

2023 STRATEGIC PLAN



Orangeville Hydro 2023 Strategic Plan

1.0 About Our Strategic Plan

Strategic planning is a process that deals with the objectives of an organization and allocates resources to the achievement of those objectives. Orangeville Hydro developed its first formal strategic plan in November 2001 and has revised it periodically since then. The plan is a living document and is used as a guide to assist the management, staff, and Board of Directors in the forward planning of the Company.

The plan is reviewed annually by management and the Board of Directors to ensure it remains current in an evolving electricity marketplace and that the identified strategic directions are followed.

2.0 Background

The *Energy Competition Act, 1998* required local distribution utilities like Orangeville Hydro to become incorporated according to the Ontario *Business Corporations Act* by November 7, 2000. Hence on October 2, 2000, the Town of Orangeville passed a by-law transferring all assets and liabilities of the Orangeville Hydro-Electric Commission to Orangeville Hydro Limited. Orangeville Hydro Limited is considered a local distribution company or a wires company. In 2009, Orangeville Hydro Limited and Grand Valley Energy Inc. merged. Since then, Orangeville Hydro Limited has been owned by the Town of Orangeville (94.5%) and the Town of Grand Valley (5.5%). Orangeville Hydro Limited is licensed by the Ontario Energy Board to operate as an electricity distribution company within the current boundaries of the Town of Orangeville and the former Village of Grand Valley. Successful Service Area Amendments have allowed Orangeville Hydro to grow our service area beyond our original limits of the former Village of Grand Valley.

As of December 2021, 19 full-time staff serve 12,893 customers. The staff completes almost all of the work internally including billing, collecting, administration, finance as well as the design, construction, and maintenance of the distribution system.

	2014	2015	2016	2017	2018	2019	2020	2021
System Peak (kW)	44,584 January 7	45,678 September 2	48,336 September 7	46,147 September 25	48,442 September 5	45,875 July 10	51,287 July 8	49,837 August 26
Service Area (km²)	17	17	17	17	17	17	17	17
Total Customers	11,750	11,934	12,104	12,462	12,690	12,764	12,811	12,893
Poles	1,739	1,731	1,726	1,726	1,726	1,707	1,696	1,685
Primary Circuit (km)	209	209	216	221	223	221	222	220
Transformer Locations	1,273	1,280	1,303	1,323	1,329	1,337	1,342	1,347

The Strategic Plan is based on three critical statements. The vision statement, mission statement, and values statement are written corporate commitments that legitimize the plan by setting the future

direction of the Company, stating what it will do to get there, and how it will get there based on a set of fundamental principles it follows in business. The statements are presented below:

Vision Statement

To be acknowledged as a leader among electric utilities in the areas of safety, reliability, customer service, customer satisfaction, sustainability, and financial performance.

Mission Statement

To provide safe, reliable, efficient delivery of electrical energy while being accountable to our shareholders...the citizens of Orangeville and Grand Valley.

While we must operate as a business and be profitable for our shareholders, our main reason for existing is to provide safe, reliable, and economic electricity services to the people of the Town of Orangeville and the Town of Grand Valley. That is what distinguishes us from other large, remotely owned and controlled energy companies.

Values Statement

To continue into the future as a profitable electricity distribution enterprise the following principles are core values of our Company:

- We value professionalism and safety in our service and our work;
- We value people - our customers, employees, board members, and shareholders;
- We value our community - its environment and its economic progress;
- We value integrity, honesty, respect, and communications;
- We value local control, local accountability, local employment, and local purchasing; and
- We value easy accessibility for our customers.

3.0 SWOT Analysis

An essential element of our strategy is to ensure Orangeville Hydro Limited is ready to embrace change and disruption in our sector. In a period of significant transformation, the ability to not only accommodate change, but to make the most of it, is likely to be a distinguishing characteristic of those utilities that continue to thrive. We will advocate and lobby for public policy that benefits our customers now and in the future.

3.1 Strengths

We have positive relationships with our shareholders - the people of Orangeville and Grand Valley, individual customers, and their elected representatives.

We have a core of high-quality employees, effective management, and solid relations between the staff and the Board of Directors.

We have a well-maintained distribution system because of effective capital planning and maintenance efforts. This is proven by strong historical reliability statistics.

As a small organization, we have the advantage of being flexible and nimble when it comes to implementing change and reacting to threats quickly.

We have a high level of quality customer service and customer satisfaction, based on survey results.

We have a strong relationship with local organizations, including the Home Builders Association, Dufferin Board of Trade, the County of Dufferin, Social Services, and service clubs.

We have stability within our revenues due to operating within a regulated environment as well as our customer demographics. 64% of our revenue is received from our residential customers and the remainder is received by a diverse mix of small commercial, institutional, municipal, and industrial customers. Our largest customer accounts for 1.6% of our total distribution revenue.

Intensification is occurring within our service territory which is contributing to consistent customer growth and increasing the efficiency of our distribution system.

Due to historical diligence in our succession planning, our workforce is in a stable position with exceptional leadership in place.

3.2 Weaknesses

We have limited land for large residential and industrial developments within our service area.

The strict regulated environment limits the scope of potential business opportunities.

We have a lean workforce. Therefore, when a departure or a leave of absence occurs the impact is significant and challenging.

3.3 Opportunities

We have an opportunity to maintain a high standard of service for our customers, contribute to the welfare of our local community, and return profits to the citizens of Orangeville and Grand Valley for their local benefit rather than remote corporate gain.

We can help increase our customers' knowledge regarding the safe use of electricity and conservation solutions to reduce their energy costs.

The opportunities for customer interaction and control are growing daily, as are our customers' expectations for choice, convenience, and responsiveness. Orangeville Hydro can be a solutions provider to improve our customer's experience.

Investigate expanding our service area by working with developers surrounding the existing service area and applying for Service Area Amendments.

The COVID-19 pandemic and recovery has created an environment to find creative solutions to serve our customers and continue the operation of all business activities under different circumstances such as working remotely. The pandemic recovery is an opportunity to challenge the status quo and find more new ways of operating as an organization.

3.4 Threats and Uncertainties

The COVID-19 coronavirus pandemic has created new threats and uncertainties regarding impacts to staffing levels, distribution revenue, operational capabilities, and our customers' ability to pay.

The COVID-19 coronavirus pandemic recovery has created new threats and uncertainties such as a supply chain crisis and a high inflationary economic environment.

The Ontario electrical sector is subject to the current direction of the provincial government which shifts due to the four-year provincial election cycle. The changes in government create uncertainty for the direction of the Ministry of Energy and other Ministries that affect the electrical sector.

The implementation of various rules and regulations by the Ontario Energy Board will make it difficult for distribution companies to collect from customers that default on their bill payments and increase the risk of bad debts.

Revenue recovery is based on approval from the Ontario Energy Board. Their expectations and requirements are continually changing and placing downward pressure on revenue recovery.

There are increased uncertainties regarding technological advances, climate change, and cyber security (world-wide threats) that need to be considered.

3.5 Capability

A highly skilled, properly trained, and knowledgeable workforce is essential to Orangeville Hydro's continued success. Like many other companies and utilities, Orangeville Hydro's continuing comprehensive

succession planning is aimed at anticipating and fulfilling current and potential employee needs, through planning, talent attraction, effective deployment of resources, performance management, and development.

4.0 Strategic Business Plan

We will use the following strategies to overcome our weaknesses and threats and capitalize on our strengths and opportunities. These strategies will also be in harmony with the corporate values, vision, and mission statement.

4.1 Safety

Health and safety will continue to be a paramount for the company.

We provide safe work practice training for all employees consistent with industry best practices. We will continue to seek new ways to further communicate and promote a safety culture to our employees, our customers, and our community both inside and outside the workplace.

4.2 Customer Focus

As the customer's role within the electricity system evolves, successful utilities will be those who recognize that customers are not all the same. A willingness to invest in the skills, culture, technology, and practices needed to leverage those tools will be a key difference between leading and trailing utilities in a more customer-centric landscape.

We will adapt and tailor the service delivery methods to the specific needs of individual customers and leverage technology to enhance the customer experience and increase operational agility.

Tools exist for Orangeville Hydro to understand and engage our customers at an individual level, and provide a truly personalized service. Leveraging the power of big data, evolving social media platforms, and the convenience of mobile technology, we can anticipate our customers' needs with increasing precision to create a more effortless customer experience.

4.3 Operational Effectiveness

We will continue to leverage the benefits of collaboration with the CHEC membership, Electricity Distributors Association, Utility Collaborative Services, and Utilities Standards Forum.

We will continue to network with other boards, stakeholders, and other utilities to develop and share best practices.

We will investigate areas that are within our control to reduce or curtail costs to better utilize resources.

We will ensure our infrastructure is maintained properly by implementing our 2022-2026 Distribution System Plan as well as our annual Distribution Maintenance Program.

We will invest heavily in our staff and rely on them to help us accomplish our goals through the following activities:

- We will keep our people informed;
- We will make sure our people understand what we expect from them and why they are important to the organization;
- We will support our people by providing them with information, tools, equipment, standard policies & procedures, and training;
- We will utilize a pay-for-performance model for the management team and attempt to link their compensation with their performance and the performance of the company;
- We will continue to carry out our succession planning processes

4.4 Public Policy Responsiveness

We will ensure our distribution system can accommodate Distributed Energy Resources (PV solar, combined heat and power, battery storage, and small natural-gas generators) and electric vehicle technology.

We will support low-carbon energy generation and use within our service area.

We will become a net-zero emissions company by 2050 to help Canada and Dufferin County reach their current climate targets.

We will continue to successfully deliver Provincial Programs to our customers such as future Conservation & Demand Management Programs, the Industrial Conservation Initiative, the Energy Affordability Program, the Ontario Electricity Support Program, and the Low-Income Energy Assistance Program.

We will deliver obligations mandated by government legislation and regulatory requirements.

We will investigate improved and additional business activities to improve shareholder value, empower the customer, and advance with innovation.

4.5 Financial Performance

We will maximize financial viability by investigating efficiencies and maintaining prudent cost savings. We will aim to remain a top cohort utility for cost performance within the OEB's Cost Performance benchmarking report.

We will continue to maintain just and reasonable rates for our customers while aiming to achieve or exceed our deemed rate of return.

We will continue to ensure we have a high level of performance relative to our industry peers by continually reviewing the OEB LDC Yearbook data, OEB Activity & Program-based Benchmarking data, and our year-to-year trending.

We will investigate feasible opportunities to grow the regulated distribution business.