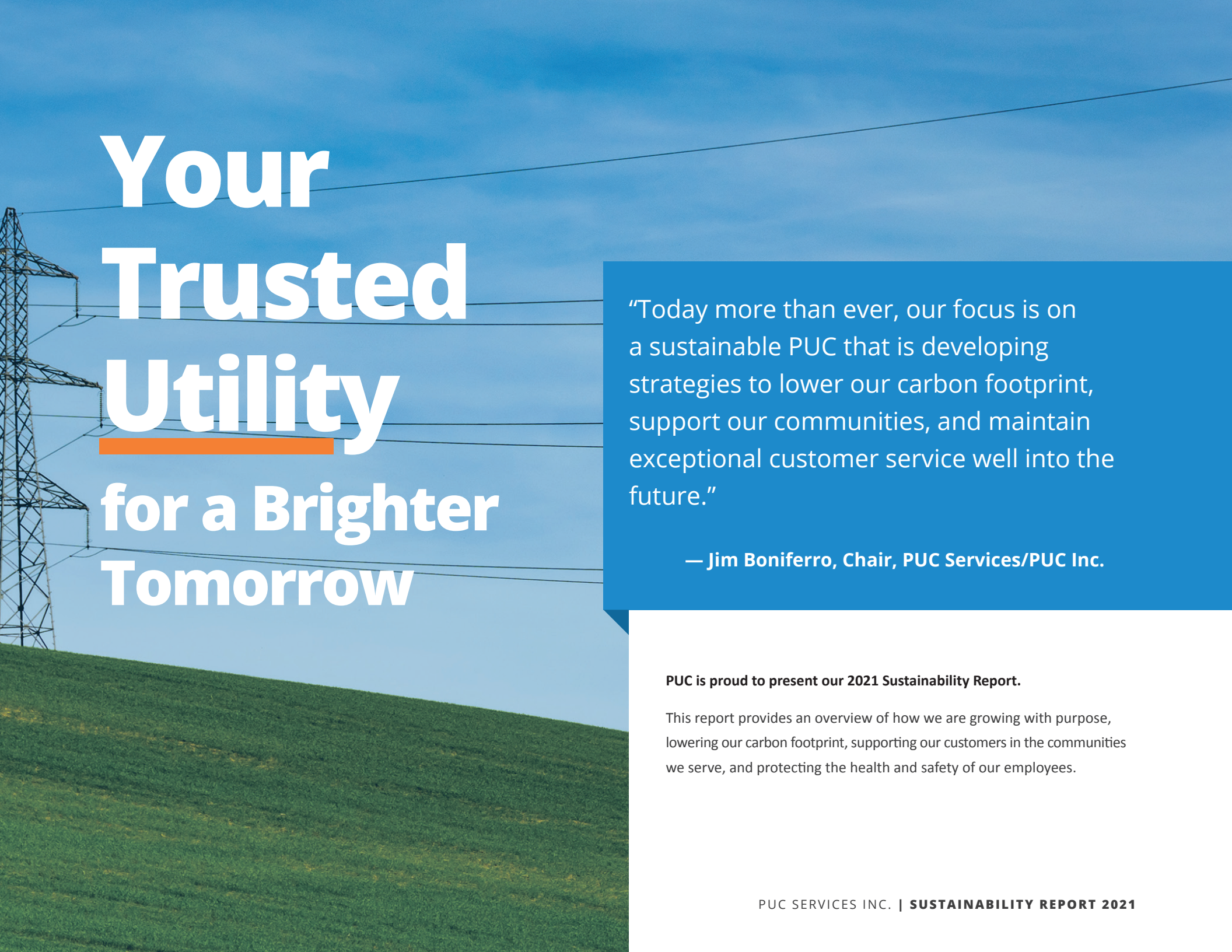




PUC SERVICES INC. | SUSTAINABILITY REPORT 2021

Realizing our Vision





Your Trusted Utility for a Brighter Tomorrow

“Today more than ever, our focus is on a sustainable PUC that is developing strategies to lower our carbon footprint, support our communities, and maintain exceptional customer service well into the future.”

— Jim Boniferro, Chair, PUC Services/PUC Inc.

PUC is proud to present our 2021 Sustainability Report.

This report provides an overview of how we are growing with purpose, lowering our carbon footprint, supporting our customers in the communities we serve, and protecting the health and safety of our employees.

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Message from Jim P Boniferro

Chair, PUC Services Inc. / PUC Inc.

PUC Services Inc./PUC Inc.'s Chair Jim Boniferro, has been an integral player in laying the groundwork for the sustainable, growing PUC that we know today. As his term as Chair comes to an end, PUC would like to thank Jim for his strong leadership, strategic vision, and dedication to PUC over the past nine years.

Transformation through Curiosity and Innovation

The PUC and the utility industry were drastically different when I was elected Chair of the PUC Services Inc. Board of Directors in 2014. PUC was a company made up of exceptional employees, providing electrical and water distribution to customers in the Algoma region. We were not aware of the many challenges about to face our organization, such as smart technology, climate change impacts on utilities and a global pandemic that would impact every facet of our lives.

Today, the environment in which PUC operates is constantly changing. Different customer expectations paired with improved environmental pressures has required PUC to be responsive and adaptable, transforming at a rapid pace to meet the needs of today - and being prepared for tomorrow. Our commitment to being a strong leader in the communities we serve has added a new dimension to our day-to-day operations and our long-term vision.

Building a strong, diverse and experienced Board was job one. The process of adapting had to begin at the Board level. PUC has found our identity as a growing, strategic company whose vision

is to improve communities through curiosity and innovation. The Board worked to develop a strategic plan that clearly defined what growth, vision and the future of the organization would look like. Staff embraced this strategic direction and brought it to life.

We know where we're going – and we have a clear plan to get there. The journey hasn't always been easy, but it is so rewarding to see the progress we have made – and even more importantly – the excitement and optimism about our future.

The Shift to Strategic

PUC has always been and will continue to be an extremely important part of the communities we serve. The difference I see, and one that the Board and PUC staff have strived for over the past decade, is a shift in thinking around everything we do.

We had to figure out what we wanted to be and where we fit into the communities and the industries as we grew.

Collectively, we started asking questions like “how can we do this differently?”, “How will this decision make PUC more sustainable

and add value?”, “How will this support the communities we serve into the future?”, and “How will this improve our customers quality of life?” In short, we started being more curious.

Establishing a clear vision, common goal and a strategic plan that was understood throughout the organization is what ultimately led to a more sustainable PUC. It allowed us to more effectively measure our activities and ensure they were aligned with our vision and strategic plan.

Focus on Sustainability

Today more than ever, our focus is on a sustainable PUC that is developing strategies to lower our carbon footprint, support our communities, and maintain exceptional customer service well into the future.

Whether it is a health and safety initiative, a financial investment, community involvement, or an operational decision, we are always asking ourselves “how does it make the organization more sustainable, improve customer experience and tie into our long-term vision?”

‘Thinking big’ is now part of PUC’s culture and is woven into who we are as a company. We are now less reactive and more proactive in our decision making and planning. That to me, is one of the biggest positive changes I have seen over the years.

Curiosity and Innovation

PUC’s vision to improve the community through curiosity and innovation is reflected in so many current examples. The Sault Smart Grid, Watertight Lining Solutions Inc, and the MyPUC App are just a few projects that demonstrate our vision coming to life.

The Sault Smart Grid is quite literally using innovation to change the way we deliver electricity, and it is the first community-wide project of its kind in Canada.

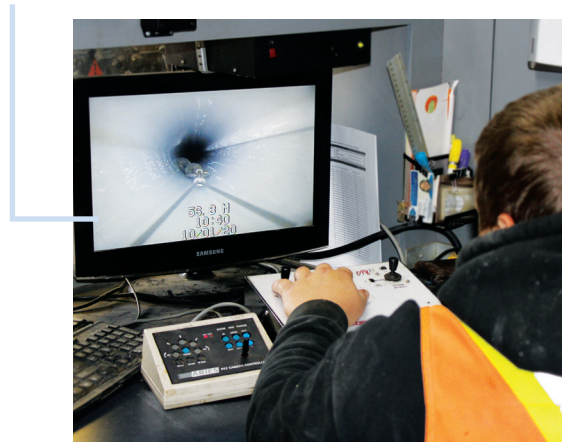
Customers can now report outages quickly and easily on the MyPUC App, and that results in quicker response times to restore power. Updates provided through the MyPUC App improves customer experience by eliminating the unknown.

Download the MyPUC App today.



Outage Information
right at your fingertips.

We are using innovative technology to renew aging water infrastructure that saves time and money, and reduces the impact on both our customers and the environment. This allows us to continue to provide safe, reliable drinking water.



These examples show how our vision and our values drive our decision and how we change as a company.

Community Partner

Our annual dividends to the shareholder have been at record levels in recent years, and this is something we are very proud of. But it goes so far beyond that. We are no longer just a regulated utility service. We are driving positive change in the community, and are seen as a leader locally, provincially - and even nationally.

We now work with our customers and stakeholders in a different way. We have come a long way to be recognized as a community partner; there is a clearer understanding of that role. We are constantly thinking of how we can better our community, providing support to community members on both large and small scale projects.

This was most recently reflected in the award recognition we received by Algoma Public Health for our efforts to help community members during the COVID-19 pandemic.

Looking to the Future

There is always more work to do.

I am looking forward to seeing continued growth and what new innovative and curious projects PUC will take on in the future. No doubt, PUC will pursue opportunities that will be beneficial to the current operation, and I look forward to seeing what those may be.

When new opportunities come up, whether it be in the community or outside of the community, I want people to think “that’s a good opportunity for PUC”. I know it is already happening, and that makes me very proud of my role over the years to have been a small part in laying the groundwork for a bright future for an organization that means so much to our community.



A conversation with Rob Brewer

President and CEO, PUC Services Inc.

Q. Although the pandemic continued to be a big factor in 2021, PUC was extremely active on many fronts. What was your overarching goal for the year?

I really believe our goal over the past year was to continue to realize our vision to be a sustainable organization and to be a leader in supporting and giving back to our community.

As a growing, strategic organization, with a clear definition of our initiatives and how we execute on those, we have been better able to be sustainable and to support our community.

Q. Why is it so important as a business to give back to the community?

There are many reasons. This is the community we live in, these are our customers and future customers. I personally believe there is a moral obligation to assist if you can and PUC was one of the least impacted businesses during the pandemic. We tried to help those more impacted whether

it was purchasing local restaurants gift cards as support to employees or helping the community during the vaccination process.

Last year we tried to be more direct in our support. We used to work through umbrella charity groups, but during the pandemic we reached directly to access those local groups so we could have a more immediate impact.

Q. How successful were you?

I think the vaccination support and the children's programs were very successful. We also were very honored when Algoma Public Health named us a 2021 Public Health Champion. We weren't looking for the recognition, as our focus was helping behind the scenes, but it was very much appreciated.

Q. On the business side, what were the key projects for 2021?

It's been a massive year!

Sault Smart Grid:

This was approved by the OEB, a first of its kind, possibly in North America but in Canada for sure. That was a huge accomplishment. It was a regulatory first to get that done. It was the start of our journey and then we had to make it happen. We've brought in the contractors to get early work done including the initial first phase of engineering, finalizing contracts and now we are getting to construction as weather allows. It is quite the endeavor.

PUC Transmission LP:

This project will have a profound impact on the Sault, dramatically impacting our environment and the quality of air in the region. The community is very fortunate to have a major investment from the Algoma Steel Mill to the tune of \$700-\$800 million dollars and Federal government support, which we also appreciate.

PUC will construct transmission facilities that will provide power to Algoma Steel Inc.'s new state-of-the-art electric arc furnaces, which they say will lead to a 70 per cent reduction in carbon emissions. Not only was it a good business opportunity for PUC to get involved, but it's the right thing to do. We were motivated to help make it happen because it really is an important transformation for the community. We had an old school steel mill that's been through a number of bankruptcies, riding the boom bust cycle. This investment now turns it into one of the most efficient steel mills out there.



Green steel (meaning the process is green) will set Algoma Steel and the community on a stable financial footing, probably for the next two generations. It also brings significant benefits to PUC and returns to Sault Ste. Marie. This will double our electrical asset – rate base.

Sault Area Hospital:

This project, now under construction, allows us to provide \$3 million in energy savings to Sault Area Hospital through an innovative program we introduced. Through the use of battery energy storage, it will also improve power reliability and quality. What better place for the dollars to be than the hospital and what a great opportunity to help too.

Watertight Lining Solutions Inc.:

Our new company uses robotic technology to spray in place polymer lining to give water pipes added strength, higher quality water, regenerate tired assets and extend its life without digging and replacing. There is immense growth opportunity here. We have gone through the testing process and hope to launch more broadly beginning in December of this year.

Q. What's ahead for PUC?

There's a lot of work ahead this year for all the projects I mentioned, to keep us growing and continuing to be sustainable, bringing returns to the city and supporting our community.

We are also looking forward to getting people back into the office, put the screens down for a bit and actually talk to people face to face. We will also help our employees manage the anxiety that comes with those changes.

Q. What do you see as the future challenges for utilities?

I think utilities across the province all have significant asset replacement challenges, requiring them to perform well so they can make the necessary reinvestments into infrastructure and continue to be a sustainable utility. We are fortunate that we have been performing well so that we can make those needed capital program investments.

On the water side, there are enormous infrastructure challenges. Our replacement value of assets on the water side is almost a billion dollars. A big part of that

is planned for the next 20 years so we have ramped up our programs and they will continue to grow to upwards of \$10 million a year and more. Many of the assets have a 70-year life span but here in Sault they were put in at the same time, so we are starting to see that need and get ahead of it. Our watermain lining program will help extend the life of some of that infrastructure and put replacement out possibly 30 years helping to offset other necessary infrastructure costs.

Talent is a challenge for everyone – maybe not as much for utilities but still finding tradespeople has become more and more of a challenge. Finding talented executives is another issue. At PUC, we are fortunate now but as you look to retirements in the horizon, it's something everyone needs to be looking at. By continuing with a strategic focus on sustainability, I am confident PUC will continue to serve the community well for decades to come.

Who We Are

PUC is a group of companies that operates multiple utilities within Ontario, including the supply, treatment and distribution of municipal drinking water, the supply of electricity, and the operation of wastewater treatment facilities.

PUC's brand promise to our customers is to,

"lead the way through innovation and compassion to deliver outstanding service every single day."



OUR MISSION

We are a community leader providing safe and reliable utility services



OUR VISION

Improving communities through curiosity and innovation



OUR VALUES

Safety, Integrity, Customer Centric, Innovative, Accountable



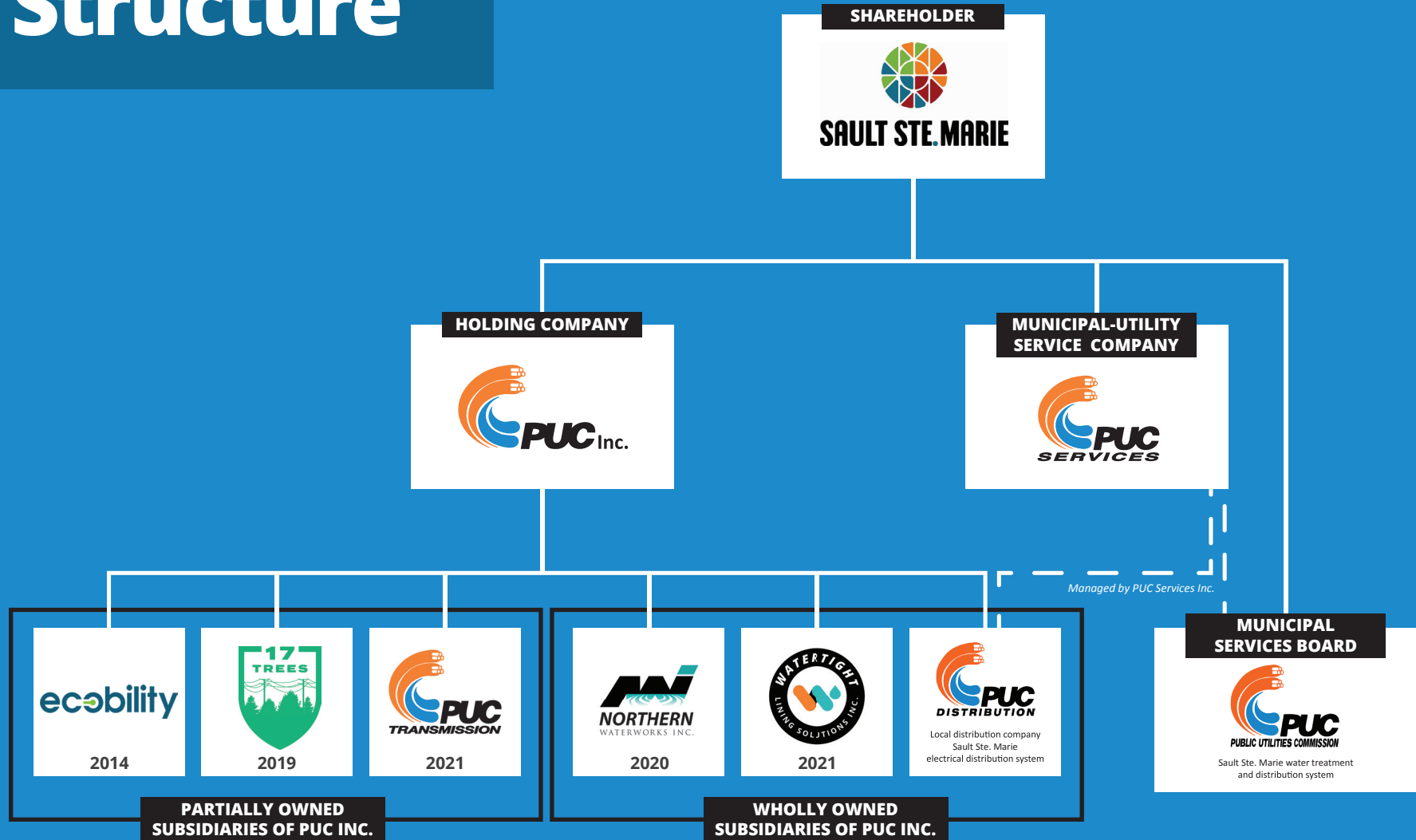
AREAS OF STRATEGIC FOCUS

Customers

Employees

Shareholder

Corporate Structure



Where We Operate



Advancement

Growing with Purpose

PUC's focus on sustainability has been an effective way to increase innovation capability and enable significant growth. By weighing all decisions through this lens, PUC has identified, pursued, and launched several new opportunities that are rooted in community partnerships and innovative ideas.

PUC Transmission LP

PUC Transmission LP is a newly formed Ontario transmission company owned by PUC Inc. The company, which was approved for a transmission licence by the OEB in October 2021, represents an investment of \$100 million by PUC to construct new transmission facilities in Sault Ste. Marie.

The new transmission facilities will provide power to Algoma Steel Inc's new electric-arc furnaces. The new dual furnaces are expected to reduce carbon emissions by approximately 70%, positioning Algoma for long-term growth in the expanding market for green steel.

In the spring and summer of 2022, the project will undergo a stringent Environmental Assessment (EA) and public consultation process. Construction of the facilities is anticipated to start by September 2023, with completion anticipated by December 2024.

PUC Transmission LP will have a profound impact on Sault Ste. Marie, dramatically impacting the environment and quality of air in the region. It also brings significant benefits to PUC that will contribute to the financial sustainability of the company for years to come. For more information, visit puctransmissionlp.com

PUC TRANSMISSION LP

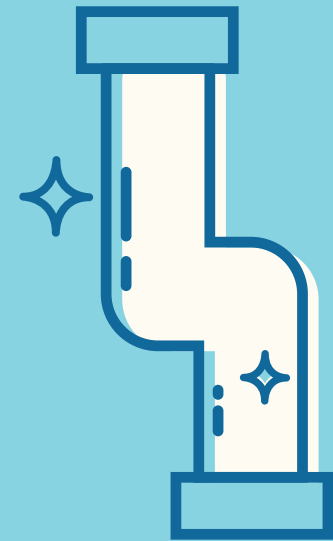


**COMPLETION
ANTICIPATED BY END OF**

2024



**\$100 M
INVESTMENT**



490
METERS OF PIPE
RESTORED IN 2021

Watertight Lining Solutions Inc.



In the fall of 2021, PUC incorporated its newest business venture, Watertight Lining Solutions Inc. (WLS). The new company focuses on helping municipalities fix an expensive and common problem: deteriorating water pipe.

WLS uses a Spray-in-Place-Pipe (SIPP) process which uses a polymer lining (Resiline 320). This process can save taxpayers millions of dollars, limit construction delays to as little as one day, and reduce the carbon footprint by up to 75% compared to typical replacement pipe.

In Sault Ste. Marie, WLS restored close to 450 meters of pipe in 2021. As the only authorized applicator of Resiline 320 in Ontario, WLS stands to grow significantly over the next few years, leaving a wake of positive impacts on both the environment and customers.

**WATERTIGHT LINING
SOLUTIONS INC.**





Northern Waterworks Inc.

Northern Waterworks Inc. (NWI) is a wholly owned subsidiary of PUC Inc. that has been providing water and wastewater operations, maintenance and management services to Municipal, First Nation and Industrial clients for over two decades. NWI currently operates, maintains and manages 35 municipal water and wastewater sub-systems

2021 was a transitional year for NWI from a leadership point of view. Jason LeBlanc, one of the founding family members of NWI, retired after a long and successful career. NWI would like to recognize and thank Jason for his years of commitment and dedication. This transition saw the onboarding of two new executives, Jim McLean and Andrew Hallett.

Facing another difficult year due to the ongoing COVID-19 pandemic, the company still met its yearly revenue goal.



Responsibility



Doing our part to lower our carbon footprint while supporting our customers.

PUC believes that securing a bright future is possible through actions that tackle the real threat of climate change and support customers to reduce their energy costs at the same time. *The time to lead is now, and PUC is up to the challenge.*



Sault Smart Grid

The first of its kind in Canada, PUC's Sault Smart Grid will transform the way PUC delivers electricity. Estimates show it will result in average customer energy savings of 2.7 per cent, improve reliability and contribute to a direct reduction of greenhouse gas (GHG) emissions equivalent to 2,804 tonnes of carbon dioxide annually.

The project officially received the green light in early 2021, when the Ontario Energy Board (OEB) and the shareholder (City of Sault Ste. Marie) formally approved the project.

Through the balance of 2021, engineers and the design team worked to confirm the scope of work and develop specifications for long-lead equipment. Purchase orders were issued to secure delivery of critical equipment needed starting in the spring of 2022, when smart grid construction will begin.

With expectations that we'll see more demand for electric vehicle hookups, rooftop solar energy and other new technology in the next decade, the PUC smart grid system will help the city modernize and leap forward in meeting those challenges and opportunities. PUC is excited about this project bringing customers an energy system that is more efficient, reliable, resilient, and responsive.

The 33-million-dollar project is on schedule to be completed by the first quarter of 2023.



Let the transformation begin.

2.7%

**AVERAGE
ENERGY SAVINGS
FOR CUSTOMERS**



**CONTRIBUTE TO A
DIRECT REDUCTION
OF GREENHOUSE GAS
(GHG) EMISSIONS
EQUIVALENT TO**

**2,804
tonnes**

**OF CARBON DIOXIDE
ANNUALLY**



track and monitor energy consumption to save



MyPUC Mobile App

PUC is continually looking for ways to create positive experiences for customers, while at the same time encouraging behaviour that is more responsive to energy conservation.

Through public engagement, customers indicated they wanted a mobile communications solution that made it easier to manage their usage and accounts and receive up-to-date information on power and/or water disruptions.

PUC listened, and in 2021 partnered with Screaming Power to develop and market a mobile app that would do all of the above and more; facilitate better two-way

communication with customers, provide better and faster updates on outages, and help customers better manage their usage, ultimately saving them money.

Since its launch in July 2021, thousands of PUC customers are using the MyPUC App, conserving more energy and enjoying a better overall experience with their community utility.

MYPUC MOBILE APP





Customer Energy Management (CEMa)

The Customer Energy Management program (CEMa) will provide meaningful reductions in GHG emissions for organizations and businesses in Sault Ste. Marie.

For example, CEMa will help the Sault Area Hospital (SAH) to save an estimated 3 million dollars on its energy bill over the next ten years. The program will provide them with improved power reliability and quality while reducing energy bills through the use of a battery energy storage system. This will allow SAH to store electricity during off peak hours and use it during peak rate times, which are the busiest part of the day for the hospital.

Sault Area Hospital (SAH) will save an estimated 3 million dollars on its energy bill over the next ten years.

**SAULT AREA HOSPITAL (SAH)
WILL SAVE AN ESTIMATED
\$3M
ON ITS ENERGY BILL OVER
THE NEXT 10 YEARS**



AffordAbility Fund Trust

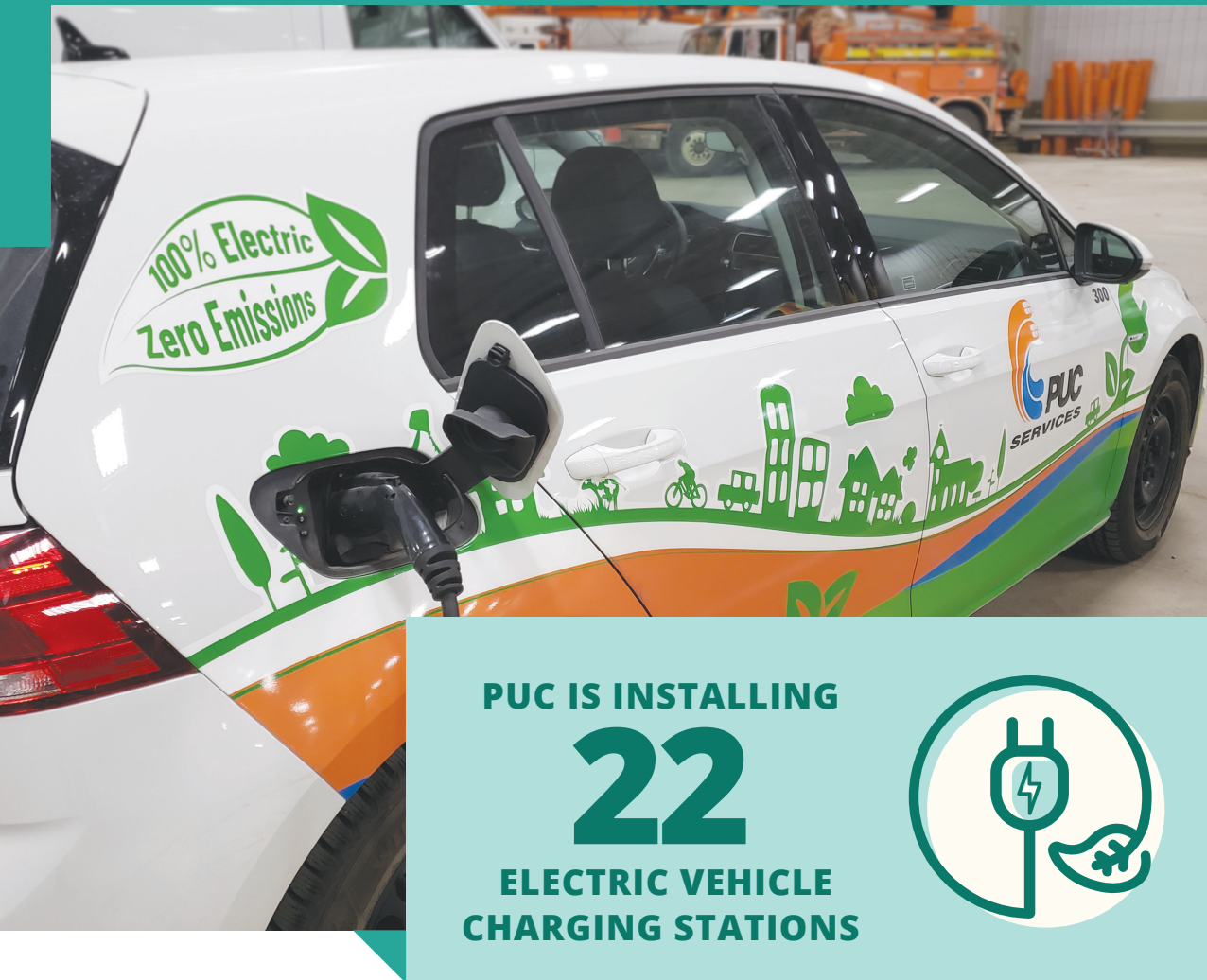
The AffordAbility Fund Trust (AFT) program officially wrapped up in 2021. Throughout the duration of the program commencing in 2017, PUC Services delivered the program to 6,811 customers in the City of Sault Ste. Marie and Espanola. 2,830 customers received appliances (on average 2 per home), and 683 heat pumps were installed. Not only did the program support customers, but it also brought in over 10 million dollars to the local economy.



Customer feedback was very positive from participants, with many communicating that they were grateful for the appliances and heat pumps, but also the way in which the program was delivered.



Electrifying our fleet



PUC IS INSTALLING
22
ELECTRIC VEHICLE
CHARGING STATIONS



Electric Vehicle (EV) Strategy

You cannot speak about sustainability without having a strategy for electric vehicles. According to the Government of Canada, at least 20 per cent of all passenger vehicles sold in Canada will be zero-emission vehicles (ZEVs) by 2026, and at least 60 per cent by 2030, and 100 per cent by 2035.

In 2021, PUC put in place a plan for the gradual incorporation of electric vehicles to replace the current fleet of internal combustion engine (ICE) vehicles. PUC will be taking a phased-in approach for the transition from traditional to electric vehicles, meaning that the electric vehicles will substitute the ICE vehicles when they need replacement.

To coincide with the transition into electric vehicles, PUC is also planning on installing 22 electric vehicle charging stations at PUC facilities to accommodate the newly transitioned vehicles. This change of going electric will not only contribute further to the company's goal of reducing its own carbon footprint, but it will lead to an even bigger impact on the community overall.

In 2022, PUC plans to roll out a program that installs and maintains charging stations for residential customers at their homes.

Capital Infrastructure Investments

By investing in aging infrastructure, PUC is investing directly into the sustainability of the communities we serve. New infrastructure improves reliability, reduces maintenance costs, and adds additional capacity to a growing community.

In 2021, PUC invested more in electrical and water infrastructure than ever have before.

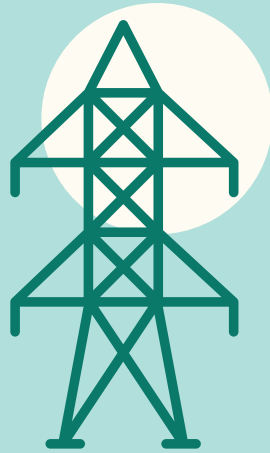
Let's take a look at some of the significant projects brought to life this year.



Substation 16 Rebuild

This multi-year project to renew one of PUC Distribution's fourteen electrical distribution stations reached substantial completion at the close of 2021. The new design, located in the north end of the city, encloses all equipment in a building to suit the surrounding neighbourhood with public safety in mind. It features state-of-the-art protection systems, gas insulated switchgear and oil containment for transformation. This important update brings needed additional capacity to this growing area, improves reliability to connected customers, reduces routine maintenance requirements and provides enhanced safety conditions for PUC employees.

IN 2021
one 4kV
substation
AND ASSOCIATED
KILOMETRES OF LINES
WERE ELIMINATED.



Voltage Conversion Program

As the PUC electrical distribution system grew over the latter half of the last century to serve the Sault Ste. Marie area, distribution assets were acquired at two voltage levels, 4kV and 12kV. In an effort to reduce system losses, complexity and costs while improving reliability and safety, a commitment was made to eliminate the 4kV assets as they reached end of life and replace them with 12kV. Considerable focus has been placed on bringing this initiative to a conclusion over the past decade and the last few kilometers of conductor and remaining two stations are expected to be retired by 2024. In 2021, we saw the retirement and site remediation of one 4kV substation and associated lines were eliminated.

In 2021, we saw the retirement and site remediation of one 4kV substation and associated kilometres of lines were eliminated.

Zone Two Booster Pump Upgrades

The Zone 2 Booster Station, located just outside the PUC Office building at 500 Second Line, is a critical component in the Sault Ste. Marie water distribution system. A multi-year booster pump upgrade project was embarked upon in 2020 and substantially completed by the end of 2021. The goals of the upgrade are to renew the end-of-life infrastructure, improve performance and provide enhanced worker safety at the facility. The project involves the replacement of four main pumps, associated valves and all associated electrical and motor control systems. The emergency generator supplying this mission critical facility was also replaced.



Engagement



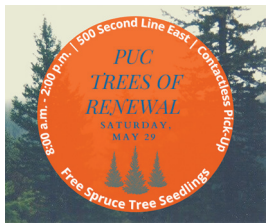
**A partner
in the
communities
we serve.**

PUC has been a community partner since 1917; it is part of who we are as a company. 2021 was no different, as PUC employees continued to step up, finding new ways to make a difference in the lives of so many community members.



Tree Giveaway

In May 2021, PUC gave away 2500 spruce tree seedlings to the community. The trees were a symbol of renewal and growth. As the trees grow, they will represent just how far we have come since the COVID-19 pandemic first changed our day-to-day lives. PUC also used the tree giveaway to remind people about the importance of powerline safety. Thirty per cent of power outages in Ontario are caused by trees coming in contact with power lines.



PUC GAVE
2500
SPRUCE TREE
SEEDLINGS
TO THE COMMUNITY



Halloween Safety

Leading up to Halloween, PUC crews inspected the streetlight system throughout the entire city to ensure all trick or treaters could safely see where they were walking. This is an annual campaign that our employees are proud to take part in.



HALLOWEEN SAFETY ▶

Powerline Safety Message

We have recently seen a rise in safety incidents where members of the public are coming in close proximity to our powerlines. As a result, PUC created a powerline safety video educating the public on how dangerous powerlines are.

POWERLINE SAFETY MESSAGE ▶

Donations and Sponsorship

In 2021, PUC donated to nearly two dozen different charities and events in Sault Ste. Marie. PUC took a leadership role in supporting the Algoma Vaccination Support Council (AVSC) and its cause of promoting and supporting vaccine clinics. PUC created a new program that saw the company organize and pay for taxi rides for anyone who needed transportation to their vaccine appointment. More than 100 families utilized this program. The company also supported the fantastic volunteers who ran the numerous vaccine clinics in our region by paying for their lunches and dinners.



DONATIONS 2021 ▶

ALGOMA VACCINATION
SUPPORT COUNCIL ▶



18
CHARITIES
SUPPORTED

Resiliency

**Our focus on
the health and
safety of our
employees**

PUC's employees are knowledgeable, innovative, customer-centric, and above all else, laser focused on safety. This focus is reflected in PUC's impressive safety results year over year. It goes beyond just statistics, however. PUC has cultivated a culture of safety that is second to none in the utility industry.



Protecting our employees during COVID-19 pandemic

As the COVID-19 pandemic rolled on in 2021, PUC made it a priority to ensure all employees were confident that their workplace was a safe environment to be in. As a team, PUC continued to navigate these rapidly changing times through cooperation and teamwork. As measures external to the organization changed, PUC was able to pivot, remain flexible and adapt to maintain a safe workplace.



**PUC ACHIEVED
2500
PERSON-HOURS
WITHOUT A
LOST-TIME INJURY**



Health and Safety Record

When you look at our wall of values, safety is the first value written. Safety is not just another word in our PUC vocabulary, it is the most important word for us each day.

In 2021, we hit two significant milestones. In May, PUC achieved 1,000,000 person-hours without a lost-time injury. PUC employees recorded 1000 straight days without a lost-time injury in the fall. These achievements highlight our employees' dedication to making sure everyone continues to look out for each other and work safely in everything they do.

HEALTH AND SAFETY RECORD





Securing the Future

Financial Statements

PUC INC.

Non-Consolidated Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Accounts receivable	\$ 711,951	\$ 942,415
Receivable from PUC Services Inc. (note 9)	2,834,151	2,520,244
Payment in lieu of taxes recoverable	10,098	16,764
Total current assets	3,556,200	3,479,423
Non-current assets:		
Deferred tax asset (note 8)	9,000	-
Notes receivable from related company (note 4)	8,310,000	8,310,000
Investments in subsidiaries and associates (note 5)	50,801,579	50,801,477
Total non-current assets	59,120,579	59,111,477
Total Assets	\$ 62,676,779	\$ 62,590,900
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 611,268	\$ 610,084
Long-term debt (note 6)	31,720,000	31,720,000
Total liabilities	32,331,268	32,330,084
Shareholder's equity:		
Share capital:		
Authorized:		
Unlimited Special shares, non-voting, non-cumulative, redeemable at \$10,000 per share		
100,000 Common shares		
Issued and outstanding:		
1,462 Special shares	14,620,000	14,620,000
21,632 Common shares	14,618,248	14,618,248
Retained earnings	1,107,263	1,022,568
	30,345,511	30,260,816
Commitments (note 7)		
Total Liabilities and Shareholder's Equity	\$ 62,676,779	\$ 62,590,900

PUC INC.

Non-Consolidated Statement Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Interest	\$ 2,257,019	\$ 2,255,698
Dividend income	710,080	940,164
	2,967,099	3,195,862
Expenses:		
Interest on long-term debt	1,934,920	1,934,920
Administrative	80,887	100,329
Business development	270,854	227,773
	2,286,661	2,263,022
Income before payment in lieu of taxes	680,438	932,840
Payment in lieu of taxes (recovery) (note 8)		
Current	(5,337)	(1,576)
Deferred	(9,000)	-
	(14,337)	(1,576)
Net income, being total comprehensive income for the year	\$ 694,775	\$ 934,416

Management has extracted this financial information from the audited financial statements.

PUC SERVICES INC.

Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 4,936,680	\$ 2,557,793
Accounts receivable (note 5)	3,153,508	5,299,586
Due from related parties (note 19)	13,753,188	11,183,645
Inventories (note 6)	461,524	384,678
Prepaid expenses	840,624	93,264
Payment in lieu of taxes recoverable	418,118	176,778
Total current assets	23,563,642	19,695,744
Non-current assets:		
Deferred tax assets (note 9)	-	278,000
Property, plant and equipment (note 7)	17,141,883	17,571,082
Intangible assets (note 8)	1,096,834	803,326
Total non-current assets	18,238,717	18,652,408
Total assets	\$ 41,802,359	\$ 38,348,152
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,649,365	\$ 4,371,871
Deferred tax liabilities (note 9)	22,000	-
Dividends payable	225,000	-
Due to related parties (note 19)	10,806,857	7,942,155
Current portion of long-term debt (note 10)	85,656	85,656
Lease liabilities - current	31,936	-
Total current liabilities	15,820,814	12,399,682
Non-current liabilities:		
Long-term debt (note 10)	8,972,218	9,057,874
Lease liabilities (note 11)	68,968	-
Deferred revenue (note 7)	10,578,508	10,820,871
Employee future benefit obligations (note 12)	1,786,769	2,349,497
Total non-current liabilities	21,406,463	22,228,242
Total liabilities	37,227,277	34,627,924
Shareholder's equity:		
Share capital (note 15)	1,943,300	1,943,300
Accumulated other comprehensive income	654,773	162,758
Retained earnings	1,977,009	1,614,170
Total shareholder's equity	4,575,082	3,720,228
Commitments and contingences (note 18)		
Total liabilities and shareholder's equity	\$ 41,802,359	\$ 38,348,152

Management has extracted this financial information from the audited financial statements.

PUC SERVICES INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Management fees	\$ 10,709,906	\$ 11,292,230
Contracts	5,840,561	5,890,479
Services	4,199,340	4,827,155
Other operating revenue (note 16)	1,553,440	1,459,062
	22,303,247	23,468,926
Expenses:		
Contract service	8,371,701	8,737,137
Administrative	5,331,641	6,251,737
Facilities	2,065,206	2,060,376
Depreciation and amortization	2,448,494	2,183,329
Billing and collection	1,211,302	1,053,990
Customer service	1,044,460	931,276
Street lights	403,001	391,759
New business development	270,902	227,773
Other business and maintenance	68,915	69,523
	21,215,622	21,906,900
Income from operating activities	1,087,625	1,562,026
Net finance costs (note 17)	489,130	502,784
Income before provision for payment in lieu of taxes	598,495	1,059,242
Payment in lieu of taxes (note 9):		
Current (recovery) expense	(111,951)	129,389
Deferred expense	122,607	183,824
	10,656	313,213
Income for the year	587,839	746,029
Other comprehensive income (loss): items that will not be classified to profit or loss, net of income tax:		
Remeasurement of employee future benefits (note 12)	669,408	(120,091)
Income tax recovery (expense) on other comprehensive income (note 9)	(177,393)	31,824
Other comprehensive income (loss) for the year	492,015	(88,267)
Net income and comprehensive income for the year	\$ 1,079,854	\$ 657,762

PUC DISTRIBUTION INC.

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 815,229	\$ 124,037
Accounts receivable (note 4)	6,121,404	5,738,294
Unbilled revenue	10,976,609	12,240,212
Payment in lieu of taxes recoverable	9,709	8,991
Inventory (note 5)	2,161,802	2,020,118
Prepaid expenses	200,875	67,672
Total current assets	20,285,628	20,199,324
Non-current assets:		
Property, plant and equipment (note 6)	112,462,126	105,376,966
Total assets	132,747,754	125,576,290
Regulatory balances (note 8)	9,437,146	4,570,573
Total assets and regulatory balances	\$ 142,184,900	\$ 130,146,863

PUC DISTRIBUTION INC.

Statement of Financial Position (continued)

December 31, 2021, with comparative information for 2020

	2021	2020
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,141,711	\$ 8,419,954
Customer deposits (note 11)	313,596	712,937
Dividends payable	610,080	610,080
Due to related parties (note 17)	12,638,877	10,688,540
Current portion of long-term debt (note 10)	1,923,586	1,727,219
Total current liabilities	27,627,850	22,158,730
Non-current liabilities:		
Deferred revenue (note 9)	7,034,528	4,829,126
Deferred tax liability	1,989,000	1,387,000
Long-term debt (note 10)	66,156,179	64,079,966
Total non-current liabilities	75,179,707	70,296,092
Total liabilities	102,807,557	92,454,822
Shareholder's equity:		
Share capital (note 12)	20,062,107	20,062,107
Retained earnings	18,618,415	16,811,240
Total shareholder's equity	38,680,522	36,873,347
Total liabilities and shareholder's equity	141,488,079	129,328,169
Regulatory balances (note 8)	696,821	818,694
Commitments and contingences (note 16)		
Total liabilities, regulatory balances and shareholder's equity	\$ 142,184,900	\$ 130,146,863

Management has extracted this financial information from the audited financial statements.

PUC DISTRIBUTION INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Electricity sales (note 13)	\$ 71,763,066	\$ 85,083,387
Distribution revenue (note 13)	19,207,805	19,032,237
	90,970,871	104,115,624
Other operating revenue (note 14)	7,281,109	7,630,820
	98,251,980	111,746,444
Expenses:		
Energy purchases	71,603,747	85,555,982
Operations and maintenance	6,406,837	6,434,364
General and administrative	4,025,734	3,129,473
Billing and collection	1,370,374	1,333,216
Depreciation and amortization	3,842,226	4,153,218
Community relations	5,206,928	5,307,274
	92,455,846	105,913,527
Income from operating activities	5,796,134	5,832,917
Net finance costs (note 15)	3,023,221	3,187,222
Income before tax and regulatory items	2,772,913	2,645,695
Income tax expense:		
Current (note 7)	71,089	76,523
Deferred (note 7)	602,000	677,000
	673,089	753,523
Income for the year before movements in regulatory deferral account balances	2,099,824	1,892,172
Net movement in regulatory deferral account balances related to income or loss		
Income tax	284,569	(188,490)
	(602,000)	(677,000)
	(317,431)	(865,490)
Net income, being total comprehensive income for the year	\$ 2,417,255	\$ 2,757,662

PUBLIC UTILITIES COMMISSION OF THE CITY OF SAULT STE. MARIE

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 115,178	\$ 425,098
Accounts receivable	4,167,971	3,875,625
Unbilled service revenue	1,194,468	978,476
Receivable from related company, PUC Services Inc. (note 3)	7,972,706	5,421,911
	13,450,323	10,701,110
Financial liabilities:		
Accounts payable and accrued liabilities	5,427,054	4,130,854
Loan payable (note 5)	3,569,084	4,376,289
	8,996,138	8,507,143
Total net financial assets	4,454,185	2,193,967
Non-financial assets:		
Tangible capital assets (note 7)	102,761,366	97,236,873
Inventory	379,218	335,182
	103,140,584	97,572,055
Effects of COVID-19 (note 10)		
Accumulated surplus (note 8)	\$ 107,594,769	\$ 99,766,022

Management has extracted this financial information from the audited financial statements.

PUBLIC UTILITIES COMMISSION OF THE CITY OF SAULT STE. MARIE

Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 2)	2021 Total	2020 Total
Revenues:			
Service revenue:			
Residential	\$ 12,634,909	\$ 13,044,603	\$ 12,659,411
General	8,625,510	8,074,650	7,876,008
Hydrants	1,524,778	1,565,902	1,533,823
	22,785,197	22,685,155	22,069,242
Other:			
Investment income	75,000	114,547	103,412
Non-service revenue	280,830	676,961	395,597
Developers contributions	-	1,091,918	93,421
	355,830	1,883,426	592,430
Total revenues	23,141,027	24,568,581	22,661,672
Expenditures: (note 6)			
Purification and pumping	4,135,119	3,749,726	3,603,667
Transmission and distribution	4,532,982	4,157,152	3,645,013
Amortization of tangible capital assets	2,754,935	2,788,336	2,640,705
Hydrants	660,129	409,965	514,253
Billing and collection	1,233,381	1,348,595	1,134,564
Interest on long-term debt	124,661	124,715	149,402
General and administration	4,137,494	4,161,345	4,475,593
Total expenditures	17,578,701	16,739,834	16,163,197
Operating surplus	5,562,326	7,828,747	6,498,475
Accumulated operating surplus, beginning of year	99,766,022	99,766,022	93,267,547
Accumulated operating surplus, end of year	\$ 105,328,348	\$ 107,594,769	\$ 99,766,022

Management has extracted this financial information from the audited financial statements.



Thank You

Thank you to the communities we serve for putting your trust in us every single day. We will continue to be your partner in finding new ways to make a brighter tomorrow possible.

Executive Team



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Hon. BSC, MBA
PRESIDENT & CEO



Kevin Bell,
P.Eng.
VICE PRESIDENT, SPECIAL PROJECTS



Claudio Stefano,
P.Eng, MBA
**EXECUTIVE LEAD,
OPERATIONS & ENGINEERING**



Guillaume Vachon,
P.Eng., PMP
**VICE PRESIDENT,
ELECTRIC OPERATIONS & ENGINEERING**



Kelly McLellan,
CPA, CMA, M.Acc
CHIEF FINANCIAL OFFICER



Robert Battisti,
CPA, CMA, MBA
VICE PRESIDENT, CORPORATE SERVICES

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Christian Provenzano
MAYOR, CITY OF SAULT STE. MARIE

Mark Howson
RETIRED, SENIOR MAINTENANCE ENGINEER,
ESSAR STEEL ALGOMA INC.

PUBLIC UTILITIES COMMISSION

Mark Howson
CHAIR, RETIRED, SENIOR MAINTENANCE
ENGINEER, ESSAR STEEL ALGOMA INC.

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