

2022 ANNUAL REPORT

CHAIR'S MESSAGE TO THE SHAREHOLDERS 2022

Your Board of Directors worked effectively, during this past year, supported by our excellent management team, creating sustainable shareholder value and a strong balance sheet. As Chairman, I appreciate that our board, staff and shareholders think of Orangeville Hydro as "One with the Community". This mindset continues to be reaffirmed throughout the organization, with our corporate slogan: "Energizing Our Community's Future". Your company has been recognized as one of Ontario's best managed local electrical distribution companies (LDCs), acknowledged as a leader among electric utilities in the areas of safety, reliability, customer service and financial performance.

I sincerely appreciate Orangeville Council's confidence, renewing my term until October 2025 and the Board's support, electing me Chairman. We have been increasingly concerned and informed about good governance. I commend the former Council for its approach to selecting new board members. The three most recent appointees, Mary Caputi and Gia DeJulio, in October 2020 and Soussanna Karas, last October, have significantly improved board diversity and its breadth of expertise.

Mary Caputi, CPA is the Chief of Staff and COO of Oakville Enterprises, a Canada-wide energy and infrastructure affiliate of Oakville Hydro. Mary provides expert financial input and comprehensive industry knowledge.

Gia DeJulio is a professional engineer, with degrees in law and the Chartered Directors program. Gia is currently a consulting engineer, following a career with major LDCs, most recently Alectra Utilities.

Soussanna Karas is a lawyer and the Director of Licensing and Training for Ontario's Electrical Safety Authority. Soussanna has prior board experience and brings extensive legal experience and perspective.

Mayors Lisa Post and Steve Soloman and Councillor Andy Macintosh support our board, on behalf of its shareholders, with their intimate knowledge of their communities and informed political advice.

The board has excellent senior staff support from President Rob Koekkoek, Chief Financial Officer, Amy Long and Customer Service Manager, Kim Brooks. In 2022 Rob, a professional engineer, graduated from the Chartered Director's program. This year I hope we can amend By-law No. 3, to enable you to appoint Rob as the CEO, consistent with most LDC presidents. Amy manages a very complex financial regime, under the close scrutiny of the Ontario Energy Board. Kim excels in providing superior, friendly customer service which, unfortunately, includes the difficult task of bill payment administration. Peter Page and Jamie Monk are also excelling in the first year of their new roles as Lines Supervisor and Supervisor of Engineering and Metering.

These professionals manage superior office and field personnel. They performed remarkably through COVID. While many employees elsewhere are arguing for continued opportunities to work remotely, our staff returned, without exception, to contribute to our superior office environment.

Working as Chair of this Board is a rewarding experience, as each Board member has a responsible and ambitious attitude toward their fiduciary duties. I would like to extend my appreciation to the members of the Board of Directors, for providing a good mix of expertise, for the benefit of Orangeville Hydro and its shareholders.

We operate in a business environment, under the Ontario Business Corporations Act. However, we value our local control, local accountability and local access to our shareholders and customers. In addition, we aim to contribute to the economic progress of our community.

We continue to strive to provide safe, reliable, efficient delivery of electrical energy within the Town of Orangeville and the Town of Grand Valley. At the same time, we were able to provide you - our shareholders - with dividends during 2022 of \$485,664 (\$458,952 Town of Orangeville & \$26,712 Town of Grand Valley). Orangeville Hydro has now provided \$21,203,872 to the Town of Orangeville since our incorporation in October 2000. We have also provided the Town of Grand Valley with dividends totaling \$513,404 since we started providing management and operational services and then merging in 2009.

Orangeville Hydro staff and Board continue to provide leadership for the industry through their participation on industry associations and organizations.

Some infrastructure projects completed by our line crew in 2022 included:

- Voltage conversion of MS#2 West Feeder (Parkview Drive area)
- Voltage conversion and pole line renewal of rear Broadway (Rail Line)
- Continuation of pole replacement program
- Connections of new homes and businesses in Orangeville and Grand Valley

Our Operations and Engineering Department works closely with both shareholders, to support Council initiatives and proposed public works. They also have a cooperative relationship with staff from both municipalities.

As we look ahead to the years 2023 and 2024, we will be striving for even better ways to serve our communities. As always, we welcome input from the staff of both Towns and our shareholders.

On behalf of my Board colleagues, I would sincerely like to thank you for the opportunity to have served, during this past year. As Chairman, I would like to thank my Board, management and employees for their hard work, during another challenging year. We would like to welcome our new staff members. I would also like to acknowledge the fine, timely support services provided by our auditors KPMG, as well as our legal team at Stutz, Brown and Self.

The bottom line, because of you the shareholders, our staff and the people of Orangeville and Grand Valley, this is a great utility!

Respectfully submitted,
Bob Long, Chairman
Orangeville Hydro Limited

PRESIDENT'S MESSAGE TO THE SHAREHOLDERS 2022

I am humbled and honored to be writing the President's message once again. I would like to take this opportunity to thank the Board of Directors and Shareholders for your support, trust, and confidence in the entire team at Orangeville Hydro.

2022 was a year that brought forward many challenges to overcome. Supply chain constraints and inflationary pressures occurred worldwide. Significant weather events impacted electrical infrastructure throughout Ontario. Even with these challenges, I'm proud of what was accomplished by the Orangeville Hydro staff, Board, and our trusted contractors. Orangeville Hydro remains focused on the safety of the public and staff while delivering safe, reliable, and cost-efficient electricity.

Reliability (Adjusted for Loss of Supply and Major Events):

Significant weather events impacted infrastructure throughout Ontario during 2022. In May, there was a high impact derecho windstorm causing damage across Ontario. In December, there was a winter blizzard with sustained winds that once again strained infrastructure and resources. I would like to thank Orangeville Hydro's powerline technicians for not only restoring power to our customers during these storms, but also for aiding our neighboring utilities and restoring power elsewhere in the province. Orangeville Hydro's distribution system provided reliable service throughout the year relative to the provincial average. Our average customer experienced 28 minutes of power outages due to issues within Orangeville Hydro's service area (adjusted for loss of supply and major event days).

Efficiency:

Orangeville Hydro is a cost effective and efficient company. Our regulated revenue per customer is the 15th lowest in Ontario. Our customers benefit from having lower distribution costs than most areas of the province. We are an efficient organization with only 21 employees serving over 12,956 customers.

Financial Performance:

Orangeville Hydro achieved a Net Income of \$747,579 and a Regulatory Return on Equity of 5.71%. After five years of exceeding our Regulated Return on Equity, this year was below the targeted value. The main driver of this lower return was a \$265,054 credit to customers in December 2022 in response to a billing system error that impacted many electric utilities across Ontario.

Looking forward to 2023, Orangeville Hydro will continue to focus on exceeding our customers' expectations as new challenges arise such as continued rising costs and supply chain constraints. The valuable information received from our customers through our 2022 Customer Satisfaction Survey, social media channels, open house, and day-to-day comments will drive our initiatives to improve our customers' experience and ensure we are providing the service they expect and deserve from their electric utility.

While we are proud of what we accomplished at Orangeville Hydro last year and the 105 years before that, we strive to continue to improve the lives of our customers and our communities.

Thank you for the opportunity to serve you!

Rob Koekkoek, P.Eng.
President
Orangeville Hydro Limited

TABLE OF CONTENTS

| | |
|--|---|
| Page 4 ABOUT US | Page 10 COST OF POWER PURCHASED |
| Page 5 AT A GLANCE | Page 11 CAPITAL EXPENDITURES |
| Page 6 2022 ANNUAL IR RATE APPLICATION | Page 12 DEBT & SHAREHOLDERS' EQUITY |
| Page 7 RATES | Page 12 DIVIDENDS |
| Page 8 HOEP & GLOBAL ADJUSTMENT | Page 13 FINANCIAL STATISTICS |
| Page 8 FINANCIAL RESULTS | Page 14 CUSTOMER SERVICE |
| Page 9 DISTRIBUTION REVENUE & OTHER REVENUE | Page 15 OPERATING STATISTICS |
| Page 10 SALE OF ENERGY | Page 16 CUSTOMER PROFILE & ELECTRICITY CONSUMPTION |
| Page 10 OPERATING EXPENSES | Page 17 SYSTEM RELIABILITY |
| | Page 18 HEALTH AND SAFETY |



ABOUT US

A Brief History

Orangeville Hydro was established in 1916 serving its customers under the regulatory control of Ontario Hydro. The Electricity Act was passed in 1998 and Orangeville Hydro Limited was incorporated on October 1, 2000 and is now regulated by the Ontario Energy Board (OEB). On January 1, 2009, Orangeville Hydro Limited and Grand Valley Energy Inc. officially amalgamated the two service territories to form the new Orangeville Hydro Limited.

Orangeville Hydro must operate its business in compliance with all applicable laws, including the Electricity Act, 1998, the Ontario Energy Board Act, 1998, the Ontario Business Corporations Act, and the rules, policies and requirements of the OEB including the Distribution System Code, the Affiliate Relationships Code, the Retail Settlement Code, the Standard Supply Service Code, the Accounting Procedures Handbook and the Uniform System of Accounts as well as the applicable Rate Handbook and Filing Requirements.

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.

Values Statement

To continue into the future as a profitable electricity distribution enterprise the following principles are core features 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 to our ratepayers.

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.

AT A GLANCE



21.41
EMPLOYEES



12,956
TOTAL CUSTOMERS



11,560
RESIDENTIAL



34
SENTINEL LIGHTS



3
STREET LIGHTS



125
GENERAL SERVICE
>50KW



1,161
GENERAL SERVICE
<50KW



31
UNMETERED
SCATTERED LOAD



42
GENERATION

**\$24,798,240 Value of
Fixed Assets**

3 Municipal substations

**1,347 Transformer
Locations**

1,688 Poles

12,895 Meters

1 Solar Photovoltaic

Electricity Distribution

**273,489,555 kWh
Total Supplied to Orangeville Hydro**

**268,116,946 kWh
Total Delivered to Customers**

**8,278 kWh
Average Residential Annual Consumption**

**49,506 kW
2022 System Peak Demand**

**51,287 kW
All-Time System Peak Demand - 2020**

Service Territory

**71 km
Overhead Circuit Wires**

**149 km
Underground Cable**


**17 Km²
Total Service Area**

2022 ANNUAL IR RATE APPLICATION

In 2022, Orangeville Hydro rates were set utilizing the Annual IR method, and will continue using this method until the utility completes a cost of service rate application. The Annual IR process allows for a rate increase using the OEB-set inflation factor less the highest stretch factor rate of .6%.

After approval by the OEB, these rates came into effect May 1, 2022.

The average residential customer using 750 kWh a month saw an increase of \$3.83 or 3.2% on their bill. Small general service customers using a monthly average of 2,196 kWh saw an increase of \$10.65 or 3.3% on their bill. Larger commercial, institutional and manufacturing businesses using a monthly average demand of 34kW saw an increase of \$28.90 or 1.1% on their bill.



Orangeville Hydro Limited
Location: 400 C Line Orangeville ON L9W 3Z8
Office Hours: 8:30 AM - 4:30 PM | Monday to Friday

Remittance Portion

| Customer Account Number | | |
|-------------------------|------------|-----------------|
| Bill Date | Due Date | Amount Due |
| 2022-04-19 | 2022-05-15 | \$ 47.63 |
| Service Address | | Amount Enclosed |

P.A.P. DO NOT PAY

| Meter Number | Read Dates | | Billed Days | Meter Readings | | | Billing Code | Usage | | Billed Units | Power Factor | Adjusted Factor |
|--------------|------------|------------|-------------|----------------|----------|----------|--------------|--------|--------|--------------|--------------|-----------------|
| | Present | Previous | | Present | Previous | Multiple | | Base | Billed | | | |
| | 2022-04-01 | 2022-03-01 | 31 | 399 | 4199 | 4092 | 1 | 105.64 | 111.77 | kWh | | 1.0481 |

| | Amount |
|------------------|----------|
| PREVIOUS BALANCE | \$40.01 |
| PAYMENTS | -\$40.01 |
| ADJUSTMENTS | \$0.00 |
| BALANCE FORWARD | \$0.00 |

| | RATE (\$) | USAGE | CHARGES |
|------------------------------------|-----------|--------|---------|
| ELECTRICITY WINTER ENERGY BLOCK 1* | 0.098000 | 105.64 | \$10.45 |
| DELIVERY** | | | \$38.48 |
| REGULATORY CHARGES* | | | \$0.66 |
| TOTAL ELECTRICITY CHARGES | | | \$49.61 |
| *HST (R66463 9562) | | | \$6.45 |
| ONTARIO ELECTRICITY REBATE | | | -\$6.43 |
| CURRENT CHARGES | | | \$47.63 |
| TOTAL AMOUNT DUE | | | \$47.63 |

Total Ontario Support: \$8.43. To learn more about the province's electricity support programs, visit Ontario.ca/yourelectricitybill.

MESSAGES:

IMPORTANT WATER BILLING INFORMATION:
Property owners are responsible for all water charges for their property, including their tenants use. Your water meter measures your property's water consumption.
If your bill has been estimated please call 519-942-8000 with a meter read to ensure you are billed accurately.
Estimated read is indicated in the meter reading line. IE or CE indicates an estimated read.

| CONSUMPTION COMPARISON (Usage Per Day) | | | |
|--|-----------|-----------|-----------|
| | This Bill | Last Bill | Last Year |
| Electric (kWh) | 3.61 | 1.81 | 2.40 |

An interest charge is applied on all overdue amounts at 1.5% per month

| Bill Type | Account Type | Bill Date | Due Date | Amount Due | Payment Type |
|-----------|--------------|------------|------------|------------|--------------|
| REGULAR | GS < 50 | 2022-04-19 | 2022-05-15 | \$47.63 | DO NOT PAY |

Please note terms and conditions on reverse
Orangeville Hydro Limited | Location: 400 C Line Orangeville ON L9W 3Z8 | Tel: 519.942.8000 Fax: 519.941.5061 | Web: www.orangevillehydro.on.ca

CHARGES AND RATES

Orangeville Hydro purchases electricity from the wholesale market administered by the Independent Electricity System Operator (IESO) or Hydro One during load transfers; and pays transmission costs to Hydro One.

Distribution Rates – Service charges and Distribution volumetric charges are revenues kept by Orangeville Hydro to fund ongoing operating and capital expenditures and achieve a regulated rate of return.

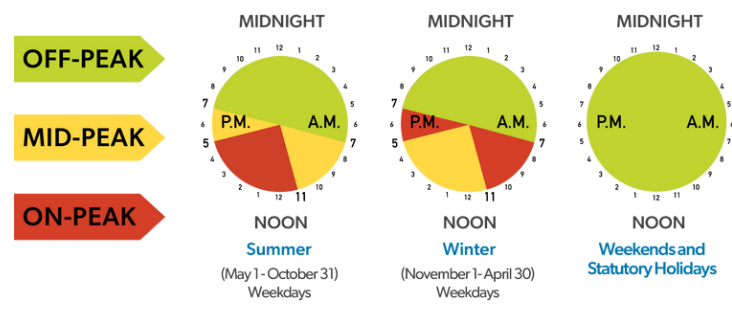
Pass Through Charges – paid to the IESO and Hydro One

- Commodity Cost of Electricity – Time of Use, Tiered, Weighted Average Price, Hourly Ontario Energy Price, Global Adjustment
- Retail Transmission Rates – Low Voltage, Network and Connection rates
- Wholesale Market Service Charge

Deferral and Variance Account Disposition – Recoveries from customers for the differences in costs paid to the IESO and Hydro One, and the associated revenues received from customer billing.

RATES

The RPP prices for Time of Use (TOU) and Tiered Pricing are now updated once yearly on November 1st.

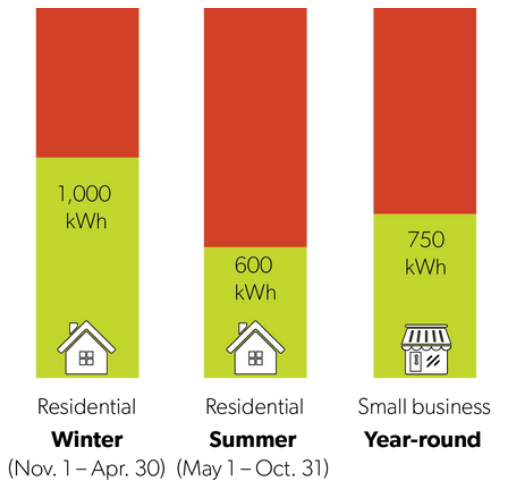


Time of Use

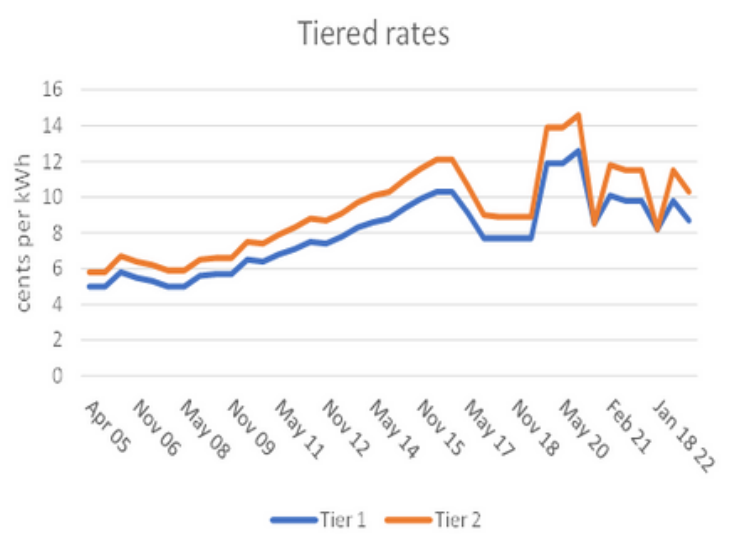
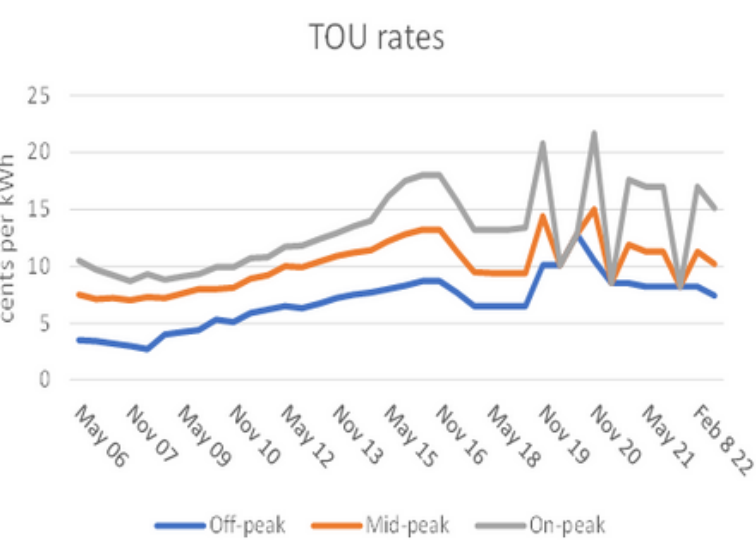
Time of use rates vary depending on the time of day the electricity is used. They are cheapest when demand is lowest: during the evenings, on weekends and on holidays. These time bands change at different times of the year, and on weekends and statutory holidays.

Tiered

Some Ontario electricity customers are billed using tiered rates. Under tiered rates, a customer can use a certain amount of electricity each month at a lower rate. Once that limit is exceeded, the rate goes up to the Tier 2 rate. Customers now have the choice to opt-out of Time of Use rates and move to Tiered rates. Orangeville Hydro assisted customers in their decision by providing them with historical electricity usage through Customer Connect and the TOU Optionality calculator.



Due to the COVID-19 pandemic, the Government of Ontario provided temporary electricity rate relief for consumers paying time-of-use prices, in the form of a fixed electricity price of 8.2 ¢/kWh for electricity used from January 18, 2022 until the end of the day on February 18, 2022. These reduced rates were primarily put into place to support small businesses, workers and families spending more time at home while the province was in Modified Step Two of COVID-19 recovery.

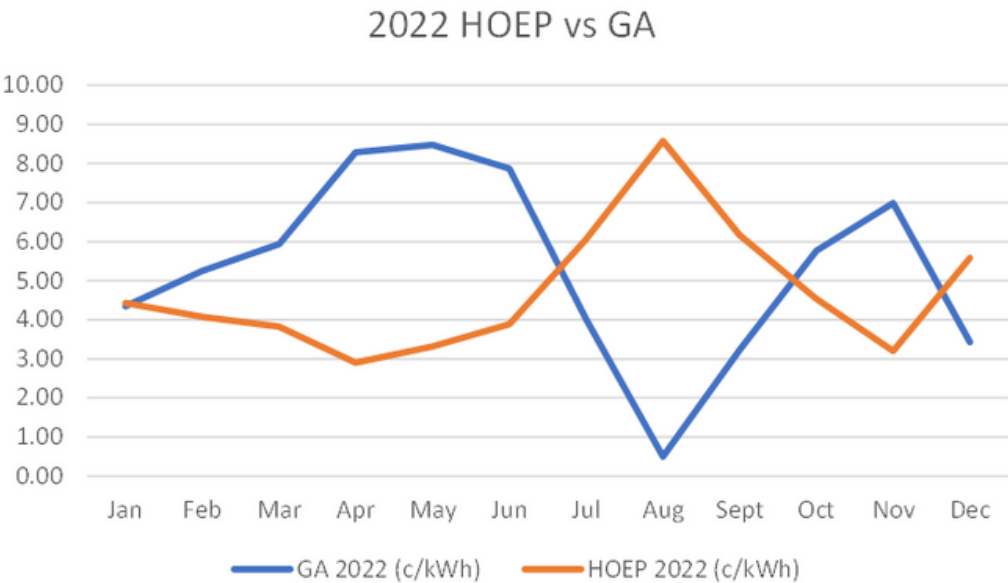


HOEP AND GLOBAL ADJUSTMENT

The Hourly Ontario Energy Price (HOEP) is charged to local distribution companies (LDCs) who recover it from the class of customers that pay the market price. Commercial customers that use more than 250,000 kWh a year pay the hourly price. The HOEP is also the basis for regulated rates charged to residential and small business customers.

Global Adjustment (GA) is a charge on a customer’s electricity bill that reflects the difference between the market price of electricity and the rates paid to regulated and contracted generators, and for demand management programs and conservation programs.

The GA charge fluctuates in relation to changes in the market price; when the market price for electricity is lower, the GA is higher to cover additional costs that were not already received through the market price, and accordingly, when the market price is higher, the GA is lower.

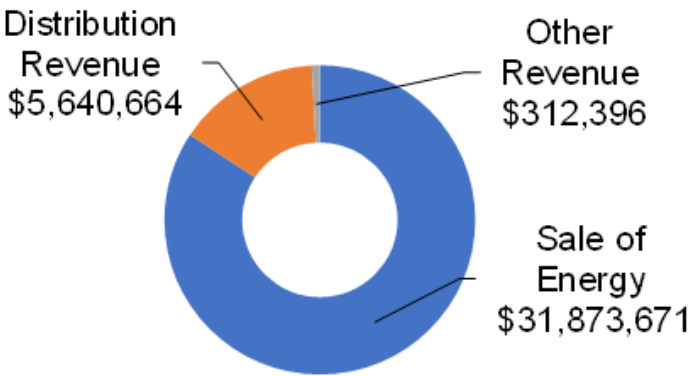


FINANCIAL RESULTS

Total Comprehensive Income

Total comprehensive income for 2022 amounted to \$747,579 compared to \$908,964 in 2021. This amount was lower than last year, with the decrease attributed to higher OM&A expenses and lower distribution revenue. Expenses were higher in 2022 mainly due to increased tree trimming and locate contractor costs. 2022 actual total comprehensive income was 27% under the budgeted value of \$1,026,801.

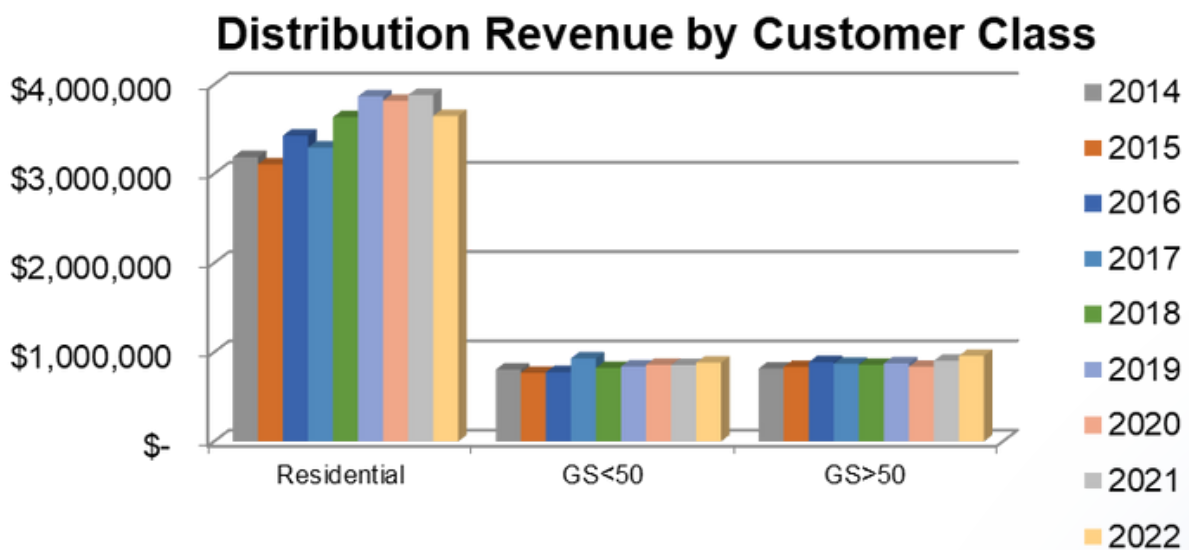
Components of Total Revenue



DISTRIBUTION REVENUE AND OTHER REVENUE

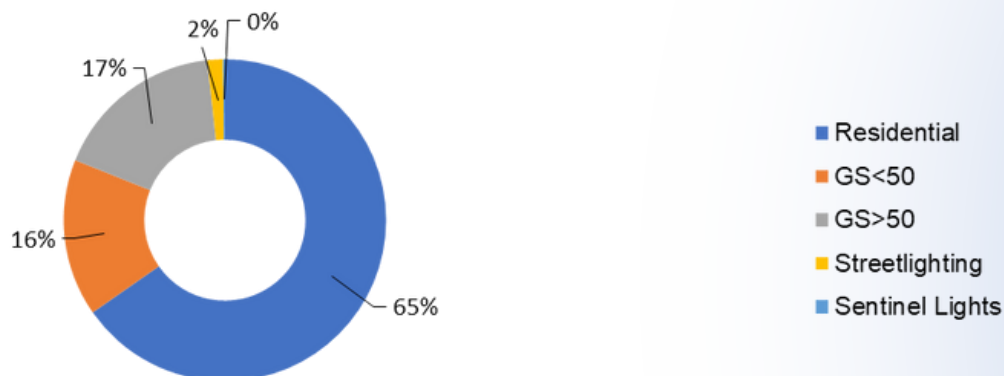
Distribution revenue is the revenue received from customers to operate our business and represents the revenue requirement that is approved by the OEB during a cost of service rate application. In 2022, distribution revenue amounted to \$5,640,664, a decrease from \$5,796,532 in 2021.

The revenue decrease over the previous year was mainly the result of a significant rebate to reimburse all current customers for a historical billing system calculation error. This decrease was offset by an increase in approved fixed and variable rates.



The chart below shows the breakdown of distribution revenue between the different customer classes, highlighting that 65% of distribution revenue is derived from residential customers, and 33% comes from General Service less than 50kW (GS<50) and General Service greater than 50kW (GS>50) customers.

% Breakdown of Distribution Revenue



Other revenue amounted to \$312,396 in 2022 compared to \$377,300 in 2021. 2022 other revenue was lower than the prior year due to lower late payment revenues, as well as lower streetlight maintenance revenues.

SALE OF ENERGY

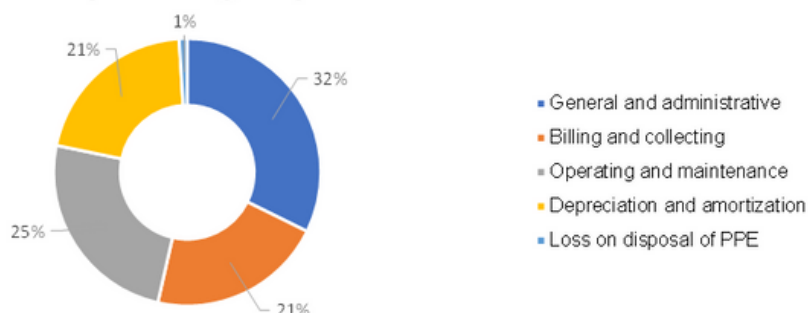
Sale of energy for 2022 was \$31,873,671, which was higher than the 2021 sale of energy of \$30,406,079 due to an increase in consumption from General Service less than 50kW and General Service greater than 50kW customers. There was an increase in HOEP rates, offset by a decrease in Global Adjustment rates.

Total electricity sales include a pass-through of the cost of power that Orangeville Hydro pays the IESO for energy, wholesale market service charges and rural rate assistance as well as to Hydro One Networks for transmission network and connection charges, and low voltage charges. Sale of energy accounts for 84% of Total Revenues.

OPERATING EXPENSES

Operating expenses are the costs associated with the day-to-day operations, maintenance and administration (OM&A) of the utility, comprising of labour, material, equipment, purchased services, as well as depreciation of capital assets. The total OM&A expenses amounted to \$3,690,996 in 2022, compared with \$3,386,801 in 2021. 2022 expenditures were 2% higher than the budgeted amount of \$3,608,402.

Type of Expense as a % of Total Operating expenses



Expenses were higher in 2022 over 2021 due to increased contractor costs to assist in the completion of the robust tree trimming program to increase the reliability of the electricity system, as well as increased locate contractor costs. Administrative consultant costs were also increased, along with conference and training expenses, with the return to in person events.

Orangeville Hydro management and staff scrutinize operating costs and work diligently during the course of the year to keep costs at a stable level.

Depreciation of property, plant and equipment (PP&E) increased to \$981,573 in 2022, up from \$930,022 in 2021.

In 2022, OM&A expenses per customer increased to \$285 per customer from \$263 in 2021.

COST OF POWER PURCHASED

The total cost of power purchased in 2022 was \$32,063,987, a 5% increase from the 2021 cost of power purchased of \$30,596,804. This increase is mainly due to higher HOEP rates paid to the IESO over the year and higher low voltage, network and connection rates charged by Hydro One.

CAPITAL EXPENDITURES

In 2022, gross capital expenditures amounted to \$2,983,010, compared to \$2,265,235 in 2021. These expenditures were 31% higher than the budgeted capital expenditures of \$2,277,206. This increase was due to underground conversion work that was brought forward from future planned projects, to correspond with the installation of fiber in the same area that future work was planned.

System Access projects represent customer driven requests for service upgrades, service connections and subdivisions.

System Renewal projects are designed to replace/refurbish assets to extend the original service life of the assets in order to improve the reliability of the system.

| Job Type | Cost | % of total |
|----------------|---------------------|-------------|
| System Access | \$ 96,413 | 3% |
| System Renewal | \$ 554,050 | 19% |
| System Service | \$ 2,197,624 | 74% |
| General Plant | \$ 109,187 | 4% |
| Intangibles | \$ 25,735 | 1% |
| Total | \$ 2,983,010 | 100% |

System Service consists of projects planned to ensure the distribution system continues to meet operational objectives, while addressing future needs. **General Plant** consists of non-distribution assets. **Intangibles** include land rights and computer software.

2022 Major Projects

Conversion of MS#2 West feeder
Parkview, Morgandale, Highland,
Newton Drive

Conversion of MS#2 West feeder
Edelwild, Avonmore, Johanna

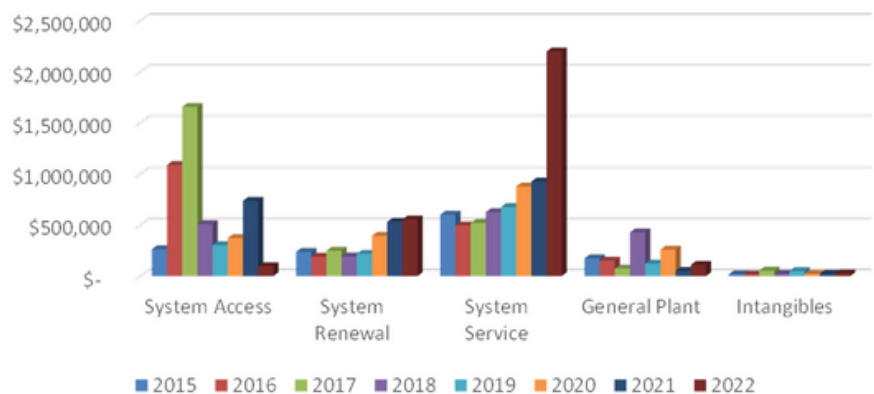
Conversion of MS#2 West feeder
Edelwild, Rustic, Cedar, Lawrence

Orangeville rail line pole renewal

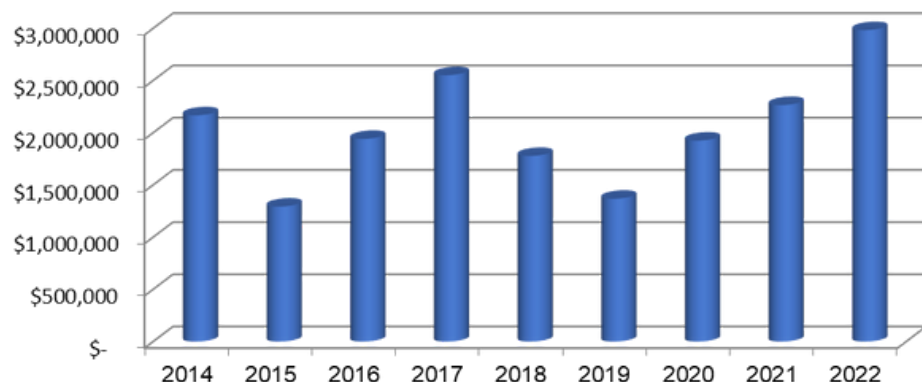
**Continuation of pole replacement
program and replacement of failed
transformers**

**Connections of new homes in
Orangeville and Grand Valley**

Capital Expenditures by Year and Type



Capital Expenditures by Year

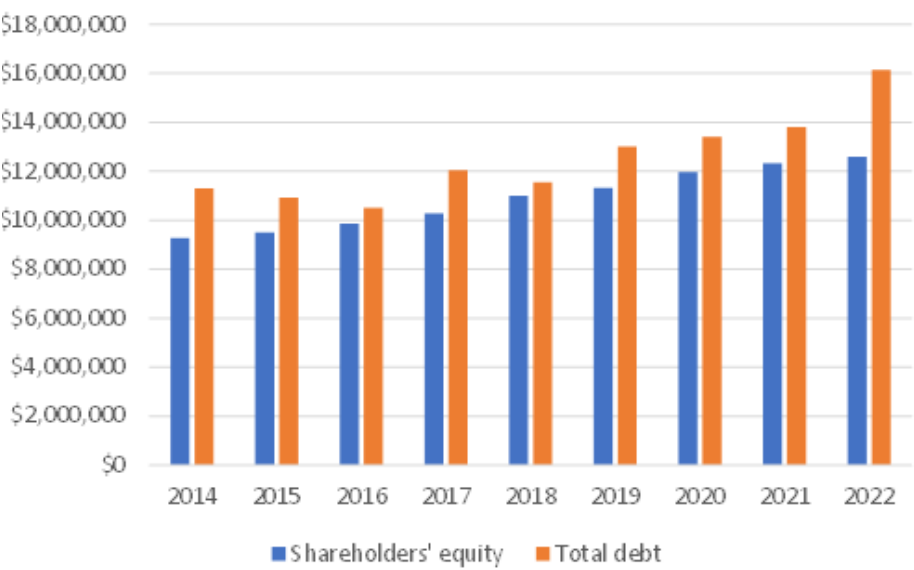


DEBT AND SHAREHOLDERS' EQUITY

In 2022, total debt was at a favourable level of 56% compared to total shareholders' equity of 44%. Additional debt is generally taken to finance general operating requirements as well as capital expenditures, and to fund increasing regulatory variances.

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board (OEB) uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40).

Debt to Shareholders Equity



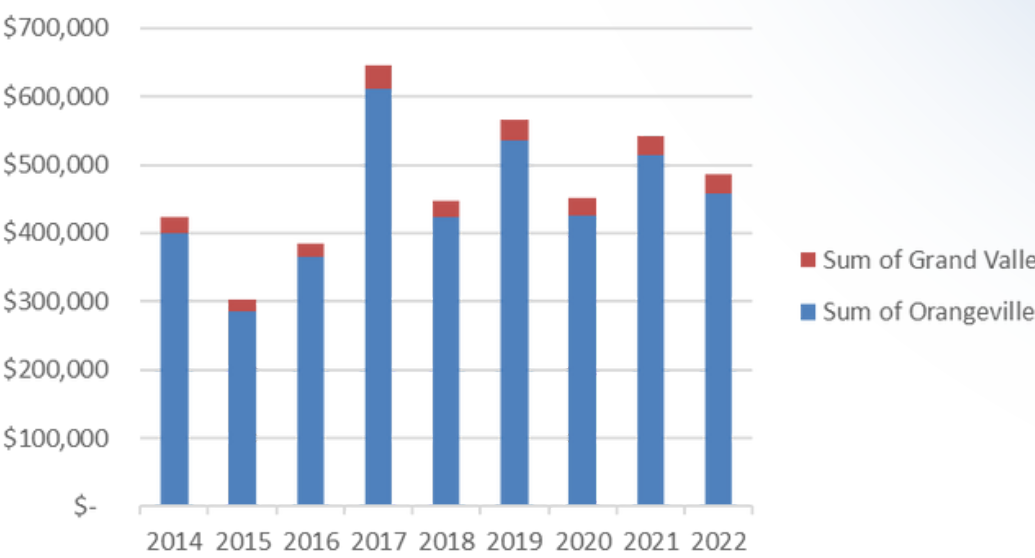
Orangeville Hydro continues to maintain a debt to equity structure that closely resembles the ratio expected by the OEB.

DIVIDENDS

Orangeville Hydro has paid the Town of Orangeville \$21,203,872 since incorporation in 2000 and the Town of Grand Valley \$513,404 since amalgamation in 2007.

Dividends were paid in 2022 in accordance with the Orangeville Hydro dividend policy, in the amount of \$485,664, which were under the budgeted dividends of \$583,581.

Total Dividend Payments 2014-2022



FINANCIAL STATISTICS

| Financial Statistics | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2020 | 2021 | 2022 |
| Sale of energy | \$29,164,689 | \$33,148,280 | \$30,406,079 | \$31,873,671 |
| Distribution revenue | \$5,674,628 | \$5,664,418 | \$5,796,532 | \$5,640,664 |
| OM&A expenses | \$3,492,710 | \$3,285,656 | \$3,386,801 | \$3,690,996 |
| Capital expenditures | \$1,368,228 | \$1,924,938 | \$2,265,235 | \$2,983,010 |
| Total comprehensive income | \$901,542 | \$1,086,517 | \$908,964 | \$747,579 |
| Shareholders' equity | \$11,329,992 | \$11,965,738 | \$12,331,444 | \$12,593,359 |
| Total debt | \$13,009,817 | \$13,418,780 | \$13,805,822 | \$16,131,608 |
| Capital assets (PP&E) | \$20,934,988 | \$21,786,371 | \$22,952,526 | \$24,798,240 |
| Annual Dividends to shareholders | \$566,435 | \$450,771 | \$543,259 | \$485,664 |
| Cumulative Dividends Paid | \$20,237,582 | \$20,688,353 | \$21,231,612 | \$21,717,276 |
| Number of customers | 12,766 | 12,808 | 12,885 | 12,956 |
| Number of employees (FTE) | 20 | 20 | 20 | 21 |
| | 2019 | 2020 | 2021 | 2022 |
| Return on Equity (Financials) | 7.96% | 9.08% | 7.37% | 5.94% |
| Return on Equity (Regulated) | 10.34% | 11.83% | 9.46% | 5.71% |
| Debt % | 53% | 53% | 53% | 56% |
| Equity % | 47% | 47% | 47% | 44% |
| Debt to Equity | 1.15 | 1.12 | 1.12 | 1.28 |
| Debt to Assets % | 41% | 39% | 39% | 46% |
| Debt to Capital Assets % | 62% | 62% | 60% | 65% |
| OM&A expenses/customer | \$274 | \$257 | \$263 | \$285 |
| Customers/employee | 646 | 642 | 645 | 605 |

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Sale of energy | \$26,720,348 | \$29,637,637 | \$33,499,518 | \$30,048,911 | \$28,491,290 |
| Distribution revenue | \$4,954,958 | \$4,839,850 | \$5,200,350 | \$5,219,614 | \$5,444,878 |
| OM&A expenses | \$3,226,833 | \$3,292,572 | \$3,322,207 | \$3,328,900 | \$3,229,776 |
| Capital expenditures | \$2,167,163 | \$1,293,107 | \$1,940,991 | \$2,551,610 | \$1,778,360 |
| Total comprehensive income | \$712,039 | \$549,640 | \$742,839 | \$1,070,150 | \$1,152,374 |
| Shareholders' equity | \$9,261,741 | \$9,508,537 | \$9,865,747 | \$10,289,603 | \$10,994,885 |
| Total debt | \$11,303,321 | \$10,910,584 | \$10,505,200 | \$12,043,169 | \$11,554,844 |
| Capital assets (PP&E) | \$17,089,439 | \$17,320,291 | \$18,337,875 | \$19,850,847 | \$20,620,014 |
| Annual Dividends to shareholders | \$423,796 | \$302,844 | \$385,629 | \$646,294 | \$447,092 |
| Cumulative Dividends Paid | \$17,889,288 | \$18,192,132 | \$18,577,761 | \$19,224,055 | \$19,671,147 |
| Number of customers | 11,757 | 11,934 | 12,000 | 12,462 | 12,690 |
| Number of employees (FTE) | 23 | 21 | 19 | 15 | 19 |
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Return on Equity (Financials) | 7.69% | 5.78% | 7.53% | 10.40% | 10.48% |
| Return on Equity (Regulated) | 9.47% | 6.40% | 8.68% | 10.60% | 11.92% |
| Debt % | 55% | 53% | 52% | 54% | 51% |
| Equity % | 45% | 47% | 48% | 46% | 49% |
| Debt to Equity | 1.21 | 1.15 | 1.06 | 1.17 | 1.05 |
| Debt to Assets % | 41% | 38% | 36% | 37% | 38% |
| Debt to Capital Assets % | 66% | 63% | 57% | 61% | 56% |
| OM&A expenses/customer | \$274 | \$276 | \$277 | \$267 | \$255 |
| Customers/employee | 511 | 568 | 632 | 831 | 684 |

CUSTOMER SERVICE

Orangeville Hydro now serves 12,956 valuable customers in the Town of Orangeville and Town of Grand Valley.

In March 2022 the office resumed regular office hours and began serving customers in-person again.

In 2022, we introduced QR codes which were used during our customer engagement events and because of the positive response, QR codes were then adopted to facilitate our water reading process. We first introduced QR Codes at the Grand Valley Duck Race; rather than having customers complete a waiver while waiting in line for bucket truck rides, we had customers scan QR codes on their smart phones and complete the form digitally. Due to the success, we then created a water reading card with a QR code. When we are unable to obtain a water read, a meter reader will leave a door hanger at the property, on this card is a QR code that will take the customers directly to our 'Submit a Water Read' form on our website.

Our Marketing & Communications Coordinator successfully improved the overall look and function of our website. The goal of the new website was to ensure customers were no more than three clicks from any information. The website was designed to allow mobile functionality, which means that the site is more user friendly when viewing from a cell phone.

Low Income Energy Assistance Program (LEAP)

Customer service staff continue to work with Dufferin County Community Services to assist Low-Income customers through the LEAP program. In 2022 Orangeville Hydro provided a total of \$6,259 to the County of Dufferin, there was also remaining funds from the prior year that were used to support customers. To support Ontarians through the ongoing COVID-19 pandemic, the Ontario Energy Board temporarily increased the flexibility of the Low-income Energy Assistance Program-Emergency Financial Assistance (LEAP) Program.

The changes were:

- To be eligible for LEAP, the applicant still needed to be in arrears but did not need to be at risk of disconnection or have been disconnected;
- The grant amount increased to a maximum of \$1,000 for non-electric heat and \$1,200 for electric heat homes;
- The limitation on receiving LEAP only once per year is waived; however, the total amount received by a household may not exceed the maximum grant amount for the year.

In 2022, the program assisted 36 qualifying customers and on average the program allocated \$490.49 per customer.

Ontario Electricity Support Program (OESP)

The OESP provides ongoing assistance by reducing bills for lower income electricity consumers based on household income and household size. The OESP credits are applied directly to eligible customers' bills. In 2022, \$267,932 was credited to eligible customers.

Return to Community Events

On Saturday May 7th, Orangeville Hydro attended the Orangeville Farmer's Market to provide bucket truck rides. The event was a huge success! We had over 100 people go for a ride in the bucket.

On Saturday, May 28, Orangeville Hydro attended the Grand Valley Lions 25th Annual Duck Race to provide bucket truck rides. The event was a lot of fun for all! We had 143 people go for a ride in the bucket.

On Saturday June 11, Orangeville Hydro staff hosted a garage sale with approximately \$500 in proceeds going to the Orangeville Food Bank.

On Saturday June 25, in recognition of Bike Month, Climate Action in Dufferin hosted a self-guided community bike ride in Orangeville. Along the bike loop, there were 9 community stations, including one hosted by Orangeville Hydro, to learn about local environmental projects, participate in a series of family-friendly games and collect stamps to win a gift card to an independently owned business. All the customers/participants responded well to the games and were very happy to receive wildflower seed packs for their participation.



On Sunday, July 17, Orangeville Hydro attended Kidsfest at the 13th Annual Orangeville Rotary Ribfest. All funds raised at Ribfest support Rotary projects and services in the community.



Orangeville Hydro participated in the 2022 Orangeville Santa Claus parade. The theme of this year's parade was North Pole Fantasy, and it was organized by the Orangeville BIA with support of the KIN Club.

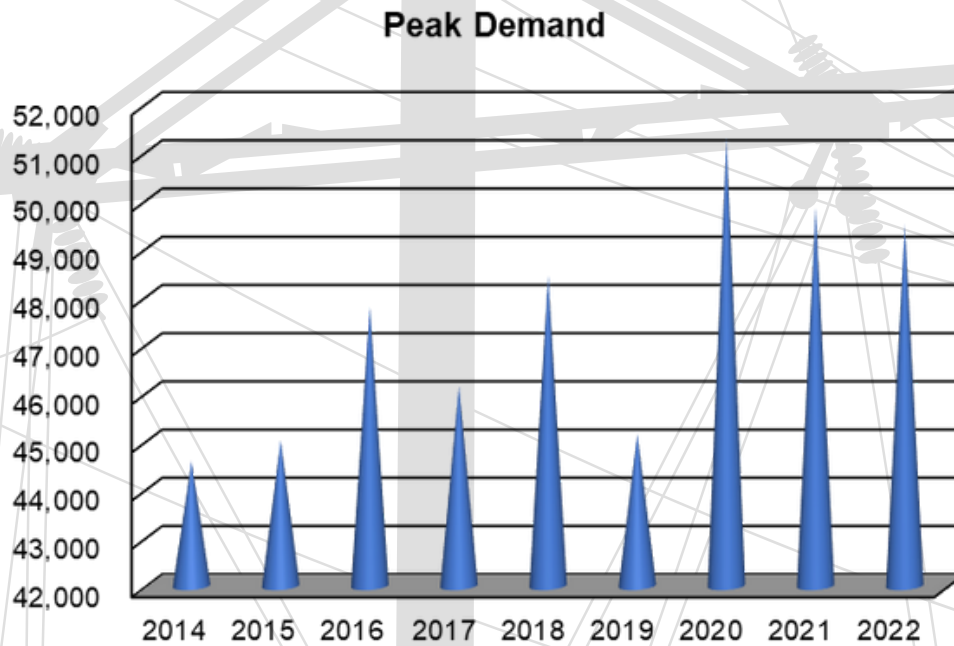


Staff Donations

Annually, Orangeville Hydro staff host Christmas Cheer Week. With the generous contributions from our vendors for our Silent Auction, Orangeville Hydro staff were able to raise \$4,402 for Big Brothers Big Sisters of Dufferin. A large donation of food was also made to the Orangeville Food Bank.

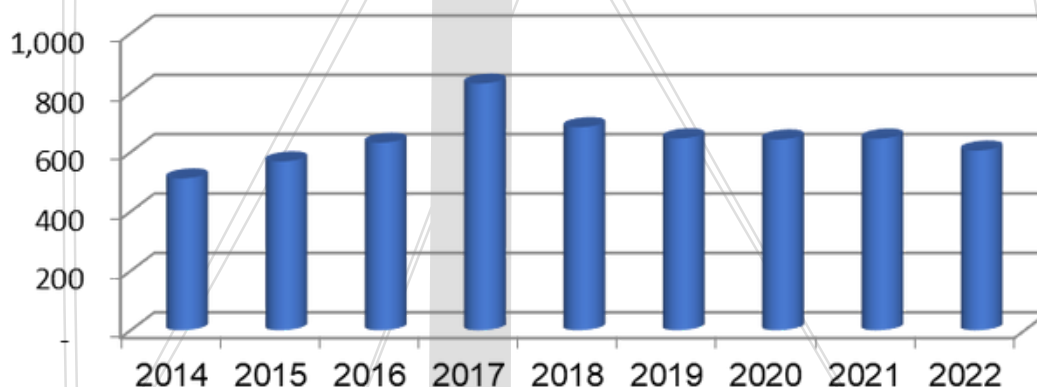
OPERATING STATISTICS

The system peak of 49,506 kilowatts occurred in June 2022. This is a decrease from the 2021 system peak of 49,837 kilowatts which occurred in August, as well as from our overall system peak of 51,287 kilowatts in July 2020. Factors that have an effect on the system peak include our voltage conversion projects, hotter summers, as well as the industrial and commercial economy within our service area and our largest Class A customers reducing their demand during peak summer hours.



The number of customers served per employee has decreased to 605 in 2022. Our number of customers has increased slightly, with the number of full-time equivalent staff (FTE), which includes part-time staff, being one higher than in 2021. Orangeville Hydro continues to train staff for progression and succession planning in order to plan for future retirements.

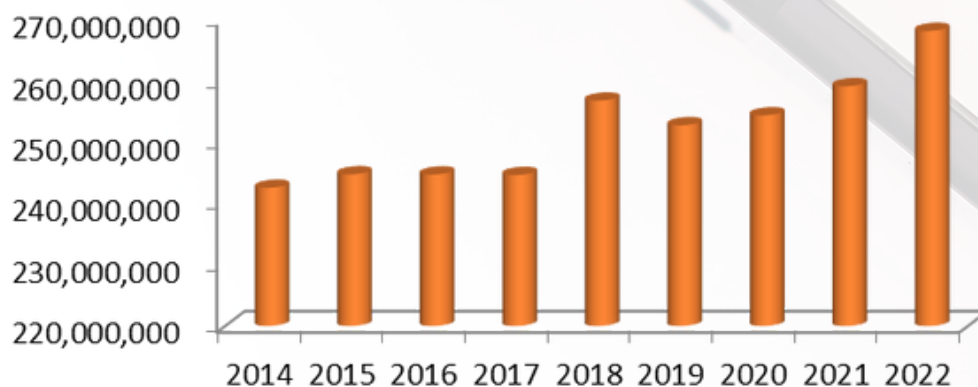
Number of Customers Served by Employee



CUSTOMER PROFILE AND ELECTRICITY CONSUMPTION

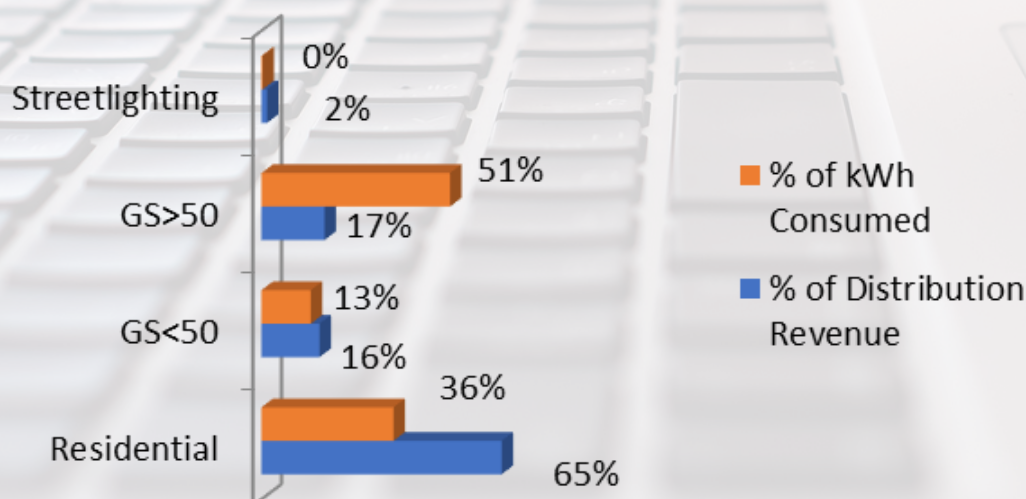
At the end of 2022, Orangeville Hydro had 12,956 customers. Orangeville Hydro's customer base has increased by an additional 71 customers from 2021. Our customers consumed a total of 268,116,946 kilowatt hours in 2022, an increase from 2021 mainly due to higher industrial consumption.

Annual kWh Consumption



As illustrated in the chart below, the residential customer class consumes a smaller percentage of the overall consumption as compared to the industrial class even though they represent 89% of our number of customers. Residential customers also account for 65% of our Distribution Revenue.

kWh Consumed Compared to Revenue



SYSTEM RELIABILITY

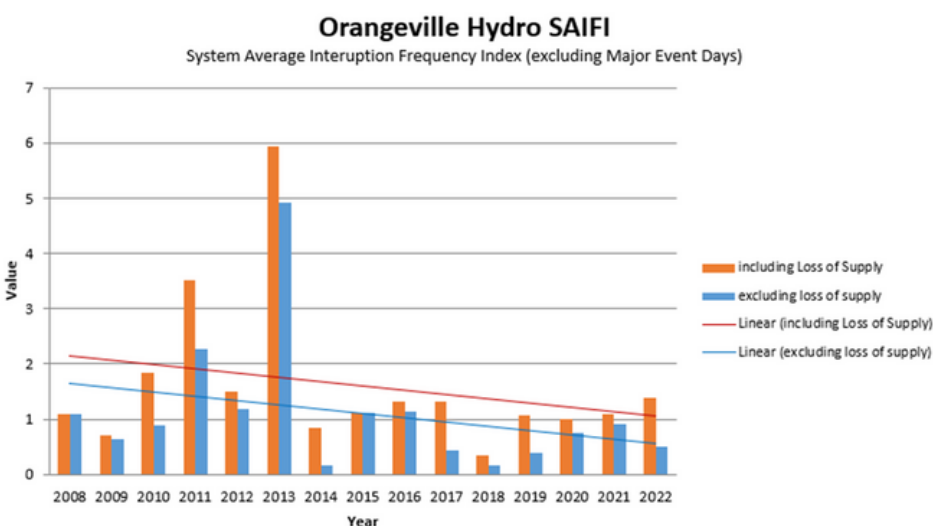
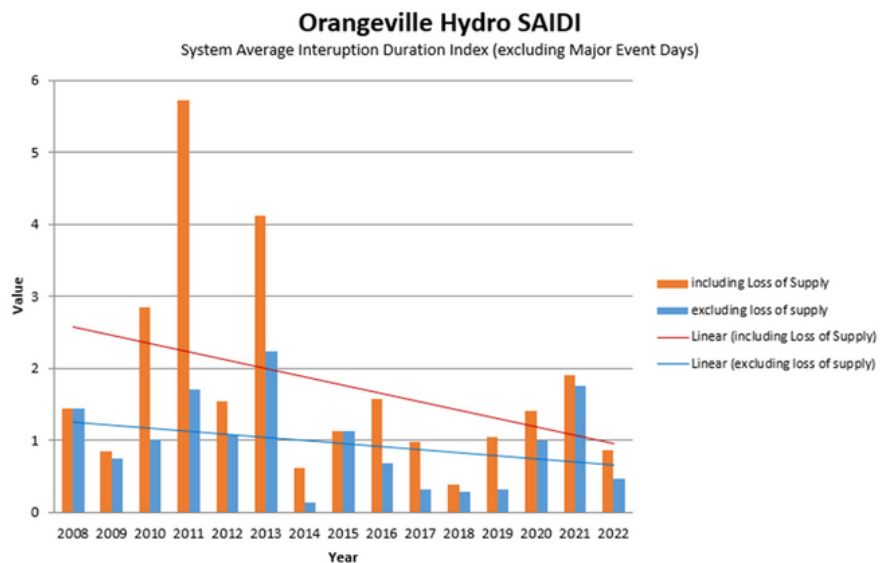
Orangeville Hydro's mission is to provide safe and reliable electricity to our customers. Each year Orangeville Hydro analyzes the overall system reliability performance as well as the root cause of every outage. In 2022, Orangeville Hydro's system had another strong year for reliability performance excluding loss of supply and major event days.

In 2022, there were eight significant outage events that caused 86% of customer interruptions. These events were:

- June 17th, 2022: a rotten/dying municipal tree fell onto overhead wires impacting 4,234 customers
- July 20th, 2022: a loss of supply from Hydro One impacted 2,719 customers
- July 25th, 2022: a loss of supply from Hydro One impacted 1,150 customers
- October 2nd, 2022: a loss of supply from Hydro One impacted 1,150 customers
- October 31st, 2022: a loss of supply from Hydro One impacted 2,725 customers
- November 14th, 2022: a loss of supply from Hydro One impacted 2,412 customers
- December 18th, 2022: a loss of supply from Hydro One impacted 1,150 customers
- December 23rd & 24th, 2022: a high impact winter storm swept across Ontario. The storm brought significant snow, strong winds, and blizzard conditions. Wind gusts exceeding 80km/hr impacted Orangeville Hydro's service area. The storm affected a total of 5,390 of Orangeville Hydro's customers. These customers were impacted with multiple outages as the blizzard and high winds strained the distribution infrastructure. The outage event was classified as a Major Event Day.

System Average Interruption Duration Index (SAIDI)

SAIDI is the average outage duration for each customer served. The average outage duration a customer experienced in 2022 including a loss of supply from Hydro One was 0.86 hours and 0.47 hours excluding outages caused by loss of supply. Both values exclude the Major Event Day outage statistics.



System Average Interruption Frequency Index (SAIFI)

SAIFI is the average number of interruptions that a customer experiences. The average number of interruptions that an Orangeville Hydro customer experienced in 2022 including a loss of supply from Hydro One was 1.39 and 0.52 excluding outages caused by loss of supply. Both values exclude the Major Event Day outage statistics.

HEALTH AND SAFETY

Orangeville Hydro is committed to the health and safety of its employees, customers, contractors, and the general public. The health and well-being of every employee is of primary importance and our ultimate objective is to eliminate injuries and losses at work and at home.

In 2022 there was zero loss time incidents. We strive to maintain a healthy and safe work environment by providing suitable training, attending safety meetings and following direction from our Joint Health and Safety Committee (JHSC). We also recognize the importance of the involvement and commitment of the Board of Directors and Management to achieve success. Management and staff have increased safety related training and awareness for all employees.

Orangeville Hydro and its employees strive to adhere to the safe work practices of the Infrastructure Health and Safety Association (IHSA), all applicable health and safety legislation and our own specific health and safety guidelines, policies, and procedures.

Training that took place in 2022:

- Construction Verification Program
- Working at heights
- Ladder Safety
- Violence and Harassment
- GHS Training/WHMIS
- May Day procedure
- First Aid/CPR/AED
- JHSC Refresher
- Fire Extinguisher
- Electrical Safety Awareness for Office Staff

In accordance with the Occupational Health and Safety Act (OHSA), organizations with 20 employees are required to have two certified Joint Health & Safety Committee members, however, to create a safe and healthy work environment Orangeville Hydro has provided training to all our employees. The JHSC at Orangeville Hydro ensured that in 2022 all new staff members received Joint Health & Safety Committee training as well as a refresher course for all existing employees. It is notable that all employees will continue to receive the training in order to keep their membership status and all future employees will receive the same training.

2022 Goals for JHSC

| | | |
|---|---|---------|
| 1 | Update Safety Board | Winter |
| 2 | Safety Appreciation Lunch for Staff | Fall |
| 3 | Improve Near Miss Reporting | Ongoing |
| 4 | Update Training Matrix | Ongoing |
| 5 | Improve frequency of Safety Meetings | Ongoing |
| 6 | Have more staff involvement in Safety Culture at OHL | Ongoing |
| 7 | Ensure Workplace Inspections are completed on a Monthly Basis | Monthly |

2022

ANNUAL REPORT



Orangeville
Hydro



519-942-8000



info@orangevillehydro.on.ca



orangevillehydro.on.ca



facebook.com/Ovillehydro



twitter.com/Ovillehydro

400 C Line
Orangeville, Ontario
Canada, L9W 3Z8