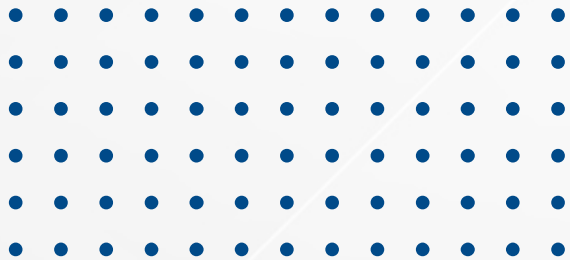




ORANGEVILLE HYDRO **BUSINESS PLAN**

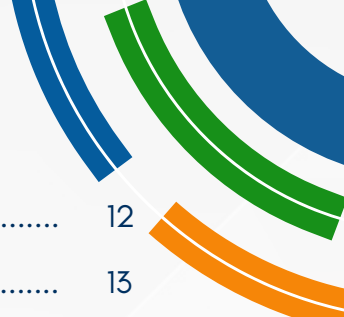


2024
BUSINESS PLAN



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1. EXECUTIVE SUMMARY

Orangeville Hydro Limited's Business Plan for 2024-2028 is developed in conjunction with the strategic plan, goal setting and target planning. This business plan is also based on Ontario Energy Board (OEB) initiatives and governmental public policy responsiveness as well as our internal conception of the utility to meet certain other objectives in creating efficiencies. These objectives are met while maintaining safety, excellent customer service objectives and focus, system reliability, and stable financial performance.

The key areas that are reviewed within this Business Plan are:

- Mission statement, Vision statement and Values statement
- Strategic Objectives
- SWOT Analysis
- Local economic overview and customer description
- Performance metrics
- Future Capital and Operating plans
- Financial Summary

2. MISSION, VISION, AND VALUES

Orangeville Hydro's strategies are in harmony with our corporate values, our vision, our mission statement as well as our approach to a balanced scorecard within an evolving electricity marketplace.

VISION



TO BE ACKNOWLEDGED AS A LEADER AMONG ELECTRIC UTILITIES IN THE AREAS OF SAFETY, RELIABILITY, CUSTOMER SERVICE, CUSTOMER SATISFACTION, SUSTAINABILITY, AND FINANCIAL PERFORMANCE.



MISSION

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.

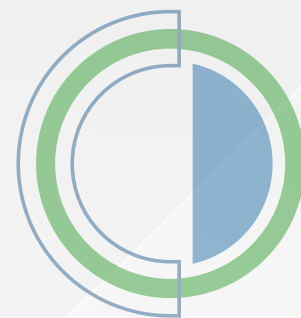
VALUE STATEMENT

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. 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.



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 and the ability to connect new customers.

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. Our residential customers provide 65% of our revenue and the remainder is received from a diverse mix of small commercial, institutional, municipal, and industrial customers. Our largest customer accounts for 1.8% of our total distribution revenue.

Intensification is occurring within our service territory which is contributing to continuous 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.

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.

OPPORTUNITIES

Orangeville Hydro can be a solutions provider to improve our customer's experience.

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

The post-pandemic recovery 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 post-pandemic recovery is an opportunity to challenge the status quo and find more new ways of operating as an organization.

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 energy efficiency 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.

THREATS AND UNCERTAINTIES

The post-pandemic economic environment has created new threats and uncertainties regarding impacts to staffing levels, distribution revenue, increasing costs of services and materials, and increasing debt servicing costs.

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

The Ontario electricity 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 electricity 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. The expectations and requirements of the Ontario Energy Board 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.

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. STRATEGIC OBJECTIVES

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.

SAFETY

Health and safety will continue to be 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.

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 our continuously growing databases, 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.

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 Distribution System Plan as well as our annual Distribution Maintenance Program.

We will pursue diversity, equity, and inclusion genuinely and intentionally as both the right and smart thing for the business and a better future for all employees.

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.

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 the Industrial Conservation Initiative, the Energy Affordability Program, the Ontario Electricity Support Program, the Low-Income Energy Assistance Program, and potential future energy efficiency programs.

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.

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.

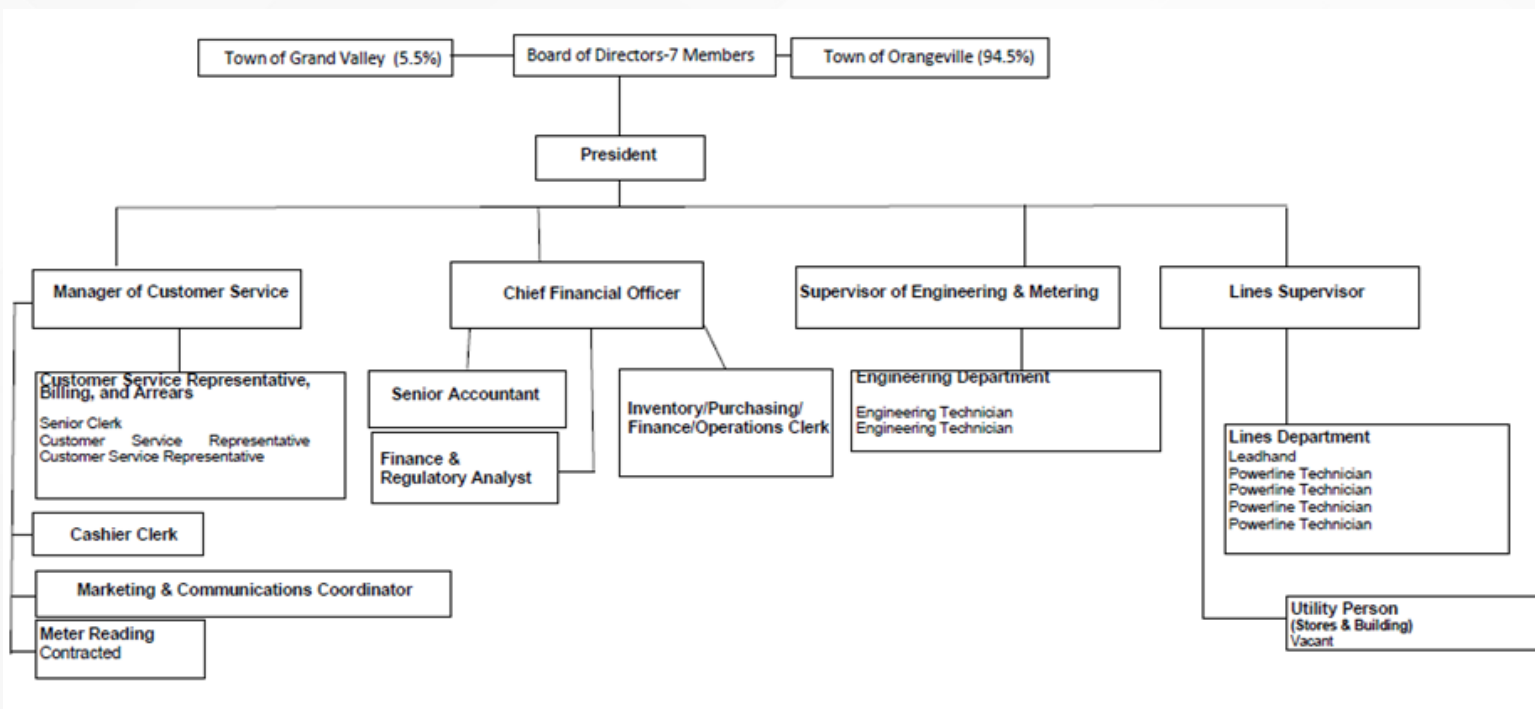
We will continue to ensure we have a high level of performance relative to our industry peers by continually reviewing the OEB LDC Yearbook data, OEB Activity & Program-based Benchmarking data, and our year-to-year trending.

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

5. ABOUT THE UTILITY

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). Orangeville Hydro is considered a local distribution company or a wires company. In 2009, Orangeville Hydro and Grand Valley Energy Inc. merged. Since then, Orangeville Hydro has been owned by the Town of Orangeville (94.5%) and the Town of Grand Valley (5.5%). Orangeville Hydro 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.

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. These include 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.



6. ECONOMIC OVERVIEW AND CUSTOMER DESCRIPTION

ECONOMIC OVERVIEW OF THE SERVICE AREA

Orangeville Hydro's service area has a population of approximately 35,000 and is expected to grow to 42,540 by 2036 according to forecasts contained within the Dufferin County Official Plan (2017). This growth is constrained beyond these numbers due to the limited residential land development in the Town of Orangeville and the limited municipal water service and municipal sewage service in both the Town of Orangeville and the Town of Grand Valley.

The Town of Orangeville is the urban hub of Dufferin County. The population of approximately 31,000 people sustains strong commercial retail stores that includes big box stores, nationwide commercial retail stores, and small locally owned retail stores. Orangeville has a strong group of manufacturers in sectors such as plastics, food products, woodworking, aerospace, and automotive. The economic base of the Town of Orangeville is diversified between many sectors.

The Town of Grand Valley is a fast-growing area within Dufferin County. Orangeville Hydro services the urban settlement area and Hydro One services the surrounding rural farmlands. The urban settlement area of the Town of Grand Valley has a population near 4,000 and is growing through both intensification and greenfield developments. The Town of Grand Valley is an urban hub with businesses for shopping, dining, and services.

CUSTOMER DESCRIPTION

Orangeville Hydro's breakdown of customers by class is shown below:

TABLE 2: CUSTOMERS BY CLASS DECEMBER 31, 2022

Customer Class	Number of Customers
Residential	11,560
General Service < 50 kW	1,161
General Service > 50 kW	125
Sentinel Lights	34
Street Lights	3
Unmetered Scattered Load	31
Generation	42
Total	12,956

Orangeville Hydro has a steadily growing base of residential customers with new subdivisions being energized in both Orangeville and Grand Valley. There is also significant redevelopment and intensification occurring within both communities. The intensification projects will continue to increase Orangeville Hydro's density metrics such as customers per kilometer of line and customers per square kilometer. Orangeville Hydro has a diverse manufacturing sector, with several large industrial customers in the plastics, food product, and automotive manufacturing sectors.

TABLE 3: AVERAGE MONTHLY CONSUMPTION PER CUSTOMER (kWh)

Customer Class	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential	720	699	690	661	709	685	732	723	721
General Service < 50 kW	2,640	2,609	2,630	2,605	2,680	2,625	2,523	2,507	2,651
General Service > 50 kW	74,861	79,164	77,689	83,342	84,012	83,963	87,180	90,963	95,139
Sentinel Lights	64	60	52	59	58	57	57	57	55
Street Lights	55	51	30	27	26	26	26	25	26
Unmetered Scattered Load	462	348	318	361	338	338	338	335	335

Orangeville Hydro has witnessed steady consumption usage for most of our customer classes. A fluctuation in residential usage can be due to conservation activities, installation of more efficient equipment, improved building code requirements in new homes, intensification decreasing the average size of a household, our customers converting from electrical heating equipment to natural gas, and residential customers working from home. The usage is not necessarily consistent as weather patterns such as extreme heat waves or extended periods of extreme cold are not consistent year to year. Residential distribution rates are based on a fixed service charge, and therefore provide a stable revenue source.

The average usage of a General Service >50kW customer has increased from 2014 compared to 2022 as our largest customers have expanded.

The average monthly consumption for a streetlight connection significantly decreased in 2016 due to the High-Pressure Sodium to LED light conversions that occurred in late 2015 & 2016.

7. PERFORMANCE METRICS AND FUTURE PLANS

2022 SCORECARD MANAGEMENT DISCUSSION AND ANALYSIS

The performance outcomes outlined in the RRFE are measured on the LDCs scorecard which is published annually. In 2022 Orangeville Hydro exceeded all of its performance targets. A discussion of the scorecard results follows the reproduction of the scorecard below.

The scorecard is published annually by the Ontario Energy Board around mid-July, therefore the next scorecard which will include 2023 audited results will be posted around July 14, 2024.

Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	Trend	Target	
									Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	99.24%	100.00%	🟢	90.00%	
		Scheduled Appointments Met On Time	99.76%	100.00%	100.00%	99.25%	100.00%	🟢	90.00%	
		Telephone Calls Answered On Time	99.94%	99.90%	99.11%	99.21%	99.26%	🟢	65.00%	
	Customer Satisfaction	First Contact Resolution	99.9	99.9%	99.9	99.83%	99.62%	🟢	98.00%	
		Billing Accuracy	99.99%	100.00%	99.84%	99.82%	99.73%	🟢	98.00%	
		Customer Satisfaction Survey Results	78.2%	78.2	76	76	76	🟢		
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	86.20%	85.50%	85.50%	84.50%	84.50%	🟢		
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	🟢		C
		Serious Electrical Incident Index	0	0	0	1	0	🟢		0
	System Reliability	Number of General Public Incidents Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.450	0.000	🟢		0.063
		Average Number of Hours that Power to a Customer is Interrupted ²	0.29	0.33	1.01	1.75	0.47	🟢		0.55
		Average Number of Times that Power to a Customer is Interrupted ²	0.16	0.39	0.75	0.91	0.52	🟢		0.65
	Asset Management	Distribution System Plan Implementation Progress	87%	96%	102	87%	156%	🟢		
		Efficiency Assessment	2	2	2	1	1	🟢		
Cost Control	Total Cost per Customer ³	\$551	\$568	\$535	\$550	\$605	🟢			
	Total Cost per Km of Line ³	\$31,233	\$32,501	\$30,612	\$31,921	\$35,340	🟢			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time ⁴						🟢		
		New Micro-embedded Generation Facilities Connected On Time	100.00%					🟢		90.00%
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.56	1.74	1.41	0.78	1.39	🟢		
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.05	1.15	1.12	1.12	1.28	🟢		
		Profitability: Regulatory Return on Equity	9.36%	9.36%	9.36%	9.36%	9.36%	🟢		
		Deemed (included in rates) Achieved	11.92%	10.36%	11.83%	9.46%	5.71%	🟢		

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
 2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
 4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

Legend:
 5-year trend: up (🟢), down (🔴), flat (🟡)
 Current year: target met (🟢), target not met (🔴)

GENERAL SCORECARD OVERVIEW

In 2022, Orangeville Hydro exceeded all performance targets. Aging distribution infrastructure continues to be a challenge for many utilities today. Like most utilities in Ontario, Orangeville Hydro must replace aging infrastructure at a steady pace to meet this challenge. Therefore, Orangeville Hydro strategically plans to manage the renewal and growth of the distribution system in a cost-effective manner. In addition, vegetation control, including line clearing activities, were continued in the year to reduce the vulnerability and improve the reliability of the distribution system to external uncontrollable events, such as weather.

Orangeville Hydro continues to focus on providing value to our customers. Orangeville Hydro offers “Customer Connect” to assist our customers with interactive information that will permit them to better monitor, understand, and control their electricity consumption. Orangeville Hydro is continually improving our website, which allows customers an improved experience when interacting with us. Orangeville Hydro’s social media presence has increased, to provide immediate updates for outages as well as current news. Orangeville Hydro makes every effort to engage its customers on a regular basis to ensure that we are aware of their needs and that they are receiving the best value for their dollar.

In 2023, Orangeville Hydro will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected because of continued investment in both the infrastructure and in the response to the customers’ needs.

PACIFIC ECONOMICS GROUP (PEG) REPORT

The PEG report compares utilities' cost efficiencies on a consistent basis. The report is issued annually and is publicly available on the OEB website. The PEG report provides a ranking of the utilities included in the study, summarizes the results, and provides insight into the trends in utility efficiency scoring.

Orangeville Hydro moved up to Group 1 efficiency ranking back in 2021, after moving to Group 2 in 2017 (as per PEG 3-year average). The utility is continuously looking for ways of finding efficiency in its Operations, Maintenance and Administration costs thus reducing rates.

TABLE 4: PEG PAST PERFORMANCE (STRETCH FACTOR)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Stretch Factor Cohort - Annual result	3	3	3	2	2	2	2	1	1
Associated Stretch Factor Value	0.30	0.30	0.30	0.15	0.15	0.15	0.15	0.00	0.00

The summary of cost performance results shows the actual total cost on an annual basis used to complete the PEG analysis. A negative percentage difference means that actual total costs are less than predicted costs. Total cost is a calculation of adjusted OM&A expenses, plus capital costs, and other variables. Shown below, the differential between actual total cost and predicted costs becomes increasingly larger with each year, which is why in 2021 Orangeville Hydro was moved to Group 1. Moving to a higher group would historically have provided Orangeville Hydro with a larger increase in distribution revenue as a bonus for increased cost efficiencies.

Annually, distribution rate increases are set using two values: Price Escalator and Stretch Factor. The distribution rates are increased by the Price Escalator percentage and decreased by the Stretch Factor percentage. This means the higher the PEG report rating, the lesser the rates will be decreased by the Stretch Factor, therefore allowing a higher increase in distribution revenues. Unfortunately, currently the PEG report rating does not affect Orangeville Hydro, because in 2020, when Orangeville Hydro received its Cost of Service deferral approval for 2021 rates, the OEB determined that Orangeville Hydro will complete its next IRM rate application using the Annual IR methodology. This means that until we complete our next Cost of Service rate application in 2024, the Stretch Factor will always be set at the highest value of .6%, therefore reducing distribution rates by this amount. After our Cost of Service is complete, we will then receive the lower Stretch Factor decrease, therefore increasing distribution revenue.

TABLE 5: SUMMARY OF COST PERFORMANCE RESULTS

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actual Total Cost	\$ 6,743,925	\$ 6,848,039	\$ 6,904,089	\$ 6,836,145	\$ 6,933,646	7,182,788	6,795,755	7,022,686	7,774,710
Percentage Change on previous year		1.5%	0.8%	-0.98%	1.43%	3.59%	-5.39%	3.34%	10.71%
Percentage Difference (Cost Performance) per PEG Analysis	-4.0%	-7.6%	-10.2%	-14.3%	-20.0%	-20.7%	-28.8%	-29.6%	-28.9%
Three year average performance			-7.3%	-10.7%	-14.8%	-18.3%	-23.2%	-26.4%	-29.1%



DISTRIBUTION REVENUE



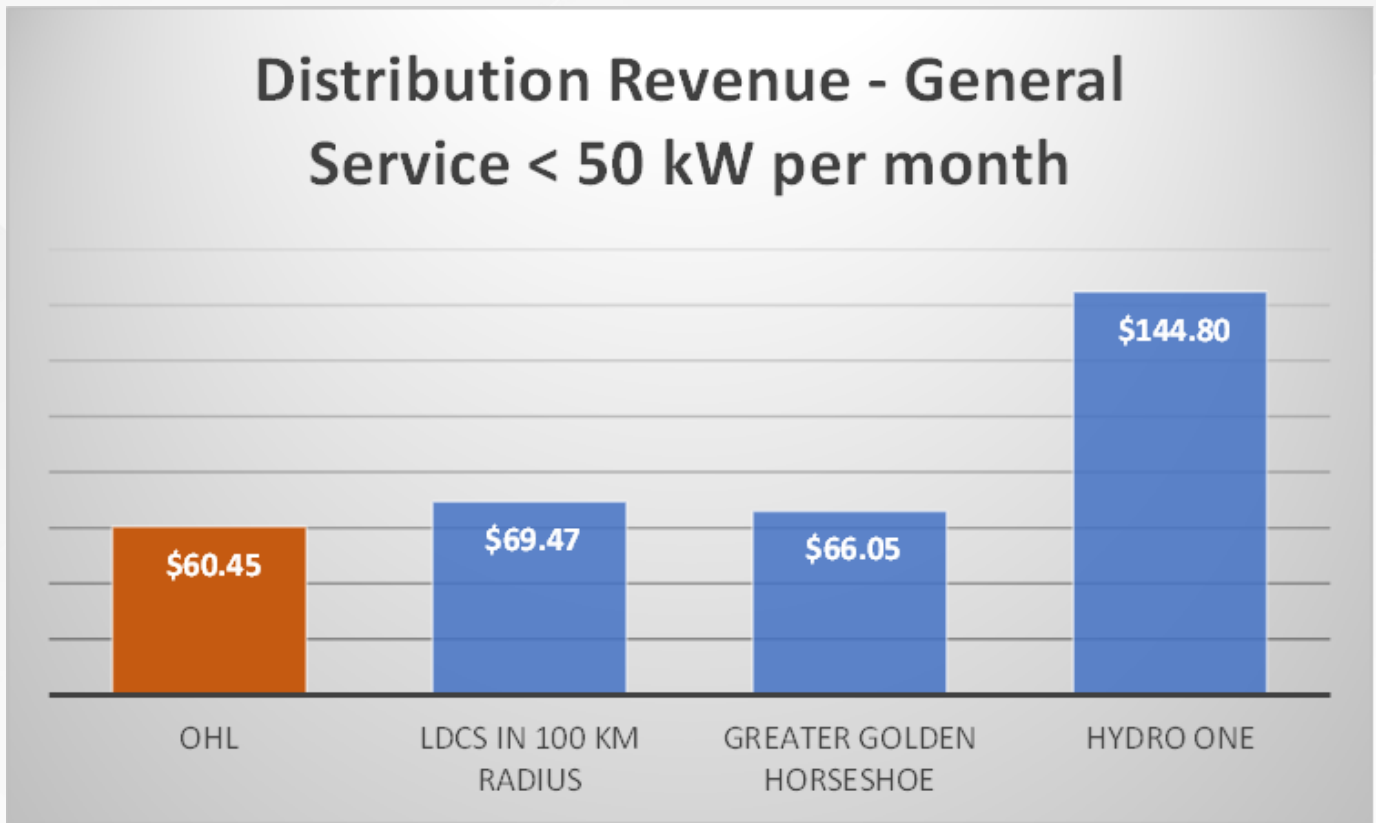
The Ontario Energy Board compiles an annual Yearbook which contains various financial and non-financial statistics of all utilities in the province. This report allows comparison between Orangeville Hydro and LDCs with similar characteristics, as well as neighbouring LDCs. The following charts highlight the efforts taken by Orangeville Hydro to keep the distribution revenue rates for our customers lower than many other LDCs, and significantly lower than Hydro One. A three-year average from 2019-2021 was chosen to reduce the effect of anomalous data points that occur within a single year.

TABLE 6: DISTRIBUTION REVENUE - RESIDENTIAL CUSTOMER RATE PER MONTH

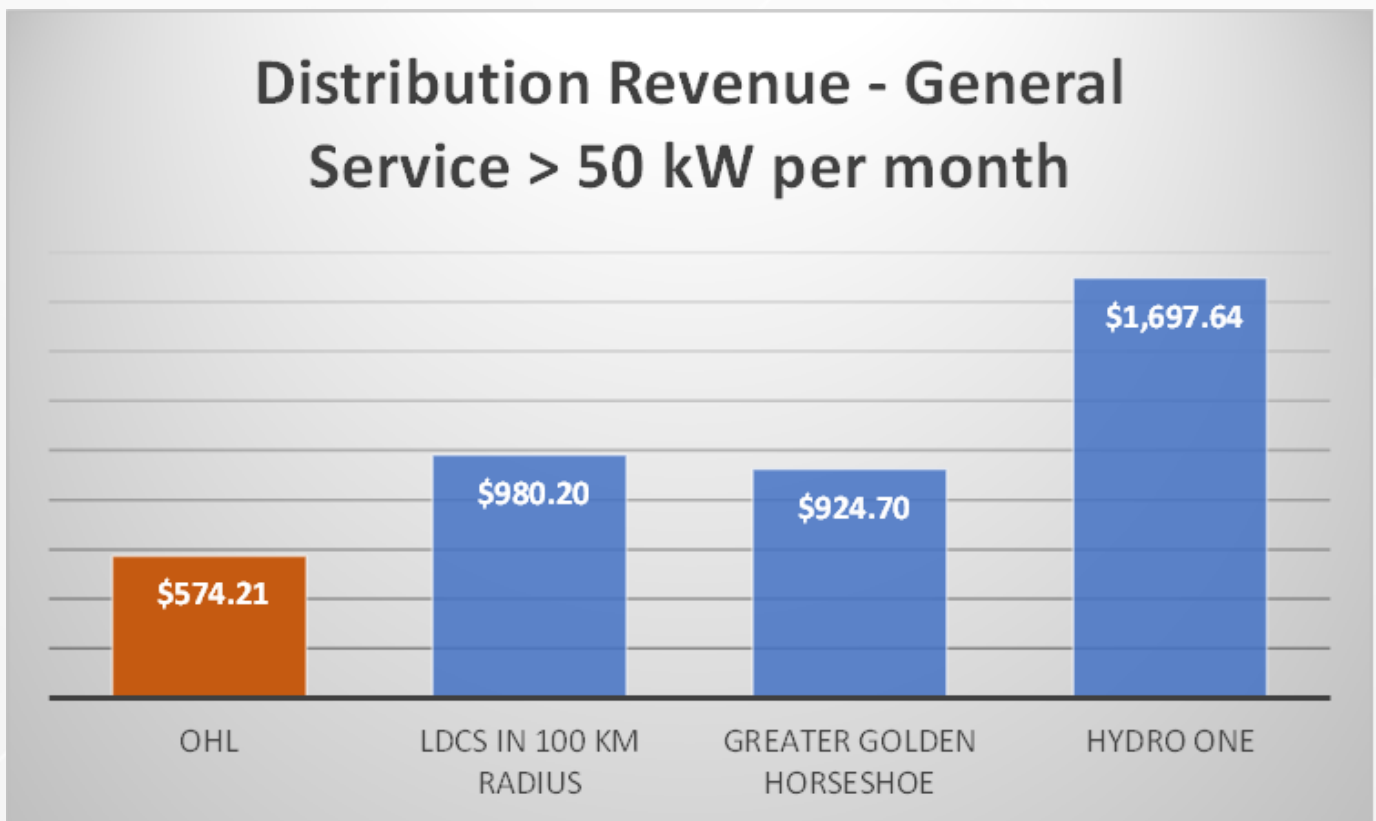
Distribution Revenue - Residential Customer per month



**TABLE 7: DISTRIBUTION REVENUE – GENERAL SERVICE < 50 KW
CUSTOMER RATE PER MONTH**



**TABLE 8: DISTRIBUTION REVENUE – GENERAL SERVICE > 50 KW
CUSTOMER RATE PER MONTH**



COST OF SERVICE (COS) RATE APPLICATION

In 2024, Orangeville Hydro will complete a Cost of Service rate application. A COS is essentially a detailed business plan and budget, laying out the strategic vision for the next 5 years. The COS determines the level of spending and investments that Orangeville Hydro will make, including equipment, infrastructure, maintenance, service offerings, rates customers pay and more. All costs must be presented and justified by the LDC before being reviewed by the OEB. Orangeville Hydro last completed a COS application for 2014 rates. This COS will mainly affect the distribution revenue that will be paid by each customer through their service charge (fixed rate) and distribution volumetric (variable rate) charge.

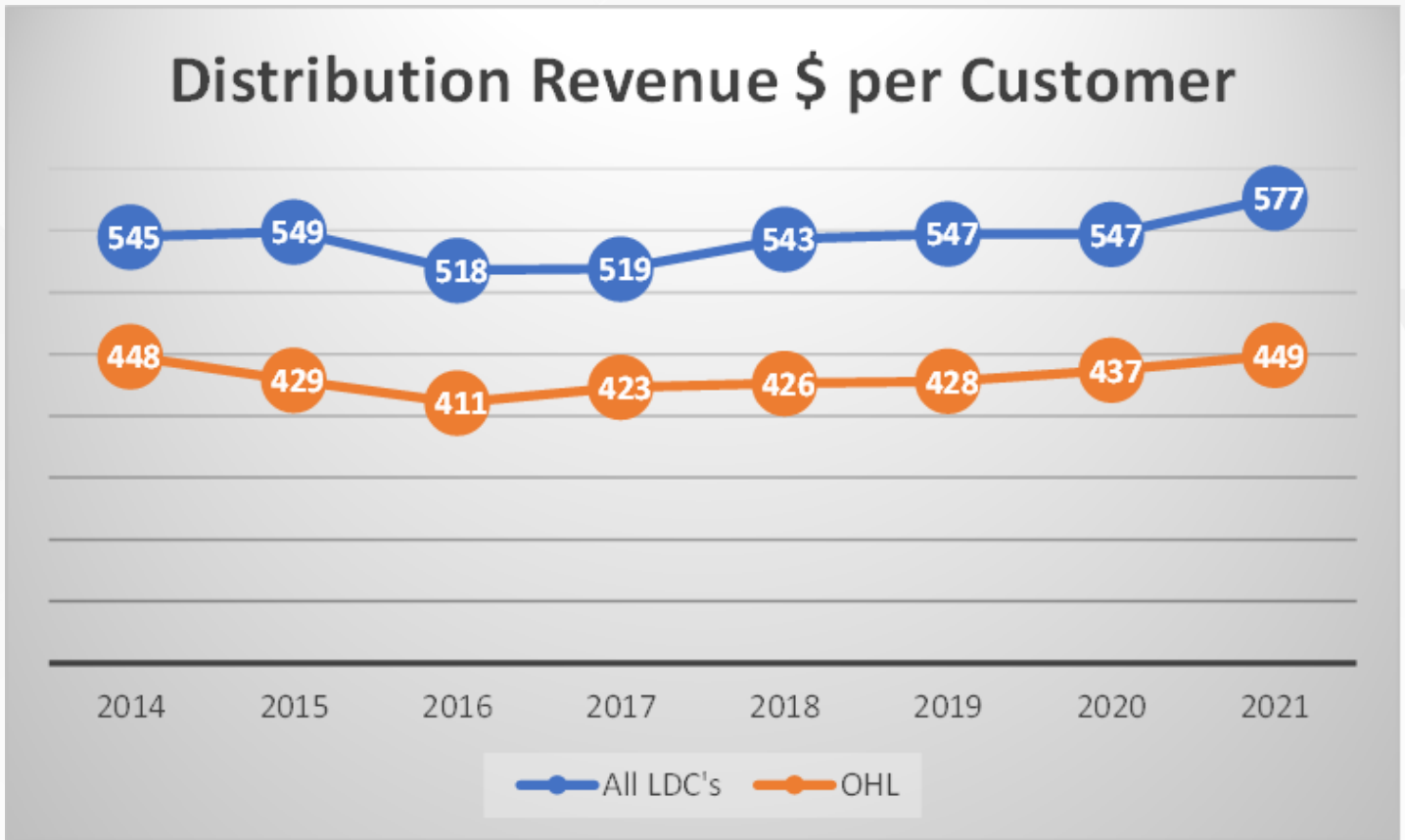
HISTORICAL AND PROPOSED REVENUES

The historical customer growth has allowed Orangeville Hydro’s overall distribution revenue to increase without significantly increasing the distribution revenue per customer.

TABLE 9: HISTORICAL AND PROPOSED DISTRIBUTION REVENUES

		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Budget
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	Fixed Rate	\$ 15.25	\$ 15.45	\$ 18.19	\$ 21.00	\$ 23.72	\$ 26.62	\$ 27.11	\$ 27.54	\$ 28.28	\$ 29.16	\$ 32.82
	Variable Rate	\$ 0.0131	\$ 0.0133	\$ 0.0102	\$ 0.0069	\$ 0.0035	\$ -	\$ -	\$ -			
	Customers	10,407	10,570	10,730	11,084	11,285	11,360	11,409	11,483	11,560	11,643	11,725
	kWh	89,859,649	88,658,010	88,848,347	87,913,227	96,120,656	93,470,023	100,184,806	99,647,947	99,959,003	101,218,123	97,826,124
	Revenues	\$ 3,187,626	\$ 3,090,922	\$ 3,200,973	\$ 3,352,629	\$ 3,602,177	\$ 3,631,125	\$ 3,757,300	\$ 3,889,196	\$ 3,693,685	\$ 4,104,126	\$ 4,617,326
GS<50	Fixed Rate	\$ 31.21	\$ 31.62	\$ 32.19	\$ 32.71	\$ 33.00	\$ 33.45	\$ 34.07	\$ 34.62	\$ 35.55	\$ 36.65	\$ 41.72
	Variable Rate	\$ 0.0095	\$ 0.0096	\$ 0.0098	\$ 0.0100	\$ 0.0101	\$ 0.0102	\$ 0.0104	\$ 0.0106	\$ 0.0109	\$ 0.0112	\$ 0.0127
	Customers	1,141	1,132	1,129	1,149	1,164	1,163	1,164	1,168	1,161	1,158	1,176
	kWh	36,140,162	35,440,740	35,626,425	36,041,070	37,480,006	36,623,491	35,247,190	35,138,692	36,930,708	36,254,139	35,834,680
	Revenues	\$ 795,437	\$ 751,287	\$ 765,543	\$ 919,218	\$ 782,960	\$ 822,922	\$ 847,950	\$ 872,387	\$ 878,222	\$ 917,680	\$ 1,026,212
GS>50	Fixed Rate	\$ 160.00	\$ 162.08	\$ 165.00	\$ 167.64	\$ 169.15	\$ 171.43	\$ 174.60	\$ 177.39	\$ 182.18	\$ 187.83	\$ 223.00
	Variable Rate	\$ 2.1482	\$ 2.1761	\$ 2.2153	\$ 2.2507	\$ 2.2710	\$ 2.3017	\$ 2.3443	\$ 2.3818	\$ 2.4461	\$ 2.5219	\$ 2.9381
	Customers	137	138	141	132	134	132	124	124	125	126	126
	kWh	125,765,970	130,146,426	130,517,952	131,013,598	134,083,745	133,361,535	129,723,990	135,353,629	142,708,632	136,085,199	139,510,255
	Revenues	\$ 816,710	\$ 826,561	\$ 888,196	\$ 870,180	\$ 857,752	\$ 868,499	\$ 836,472	\$ 878,648	\$ 966,947	\$ 952,475	\$ 1,162,982
Sentinel Lights	Fixed Rate	\$ 3.12	\$ 3.16	\$ 3.22	\$ 3.27	\$ 3.30	\$ 3.34	\$ 3.40	\$ 3.45	\$ 3.54	\$ 3.65	\$ 5.89
	Variable Rate	\$ 12.1717	\$ 12.3299	\$ 12.5518	\$ 12.7526	\$ 12.8674	\$ 13.0411	\$ 13.2824	\$ 13.4949	\$ 13.8593	\$ 14.2889	\$ 23.0559
	Connections	141	151	152	151	155	157	158	158	157	157	158
	kWh	108,113	108,886	110,643	108,354	107,351	107,697	107,698	107,404	104,541	106,427	104,420
	Revenues	\$ 7,254	\$ 7,339	\$ 8,482	\$ 8,096	\$ 8,362	\$ 8,480	\$ 9,298	\$ 10,573	\$ 10,455	\$ 10,939	\$ 17,536
Streetlights	Fixed Rate	\$ 1.42	\$ 1.44	\$ 1.47	\$ 1.49	\$ 1.50	\$ 1.52	\$ 1.55	\$ 1.57	\$ 1.61	\$ 1.66	\$ 1.89
	Variable Rate	\$ 7.8391	\$ 7.9410	\$ 8.0839	\$ 8.2132	\$ 8.2871	\$ 8.3990	\$ 8.5544	\$ 8.6913	\$ 8.9260	\$ 9.2027	\$ 10.4767
	Connections	2,915	2,851	2,845	2,890	2,939	2,939	2,962	2,982	2,985	2,957	3,015
	kWh	1,920,607	1,750,885	933,500	904,819	912,796	925,959	924,100	911,971	917,094	916,560	923,583
	Revenues	\$ 91,595	\$ 91,113	\$ 53,288	\$ 71,690	\$ 73,088	\$ 74,656	\$ 87,468	\$ 77,905	\$ 87,657	\$ 81,315	\$ 94,158
USL	Fixed Rate	\$ 5.95	\$ 6.03	\$ 6.14	\$ 6.24	\$ 6.30	\$ 6.39	\$ 6.51	\$ 6.61	\$ 6.79	\$ 7.00	\$ 7.97
	Variable Rate	\$ 0.0083	\$ 0.0084	\$ 0.0086	\$ 0.0087	\$ 0.0088	\$ 0.0089	\$ 0.0091	\$ 0.0092	\$ 0.0094	\$ 0.0097	\$ 0.0110
	Connections	73	96	97	97	97	97	97	98	98	98	97
	kWh	404,627	400,512	370,442	398,917	393,393	393,393	393,393	393,393	393,393	393,393	387,304
	Revenues	\$ 10,158	\$ 10,401	\$ 10,939	\$ 10,928	\$ 40,430	\$ 10,787	\$ 11,076	\$ 11,603	\$ 10,993	\$ 11,430	\$ 13,346
TOTAL	kWh	254,199,128	256,505,459	256,407,308	256,379,985	269,097,947	264,882,097	266,581,177	271,553,035	281,013,371	274,973,841	274,586,366
	Revenues	\$ 4,908,779	\$ 4,777,622	\$ 4,927,421	\$ 5,232,741	\$ 5,364,768	\$ 5,416,469	\$ 5,549,565	\$ 5,740,311	\$ 5,647,959	\$ 6,077,967	\$ 6,931,560

TABLE 10: HISTORICAL DISTRIBUTION REVENUE PER CUSTOMER



BILL IMPACTS

Since our last Cost of Service for 2014 rates, Orangeville Hydro’s residential rate increases excluding rate riders have been near or below the rate of inflation. The transition to a fully fixed residential service charge has helped to ensure a stable source of revenue for Orangeville Hydro as well as ensuring more consistency for our residential customers’ energy costs. Overall residential bill impacts include rate riders, which are in place for the recovery of deferral and variance accounts from pass through charges (regulatory assets and liabilities). Orangeville Hydro did not dispose of all deferral and variance accounts in 2019 and 2020, which is why there is a larger bill impact in 2021 including rate riders, as these rates included dispositions for multiple years.

TABLE 11: RESIDENTIAL BILL IMPACTS (DISTRIBUTION ONLY)

		Excluding Rate Riders (incl. SME charge)								
		2017	2018	2019	November 1, 2020	2021	November 1, 2021	2022	2023	
Residential	Fixed Rate	\$ 21.79	\$ 24.29	\$ 27.19	\$ 27.92	28.35	28.11	28.85	29.58	
	Variable Rate	\$ 0.0069	\$ 0.0035	\$ -	\$ -	\$ -				
	Total (700 kWh)	\$ 26.62	\$ 26.74	\$ 27.19	\$ 27.92	\$ 28.35	\$ 28.11	\$ 28.85	\$ 29.58	
	Bill Impact	1.9%	0.5%	1.7%	2.7%	1.5%	-0.8%	2.6%	2.5%	
		Including Rate Riders								
		2017	2018	2019	November 1, 2020	2021	November 1, 2021	2022	2023	
Residential	Fixed Rate	\$ 21.96	\$ 24.46	\$ 27.35	\$ 28.08	28.67	28.27	29.01	29.66	
	Variable Rate	\$ 0.0064	\$ 0.0031	\$ 0.0011	\$ 0.0011	\$ 0.0094	\$ 0.0083	0.0039	0.0047	
	Total (700 kWh)	\$ 26.44	\$ 26.63	\$ 28.12	\$ 28.85	\$ 35.25	\$ 34.08	\$ 31.74	\$ 32.95	
	Bill Impact	-3.3%	0.7%	5.6%	2.6%	22.2%	-3.3%	-6.9%	3.8%	

8. CAPITAL SPENDING

KEY OBJECTIVES FOR CAPITAL EXPENDITURE

The key objectives for Orangeville Hydro's capital expenditures over the next five years include:

- Ensuring our existing and future customers enjoy the benefit of a safe and reliable distribution system,
- Ensuring our staff can work safely on and near the distribution system,
- Mitigating the inherent risks of a distribution system through an effective asset management program,
- Understanding customer preferences – how our customers wish to receive service and how do they wish to interact with the utility to obtain the information they require and understand the goals, objectives, and priorities of the utility,
- Ensuring our load, generation, and storage customers have access to the distribution system as well as a long-term secure supply of energy, and
- Ensuring all regulatory compliance obligations are achieved.

● **System access** expenditures for 2023 to 2028 are expected to be higher than the historical average of 2014 to 2022. System Access projects encompass customer requests for service connections and subdivisions. Growth will occur from new subdivisions, infill developments, and intensification developments. Considering these expenditures are based on customer demand, this forecast is subject to change.

● **System service** expenditures for 2023 to 2028 are expected to be higher than the historical average of 2014 to 2022. These projects are planned to ensure the distribution system continues to meet operational objectives, while addressing future needs. The expenditures within this 5-year plan are significantly driven by Orangeville Hydro's voltage conversion program.

● **System renewal** expenditures for 2023 to 2028 are expected to be higher than the historical average of 2014 to 2022. These expenditures are to improve the distribution system by either replacing assets or extending the original service life of the major assets such as poles, transformers, switches, switching cubicles, and revenue meters. Considering these expenditures can be affected by the quantity of major assets that fail in a specific year, this forecast is subject to change.

● **General Plant** expenditures for 2023 to 2028 are expected to be higher than the historical average of 2014 to 2022. General Plant expenditures are for non-distribution assets, such as land, building, office equipment, computer hardware, vehicles, and small equipment. Intangibles are included in General Plant and include land rights and computer software.

2024 CAPITAL BUDGET

Description	2024 Budget	2023 Budget	Variance 2024 Budget to 2023 Budget	2023 Forecast	Variance 2023 Forecast to 2023 Budget	2022 Actuals	Variance 2024 Budget to 2022 Actuals
System Access	1,359,889	705,774	654,116	820,036	114,262	96,413	1,263,476
System Renewal	787,454	407,649	379,805	583,184	175,535	554,050	233,403
System Service	818,940	784,604	34,336	976,919	192,315	2,197,624	(1,378,684)
General Plant	710,917	288,898	422,019	124,383	(164,515)	134,922	575,995
Total Gross expenditures	3,677,200	2,186,925	1,490,275	2,504,522	317,597	2,983,010	694,190
Contributed Capital	(718,936)	(330,098)	(388,838)	(451,067)	(120,969)	(62,566)	(656,370)
Total net expenditures	\$ 2,958,264	\$ 1,856,827	\$ 1,101,437	\$ 2,053,455	\$ 196,628	\$ 2,920,445	\$ 37,819

Capital investments are necessary to ensure a safe and reliable distribution system and to meet our obligation to connect new customers. It is important to Orangeville Hydro that there is a strong understanding of the entire system to determine priority assets that require replacement or repair.

The 2024 Capital Budget of \$2,958,264 includes the completion of three significant System Service projects, which are: B121 - MS2 East Feeder Voltage Conversion-Maple/Madison Ave, B122 - MS2 South Feeder Voltage Conversion-Edelwild/Rustic/Cedar/Lawrence, and B2024-1-2024 Ontario and Victoria St Voltage Conversion. These projects are the continuation of Orangeville Hydro voltage conversion program. The System Renewal projects of \$787,454 are planned transformer, hardware, meter, and pole replacements. Meter replacements and additions are higher than historical with new meters for connecting new customers, to renew aging meter population, and utilize cellular infrastructure to improve reading reliability. Significant System Access costs of \$1,359,889 are mainly attributed to the connection of two new residential subdivisions, which have both advised they will be connected within 2024. The 2024 General Plant Budget of \$710,917 includes a roof replacement of the office portion of the building. It was recommended that the roof should be replaced over the course of 2024 and 2025, so the total expense has been split over two years. This budget also includes billing system upgrades, and the installation of an improved customer portal. A new GIS system installation is also included, which will provide improved asset management processes and improved system performance tracking for reporting purposes. A new electric truck to replace truck #34 is included, based on the Orangeville Hydro vehicle replacement policy. Throughout 2022 and 2023, significant price increases have been realized on major capital items; this budget has incorporated the known increases.

2024 CAPITAL BUDGET BY CATEGORY

Category	Reference Number	Project Description	Total Project	Contributed Capital
System Access	C01-2024	Various General Service Capital Contribution Projects	80,000	(40,000)
System Access	C02-2024	Various Residential Capital Contribution Projects	30,000	(25,000)
System Access	F01-2024	Estimated Distributed Energy Resources	8,000	(8,000)
System Access	S01-2024	Various Subdivisions	1,241,889	(645,936)
System Access Total:			\$1,359,889	\$ (718,936)

System Renewal	B83-2024	Substation Renewal	7,194
System Renewal	TX-2024	Transformer and PME Renewal	161,383
System Renewal	H00-2024	Hardware Replacement	50,000
System Renewal	H00-SLEEVE-2024	Hardware Replacement - Automatic Sleeve Replacement	177,478
System Renewal	M-2024	Meter Renewal	243,499
System Renewal	P00-2024	Pole Replacement	147,900
System Renewal Total:			\$ 787,454

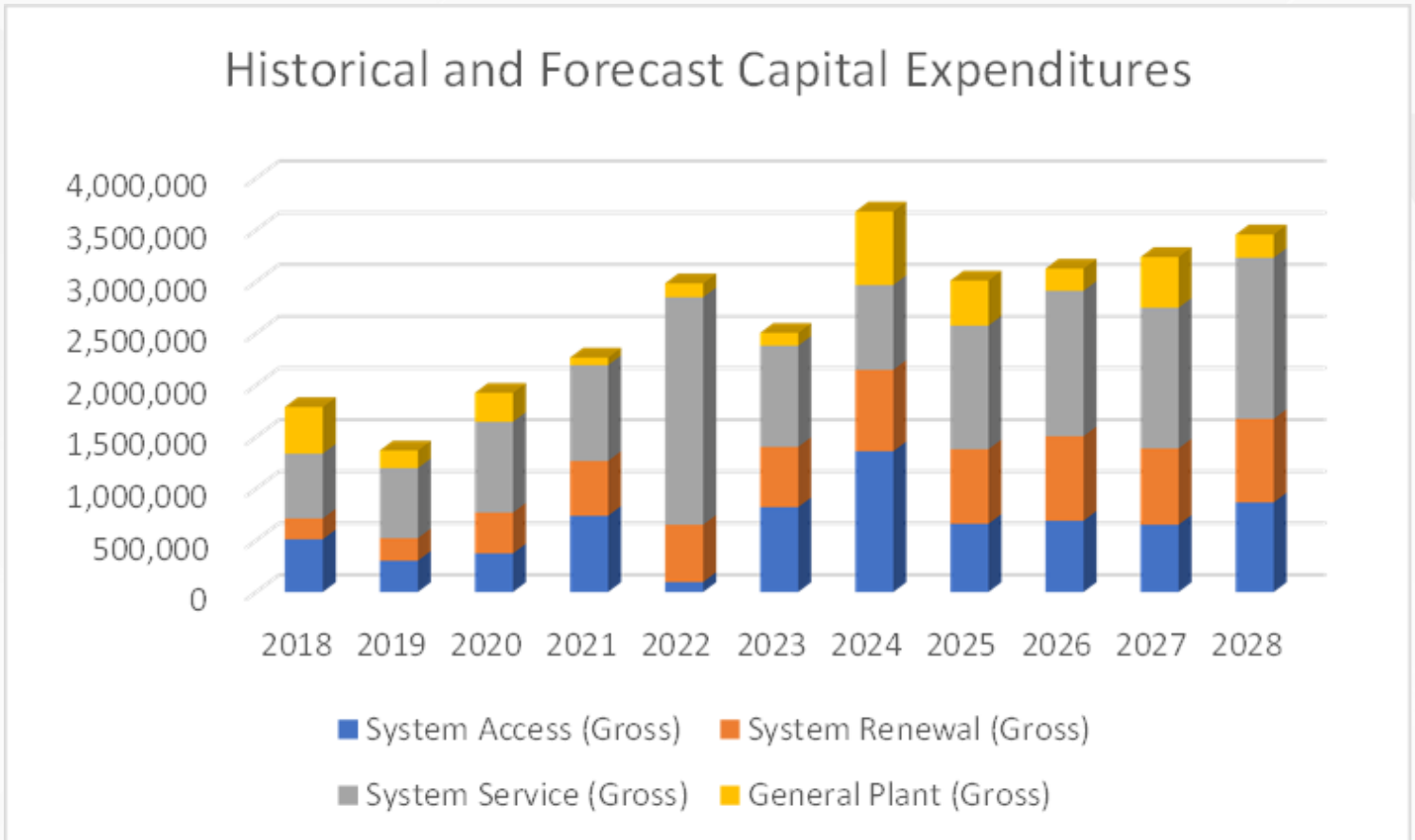
System Service	B121-2024	MS2 East Feeder Voltage Conversion-Maple/Madison Ave	419,902
System Service	B122-2024	MS2 South Feeder Voltage Conversion-Edelwild/Rustic/Cedar/Lawrence	209,941
System Service	B2024-1-2024	Ontario and Victoria Street Voltage Conversion	189,097
System Service Total:			\$ 818,940

General Plant	GP 2024 - 1	Building	296,000
General Plant	GP 2024 - 2	Office Equipment	30,000
General Plant	GP 2024 - 3	Computer Equipment	58,000
General Plant	GP 2024 - 4	Computer Software	197,380
General Plant	GP 2024 - 5	Vehicles	93,815
General Plant	GP 2024 - 6	Stores Equipment	2,000
General Plant	GP 2024 - 7	Tools, Shop & Garage Equipment	6,500
General Plant	GP 2024 - 8	Measurement & Testing	24,222
General Plant	GP 2024 - 9	Miscellaneous Equipment	2,000
General Plant	GP 2024 - 10	Land Rights	-
General Plant	GP 2024 - 11	Communication Equipment	1,000
General Plant Total:			\$ 710,917

Total 2024 Budget Capital Expenditures	\$3,677,200	\$ (718,936)
Total 2024 Budget Capital Expenditures Less Contributed Capital	\$2,958,264	

2024-2028 CAPITAL EXPENDITURE PLAN

TABLE 12: CAPITAL EXPENDITURES BY YEAR AND TYPE



Orangeville Hydro is required to submit a periodic Distribution System Plan (DSP), typically along with a Cost of Service rate application. This DSP is designed to present Orangeville Hydro’s fully integrated approach to capital expenditure planning. This includes comprehensive documentation of its Asset Management process that supports its future five-year capital expenditure plan while assessing the performance of its historical five-year period.

The electricity distribution system is capital intensive in nature and prudent capital investments and maintenance plans are essential to ensure the sustainability of the distribution network. Orangeville Hydro’s DSP documents the practices, policies and processes that are in place to ensure decisions on capital investments and maintenance plans support Orangeville Hydro’s desired outcomes cost-effectively and provides value to customers.

In every year of the DSP, a comprehensive capital plan is completed, which includes System Access capital contribution jobs, System Service conversion projects, System Renewal upgrade projects, and General Plant expenditures.

TABLE 13: SUMMARY OF HISTORICAL AND PLAN CAPITAL EXPENDITURES 2018–2028

Category	Historical						Forecast				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
System Access (Gross)	509,508	302,685	372,926	736,527	96,413	820,036	1,359,889	658,682	688,513	650,310	865,968
System Renewal (Gross)	201,614	217,629	394,476	530,019	554,050	583,184	787,454	720,928	816,933	737,671	807,351
System Service (Gross)	625,952	676,650	877,012	925,386	2,197,624	976,919	818,940	1,194,177	1,405,127	1,359,250	1,557,016
General Plant (Gross)	450,696	171,264	280,525	73,302	134,922	124,383	710,917	436,000	215,000	490,000	225,000
Gross Capital Expenses	1,787,770	1,368,228	1,924,939	2,265,234	2,983,009	2,504,522	3,677,200	3,009,787	3,125,572	3,237,231	3,455,335
Contributed Capital	(198,868)	(114,921)	(239,979)	(349,139)	(62,566)	(451,067)	(718,936)	(203,666)	(377,697)	(291,859)	(372,702)
Net Capital Expenses after Contributions	1,588,902	1,253,307	1,684,960	1,916,095	2,920,443	2,053,455	2,958,264	2,806,121	2,747,875	2,945,372	3,082,633
System O&M	754,878	958,991	807,988	1,077,960	1,164,462	1,249,459	1,359,282	1,393,264	1,379,096	1,169,562	1,198,802

Details of major projects each year are below:

2024 System Service projects include:

- B121 – MS2 East Feeder Voltage Conversion–Maple, Madison Ave
- B122 – MS2 South Feeder Voltage Conversion–Edelwild/Rustic/Cedar/Lawrence
- B2024-I-2024 – Ontario and Victoria Street Voltage Conversion

Significant roof upgrades at 400 C Line office area are included in the General Plant budget, as well as a new Electric Pickup Truck.

2025 System Service projects include:

- B119 – Blind Line Primary Conductor Upgrade–Broadway to Hansen
- B123 – Voltage Conversion from Rabbit–Cardwell–Dufferin–Ontario–Caledonia
- B124 – MS2 East Feeder Conversion–Carlton–Lawrence

Significant roof upgrades at 400 C Line garage area are included in the General Plant budget, as well as a new pickup truck.

2026 System Service projects include:

- B125 – MS3 North Feeder – Broadway–Banting–Zina–Elizabeth–Birch Conversion
- B126 – MS4 West Feeder – Amelia St–Jackson Court Voltage Conversion

A new Electric vehicle pickup truck replacement is included in the General Plant budget.

2027 System Service projects include:

- B127 – MS4 West Feeder – Westmorland–Fairview, Elm Voltage Conversion
- B128 – MS4 West Feeder – Meadow, Passmore, Pheasant Dr Voltage Conversion

A double bucket truck replacement is included in the General Plant budget, as well as a replacement pickup truck.

2028 System Service projects include:

- B128 – Continuation of MS4 West Feeder – Meadow, Passmore, Pheasant Dr Voltage Conversion
- B129 – MS4 West Feeder – Kensington Place Voltage Conversion
- BRAB – Voltage Conversion of Rabbits (Crimson, Orangemill Court, Quarry, Sherbourne)

A dump truck replacement is included in the General Plant budget.

9. OPERATING COSTS

Operating and maintenance work will maintain the focus on inspecting, testing, patrolling as well as the supervision of the distribution system and equipment such as sub-stations, transformers, and meters, along with engineering and mapping expenses. It also includes planned maintenance projects such as vegetation management in problem areas plus any costs that are a result of reactive work that occurs, such as repairing transformers and trouble calls. A well-maintained distribution system results in better system reliability which is one of our major initiatives. The Operating budget includes labour, material, and contractor costs.

Billing, Collecting and Meter Reading budget includes an allocated portion of the salary for the Manager of Customer Service to oversee the customer service department, customer service staff labour and benefits, stationery, postage, and billing system operating costs along with meter reading and smart metering costs. While our focus remains on the customer, Orangeville Hydro is always investigating efficiencies and striving to reduce costs.

The Community Relations budget covers our safety and conservation programs for 2 schools each year to educate students on either conservation or electrical safety. This budget also includes “On hold” informational messages to our customers, radio advertising and participation in local events, such as Christmas in the Park, Customer Education Day, Grand Valley Duck Race, and the Orangeville Farmers market.

Administration is an integral part of our business plan. This category budget includes costs for the Directors, President, and Chief Financial Officer, as well as finance and regulatory staff. Labour, benefits, training, conferences, office maintenance and supplies, and insurances for property and liability, Ontario Energy Board regulatory costs, association memberships, HR, legal and auditing consultants, and a portion of the IT consultant are some of the other costs that drive the Administration budget. Orangeville Hydro will continue its membership in the Cornerstone Hydro Electric Concepts Co-operative (CHEC) as the membership translates into valuable collaboration cost savings. Membership in Utilities Standards Forum (USF) is extremely beneficial in providing engineering standards common to the entire industry, as well as regulatory and customer service networking between other local distribution companies. Membership in the Electricity Distributors Association (EDA) is also valuable with the association being the voice for Ontario’s electricity distributors.

2024 OPERATIONS, MAINTENANCE, AND ADMINISTRATION BUDGET

Description	2024 Budget	2023 Budget	Variance 2024 Budget to 2023 Budget	2023 Forecast	Variance 2023 Forecast to 2023 Budget	2022 Actuals	Variance 2024 Budget to to 2022 Actuals
Operating	1,008,856	892,650	116,205	876,770	(15,881)	797,113	211,743
Maintenance	350,426	324,805	25,622	372,689	47,884	367,349	(16,923)
Distribution	1,359,286	1,217,459	141,827	1,249,459	32,000	1,164,462	194,824
Billing & Collecting	1,191,556	1,098,800	92,756	1,074,172	(24,628)	983,094	208,462
Community Relations	61,354	55,210	6,144	51,171	(4,039)	32,446	28,908
Administration	1,672,500	1,466,009	206,491	1,485,901	19,893	1,506,086	166,414
Total	\$ 4,284,697	\$ 3,837,479	\$ 447,219	\$ 3,860,703	\$ 23,226	\$ 3,686,088	\$ 598,609
Total Percentage Variance			11.7%		0.61%		16.24%

Overall, the 2024 OM&A Expenses Budget of \$4,284,697, is \$598,609 higher than the 2022 Actuals of \$3,686,088 due to the expenditures described below.

Salaries and wages are a significant aspect of the OM&A expenses, and Orangeville Hydro recognizes the value of a skilled and customer focused workforce. Orangeville Hydro is conscious of the importance of prudent operational spending and completes a monthly analysis to ensure actual spending is close to budgeted costs. All areas of this budget include regular and performance-based salary progressions as well as benefit rate increases over 2022. Management attempts to find efficiencies to reduce OM&A spending where possible. Inflationary increases have been incorporated into the 2024 budget, as there have been widespread increases on many items throughout the budget.

DISTRIBUTION

This Operating and Maintenance budget will maintain the focus on inspecting, testing, patrolling as well as the supervision of the distribution system and equipment such as sub-stations, transformers, and meters, along with engineering and mapping expenses. It also includes planned maintenance projects such as vegetation management in problem areas plus any costs that are a result of reactive work that occurs, such as repairing transformers and trouble calls. A well-maintained distribution system results in better system reliability which is one of our major initiatives.

The 2024 Distribution Budget is higher than the 2022 Actuals with an increase of \$194,824. This increase is mainly due to an additional staff member in the Engineering department to meet customers' expectations for service connections and upgrades as well as planning for capital and maintenance programs. The 2024 budget includes higher contractor costs to complete underground locates, to try and ensure we remain in compliance with Ontario One Call regulations as well as customer requested Disconnect/Reconnects. It also includes a third of the overall IT contractor costs, and additional GIS monthly costs.

BILLING, COLLECTING AND METER READING

The 2024 Billing and Collecting Budget is higher than the 2022 Actuals by \$208,462. The increase mainly due to an increase in many of the contract costs, such as outsourced meter reading, sync operator, bill printing and CIS monthly costs. There is an increase in labour costs with a reallocation between electric and water accounts. The budget includes higher training and conference costs as compared to 2022, and salary progressions for newer customer service staff. The monthly maintenance costs of the improved customer portal have increased significantly and there is an increase in bad debt in the 2024 budget, as compared to 2022 actuals.

COMMUNITY RELATIONS

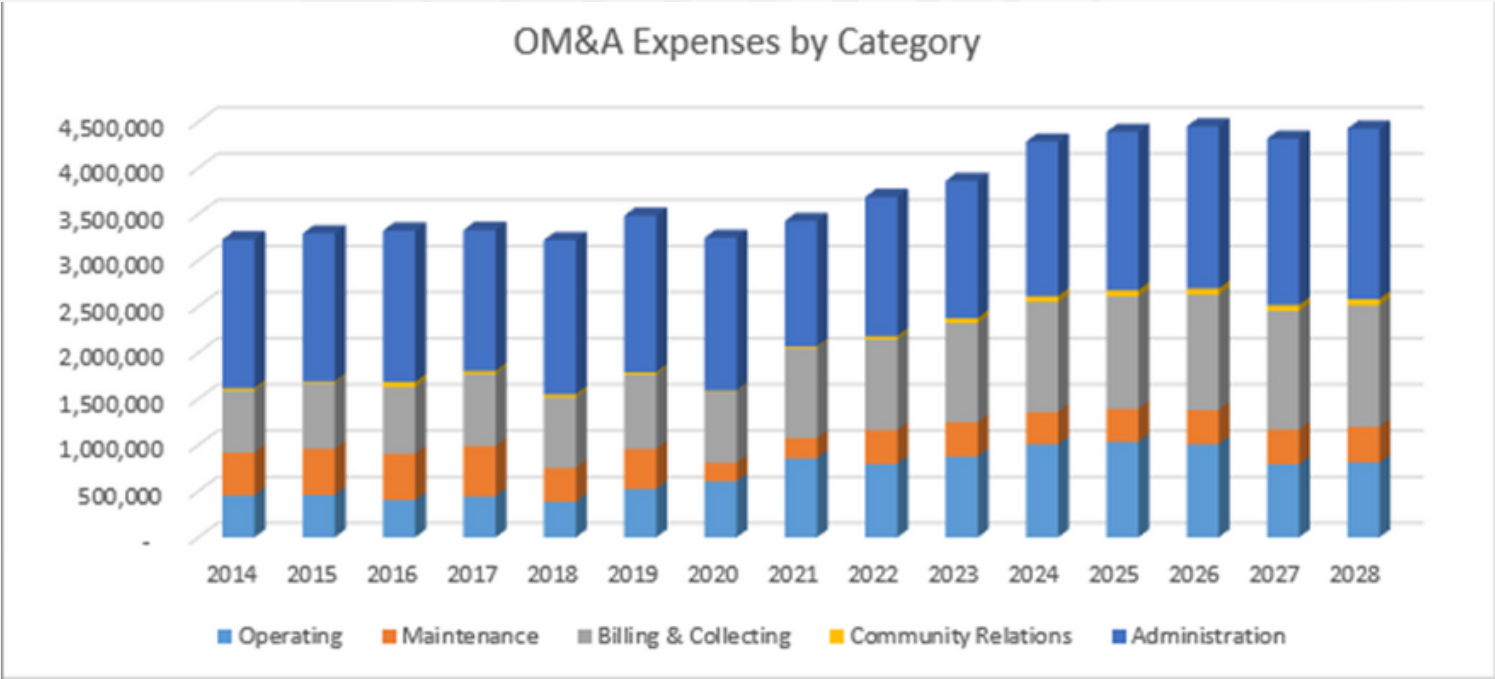
The 2024 Community Relations Budget is higher than the 2022 Actuals by \$28,908. The budget includes four planned community engagement events, as well as an increase in the percentage of the Marketing and Communications Coordinators' time, which accounts for most of the increase over 2022 actuals.

ADMINISTRATION

The 2024 Administration Budget is \$166,414 higher than the 2022 Actuals. It includes an increase in insurance expenses, as well as training and conference costs for the executive staff, finance and board members. There is an increase of HR assistance costs, as well as net zero consultant costs to move us closer to our net zero goals within our strategic plan. A fifth of the estimated expenses that will be incurred to complete the cost of service application for the OEB are included in this budget.

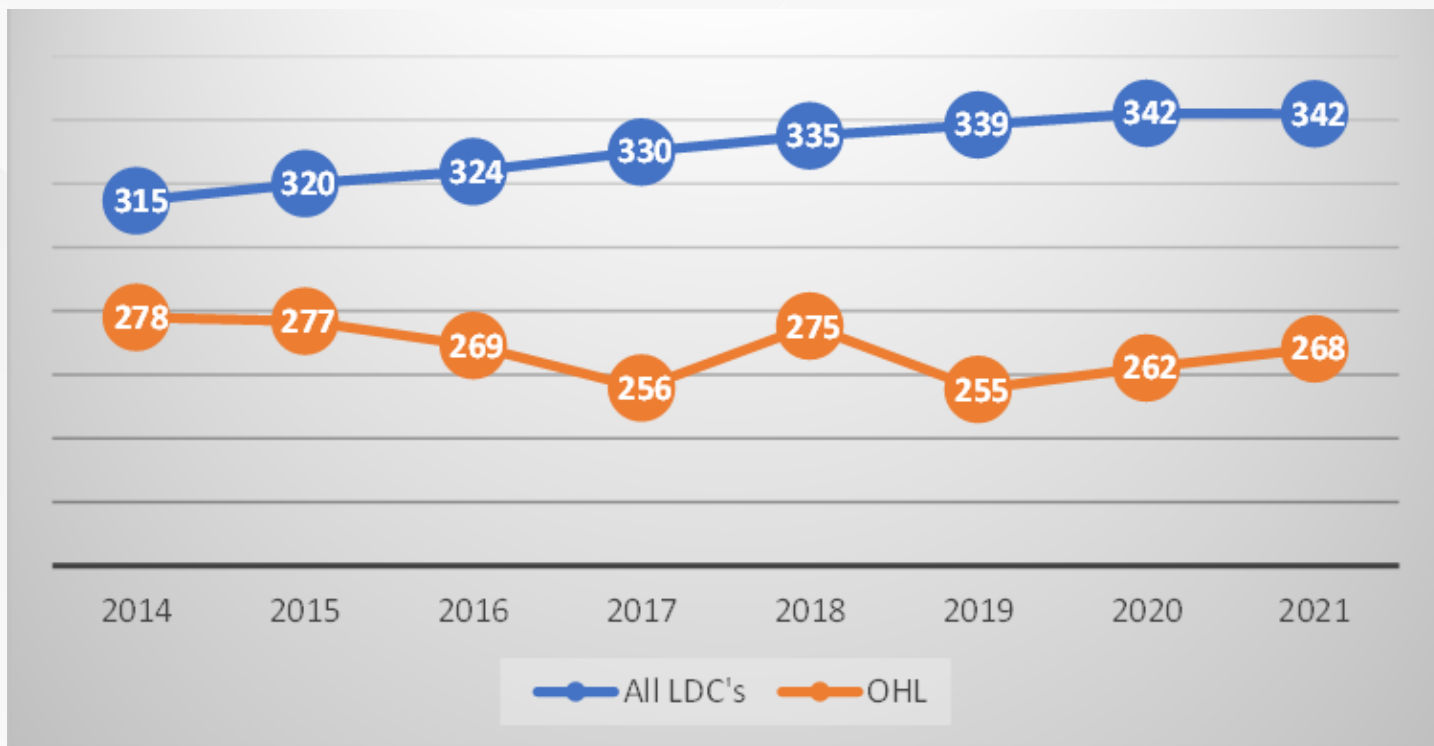
2024-2028 OPERATING, MAINTENANCE, AND ADMINISTRATION EXPENDITURE PLAN

TABLE 14: OM&A EXPENSES BY YEAR AND TYPE



In the forecast from 2024 to 2028, an increase in most operating costs of a rate of 3% per year was used. After an increase of one staff member in 2023, the headcount remains at a steady level of 20 full-time employees going forward. Salaries and wages are a significant aspect of the OM&A expenses, and Orangeville Hydro recognizes the value of a skilled and customer focused workforce. Orangeville Hydro is conscious of the importance of prudent operational spending and completes a monthly analysis to ensure actual spending is close to budgeted costs. Management attempts to find ways to reduce OM&A spending where possible. Orangeville Hydro's OM&A costs per customer historically is consistently lower than province-wide costs per customer. This is due to a steadily increasing customer base and OM&A expenses staying at fairly consistent levels.

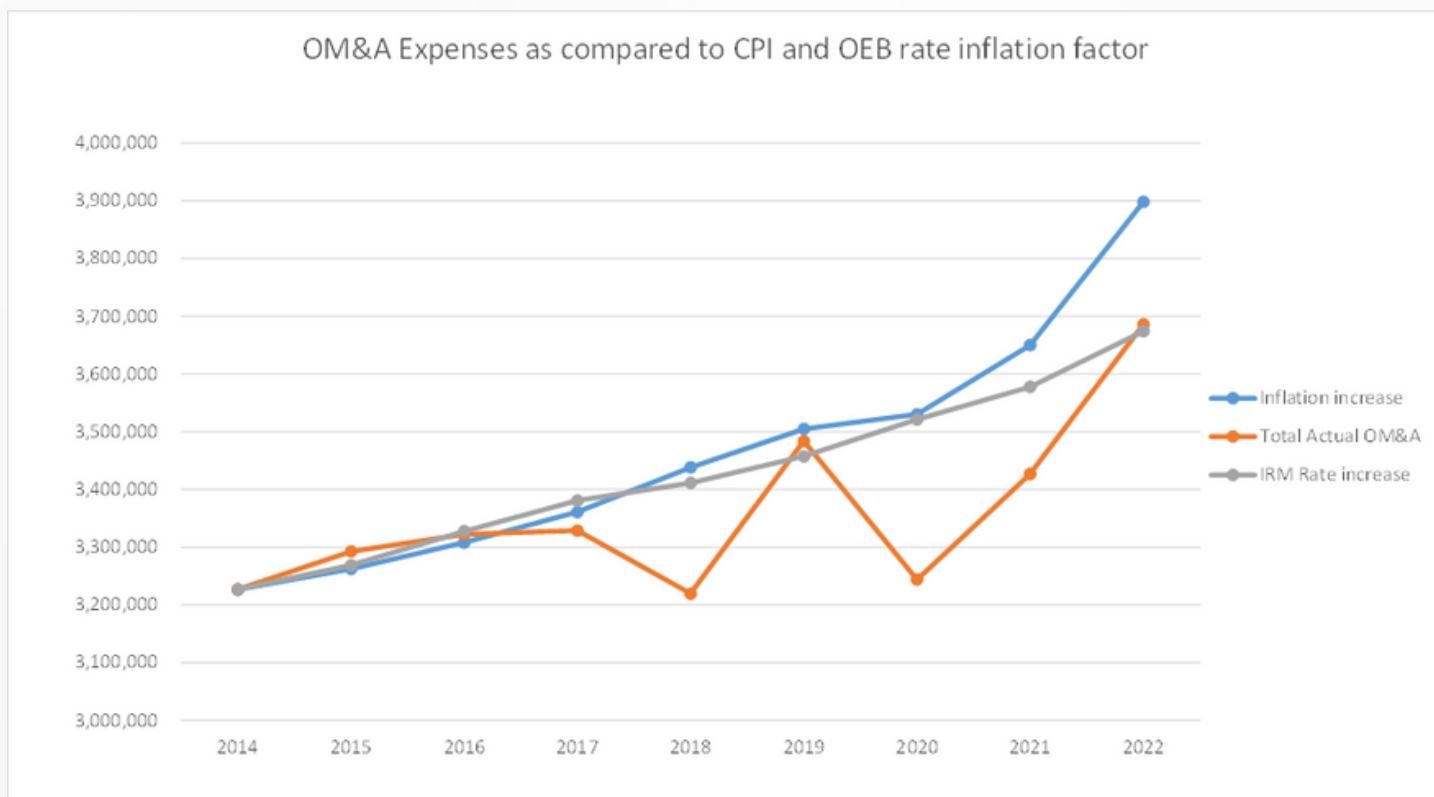
TABLE 15: OM&A COSTS PER CUSTOMER



OM&A COSTS AS COMPARED TO CPI AND OEB INFLATION FACTOR INCREASES

Orangeville Hydro compared its OM&A costs per customer from 2014 to 2022, as compared to historical Canada CPI rates and the OEB IRM rate increases every year, also per customer. With a base year of 2014, OM&A fluctuates more significantly than CPI or OEB inflation factors, but overall has been consistently lower than both metrics.

TABLE 16: OM&A AS COMPARED TO CPI AND OEB INFLATION FACTOR PER CUSTOMER

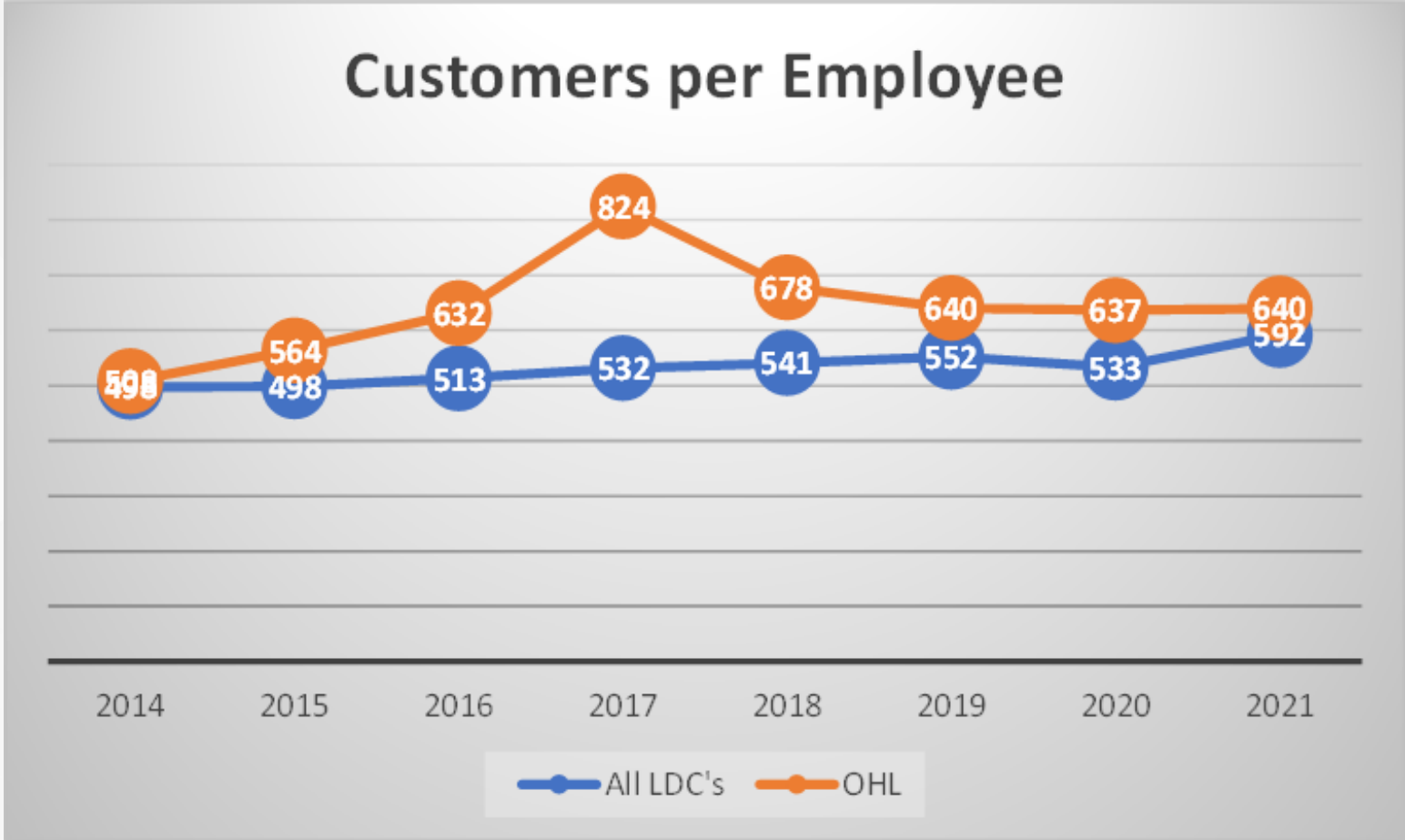


10. PERSONNEL

Orangeville Hydro operates its business with a lean number of employees. This is proven through a comparison of Orangeville Hydro’s number of customers per employee compared to other LDCs in Ontario. The efficiency is achieved through ensuring our employees are highly skilled and trained, as well as collaborating with other LDCs through CHEC, UCS, USF, and EDA.

By the end of 2023, the full-time staff complement is expected to be 20. This number of employees is expected to remain consistent for the near future.

TABLE 17: CUSTOMERS PER EMPLOYEE



11. FINANCIAL SUMMARY

TABLE 18: HISTORICAL FINANCIAL SUMMARY AND STATISTICS

	Financial Summary									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Energy Sales	\$ 26,720,348	\$ 29,637,637	\$ 33,499,518	\$ 30,048,911	\$ 28,491,290	\$ 29,164,689	\$ 33,148,280	\$ 30,406,079	\$ 31,873,671	
Distribution Revenue	\$ 4,954,958	\$ 4,839,850	\$ 5,200,350	\$ 5,219,614	\$ 5,444,878	\$ 5,674,628	\$ 5,664,418	\$ 5,796,532	\$ 5,640,664	
OM&A Expenses	\$ 3,226,833	\$ 3,292,572	\$ 3,322,207	\$ 3,328,900	\$ 3,219,669	\$ 3,492,710	\$ 3,285,656	\$ 3,426,889	\$ 3,686,088	
Capital Expenditures	\$ 2,167,163	\$ 1,293,107	\$ 1,940,991	\$ 2,551,610	\$ 1,778,360	\$ 1,368,228	\$ 1,924,938	\$ 2,265,235	\$ 2,983,010	
Net Income	\$ 712,039	\$ 549,640	\$ 742,839	\$ 1,070,150	\$ 1,132,870	\$ 901,542	\$ 1,086,517	\$ 908,964	\$ 747,579	
Shareholder Equity	\$ 9,261,741	\$ 9,508,537	\$ 9,865,747	\$ 10,289,603	\$ 10,994,887	\$ 11,329,992	\$ 11,965,738	\$ 12,331,443	\$ 12,593,355	
Total Debt	\$ 11,303,321	\$ 10,910,584	\$ 10,505,200	\$ 12,043,169	\$ 11,554,844	\$ 13,009,817	\$ 13,418,780	\$ 13,805,822	\$ 16,131,609	
Capital assets (PP&E)	\$ 17,089,439	\$ 17,320,291	\$ 18,337,875	\$ 19,850,847	\$ 20,620,014	\$ 20,934,988	\$ 21,786,371	\$ 22,952,526	\$ 24,798,238	
Annual Dividends to Shareholders	\$ 423,796	\$ 302,844	\$ 385,629	\$ 646,294	\$ 447,092	\$ 566,435	\$ 450,771	\$ 543,259	\$ 485,664	
Cumulative Dividends Paid	\$ 17,889,288	\$ 18,192,132	\$ 18,577,761	\$ 19,224,055	\$ 19,671,147	\$ 20,237,582	\$ 20,688,353	\$ 21,231,611	\$ 21,717,275	
Number of customers	11,757	11,934	12,000	12,462	12,690	12,766	12,808	12,885	12,956	
Number of employees (incl part tim	23	21	19	15	19	20	20	20	21	
	Financial Statistics									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Return on Equity (Financials)	7.69%	5.78%	7.53%	10.40%	10.30%	7.96%	9.08%	7.37%	5.94%	
Return on Equity (Regulated)	9.47%	6.40%	8.68%	10.60%	11.92%	10.34%	11.83%	9.46%	5.71%	
Debt %	55%	53%	52%	54%	51%	53%	53%	53%	56%	
Equity %	45%	47%	48%	46%	49%	47%	47%	47%	44%	
Debt to Equity	1.21	1.15	1.06	1.17	1.05	1.15	1.12	1.12	1.28	
Debt to Assets %	41%	38%	36%	37%	38%	41%	39%	39%	41%	
Debt to Capital Assets %	66%	63%	57%	61%	56%	62%	62%	60%	65%	
OM&A expenses/customer	\$ 274	\$ 276	\$ 277	\$ 267	\$ 254	\$ 274	\$ 257	\$ 266	\$ 285	
Customers/Employee	511	568	632	831	668	646	642	646	617	

TABLE 19: FORECAST FINANCIAL SUMMARY AND STATISTICS

	Financial Summary					
	2023	2024	2025	2026	2027	2028
	Plan	Plan	Plan	Plan	Plan	Plan
Energy Sales	\$ 30,366,687	\$ 30,678,136	\$ 30,452,523	\$ 30,256,615	\$ 30,899,134	\$ 31,604,994
Distribution Revenue	\$ 6,077,967	\$ 6,931,560	\$ 7,070,191	\$ 7,211,595	\$ 7,355,827	\$ 7,502,943
OM&A Expenses	\$ 3,860,703	\$ 4,284,693	\$ 4,390,377	\$ 4,450,807	\$ 4,317,738	\$ 4,425,352
Capital Expenditures	\$ 2,469,455	\$ 3,677,200	\$ 3,009,787	\$ 3,125,572	\$ 3,237,231	\$ 3,455,335
Net Income	\$ 867,118	\$ 981,714	\$ 889,078	\$ 898,038	\$ 1,082,842	\$ 994,497
Shareholder Equity	\$ 13,086,683	\$ 13,634,838	\$ 14,033,059	\$ 14,486,558	\$ 15,120,381	\$ 15,573,457
Total Debt	\$ 15,586,123	\$ 16,554,270	\$ 16,006,623	\$ 18,409,818	\$ 17,769,847	\$ 19,589,132
Capital assets (PP&E)	\$ 26,086,024	\$ 28,496,700	\$ 30,162,245	\$ 31,928,042	\$ 33,740,980	\$ 35,668,661
Annual Dividends to Shareholders	\$ 373,790	\$ 433,559	\$ 490,857	\$ 444,539	\$ 449,019	\$ 541,421
Cumulative Dividends Paid	\$ 22,091,065	\$ 22,524,624	\$ 23,015,481	\$ 23,460,020	\$ 23,909,039	\$ 24,450,460
Number of customers	13,021	13,086	13,151	13,217	13,283	13,350
Number of employees (incl part tin	21	21	21	21	21	21
	Financial Statistics					
	2023	2024	2025	2026	2027	2028
	Plan	Plan	Plan	Plan	Plan	Plan
Return on Equity (Financials)	6.63%	7.20%	6.34%	6.20%	7.16%	6.39%
Return on Equity (Regulated)						
Debt %	54%	55%	53%	56%	54%	56%
Equity %	46%	45%	47%	44%	46%	44%
Debt to Equity	1.19	1.21	1.14	1.27	1.18	1.26
Debt to Assets %	41%	41%	40%	42%	41%	42%
Debt to Capital Assets %	60%	58%	53%	58%	53%	55%
OM&A expenses/customer	\$ 297	\$ 327	\$ 334	\$ 337	\$ 325	\$ 331
Customers/Employee	620	623	626	629	633	636

REVENUES

Energy Sales include the pass-through commodity costs and are budgeted to increase 2% year over year after 2024. The 2024 Energy Sales are budgeted to increase at the same level as Cost of Power expenses. Distribution revenue is budgeted in 2023 to increase by an estimated number of customers for most customer classes, and then increased in 2024 based on the forecasted revenue requirement. Future years are then conservatively increased by 2% to account for rate increases and customer growth. The residential service charge is now fully fixed, resulting in additional revenue stability in the future.

EXPENSES

The 2024 Cost of Power expenses, which offset the Energy Sales, are based on the Cost of Service models, which incorporate forecasted volumes and rates. Most OM&A expenses are expected to increase in 2023 by 3% and the remaining years by 2.5% to account for inflationary increases as well as additional cost increases, and wages for employees are planned to increase according to the projected Collective Agreement increases. Finance costs will increase due to the additional borrowing projected in 2024, 2026 and 2028.

CAPITAL STRUCTURE

In 2024, Orangeville Hydro projects borrowing \$1.5 million to sustain our increased capital works plan and fund regulatory related payments, such as Hydro One low voltage (LV), network (NW), and connection (CN) charges and fluctuating Power and Global Adjustment rates. This will take the debt to equity ratio to 55:45, a small deviation from the OEB deemed structure of 60:40. The Business Plan calls for another \$3 million increase in borrowing in 2026 and \$2.5 million in 2028. Orangeville Hydro will utilize the borrowing to maintain investment in our infrastructure, progression of technologies, and manage our net regulatory assets.

RATES/RETURN

A comprehensive review by the OEB of Orangeville Hydro's operating, maintenance, and administration costs along with recovery of income taxes and capital investments in our distribution system was completed in 2014 and will take place again in 2024 through the cost of service rate application. Orangeville Hydro earns a return on these investments at the cost of capital rate as deemed by the OEB to meet a certain revenue requirement to develop our distribution rates. Orangeville Hydro rates are currently set to earn a return on equity of 9.36% and to recover the OM&A costs to operate the utility efficiently. When the next Cost of Service rate application is completed, this deemed ROE rate will change as determined by the OEB. The regulated ROE is based on the regulated net income divided by the total rate base, which is calculated as the average property, plant, and equipment plus working capital. During our yearly planning process, management is continuously examining improvements thus intent on achieving a reasonable return on equity.

DIVIDENDS

Historically Orangeville Hydro has provided special dividends to the shareholders in 2005, 2008, 2013 and 2017 amounting to \$3.6 million. From 2000 to 2022, Orangeville Hydro has provided the Town of Orangeville with over \$21.2 million in dividends and from 2007-2022 the Town of Grand Valley has received over \$513,000 in dividends. In the 2024-2028 Business Plan there are no projected special dividends, although consideration over the plan years may be made. Over the horizon of this plan the dividends are estimated at an average of \$470,000 per year to 2028. Cash position is constantly monitored with respect to our regulatory environment and vigilance is taken to ensure we can support our future capital requirements.

12. PRO-FORMA FINANCIAL STATEMENTS

ORANGEVILLE HYDRO LIMITED

Statement of Comprehensive Income
Year ended December 31

	2022	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Revenue							
Sale of energy	\$ 31,873,671	\$ 30,366,687	\$ 30,678,136	\$ 30,452,523	\$ 30,256,615	\$ 30,899,134	\$ 31,604,994
Distribution revenue	5,640,664	6,077,967	6,931,560	7,070,191	7,211,595	7,355,827	7,502,943
Other	312,396	320,530	357,596	365,421	370,485	376,478	382,019
	5,953,060	6,398,497	7,289,156	7,435,612	7,582,080	7,732,304	7,884,962
Total revenues	37,826,731	36,765,184	37,967,291	37,888,135	37,838,696	38,631,439	39,489,957
Operating expenses							
Cost of power purchased	32,063,987	29,835,808	29,237,531	29,820,981	30,416,100	31,023,122	31,642,284
Operating and maintenance	1,164,462	1,249,459	1,359,282	1,393,264	1,379,096	1,169,562	1,198,802
Billing and collecting	1,003,017	1,074,172	1,191,556	1,220,241	1,250,747	1,282,016	1,314,066
Community relations		51,171	61,354	62,888	64,460	66,072	67,724
General and administrative	1,523,517	1,485,901	1,672,501	1,713,984	1,756,504	1,800,087	1,844,760
Loss on sale of property, plant and equipment and intangible assets	45,768						
Depreciation and Amortization	981,573	1,031,848	1,124,239	1,202,201	1,223,589	1,280,154	1,365,497
	4,718,337	4,892,551	5,408,932	5,592,578	5,674,396	5,597,892	5,790,849
Total expenses	36,782,324	34,728,359	34,646,463	35,413,559	36,090,496	36,621,013	37,433,132
Income from operating activities	1,044,407	2,036,824	3,320,828	2,474,576	1,748,199	2,010,426	2,056,824
Finance income	21,878	112,384	31,705	32,181	32,663	33,153	33,651
Finance costs	(553,390)	(677,498)	(746,210)	(773,390)	(819,932)	(843,483)	(897,452)
Income before income taxes	512,895	1,471,710	2,606,324	1,733,367	960,930	1,200,095	1,193,023
Income tax expense	(128,874)	(205,002)	(536,971)	(334,688)	(190,723)	(218,651)	(228,668)
Net income for the year	384,021	1,266,708	2,069,353	1,398,679	770,207	981,444	964,355
Other income (expenses)							
Net movement in regulatory balances	427,688	(530,878)	(1,440,605)	(631,542)	159,485	123,987	37,289
Tax on net movement	(64,130)	131,289	352,966	121,942	(31,654)	(22,590)	(7,147)
	363,558	(399,590)	(1,087,639)	(509,601)	127,831	101,397	30,142
Net income for the year and net movement in regulatory balances, being total comprehensive income	\$ 747,579	\$ 867,118	\$ 981,714	\$ 889,078	\$ 898,038	\$ 1,082,842	\$ 994,497
Other comprehensive loss							
Remeasurements of post-employment benefits, net of tax	0						
Other comprehensive loss for the year	0						
Total income and other comprehensive income	747,579	867,118	981,714	889,078	898,038	1,082,842	994,497

ORANGEVILLE HYDRO LIMITED

 Statement of Financial Position
 December 31

	2022 Actual	2023 Forecast	2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Assets							
Current assets							
Cash	\$ 1,595,236	\$ 685,286	\$ 2,225,091	\$ 1,121,346	\$ 2,300,911	\$ 512,358	\$ 1,047,767
Accounts receivable	4,436,206	4,281,539	3,932,286	3,971,420	4,010,946	4,050,868	4,091,188
Income taxes receivable	172,933						
Unbilled revenue	3,241,571	3,273,986	3,306,726	3,339,793	3,373,191	3,406,923	3,440,992
Inventory	450,531	452,783	455,047	457,322	459,609	461,907	464,217
Prepaid expenses	167,392	169,066	170,756	172,464	174,188	175,930	177,690
Other	852	937	1,031	1,134	1,247	1,372	1,509
Total current assets	10,064,720	8,863,597	10,090,938	9,063,480	10,320,094	8,609,358	9,223,363
Non-current assets							
Property, plant and equipment	24,592,612	25,891,953	28,147,293	29,771,630	31,580,745	33,438,560	35,414,583
Intangible assets	205,626	194,071	349,407	390,615	347,297	302,420	254,078
Total non-current assets	24,798,238	26,086,024	28,496,700	30,162,245	31,928,042	33,740,980	35,668,661
Total assets	34,862,958	34,949,622	38,587,637	39,225,725	42,248,136	42,350,338	44,892,023
Regulatory debit balances	4,505,500	3,308,701	1,660,972	1,096,229	1,255,664	1,379,652	1,416,941
Total assets and regulatory balances	\$ 39,368,458	\$ 38,258,323	\$ 40,248,609	\$ 40,321,955	\$ 43,503,800	\$ 43,729,990	\$ 46,308,964
Liabilities							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 6,334,443	\$ 5,639,778	\$ 5,694,103	\$ 5,748,969	\$ 5,805,603	\$ 5,862,862	\$ 5,920,756
Long-term debt due within one year	590,827	520,602	547,647	566,776	639,971	655,773	716,079
Customer deposits	200,000	201,000	202,005	203,015	204,030	205,050	206,076
Other payables	184,341	179,868	181,666	183,483	185,318	187,171	189,043
Income taxes payable		15,150	15,302	15,455	15,609	15,765	15,923
Total current liabilities	7,309,612	6,556,398	6,640,723	6,717,698	6,850,531	6,926,621	7,047,876
Non-Current Liabilities							
Long-term debt	15,540,781	15,065,520	16,006,623	15,439,846	17,769,847	17,114,074	18,873,053
Employee future benefits	434,474	443,078	451,682	460,286	468,890	477,494	486,098
Customer deposits	299,914	201,913	183,732	165,369	146,823	128,091	109,172
Contributions in aid of construction	2,317,945	2,696,516	3,329,922	3,437,806	3,713,261	3,895,439	4,151,419
Deferred tax liability	412,695	412,695	412,695	412,695	412,695	412,695	412,695
Total non-current liabilities	19,005,809	18,819,722	20,384,653	19,916,002	22,511,516	22,027,793	24,032,437
Total Liabilities	26,315,421	25,376,120	27,025,376	26,633,701	29,362,047	28,954,414	31,080,313
Equity							
Share capital	8,290,714	8,290,714	8,290,714	8,290,714	8,290,714	8,290,714	8,290,714
Retained earnings	4,317,605	4,810,933	5,359,088	5,757,309	6,210,808	6,844,631	7,297,707
Accumulated other comprehensive income	(14,964)	(14,964)	(14,964)	(14,964)	(14,964)	(14,964)	(14,964)
Total equity	12,593,355	13,086,683	13,634,838	14,033,059	14,486,558	15,120,381	15,573,457
Total liabilities and equity	38,908,776	38,462,803	40,660,214	40,666,760	43,848,605	44,074,795	46,653,769
Regulatory credit balances	459,682	(204,483)	(411,608)	(344,808)	(344,808)	(344,808)	(344,808)
Total liabilities, equity and regulatory balances	\$ 39,368,457	\$ 38,258,323	\$ 40,248,609	\$ 40,321,952	\$ 43,503,797	\$ 43,729,987	\$ 46,308,961

	2022	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Operating activities							
Net income and net movement in regulatory balances	\$ 747,579	\$ 867,118	\$ 981,714	\$ 889,078	\$ 898,038	\$ 1,082,842	\$ 994,497
Adjustments for:							
Depreciation and amortization	1,084,978	1,133,670	1,223,525	1,301,241	1,316,775	1,381,293	1,484,654
Loss on sale of property, plant and equipment and intangible assets	45,768	53,000	48,000	43,000	43,000	43,000	43,000
Net finance costs	531,512	565,115	714,505	741,209	787,269	810,330	863,802
Income tax expense	128,874	205,002	536,971	334,688	190,723	218,651	228,668
Tax on net movement in regulatory	64,130	(131,289)	(352,966)	(121,942)	31,654	22,590	7,147
Employee future benefits	15,993	8,604	8,604	8,604	8,604	8,604	8,604
Contributions received from customer's revenue recognized	(66,847)	(72,496)	(85,531)	(95,782)	(102,241)	(109,681)	(116,723)
	\$ 2,551,987	\$ 2,628,724	\$ 3,074,822	\$ 3,100,097	\$ 3,173,822	\$ 3,457,629	\$ 3,513,649
Changes in non-cash operating working capital:							
Accounts receivable	127,338	154,667	349,253	(39,135)	(39,526)	(39,921)	(40,320)
Unbilled revenue	(437,342)	(32,416)	(32,740)	(33,067)	(33,398)	(33,732)	(34,069)
Inventory	(92,602)	(2,253)	(2,264)	(2,275)	(2,287)	(2,298)	(2,310)
Prepaid expenses	(32,740)	(1,674)	(1,691)	(1,708)	(1,725)	(1,742)	(1,759)
Other current assets	0	(85)	(94)	(103)	(113)	(125)	(137)
Accounts payable and accrued liabilities	1,418,039	(694,666)	54,325	54,867	56,633	57,259	57,894
Other payables	12,509	(4,474)	1,799	1,817	1,835	1,853	1,872
Customer deposits	(14,933)	(97,001)	(17,176)	(17,353)	(17,531)	(17,712)	(17,894)
	\$ 980,269	\$ (677,900)	\$ 351,413	\$ (36,957)	\$ (36,112)	\$ (36,417)	\$ (36,723)
Interest paid	(553,390)	(677,498)	(746,210)	(773,390)	(819,932)	(843,483)	(897,452)
Interest received	21,878	112,384	31,705	32,181	32,663	33,153	33,651
Income tax paid	(206,451)	(231,496)	(183,854)	(212,593)	(222,222)	(241,085)	(235,658)
Regulatory balances	(428,015)	530,878	1,440,605	631,542	(159,435)	(123,987)	(37,289)
Net cash from operating activities	\$ 2,366,278	\$ 1,685,092	\$ 3,968,481	\$ 2,740,879	\$ 1,968,784	\$ 2,245,809	\$ 2,340,177
Financing activities							
Repayment of long-term debt	(674,214)	(545,486)	(531,853)	(547,647)	(596,804)	(639,971)	(680,715)
Proceeds from long-term debt	3,000,000		1,500,000		3,000,000		2,500,000
Disposal of contributions in aid of construction							
Dividends paid	(485,663)	(373,790)	(433,559)	(490,857)	(444,539)	(449,019)	(541,421)
	\$ 1,840,123	\$ (919,276)	\$ 534,588	\$ (1,038,504)	\$ 1,958,657	\$ (1,088,991)	\$ 1,277,864
Investing activities							
Purchase of property, plant and equipment	(2,954,194)	(2,488,997)	(3,479,820)	(2,902,787)	(3,093,572)	(3,205,231)	(3,423,335)
Proceeds on disposal of property, plant and equipment	3,469	0	0	0	0	0	0
Proceeds on disposal of intangible assets	0	0	0	0	0	0	0
Purchase of intangible assets	(25,735)	(15,525)	(197,380)	(107,000)	(32,000)	(32,000)	(32,000)
Contributions received from customers	62,766	451,067	718,936	203,666	377,697	291,859	372,702
Net cash used by investing activities	\$ (2,913,694)	\$ (2,053,455)	\$ (2,958,264)	\$ (2,806,121)	\$ (2,747,875)	\$ (2,945,372)	\$ (3,082,633)
Change in cash	1,292,706	(1,287,639)	1,544,805	(1,103,746)	1,179,565	(1,788,553)	535,409
Cash, beginning of year	302,533	1,595,236	685,286	2,225,091	1,121,346	2,300,911	512,358
Cash, end of year	\$ 1,595,236	\$ 685,286	\$ 2,225,091	\$ 1,121,346	\$ 2,300,911	\$ 512,358	\$ 1,047,767

13. CONCLUSION

The 2024 Budget presents a steady and resilient financial outlook within a challenging inflationary economic environment. The 2024 Budget has been prepared with conservative assumptions with regards to growth, along with trying to account for unknown inflationary fluctuations.

The 2024-2028 Business Plan provides a consistent and stable financial outlook while preparing for the challenges ahead. Orangeville Hydro continually reviews its business and operational goals against its workforce needs, its financial strength, and the impact on its customers. All projected revenues and expenses have been closely examined to ensure accuracy, with conservative assumptions with regards to growth as well as alignment with the definitions within the Ontario Energy Board Accounting Procedures Handbook. Orangeville Hydro continues to be focused on maintaining the adequacy, reliability, and quality of service to its distribution customers through effective capital and operational spending.



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