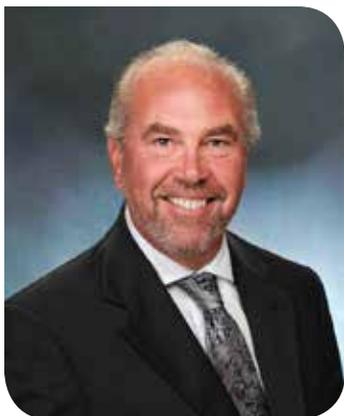


A nighttime photograph of a park or residential area. In the foreground, a calm pond reflects the lights from several tall, black streetlights. The background is filled with a variety of trees, some with green foliage and others without leaves, suggesting a late autumn or winter setting. The sky is dark, and the overall scene is illuminated by the warm glow of the streetlights.

Focused on our Customers.  
Preparing for our Future.

ANNUAL REPORT 2015

*Saint John*  
**Energy**



## Our vision evolves... Our commitment to reliable, sustainable and innovative energy solutions stays the same.

### 2015 was another challenging, eventful and exciting year for Saint John Energy.

As we continue to manage the challenges of replacing aging infrastructure and positioning for the future, the pace of advances in renewables, storage and end-user technologies is accelerating. At the same time, revenues from traditional sources continue to erode, due to a struggling economy and customers making wise decisions in how they consume energy. In 2015, for the first time in more than 25 years, Saint John Energy ended the year with fewer customers than at the beginning of the year.

So, this past year, we took a critical and rigorous look at our long-term strategy, with the aim of answering: **“How can we remain relevant – and remain an advocate for consumer choice – long into the future, with so many changes affecting our industry?”**

Answering this question has resulted in a bold new strategy that includes building on our current relationship with our owner, the City of Saint John, and looking for enhanced methods of demonstrating the significant value in owning our utility – while also preparing for investments in alternate lines of business and renewable generation.

In 2015, we collaborated with NB Power and local economic development partners to establish an innovative solution for our Large Industrial / Data Centre customers, which provides the same rates available to them as elsewhere in the province, when there are new entrants to this sector while improving the utility’s financial stability. We also implemented an aggressive annual capital plan, which included the upgrade and renewal of the Raynes Avenue substation, overhead feeder rebuilds along Rothesay Avenue, the conversion of nearly 8,000 streetlights to more efficient LED fixtures, and the installation of a state-of-the-art photovoltaic lighting system around the perimeter of Lily Lake.

Thanks in part to our expenses coming in under budget, our balance sheet remains strong, with earnings of nearly \$1.6 million in 2015.

With the expectation that volatile weather events will continue, we conduct regular emergency and storm response simulations, and we continue to enhance our Safety Management Systems.

Last year, Saint John Energy received two awards from the Canadian Electricity Association for top safety performance, one for overall corporate safety performance and one for distribution operations.

I’m pleased to report that our customer satisfaction and reliability levels remained steady, comparing favourably to our peers across the country. These results are largely attributable to the dedication of our employees, and our ongoing commitment to our customers and community.

In 2015, we continued to build on the way we communicate with stakeholders. We held our first Community Annual General Meeting last summer to talk about our successes, issues and plans, while soliciting feedback from community leaders and customers.

We understand the privilege of serving the residents and businesses of Saint John, and the importance of giving back to our community. Our three areas of focus continue to be education, community-building and provision of food and warm shelter – with increased focus in 2015 on priority neighbourhoods and food banks.

We look forward to the privilege of serving this beautiful community for many more years to come.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ray'.

Ray Robinson, President & CEO



### Excellence in Energy Solutions

Saint John Energy is proud to provide the citizens of Saint John with the power they need to heat and cool their homes, run their businesses and fuel industrial growth. It has been our job since 1922. We serve more than 36,000 customers, spanning 316 square kilometres, with reliable service that is among the best in the country.

### Our Guiding Principles

- Safety
- Results-Driven
- Accountability
- Honesty, Integrity and Respect
- Customer-Focused
- Teamwork

<b>Vision:</b> To be recognized as an evolving energy and utility leader	<b>Mission Statement:</b> We provide innovative customer-centered energy utility solutions	<b>Motto:</b> Excellence in Energy Solutions
<b>94</b> full-time employees	<b>1922</b> founded	<b>\$100,000</b> donated back to our community
<b>36,400</b> customers	<b>243 MW</b> peak demand in 2015	<b>992 GWh</b> delivered
<b>22,000</b> poles managed with our joint-use partners	<b>13</b> substations	<b>750 km</b> of distribution line <b>150</b> underground <b>600</b> overhead

# A Strategy for Growth and Sustainability

We are passionate about providing value to all our stakeholders, from our shareholder in the City of Saint John to employees, customers, partners and community leaders. We do this through a focus on sustainability, which encompasses our commitment to the environment, social responsibility and delivering economic value.

As our community grows and the needs of our customers evolve, our company must continuously improve to anticipate and exceed expectations.

To achieve our vision, we focus on our key goals, which align with our utility's four overarching strategic priorities.



**1. Financial Stability & Sustainability**



**2. Customer Focus**



**3. Organizational Effectiveness**



**4. Employee Wellbeing**





## 1. Financial Stability & Sustainability



We continuously work to balance our capital expenditures, such as infrastructure renewal projects, with new potential lines of business and shifting customer priorities.

It's all part of our strategic priority to be financially stable year after year, while planning effectively for the future.

For further financial details, please see "2015 by the Numbers" on page 15, or visit [sjenergy.com](http://sjenergy.com) to access our full 2015 Financial Annual Report.

## What Sustainability Means to Saint John Energy

Our commitment to sustainability is represented through three pillars.

### #1. Economic Value

Saint John Energy's rates are among the lowest in our region. On average, residential rates are 10 per cent lower and commercial rates are 4 per cent lower than elsewhere in the province. This is possible thanks to the excellent relationship we have with NB Power, our supplier of wholesale electricity. It is also possible because we serve a very specific, urban geographic area, which creates efficiencies for us. This model has allowed the City of Saint John to save about \$2 million per year, and customers more than \$7 million per year. This benefits Saint John, and our province as a whole.

We provide economic value to our community by providing a reliable supply of energy at highly competitive rates; the promotion of energy conservation; and our dedication to helping Saint John grow and prosper.



 #2. Social Responsibility

We respect our shareholder in the City of Saint John, and all of our customers, employees and partners. We are committed to communicating with and engaging our stakeholders, and investing in our community. In 2015, we focused on understanding our customer and stakeholder requirements and expectations.

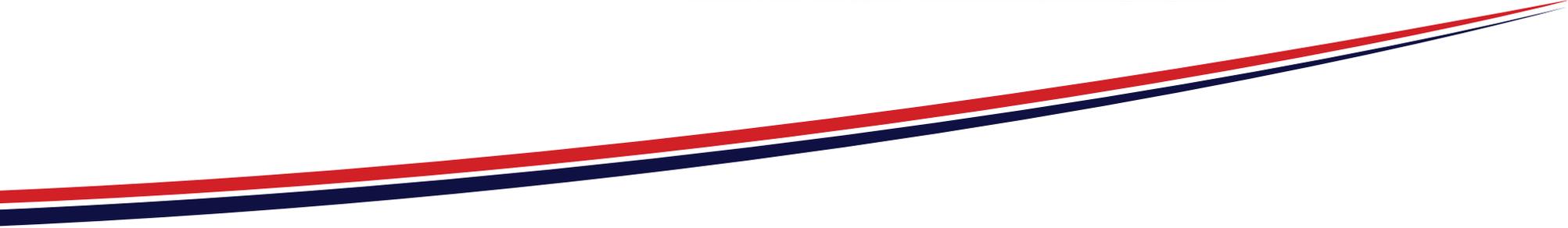
Some of our engagement methods included:

- Our first **Community Annual General Meeting** where our President & CEO, Ray Robinson, presented key business results to stakeholders. The event was well received and we will be extending the invite to even more stakeholders in 2016.
- Enhanced **engagement in digital media**, providing timely, two-way communication, while also increasing engagement with customers and stakeholders on our power outages, energy efficiency and community involvement.
- Engagement with the **Saint John Common Council** by presenting updates on projects and business successes. This has helped us increase open communication with the City and provide a channel for feedback.
- **Customer focus groups** with a selection of residential customers, involving conversations on new lines of business and customer choice.
- A **customer survey**, with 83.7 per cent of respondents satisfied or very satisfied. 86.7 per cent of respondents said that Saint John Energy provides reliable electrical service with minimal outages.

Investing in our Community. Investing in our Future.

We believe in supporting areas of social need in Saint John. We are proud to sponsor many organizations that contribute to our community through their work in education, community building and the provision of food and warm shelter.

Our employees demonstrate the heart of our company through their volunteer time and donations to our community. In 2015, employees volunteered more than 2,000 hours and donated \$6,500 to local non-profit organizations.



## #3. Environmental Stewardship

We demonstrate our commitment to environmental stewardship by continuously reducing our environmental footprint, and by helping our customers do the same through the promotion of energy conservation.

### In 2015, we:

- Partnered with the Saint John Transit and Parking Commission and the City of Saint John to install two electric charging outlets to help reduce emissions and increase awareness in the community about clean energy.
- Installed oil containment systems when we built or upgraded our substations.
- Initiated the final stage to eliminate PCBs in pole mount transformers in our distribution system.
- Completed quarterly internal audits by our Joint Health and Safety Committee and Environmental Management System Audits, resulting in 100% compliance.
- Continued membership with Sustainable Saint John, along with a growing network of companies, to look for ways to reduce our environmental impact on our community.
- Continued our support of National Electricity Month.
- Shared energy conservation tips with our customers on our website, and through Twitter and Facebook.
- Installed a state-of-the-art photovoltaic lighting system around the perimeter of Lily Lake.

### Light the Lake Project

This project involved the installation of 26 programmable solar-powered lights along the 1.38 km Lily Lake Trail. The remote diagnostic and renewable photovoltaic technology (converting solar energy into direct current electricity) demonstrated our continued commitment to the Saint John community, energy efficiency and technology advancement.



Saint John Energy donated to the citizens of Saint John a leading-edge photovoltaic lighting system, enhancing access to the Lily Lake Trail in Rockwood Park.



## 2: Customer Focus



At Saint John Energy, we are deeply committed to providing value to all our stakeholders, from our owner in the City of Saint John to employees, partners, community leaders and, of course, our 36,404 customers. We provide our customers with value by delivering excellence in energy solutions, in as cost-effective a manner as possible.

### Top 5 Energy-Saving Tips

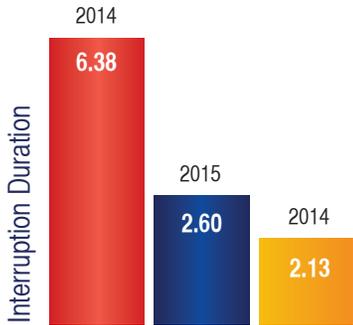
1. Use cold water to wash clothes and hang clothes to dry.
2. In winter, keep curtains open during the day (to attract heat) and closed at night (to retain heat). In summer, do the opposite.
3. LED light bulbs are 85% more energy efficient and last longer.
4. Basements are responsible for 1/3 of a home's heat loss. Make sure your basement is properly insulated.
5. Use a microwave or toaster oven when possible to use less energy than a stove or oven.

### Our rates are among the lowest in the region.

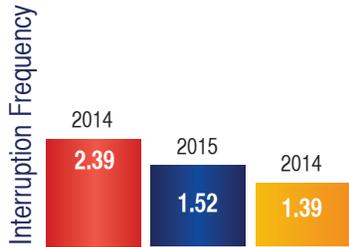
On average, our residential rates are 10 per cent lower and our commercial rates are 4 per cent lower than other utilities in the province.

### Our reliable service exceeds industry standards.

We are ahead of the national average for both the duration and frequency of service interruptions. Minimizing system interruptions and maintaining high-reliability performance – in a safe manner – is our top priority. We achieve this through storm response simulations, vegetation management, well-maintained infrastructure and our unwavering focus on the customer.



■ National Average  
■ 2015 Saint John Energy Average  
■ 2014 Saint John Energy Average



### In 2015:

- The duration of our average system interruption was 2.60 hours / year
- The frequency of our average system interruption was 1.52 interruptions / year



## 3: Organizational Effectiveness



Upgrading our city's electricity infrastructure improves our safety and environmental performance, supports future development and increases our reliability.

### Innovation

#### New GPS Enables Mobile Application

- Power line technicians are equipped with tablets and a data collector application to help decrease the cycle time from reporting to repair on broken street lights or overgrown vegetation. This improves customer reliability and operational performance.

#### epost™ Upgrade

- As a part of a pilot program with Canada Post, a change to our electronic billing format ensured our electronic billing customers would receive the same information as our paper bill customers. As the electronic billing adoption rate increases, we can proactively offer this service to our customers.

#### IVR (Interactive Voice Response) System Replacement

- The new system delivers a product that allows for staff to rapidly respond to an outage by opening phone queues, redirecting traffic and posting voice messages. Launched in August 2015, the new system has met customers' demands and has exceeded our expectations

#### Mini-Split Ductless Heat Pump Rental Program

- The goal of this program is to make the benefits of mini-split heat pumps accessible to all customers. In order to offer a turnkey solution, we partnered with a contractor to perform the assessments, installations and ongoing maintenance for the initial year of the program. It was anticipated that many customers would opt for this affordable solution when launched in 2016, which is proving to be correct.

## Infrastructure

In addition to our focus on providing customer-centred energy solutions, we also strive to be an industry-leading electrical utility. Upgrading our infrastructure is critical to continuously improving our reliability and sustainability. At the same time, we need to invest and upgrade our own internal systems to strengthen our performance.

### LED Street Light Conversion Project

Saint John Energy converted the nearly 8,000 streetlights in the City of Saint John to high-efficiency, low-energy-consumption LED lighting. The upgrade will provide significant energy savings of 5.6 million kWh annually, in addition to maintenance savings from fixture longevity. The upgrade will also reduce the CO<sub>2</sub> emissions by 3,880 tonnes per year, enough electricity to supply 354 homes for an entire year.

### Raynes Avenue Substation Conversion

The redevelopment of the Raynes Avenue Substation into a modern, safe substation has increased our capacity to provide reliable ongoing customer supply and future load growth.





## 4: Employee Wellbeing



The health and wellbeing of our employees means everything to us. An engaged and knowledgeable team is crucial to our future business and community success.

Throughout 2015, we facilitated a number of internal **Lunch and Learn sessions**, on topics from environmental awareness and financial wellness, to the importance of volunteering in our community. These sessions provided opportunities for invaluable team-building and bonding.

To enhance our communication with all employees, we use **Digital eBoards** to post helpful safety tips, community events and employee/business updates in specific locations in the office. An internal employee website was also developed in 2015, allowing all employees with an Internet connection to receive information on everything from safety manuals to our office directory.

We also established an **Employee Recognition Program**, which provides a process for leaders to acknowledge employees who went the extra mile to get the job done. The recognition can range from a verbal thank you from our management team to a gift card and hand-written thank you note.

Finally, the **Saint John Energy Employee Council** is responsible for enriching the daily work experience of our 100+ employees. Our Employee Council organizes wellness clinics, as well as all company functions, from family picnics to our annual Christmas party. We are grateful for the efforts and commitment of our Employee Council toward enhancing the wellbeing of our entire team.

## Employee Safety

Ensuring the safety of our employees and community is our number one priority and guiding principle. We demonstrate this commitment every day through continuous improvement and investment in safety processes and equipment.

### In 2015, we:

- Conducted a live line training refresher course to ensure our power line technicians are well qualified to perform critical rubber glove work methods on a live 12,000v distribution system.
- Were awarded two safety excellence awards: the Canadian Electricity Association President's Award of Excellence for company-wide safety performance and the Vice President's award for Safety Excellence in the transmission and distribution category.
- Introduced a new element to our safety program in fall 2015 – Safe Start. Safe Start develops awareness, error reduction skills, habits, motivation, engagement and personal accountability to help achieve safety goals and objectives.
- Achieved 200,000 hours of safe work without a lost-time incident.



## Our Leadership

Saint John Energy is governed by a Board of Commissioners, members of which are appointed by Saint John Common Council. To our Board of Commissioners for 2015, we are grateful for your leadership and your contributions to our strong and healthy working relationship.

We are also fortunate to have a strong and dedicated team of senior managers at the helm of our organization. These individuals ensure that we operate in a safe, efficient and community-minded manner – day in, day out.



**Dr. Shelley Rinehart**  
(Chair)



**Bill Edwards**  
(Vice-Chair)



**Shelley Courser**



**Ross Galbraith**



**Bruce Court**  
(term ended in  
January 2016)



**Stephen MacMackin**



**Derek Pannell**  
(replaced Bruce  
Court in January  
2016)



**James Shaw**



**Ray Robinson**  
(President & CEO)



**Jon Taylor**  
(Secretary)

Left to Right:

**Darin Lamont**, Manager, Engineering

**Andrew Ahearn**, Manager, Field Operations

**Jeff Garrett**, Manager, Finance

**Steve Simmie**, Vice President, Engineering & Operations

**Dave Horgan**, Manager, Shared Services

**Jessica DeLong**, Communications & Executive Support

**Marta Kelly**, Vice President, Finance & Administration  
(with responsibilities for Customer Service)

**Ryan Mitchell**, Director, Asset Management

**Ray Robinson**, President & CEO

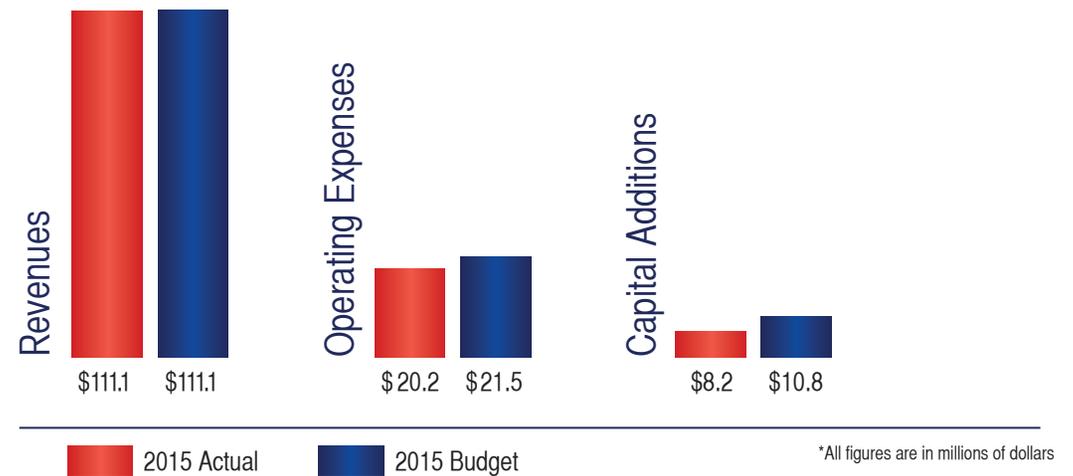
# Financials

## 2015 by the numbers

For 2015, we are pleased to report a net income of \$1.6 million, compared to our net income target of \$200,000. Purchases or construction of property, plant and equipment (Capital Additions) during the year totalled \$8.2 million, as compared to the forecasted \$10.8 million budget, a savings of \$2.6 million.

A number of factors influenced the variance between actual results and the 2015 budget, including:

- Decreased operating expenses resulting primarily from lower depreciation and asset disposal costs of \$0.6 million; decreased employee-related costs of \$0.3 million; and reduced contract services expenses of \$0.2 million.
- Savings in the purchase or construction of property, plant and equipment and intangible assets was due to cost efficiencies of \$1.7 million, and projects deferred to 2016 due to weather constraints totalling \$1.1 million. These savings were partially offset by expenses associated with unplanned projects of \$0.2 million.



In addition to this summary of our financial highlights for 2015, we have also prepared a separate report with full audited financial details for the year. To access a copy of this report, please visit [sjenergy.com](http://sjenergy.com), or contact us at (506) 658-5252 or 1 (877) 907-5550 (toll free).

## Feedback?

We welcome your comments and questions.  
Please contact us any time:

(506) 658-5252 or 1 (877) 907-5550 (toll free)

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