



2021-2025 Business Plan

Energizing Our Community's Future

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1. Executive Summary

Orangeville Hydro Limited's Business Plan for 2021-2025 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 and the outcomes identified in the Ontario Energy Board *Renewed Regulatory Framework for Electricity Distributors (RRFE)*.

Vision Statement

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

Mission Statement

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

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

Values Statement

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

We value professionalism and safety in our service and our work.

We value people - our customers, employees, board members, and shareholders.

We value our community - its environment and its economic progress.

We value integrity, honesty, respect, and communications.

We value local control, local accountability, local employment, and local purchasing; and

We value easy accessibility for our customers.

3. 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 a paramount for the company.

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

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, leveraging technology to enhance the customer experience and increase operational agility.

Tools exist for Orangeville Hydro to understand and engage our customers at an individual level and provide a truly personalized service. Leveraging the power of big data, existing 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 and reviewing our 2014 Distribution System Plan as well as our Asset Condition Assessment and annual Distribution Maintenance Program.

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

- We will keep our people informed
- We will make sure our people understand what we expect from them and why they are important to the organization

- We will support our people by providing them with information, tools, equipment, standard policies & procedures, and training
- We will utilize a pay-for-performance model for the management team and attempt to link their compensation with their performance and the performance of the company
- We will continue to carry out our succession planning process.

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 promote PV Solar renewable energy within our service area.

We will continue to successfully deliver Provincial Programs to our customers such as future Conservation & Demand Management Programs, the Industrial Conservation Initiative, the Home Assistance Program, the Ontario Electricity Support Program, the Low-Income Energy Assistance Program, and the COVID-19 Energy Assistance Program.

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

We will investigate altered 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 continue to maintain just and reasonable rates for our customers while achieving 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 and well as our year to year trending.

We will investigate feasible opportunities to grow the distribution business.

4. 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. In addition, we have a well-maintained distribution system.

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 (DBOT), 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. Over 66% of our revenue is received from our residential customers and the remainder is received by a diverse mix of small commercial, institutional, municipal, and industrial customers. Our largest customer only accounts for 1% of our total distribution revenue.

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

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

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

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

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

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

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

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

Threats and Uncertainties

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

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

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

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

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

The removal of all LDC's involvement in the provincial Conservation and Demand Management programs along with the reduction of programs in March of 2019 reduced the incentive for customers to conserve energy and removed a program that increased Orangeville Hydro's ability to interact with and assist customers.

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.

5. About the Utility

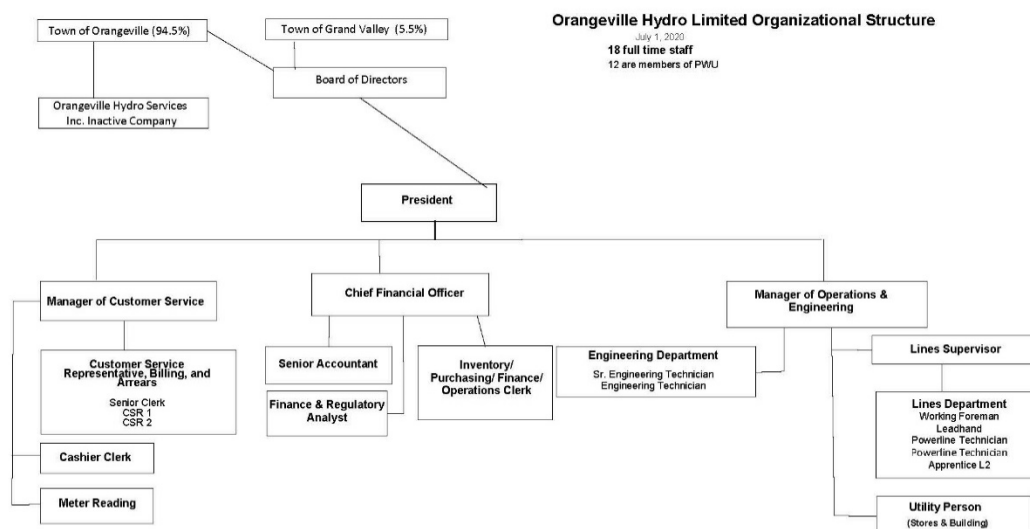
The Energy Competition Act, 1998 required local distribution utilities like Orangeville Hydro to become incorporated according to the Ontario Business Corporations Act by November 7, 2000. Hence on October 2, 2000, the Town of Orangeville passed a by-law transferring all assets and liabilities of the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

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.

Corporate Structure and Organizational Chart of the Utility

Orangeville Hydro employs 18 full time highly trained staff and is an active partner in the community.

Table 1: Corporate Structure and Organizational Chart



6. Economic Overview and Customer Description

Economic Overview of the Service Area

Orangeville Hydro’s service area has a population of approximately 32,000 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 almost 30,000 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 2,000 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, 2019

Customer Class	Number of Customers
Residential	11,360
General Service < 50 kW	1,160
General Service > 50 kW	132
Sentinel Lights	35
Street Lights	3
Unmetered Scattered Load	31
Generation	42
Total	12,763

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 and food product manufacturing sectors.

Table 3: Average Monthly Consumption per Customer (kWh)

Customer Class	2014	2015	2016	2017	2018	2019
Residential	687	667	658	620	677	654
General Service < 50 kW	2,518	2,489	2,509	2,485	2,557	2,505
General Service > 50 kW	71,425	75,531	74,124	82,350	78,941	80,110
Sentinel Lights	61	57	49	57	55	55
Street Lights	52	49	28	26	25	25
Unmetered Scattered Load	441	332	304	344	322	322

Orangeville Hydro has witnessed a slow decline in the average consumption of our residential customers for most years. This is occurring due to factors such as conservation activities, installation of more efficient equipment, improved building code requirements in new homes, intensification decreasing the average size of a household, and our customers converting from electrical heating equipment to natural gas. The decline is not necessarily consistent as weather patterns such as extreme heat waves or extended periods of extreme cold are not consistent year to year.

The average usage of a General Service >50kW customer has increased from 2014 compared to 2019 as our large customers have expanded, as well as the customers that used to be at the lower end of the GS>50kW customer class have been reclassified to General Service <50kW.

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

2019 Scorecard Management Discussion and Analysis

The performance outcomes outlined in the RRFE are measured on the LDCs scorecard which is published annually. In 2019 Orangeville Hydro exceeded all 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 on or after September 30, therefore the next scorecard which will include 2020 audited results will be posted around September 30, 2021.

Scorecard - Orangeville Hydro Limited

9/1/2020

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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%	100.00%	100.00%	↔	90.00%	
		Scheduled Appointments Met On Time	100.00%	99.80%	99.83%	99.76%	100.00%	↕	90.00%	
		Telephone Calls Answered On Time	100.00%	99.50%	99.99%	99.94%	99.90%	↕	85.00%	
	Customer Satisfaction	First Contact Resolution	3	3	99.96	99.9	99.9%	↕	98.00%	
		Billing Accuracy	99.95%	99.96%	99.93%	99.99%	100.00%	↕		
		Customer Satisfaction Survey Results	A	74.8	74.8	78.2%	78.2			
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	84.00%	84.00%	86.20%	86.20%	85.50%	↕		
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	↕		C
		Serious Electrical Incident Index Number of General Public Incidents Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	↕		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.13	0.69	0.32	0.29	0.33	↕		0.90
		Average Number of Times that Power to a Customer is Interrupted ²	1.12	1.12	0.45	0.16	0.39	↕		1.18
	Asset Management	Distribution System Plan Implementation Progress	101%	100	92	87%	98%			
		Efficiency Assessment	3	3	2	2	2			
	Cost Control	Total Cost per Customer ³	\$578	\$575	\$553	\$551	\$568			
		Total Cost per Km of Line ⁴	\$32,766	\$31,963	\$30,933	\$31,233	\$32,501			
	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).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴	24.01%	40.78%	73.38%	84.00%	92.00%		
Renewable Generation Connection Impact Assessments Completed On Time				100.00%	100.00%					
Financial Performance Financial stability is maintained, and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.64	1.58	1.52	1.56	1.74			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.15	1.08	1.17	1.05	1.15			
		Profitability: Regulatory Return on Equity	9.36%	9.36%	9.36%	9.36%	9.36%			
		Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%				
		Achieved	6.40%	8.88%	10.60%	11.92%	10.36%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C), Needs Improvement (NI), or Non-Compliant (NC).
 2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. 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. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend: 5-year trend up down flat
 Current year target met target not met

General Scorecard Overview

In 2019, 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 increased in the year to reduce the vulnerability 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. Our 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 your needs and that you are receiving the best value for your dollar.

In 2020, Orangeville Hydro will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

Service Quality

- **New Residential/Small Business Services Connected on Time**

In 2019, Orangeville Hydro connected 106 low-voltage (connections under 750 volts) residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This quantity is less than the 2019 new connections. Orangeville Hydro considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities first opportunity to meet and/or exceed its customer’s expectations, which in turn affects the level of customer satisfaction within a utility’s territory. Consistent with prior years, Orangeville Hydro connected 100% of these customers on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

Orangeville Hydro scheduled 272 appointments in 2019 to disconnect and/or reconnect service for maintenance, gain access to read or replace an inside meter, locate underground wires or otherwise complete work requested by its customers, including energizing new subdivisions. Orangeville Hydro considers “Scheduled Appointments Met” as an important form of customer engagement as customer presence is required for all types of appointments. Consistent with prior years, Orangeville Hydro met 100.00% of these appointments on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2019, Orangeville Hydro received over 22,747 calls from its customers (an average of 91 calls per day), an increase of 6% from 2018. Orangeville Hydro considers “Telephone Calls” to be an important communication tool for identifying and responding to its customers’ needs and preferences. Consistent with prior years, a customer service representative answered 99.9% of these calls in 30 seconds or less, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a scorecard measure introduced by the Ontario Energy Board midway through 2014. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

Orangeville Hydro defines “First Contact Resolution” as the number of customer inquiries that are not resolved by the first contact at the utility, resulting in the inquiry being escalated to an alternate contact

at the utility, typically a supervisor or a manager. This includes all customer inquiries that are made to a customer service representative whether by telephone, letter, e-mail, or in person. First contact resolution is tracked through the billing system. Once the issue has been escalated, details of the issue and the agreed upon resolution are logged on the customer's account by management. Outside escalation's are updated through email and copied to the customer's account. Orangeville Hydro considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction.

- **Billing Accuracy**

Billing Accuracy is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Orangeville Hydro considers timely and accurate billing to be an essential component of customer satisfaction. For 2019, Orangeville Hydro issued more than 153,427 customer bills and achieved a billing accuracy of 100.00%, which is within the Ontario Energy Board mandated target of 98%. Orangeville Hydro expects this trend to continue for 2020.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey was a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. This measure will differ from other utilities in the Province since there is not a consistent instrument or approach used across the Province. This makes meaningful comparison of results between many LDCs nearly impossible until there is a consistent Province-wide methodology.

In 2018, Orangeville Hydro engaged a third-party organization to conduct a customer satisfaction survey. This statistical survey canvassed several key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. Orangeville Hydro considers this customer satisfaction survey to be a useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement. For 2018, Orangeville Hydro received a rating of 78.2% on its customer satisfaction survey. Orangeville Hydro is only required to report on this measure on a biennial basis (every second year) but expects this trend to continue into the foreseeable future.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety**

Component A consists of a statistical survey that gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. Orangeville Hydro's ESA Public Safety Awareness Index Score for the 2019 Survey was 85.50%.

- **Component B – Compliance with Ontario Regulation 22/04**

Component B consists of a utilities compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the

approvals and inspections required prior to putting electrical equipment into service. Over the past five years, Orangeville

Hydro was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and the adherence to company procedures & policies.

- **Component C – Serious Electrical Incident Index**

Component C consists of the number of serious electrical incidents affecting the public, including fatalities, which occur within a utility's territory. In 2019, Orangeville Hydro had zero fatalities and zero serious incidents within its territory. Orangeville Hydro will continue to make efforts and work with the Electrical Safety Authority to continue the safe operation of our distribution system.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. Orangeville Hydro views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Orangeville Hydro also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. The OEB typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. For 2019, Orangeville Hydro achieved an average of 0.33 hours of interrupted power, which is less than the distributor-specific target of 0.90 hours based on our 5-year average performance data. This value is also significantly less than Ontario Industry Average of 2.64 as stated in the OEB 2019 Yearbook of Electricity Distributors.

Orangeville Hydro's distribution system experienced fewer outages in 2019 than our historical average. The average is expected to return to the historical range in future years.

- **Average Number of Times that Power to a Customer is Interrupted**

The average number of times that power to a customer is interrupted is also a measure of system reliability and is also a high priority for Orangeville Hydro. As outlined above, the OEB also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure. Orangeville Hydro experienced interrupted power 0.39 times during 2019, which is less than the distributor-specific target of 1.18 based on our 5-year average performance data. This value is also significantly less than Ontario Industry Average of 1.52 as stated in the OEB 2018 Yearbook of Electricity Distributors.

Orangeville Hydro's distribution system experienced fewer outages in 2019 than our historical average. The average is expected to return to the historical range in future years.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan outlines Orangeville Hydro's forecasted capital expenditures, over a five (5) year period, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The Distribution System Plan Implementation Progress measure is intended to assess Orangeville Hydro's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

Orangeville Hydro defines this measure as the tracking of actual capital project costs to planned capital project costs, expressed as a percentage. For this measure, Orangeville Hydro will include System Renewal, System Service, and General Plant capital expenditures. Orangeville Hydro moved to using this measure in 2015 based on information received from other utilities in the Province. Orangeville Hydro will continue to participate in the Ontario Energy Board Distribution System Plan Implementation Progress consultation process.

For 2019, Orangeville Hydro completed 96% of the planned capital expenditures. Since the Distribution System Plan timeframe had finished in 2018, the value was calculated as follows: the total of actual capital expenditures for 2014 to 2019, divided by the total budgeted values for 2014 to 2018 multiplied by 120%.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. In 2019, Orangeville Hydro remained in Cohort II, where a Cohort II distributor is defined as having actual costs 10% to 25% or more below predicted costs. Distributors with larger negative differences between actual and predicted costs are considered better cost performers and therefore eligible for lower stretch factors. The following outlines the five groups to which the distributors can be allocated and their definitions:

- 1) Cohort I (Stretch Factor = 0.0%) – Actual costs are 25% or more below predicted costs
- 2) Cohort II (Stretch Factor = 0.15%) – Actual costs are 10% to 25% or more below predicted costs
- 3) Cohort III (Stretch Factor = 0.30%) – Actual costs are within +/- 10% of predicted costs
- 4) Cohort IV (Stretch Factor = 0.45%) – Actual costs are 10% to 25% or more above predicted costs
- 5) Cohort V (Stretch Factor = 0.60%) – Actual costs are 25% or more above predicted costs

Orangeville Hydro will continue to work efficiently to ensure we stay within Cohort II and investigate opportunities to improve our cost efficiencies.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Orangeville Hydro's capital and operating costs and dividing this cost figure by the total number of customers that Orangeville Hydro serves. Orangeville Hydro's cost performance increased in 2019 to \$568 per customer, above the cost performance in 2018 at \$551 per customer.

Orangeville Hydro's Total Cost per Customer has decreased on average by 0.05% per annum over the period 2011 through 2019. Orangeville Hydro has scrutinized costs to correspond with the level of expenses as approved in our rate application and has kept costs at a stable level. Like most distributors in the province, Orangeville Hydro has experienced slight increases in its total costs required to deliver quality and reliable service to customers, and also has seen a continually increasing customer base. Province wide programs such as smart meters, time of use pricing, as well as growth in wage and benefits costs for our employees have all contributed to increased operating costs. Orangeville Hydro's capital costs are planned strategically to manage the renewal and growth of the distribution system in a cost-effective manner.

Orangeville Hydro will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. Going forward, keeping pace with economic fluctuations, Orangeville Hydro will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements and make it our goal to maintain or reduce the cost per customer.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that Orangeville Hydro operates to serve its customers. Orangeville Hydro's 2019 cost per Km of line is \$32,501, an increase of 4.1% over 2018 and an overall average decrease of 1.4% over the period 2012 to 2019. Orangeville Hydro experienced a minimal amount of growth in its total kilometers of lines. The same cost drivers that apply to the total cost per customer apply to the total cost per km of line. Orangeville Hydro continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Orangeville Hydro Limited achieved 92% of its six-year Net Cumulative Energy (kWh's) Savings target of 14,150,000 kWh. This has been achieved by leveraging the suite of OEB approved CDM programs designed primarily for residential and small commercial classes of customers. The Net Cumulative Savings Results for 2015-2020 are 11,832 MWh ranking 37th out of 67 LDCs in the province.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving the required deliverables from the proposed

Generator. Orangeville Hydro has developed and implemented an internal procedure to ensure compliance with this regulation. In 2019, Orangeville Hydro did not complete any CIAs.

- **New Micro-embedded Generation Facilities Connected On Time**

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners or small businesses. In 2019, Orangeville Hydro connected zero new micro-embedded generation facility within its territory. In the past any projects were connected within the prescribed timeframe of five (5) business days, which significantly exceeds the Ontario Energy Board's mandated target of 90% for this measure. Orangeville Hydro's process for these projects is well documented and Orangeville Hydro works closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded. Orangeville Hydro expects the trend for this measure to continue to exceed the mandated target for the foreseeable future.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

As an indicator of financial health, a current ratio indicates a company's ability to pay its short-term debts and financial obligations. Typically, a current ratio between 1.5 and 3 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high, then the company may be inefficient at using its current assets or its short-term financing facilities.

Orangeville Hydro's current ratio increased slightly from 1.56 in 2018 to 1.74 in 2019, which is still indicative of a financially healthy organization. Orangeville Hydro's current ratio is expected to remain healthy into the foreseeable future.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

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). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly leveraged than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less leveraged than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

Orangeville Hydro's debt to equity rate was 1.15; or 53% debt to 47% equity in 2019. Orangeville Hydro strives to maintain a debt to equity structure that closely resembles the ratio expected by the OEB. Orangeville Hydro expects its debt to equity ratio to remain close to the expected norm into the foreseeable future.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. A utility's ROE should be within the +/-3% range allowed by the Ontario Energy Board (OEB). Orangeville Hydro's last cost of service application was approved by the OEB and commenced on May 1, 2014. The approved rates include an expected (deemed) regulatory return on equity of 9.36%. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

Orangeville Hydro's return on equity achieved in 2019 was 10.36%, which is within the deemed ROE set by the Ontario Energy Board (OEB) of 9.36%, and a slightly lower ROE than 2018. The average return over the past 9 years was 8.74% and has continued to be within the OEB allowed range of +/-3%. Orangeville Hydro will continue to seek process improvements, find efficiencies, and manage costs while delivering on the operational and capital programs that have been put before the OEB. Orangeville Hydro will continue to deliver electricity to its customers in a safe, reliable, and efficient manner that provides good value for money while being responsive to customer and community needs and contributing to provincial and local public policy objectives.

Pacific Economics Group (PEG) Report

The PEG report compares utilities' cost efficiencies on a consistent basis and is publicly available on the OEB website. PEG produces an annual report that 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 has been assigned a Group 2 efficiency ranking again for 2019, moving from Group 3 in 2017. (Group 2 as per PEG 3-year average). Orangeville Hydro strives to remain in the Group 2 while still achieving greater efficiencies through productivity improvements and cost control, without compromising safety and reliability. 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
Stretch Factor Cohort - Annual result	3	3	3	2	2	2
Associated Stretch Factor Value	0.30	0.30	0.30	0.15	0.15	0.15

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. Shown below, the differential between actual total cost and predicted costs becomes increasingly larger with each year, which is why in 2017 Orangeville Hydro was moved to Group 2. Moving to Group 2 would historically have provided Orangeville Hydro with a larger increase in distribution revenue as a bonus for increased cost efficiencies.

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 for 2021 rates, the distribution revenue increase will be smaller than in previous years, as the stretch factor value is .6% as opposed to .15% for Group 2 utilities. The estimated increase in distribution rates for 2021 will be 1.4%, which is calculated as 2.0% Price Escalator (which may be updated at a later date) minus .6% Stretch Factor.

Table 5: Summary of Cost Performance Results

	2014	2015	2016	2017	2018	2019
Actual Total Cost	\$ 6,743,925	\$ 6,848,039	\$ 6,904,089	\$ 6,836,145	\$ 6,933,646	7,182,788
Percentage Change on previous year		1.5%	0.8%	-0.98%	1.43%	3.59%
Percentage Difference (Cost Performance) per PEG Analysis	-4.0%	-7.6%	-10.2%	-14.3%	-20.0%	-20.7%

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 lower than many other LDCs for our customers. A three-year average 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

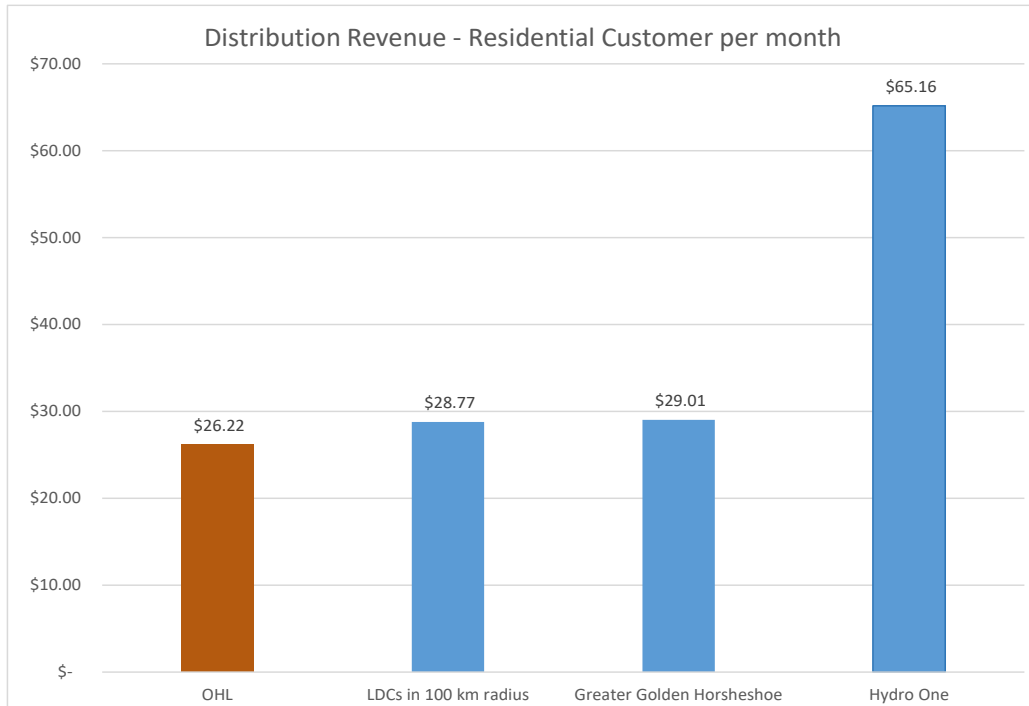


Table 7: Distribution Revenue – General Service < 50 kW Customer rate per month

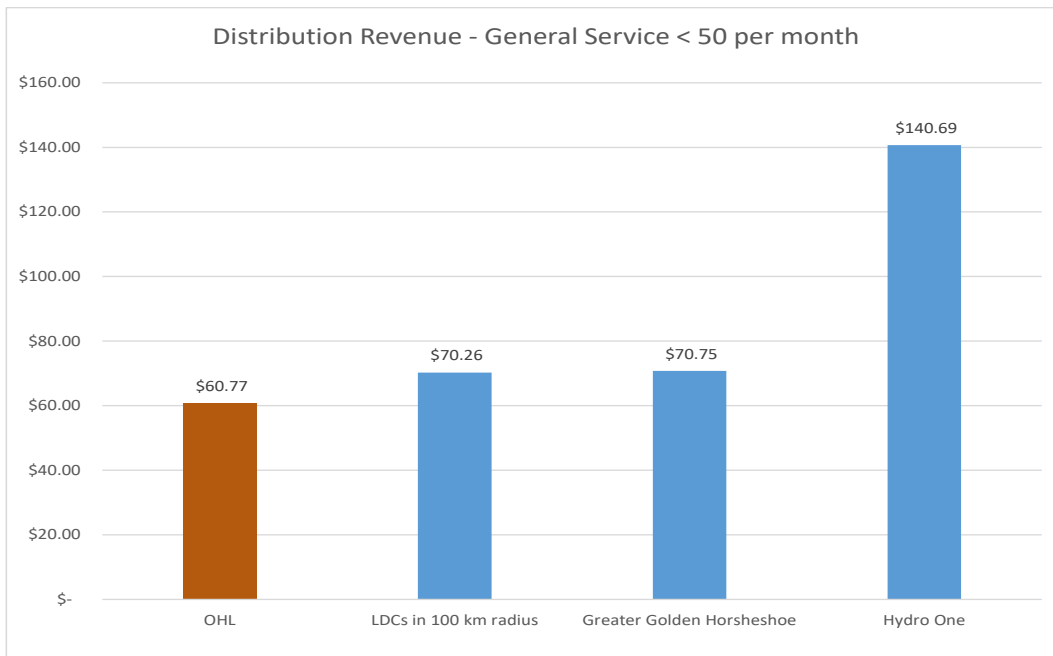
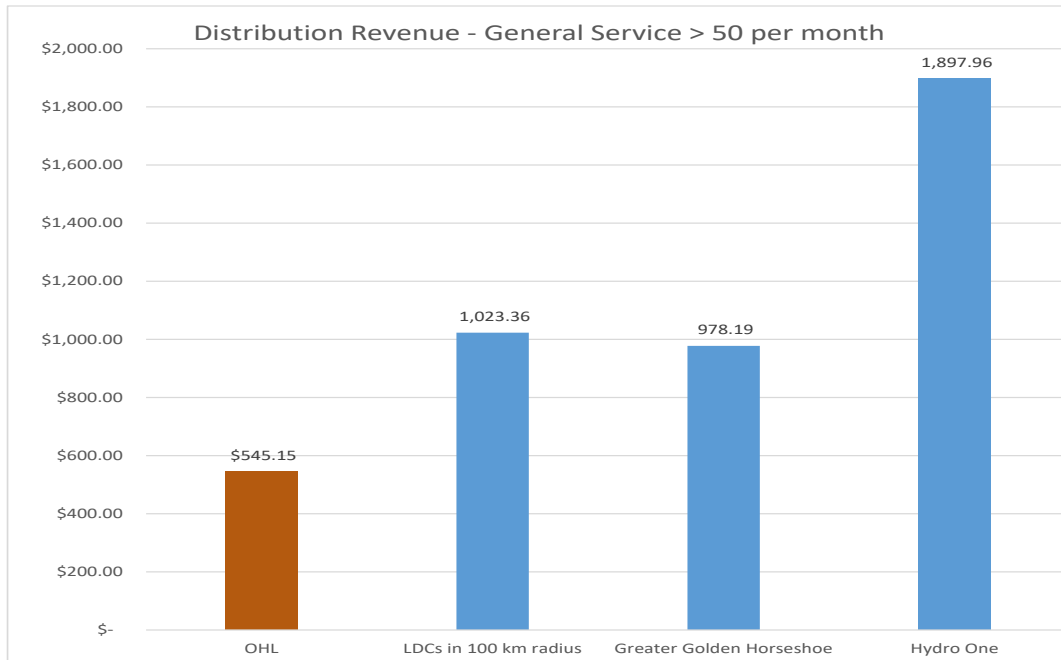


Table 8: Distribution Revenue – General Service > 50 kW Customer rate per month



Historical and Proposed Revenues

The historical customer growth has allowed Orangeville Hydro's overall distribution revenue to increase without increasing the distribution revenue per customer. In 2020, due to the COVID-19 pandemic, a decision was made to defer the May 1, 2020 distribution rate increase to November 1, 2020. This meant that the May 1, 2019 rates continued until November 1, 2020. On November 1, 2020, a small additional fixed and variable rate was added to recover these deferred revenues. This additional rate continues until October 31, 2021. On May 1, 2021 it is expected there will be another small rate increase, due to the completion of the Annual IR rate application.

Table 10: Historical and Proposed Distribution Revenues

		2014	2015	2016	2017	2018	2019	2020	2021
Residential	Fixed Rate	\$ 15.25	\$ 15.45	\$ 18.19	\$ 21.00	\$ 23.72	\$ 26.62	\$ 26.74	\$ 27.42
	Variable Rate	\$ 0.0131	\$ 0.0133	\$ 0.0102	\$ 0.0069	\$ 0.0035	\$ -	\$ -	\$ -
	Customers	10,407	10,570	10,730	11,084	11,285	11,367	11,419	11,517
	kWh	85,735,759	84,589,267	84,770,868	82,405,642	91,698,339	94,935,768	100,669,968	101,483,825
	Revenues	\$ 3,187,626	\$ 3,090,922	\$ 3,200,973	\$ 3,352,629	\$ 3,602,177	\$ 3,682,037	\$ 3,860,058	\$ 3,880,404
GS<50	Fixed Rate	\$ 31.21	\$ 31.62	\$ 32.19	\$ 32.71	\$ 33.00	\$ 33.45	\$ 33.61	\$ 34.46
	Variable Rate	\$ 0.0095	\$ 0.0096	\$ 0.0098	\$ 0.0100	\$ 0.0101	\$ 0.0102	\$ 0.0103	\$ 0.0105
	Customers	1,141	1,132	1,129	1,149	1,164	1,169	1,165	1,165
	kWh	34,481,597	33,814,274	33,991,437	34,262,940	35,720,029	36,989,653	35,514,308	36,440,047
	Revenues	\$ 795,437	\$ 751,287	\$ 765,543	\$ 919,218	\$ 782,960	\$ 856,918	\$ 848,789	\$ 886,102
GS>50	Fixed Rate	\$ 160.00	\$ 162.08	\$ 165.00	\$ 167.64	\$ 169.15	\$ 171.43	\$ 172.22	\$ 176.62
	Variable Rate	\$ 2.1482	\$ 2.1761	\$ 2.2153	\$ 2.2507	\$ 2.2710	\$ 2.3017	\$ 2.3124	\$ 2.3718
	Customers	137	138	141	132	134	132	132	133
	kWh	119,994,247	124,173,673	124,528,148	129,453,609	125,990,621	128,262,888	126,101,795	128,641,694
	Revenues	\$ 816,710	\$ 826,561	\$ 888,196	\$ 870,180	\$ 857,752	\$ 891,714	\$ 844,967	\$ 985,219
Sentinel Lights	Fixed Rate	\$ 3.12	\$ 3.16	\$ 3.22	\$ 3.27	\$ 3.30	\$ 3.34	\$ 3.36	\$ 3.44
	Variable Rate	\$ 12.1717	\$ 12.3299	\$ 12.5518	\$ 12.7526	\$ 12.8674	\$ 13.0411	\$ 13.1018	\$ 13.4380
	Connections	141	151	152	151	155	155	158	158
	kWh	103,151	103,889	90,200	102,865	102,422	105,826	107,948	108,177
	Revenues	\$ 7,254	\$ 7,339	\$ 8,482	\$ 8,096	\$ 8,362	\$ 10,064	\$ 10,259	\$ 10,495
Streetlights	Fixed Rate	\$ 1.42	\$ 1.44	\$ 1.47	\$ 1.49	\$ 1.50	\$ 1.52	\$ 1.53	\$ 1.57
	Variable Rate	\$ 7.8391	\$ 7.9410	\$ 8.0839	\$ 8.2132	\$ 8.2871	\$ 8.3990	\$ 8.4378	\$ 8.6530
	Connections	2,915	2,851	2,845	2,890	2,939	2,939	2,940	2,940
	kWh	1,832,465	1,670,532	961,396	897,958	870,907	907,844	926,583	926,701
	Revenues	\$ 91,595	\$ 91,113	\$ 52,294	\$ 71,690	\$ 73,088	\$ 74,954	\$ 75,619	\$ 78,266
USL	Fixed Rate	\$ 5.95	\$ 6.03	\$ 6.14	\$ 6.24	\$ 6.30	\$ 6.39	\$ 6.48	\$ 6.59
	Variable Rate	\$ 0.0083	\$ 0.0084	\$ 0.0086	\$ 0.0087	\$ 0.0088	\$ 0.0089	\$ 0.0090	\$ 0.0092
	Connections	73	96	97	97	97	97	97	97
	kWh	386,058	382,131	353,441	400,466	375,337	387,372	393,390	393,390
	Revenues	\$ 10,158	\$ 10,401	\$ 10,939	\$ 10,928	\$ 40,430	\$ 11,039	\$ 11,268	\$ 11,500
TOTAL	kWh	242,533,277	244,733,765	244,695,490	247,523,480	254,757,654	261,589,351	263,713,992	267,993,834
	Revenues	\$ 4,908,779	\$ 4,777,622	\$ 4,926,426	\$ 5,232,741	\$ 5,364,768	\$ 5,526,725	\$ 5,650,960	\$ 5,851,986

Bill Impacts

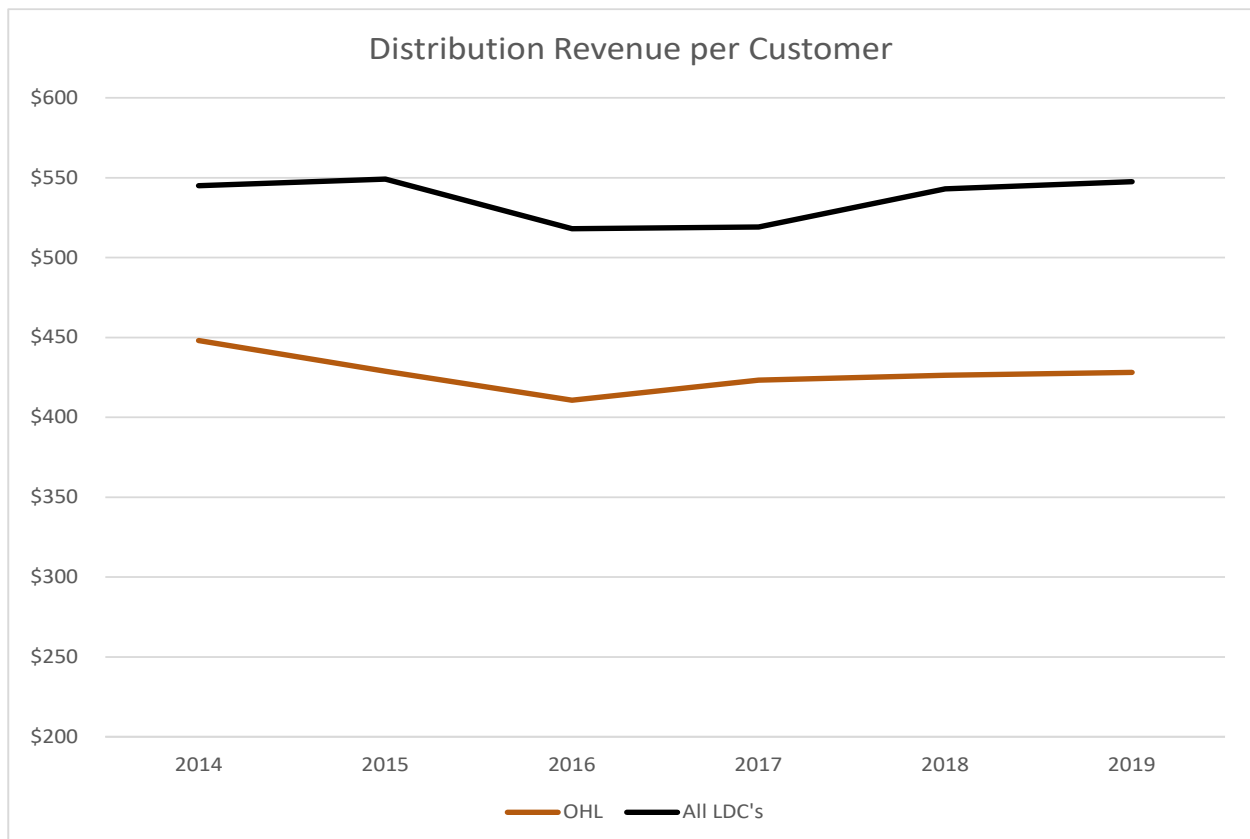
Since our last Cost of Service for 2014 rates, Orangeville Hydro's residential rate increases excluding rate riders have been near or below the rate of inflation. The transition to a fully fixed residential service charge has helped to ensure a stable source of revenue for Orangeville Hydro as well as 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). As noted above, the May 1, 2020 rate change was deferred to November 1, 2020.

Table 9: Residential Bill Impacts (Distribution Only)

		Excluding Rate Riders (incl. SME charge)							
		2014	2015	2016	2017	2018	2019	November 1, 2020	
Residential	Fixed Rate	\$ 16.04	\$ 16.24	\$ 18.98	\$ 21.79	\$ 24.29	\$ 27.19	\$ 27.92	
	Variable Rate	\$ 0.0131	\$ 0.0133	\$ 0.0102	\$ 0.0069	\$ 0.0035	\$ -	\$ -	
	Total (700 kWh)	\$ 25.21	\$ 25.55	\$ 26.12	\$ 26.62	\$ 26.74	\$ 27.19	\$ 27.92	
	Bill Impact		1.35%	2.23%	1.91%	0.45%	1.68%	2.68%	
		Including Rate Riders							
		2014	2015	2016	2017	2018	2019	November 1, 2020	
Residential	Fixed Rate	\$ 17.08	\$ 17.28	\$ 19.15	\$ 21.96	\$ 24.46	\$ 27.35	\$ 28.08	
	Variable Rate	\$ 0.0120	\$ 0.0137	\$ 0.0117	\$ 0.0064	\$ 0.0031	\$ 0.0011	\$ 0.0011	
	Total (700 kWh)	\$ 25.48	\$ 26.87	\$ 27.34	\$ 26.44	\$ 26.63	\$ 28.12	\$ 28.85	
	Bill Impact		5.46%	1.75%	-3.29%	0.72%	5.60%	2.60%	

Table 11: Historical Distribution Revenue per Customer



8. Capital Spending

Key Objectives for Capital Expenditures

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,
- 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 2021 to 2025 are expected to be comparable to the historical average of 2014 to 2020. 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 renewal expenditures for 2021 to 2025 are expected to be comparable to the historical average of 2014 to 2020. 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.

System service expenditures for 2021 to 2025 are expected to be comparable to the historical average of 2014 to 2020. 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 as well as conductor upgrades.

General Plant expenditures for 2021 to 2025 are expected to be comparable to the historical average of 2014 to 2020. 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.

2021 Capital Budget

Description	2021 Budget	2020 Budget	Variance 2021 Budget to 2020 Budget	2020 Forecast	Variance 2020 Forecast to 2020 Budget
System Access	322,484	365,714	(43,230)	157,176	(208,538)
System Renewal	329,867	189,880	139,987	204,936	15,056
System Service	943,153	1,005,065	(61,912)	757,527	(247,539)
General Plant	231,700	424,000	(192,300)	233,926	(190,074)
TOTAL	\$ 1,827,204	\$ 1,984,659	\$ (157,455)	\$ 1,353,565	\$ (631,094)

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 2021 budget was completed under the assumption that COVID-19 will not significantly affect the capital expenditures throughout the budget year.

The 2021 Capital Budget of \$1,827,204 includes three significant System Service projects, which are: B113-MS2-West Feeder (Robb Blvd & 100 Century Drive) Voltage Conversion, B114-MS3-East Feeder (Hillside Drive) Voltage Conversion, B116-Centennial Road Primary Conductor Upgrade, and B115-5 to 39 Main Street South Pole line Rebuild (Rear Lane on East Side). System Access costs are mainly attributed to the new connection of subdivision developments such as 60-62 First St in Orangeville, and Mayberry Hills Phase 3A in Grand Valley. The 2021 General Plant Budget of \$231,700 includes building upgrades, as well as office equipment upgrades. The financial system requires an upgrade to a more current version, and the customer service system requires upgrades to the customer online portal.

2021 Capital Budget by Category

Category	Reference Number	Project Description	Total Project	Contributed Capital
System Access	C01-2021	Various General Service Capital Contribution Projects	100,000	(90,000)
System Access	C02-2021	Various Residential Capital Contribution Projects	8,000	(6,000)
System Access	F01-2021	Estimated Distributed Energy Resources Projects	16,000	(16,000)
System Access	S01-2021	Various Subdivisions	423,412	(112,928)
System Access Total:			547,412	(224,928)

System Renewal	B00-2021	Failed Transformer Replacement	56,800
System Renewal	H00-2021	Major Component Replacement	20,000
System Renewal	M00-2021	Meter Replacement and additions	94,740
System Renewal	P00-2021	Pole Replacement	60,000
System Renewal	B115-2021	5 to 39 Main St South Pole Line Rebuild (Rear Lane on East side)	98,327
System Renewal Total:			329,867

System Service	B113-2021	MS2-West Feeder (Robb Blvd & 100 Century Drive) Voltage Conversion	559,763
System Service	B114-2021	Cenennial Road Primary Conductor Upgrade	224,343
System Service	B116-2021	MS3-East Feeder (Hillside Drive feeder) Voltage Conversion	159,047
System Service Total:			943,153

General Plant	GP 2021 - 1	Building	20,000
General Plant	GP 2021 - 2	Office Equipment	22,000
General Plant	GP 2021 - 3	Computer Equipment	52,000
General Plant	GP 2021 - 4	Computer Software	125,700
General Plant	GP 2021 - 5	Vehicles	-
General Plant	GP 2021 - 6	Stores Equipment	2,000
General Plant	GP 2021 - 7	Tools, Shop & Garage Equipment	5,000
General Plant	GP 2021 - 8	Measurement & Testing	2,000
General Plant	GP 2021 - 9	Miscellaneous Equipment	2,000
General Plant	GP 2021 - 10	Land Rights	-
General Plant	GP 2021 - 11	Communication Equipment	1,000
General Plant Total:			231,700

Total 2021 Budget Capital Expenditures	2,052,132	\$ (224,928)
Total 2021 Budget Capital Expenditures Less Contributed Capital	1,827,204	

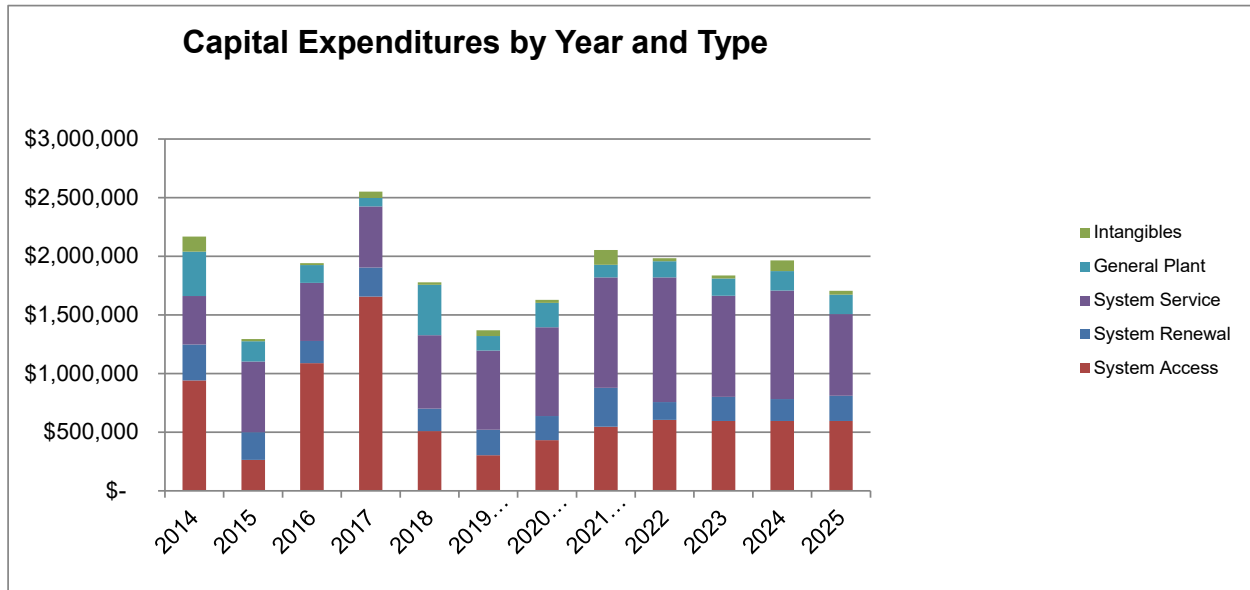
Plan - 2021 Budget Jobs	2,052,132
Carry forward from 2020 Jobs	-
Total	2,052,132

Legend:

	2021 Budget New Jobs
	Jobs Carried forward from 2020

2022-2025 Capital Expenditure Plan

Table 12: Capital Expenditures by Year and Type



The 2022-2025 capital forecast was completed under the assumption that COVID-19 will not significantly affect the capital expenditures throughout the years.

In 2022, the significant System Service project planned is the MS2 South Feeder Conversion on Parkview Drive, Morgandale Crescent, Highland Drive, and Newton Drive. MS2 is now the oldest Municipal Station in our distribution system and is targeted for decommissioning. The significant System Renewal is the Blind Line Overhead Primary Conductor Upgrade from Broadway to Hansen Boulevard. This project will reduce line losses and provide the capabilities to shift feeder loads from one feeder to another without concerns of capacity constraints.

In 2023, the significant System Service project planned is the MS2 South Feeder Conversion on Edelwild, Avonmore, and Johanna. This is a continuation of the underground voltage conversion from 2022. The significant System Renewal project is the Rail Line Pole Renewal. This is a unique and challenging project that is located along the rail line from Dawson Road to Broadway and Blind Line.

In 2024, the significant System Service projects planned are the MS2 East Feeder Conversion on Maple Cres and the MS2 South Feeder Conversion on Rustic, Edelwild and Cedar.

In 2025, the significant System Service projects planned are the Voltage Conversion of Cardwell, Dufferin, Ontario, and Caledonia and MS2 East Feeder Conversion of Carlton and Lawrence. That will end the multiyear voltage conversion of the Municipal Substation #2.

9. Operational Costs

Operating and maintenance work will maintain the focus on inspecting, testing, patrolling and 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 and maintenance expenses category includes labour, material and contractor costs.

Billing and Collecting 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.

Community Relations covers our safety and conservation programs for 2-3 schools each year to educate students on either conservation or safety. This budget also includes “On hold” informational messages to our customers, and participation in local events, such as Christmas in the Park and our Customer Education Day.

Administration is an integral part of our business plan. This category includes costs for the President, Chief Financial Officer, and Directors, 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 professional are some of the other costs that drive the Administration budget. Orangeville Hydro will continue its membership in the Cornerstone Hydro Electric Concept 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.

2021 Operations, Maintenance, and Administration Budget

Description	2021 Budget	2020 Budget	Variance 2021 Budget to 2020 Budget	2020 Forecast	Variance 2020 Forecast to 2020 Budget
Operating	769,620	648,568	121,052	647,693	(875)
Maintenance	342,375	353,427	(11,052)	326,427	(27,000)
Distribution	1,111,995	1,001,995	110,000	974,120	(27,875)
Billing & Collecting	926,262	777,239	149,023	785,112	7,873
Community Relations	26,793	22,154	4,639	8,022	(14,132)
Administration	1,478,856	1,841,482	(362,626)	1,707,521	(133,961)
Total	\$ 3,543,907	\$ 3,642,870	\$ (98,963)	\$ 3,474,775	\$ (168,095)
Total Percentage Variance			-2.7%		-4.6%

Overall, the 2021 OM&A Expenses Budget of \$3,543,907, is \$98,963 lower than the 2020 Budget of \$3,642,870 due to the costs described below. The 2020 Forecast of \$3,474,775 is \$168,095 lower than the 2020 Budget.

The 2021 budget was completed under the assumption that COVID-19 will not significantly affect the OM&A expenditures throughout the budget year.

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.

In all areas, the 2021 budget includes some re-allocation of expenses between accounts. Orangeville Hydro completed a review of the Ontario Energy Board's Accounting Procedures Handbook (APH); and moved some expenses between accounts to align costs more closely with the definitions within the APH and with the department they specifically relate to. There was noticeable movement of several costs from the Administration category to either Operations and Maintenance, or Billing and Collecting. This is a significant reason these category totals increased, where Administration decreased as compared to previous years.

Distribution

This Operating and Maintenance budget includes a robust tree trimming program, as well as increased costs for hot spot repair work. 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. The 2021 Distribution Budget is higher than the 2020 Budget with an increase of \$110,000. This budget includes a third of the IT contractor costs that used to be included in Administration, contractor costs to assist with the distribution system plan that is required to be completed in 2021, and higher Lines Supervisor labour as less labour hours are being attributed to capital.

Billing, Collecting and Meter Reading

The 2021 Billing and Collecting Budget is higher than the 2020 Budget by \$149,023. This increase is primarily due to movement of expenses to align costs with the department they relate to. There is an increase in computer consultant costs, as one third of the IT consultant costs were moved to this category, as well as FileNexus (a document retention software) costs, with this software being primarily utilized by Customer Service. There is an increase in postage costs as a full year of collection notices are expected to be sent. Credit risk insurance was also moved here from Administration, as this insurance is in place to cover defaults by our largest customers.

Community Relations

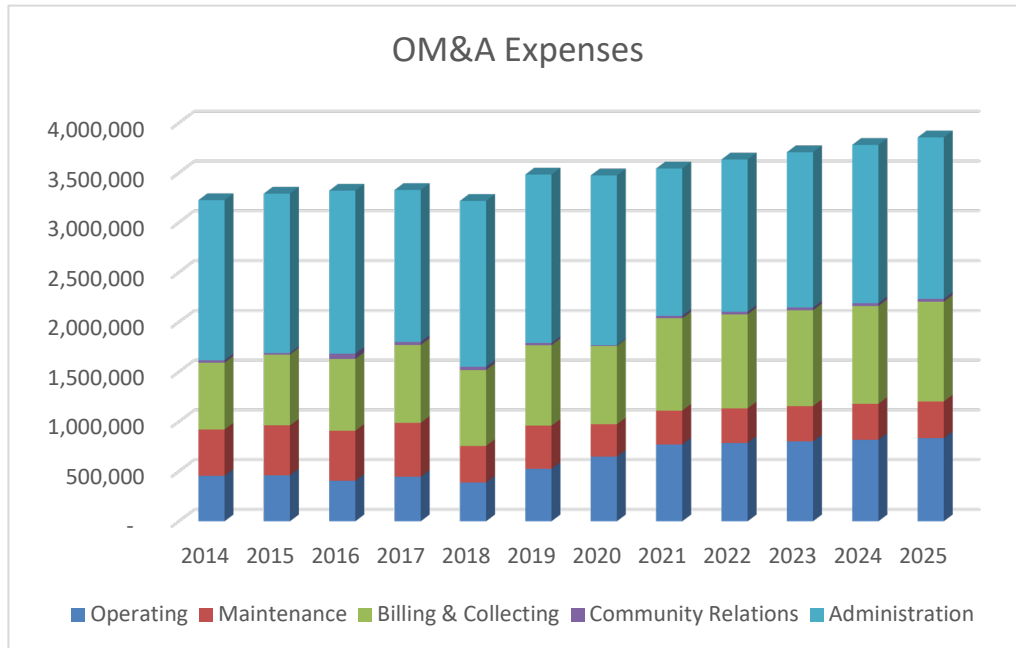
The 2021 Community Relations Budget is higher than the 2020 budget by \$4,639. The budget includes four planned community engagement events, including two farmers markets, the Grand Valley Duck race, and Orangeville Hydro's customer appreciation event.

Administration

The 2021 Administration Budget is \$362,626 lower than the 2020 budget as it does not include costs for an executive retirement. Offsetting this reduction are additional costs for assistance in customer engagement for our Distribution System Plan that is due in 2021. As discussed above, there were costs for the IT consultant, FileNexus file retention software and credit insurance that were moved from Administration to other areas of the budget. Operations Health and Safety training was moved from this budget to overheads in 2021, which also created a decrease in the administration budget.

2022-2025 Operating, Maintenance, and Administration Expenditure Plan

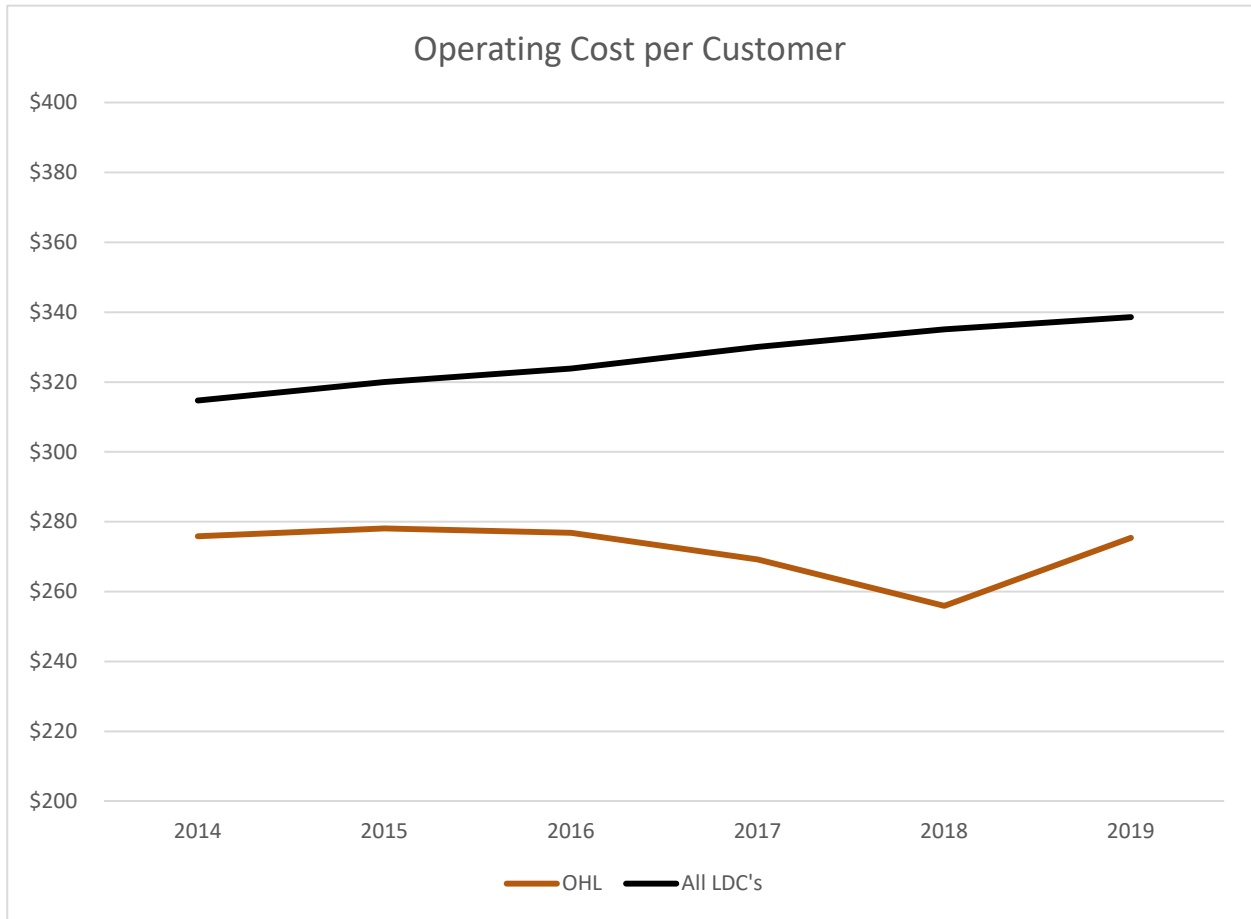
Table 13: OM&A Expenses by Year and Type



In the forecast from 2022 to 2025, an increase in most operating costs of a rate of 2% per year was used, other than union compensation, which is based on the collective agreement. The headcount remains at a steady level of 19 employees going forward into the 5-year horizon after 2020. 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.

OM&A costs per customer historically is mainly on a downward trend for Orangeville Hydro compared to a province-wide upward trend. This is due to a steadily increasing customer base and OM&A expenses staying at fairly consistent levels.

Table 14: OM&A Costs per Customer

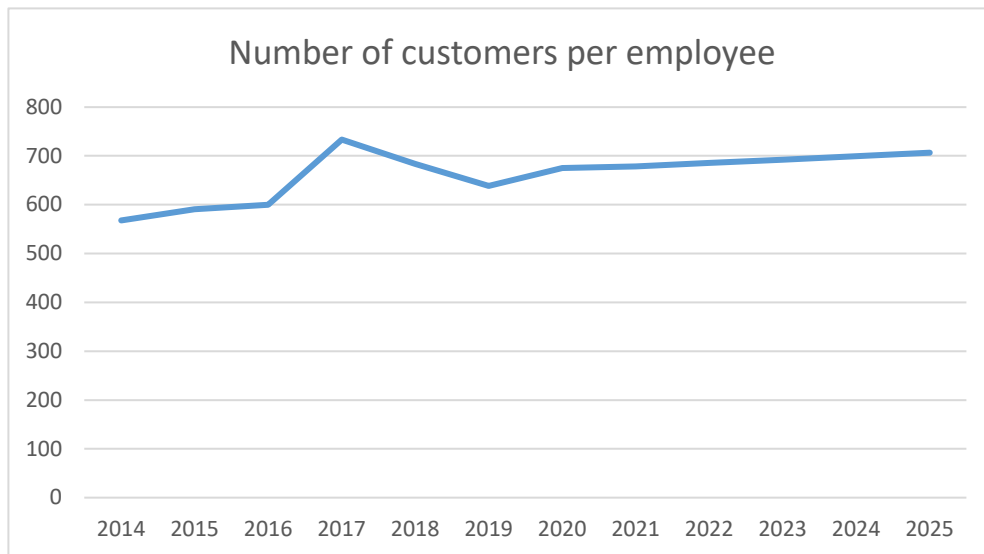


10. Personnel

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.

Orangeville Hydro currently employs 18 full time employees, with plans for this to increase to 19 employees by the end of 2020. This number of employees is expected to remain consistent for the near future.

Table 15: Customers per Employee



11. Financial Summary

Table 16: Historical Financial Summary and Statistics

Financial Summary						
	2014	2015	2016	2017	2018	2019
	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
Distribution Revenue	\$ 4,954,958	\$ 4,839,850	\$ 5,200,350	\$ 5,219,614	\$ 5,444,878	\$ 5,674,628
OM&A Expenses	\$ 3,226,833	\$ 3,292,572	\$ 3,322,207	\$ 3,328,900	\$ 3,219,669	\$ 3,483,836
Capital Expenditures	\$ 2,167,163	\$ 1,293,107	\$ 1,940,991	\$ 2,551,610	\$ 1,778,360	\$ 1,368,228
Net Income	\$ 712,039	\$ 549,640	\$ 742,839	\$ 1,070,150	\$ 1,132,870	\$ 901,542
Shareholder Equity	\$ 9,261,741	\$ 9,508,537	\$ 9,865,747	\$ 10,289,603	\$ 10,994,887	\$ 11,329,992
Total Debt	\$ 11,303,321	\$ 10,910,584	\$ 10,505,200	\$ 12,043,169	\$ 11,554,844	\$ 13,009,817
Capital assets (PP&E)	\$ 17,089,439	\$ 17,320,291	\$ 18,337,875	\$ 19,850,847	\$ 20,620,014	\$ 20,934,988
Annual Dividends to Shareholders	\$ 423,796	\$ 302,844	\$ 385,629	\$ 646,294	\$ 447,092	\$ 566,435
Cumulative Dividends Paid	\$ 17,889,288	\$ 18,192,132	\$ 18,577,761	\$ 19,224,055	\$ 19,671,147	\$ 20,237,582
Number of customers	11,757	11,934	12,000	12,462	12,690	12,766
Number of employees (FTE)	23	21	19	15	19	20
Financial Statistics						
	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Actual
Return on Equity (Financials)	7.69%	5.78%	7.53%	10.40%	10.30%	7.96%
Return on Equity (Regulated)	9.47%	6.40%	8.68%	10.60%	11.92%	10.34%
Debt %	55%	53%	52%	54%	51%	53%
Equity %	45%	47%	48%	46%	49%	47%
Debt to Equity %	1.21	1.15	1.06	1.17	1.05	1.15
OM&A expenses/customer	\$ 274	\$ 276	\$ 277	\$ 267	\$ 254	\$ 273
Customers/Employee	511	568	632	831	668	638

Table 17: Forecast Financial Summary and Statistics

Forecast Financial Summary						
	2020	2021	2022	2023	2024	2025
	Forecast	Budget	Plan	Plan	Plan	Plan
Energy Sales	\$ 28,419,089	\$ 30,602,138	\$ 31,057,155	\$ 32,109,987	\$ 33,336,766	\$ 34,616,141
Distribution Revenue	\$ 5,691,630	\$ 5,901,003	\$ 5,989,327	\$ 6,078,974	\$ 6,169,963	\$ 6,262,316
OM&A Expenses	\$ 3,474,775	\$ 3,543,907	\$ 3,634,486	\$ 3,706,950	\$ 3,780,864	\$ 3,856,256
Capital Expenditures	\$ 1,628,441	\$ 2,052,132	\$ 1,982,759	\$ 1,836,433	\$ 1,963,909	\$ 1,705,375
Net Income	\$ 1,149,781	\$ 1,083,885	\$ 992,262	\$ 994,178	\$ 989,629	\$ 980,774
Shareholder Equity	\$ 12,029,004	\$ 12,537,999	\$ 12,988,318	\$ 13,486,365	\$ 13,978,906	\$ 14,464,864
Total Debt	\$ 13,383,763	\$ 13,728,981	\$ 14,017,628	\$ 13,392,560	\$ 14,470,245	\$ 13,617,735
Capital assets (PP&E)	\$ 21,522,190	\$ 22,500,733	\$ 23,349,035	\$ 24,013,566	\$ 24,767,229	\$ 25,254,712
Annual Dividends to Shareholders	\$ 450,771	\$ 574,891	\$ 541,942	\$ 496,131	\$ 497,089	\$ 494,815
Cumulative Dividends Paid	\$ 20,688,353	\$ 21,263,243	\$ 21,805,186	\$ 22,301,317	\$ 22,798,406	\$ 23,293,220
Number of customers	12,830	12,894	13,023	13,153	13,285	13,418
Number of employees (FTE)	19	19	19	19	19	19
Forecast Statistics						
	2020	2021	2022	2023	2024	2025
	Forecast	Budget	Plan	Plan	Plan	Plan
Return on Equity (Financials)	9.56%	8.64%	7.64%	7.37%	7.08%	6.78%
Return on Equity (Regulated)						
Debt %	53%	52%	52%	50%	51%	48%
Equity %	47%	48%	48%	50%	49%	52%
Debt to Equity %	1.11	1.09	1.08	0.99	1.04	0.94
OM&A expenses/customer	\$ 271	\$ 275	\$ 279	\$ 282	\$ 285	\$ 287
Customers/Employee	675	679	685	692	699	706

Revenues

Energy Sales include the pass through commodity costs and are budgeted to increase 2-4% year over year, based on 2019 electricity sales, which saw significantly higher revenues than historical due to the end of the Ontario Fair Hydro Plan and the beginning of the Ontario Electricity Rebate. At that time, commodity costs were increased to reflect the actual cost of power more accurately, with a 31.8% rebate being provided to the customer. This began in November 2019. Distribution revenue is budgeted in 2021 to increase by an estimated number of customers for all customer classes as well as an increase for May 2021 forecasted rates and taking into consideration the forgone revenue rate riders. Future years are then conservatively increased by 1.5% to account for rate increases, customer growth and minimal impacts of COVID-19. The residential service charge is now fully fixed, resulting in additional revenue stability in the future. A Cost of Service deferral request was approved by the OEB for 2021 rates. An analysis is completed on an annual basis to allow determination whether to defer a cost of service application.

Expenses

Cost of Power expenses, which offset the Energy Sales, as well as most OM&A expenses are expected to increase by approximately 2% to account for inflationary increases as well as additional cost increases, and wages for employees are planned to increase according to the Collective Agreement. Finance costs will increase due to the additional borrowing projected in 2021, 2022 and 2024.

Capital Structure

In 2021, Orangeville Hydro plans to borrow \$1 million to sustain our capital works plan and fund regulatory related payments, such as increased Hydro One low voltage (LV), network (NW), and connection (CN)

charges and fluctuating Global Adjustment rates, which will take the debt to equity ratio to 52:48, a small deviation from the OEB deemed structure of 60:40. A \$2 million dollar loan was previously budgeted in 2020, but with some expenditures being deferred due to COVID-19, as well as a corporate-wide attempt to reduce expenses, including financing costs, the 2020 forecasted loan was reduced to \$1 million. The Business Plan calls for another \$1 million increase in borrowing in 2022 and \$2 million additional borrowing in 2024. 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. 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 can earn a return on equity of 9.36% and to recover the OM&A costs to operate the utility efficiently. 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.

Corporate Income Tax

Corporate income taxes are predicted at a rate of 26.5% from 2021 through to 2025.

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 2020, Orangeville Hydro has provided the Town of Orangeville with over \$20.2 million in dividends and from 2006-2020 the Town of Grand Valley has received over \$450,000 in dividends. In the 2021-2025 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 \$520,000 per year to 2025. Orangeville Hydro recognizes cost pressures by taking action and endeavours to meet the Ontario Energy Board's renewed regulatory framework, as well as public policy directives such as conservation and demand management initiatives. 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

	2019 Actual	2020 Forecast	2021 Budget	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Revenue							
Distribution revenue	\$ 5,674,628	\$ 5,691,630	\$ 5,901,003	\$ 5,989,327	\$ 6,078,974	\$ 6,169,963	\$ 6,262,316
Other	263,385	329,988	246,320	243,477	248,345	253,070	257,740
	5,938,013	6,021,617	6,147,323	6,232,804	6,327,319	6,423,033	6,520,056
Sale of energy	29,164,689	28,419,089	30,602,138	31,057,155	32,109,987	33,336,766	34,616,141
Total revenues	35,102,702	34,440,707	36,749,462	37,289,959	38,437,306	39,759,799	41,136,197
Operating expenses							
Operating and maintenance	958,991	974,120	1,111,995	1,134,235	1,156,920	1,180,058	1,203,659
Billing and collecting	835,794	785,112	926,262	944,788	963,683	982,957	1,002,616
Community relations		8,022	26,793	27,329	27,875	28,433	29,002
General and administrative	1,697,925	1,707,521	1,478,856	1,528,134	1,558,472	1,589,416	1,620,978
Depreciation and Amortization	882,819	892,311	927,528	990,421	1,024,965	1,065,630	1,074,611
	4,375,529	4,367,085	4,471,434	4,624,907	4,731,916	4,846,494	4,930,867
Cost of power purchased	30,112,525	29,665,458	30,257,079	30,860,533	32,091,579	33,371,867	34,703,366
Total expenses	34,488,054	34,032,543	34,728,514	35,485,440	36,823,495	38,218,361	39,634,233
Income from operating activities	614,648	408,164	2,020,948	1,804,518	1,613,811	1,541,438	1,501,964
Finance income	58,599	48,717	49,204	49,942	50,692	51,452	52,224
Finance costs	(490,995)	(462,522)	(463,475)	(468,377)	(445,901)	(455,722)	(452,729)
Income before income taxes	182,252	-5,641	1,606,677	1,386,084	1,218,602	1,137,168	1,101,459
Income tax expense	(103,245)	80,777	(226,344)	(229,797)	(209,176)	(177,171)	(192,655)
Net income for the year	79,007	75,136	1,380,333	1,156,286	1,009,426	959,997	908,805
Net movement in regulatory balances	1,020,659	1,246,368	(345,059)	(196,622)	(18,408)	35,101	87,225
Tax on net movement	(198,124)	(171,723)	48,611	32,598	3,160	(5,469)	(15,256)
	822,535	1,074,645	(296,448)	(164,024)	(15,248)	29,632	71,969
Net income for the year and net movement in regulatory balances, being total comprehensive income	\$ 901,542	\$ 1,149,781	\$ 1,083,885	\$ 992,262	\$ 994,178	\$ 989,629	\$ 980,774

ORANGEVILLE HYDRO LIMITED

Statement of Financial Position
December 31

	2019	2020	2021	2022	2023	2024	2025
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Assets							
Current assets							
Cash	\$ 656,693	\$ 547,116	\$ 895,175	\$ 1,185,486	\$ 601,004	\$ 1,564,057	\$ 797,315
Accounts receivable	4,207,174	4,071,014	4,111,436	4,152,263	4,193,498	4,235,145	4,277,208
Unbilled revenue	2,626,067	2,652,328	2,678,851	2,705,640	2,732,696	2,760,023	2,787,623
Inventory	291,834	293,293	294,759	296,233	297,714	299,203	300,699
Prepaid expenses	145,623	147,080	148,550	150,036	151,536	153,052	154,582
Other	489	538	592	651	716	788	866
Total current assets	7,927,880	7,711,369	8,129,365	8,490,309	7,977,165	9,012,267	8,318,294
Non-current assets							
Property, plant and equipment	20,708,211	21,296,605	22,193,306	23,070,029	23,760,901	24,481,244	24,998,909
Intangible assets	226,777	225,585	307,427	279,007	252,665	285,986	255,803
Deferred tax assets	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total non-current assets	20,938,988	21,526,190	22,504,733	23,353,035	24,017,566	24,771,229	25,258,712
Total assets	28,866,868	29,237,559	30,634,097	31,843,344	31,994,731	33,783,497	33,577,006
Regulatory debit balances	2,715,283	3,714,754	3,562,922	3,431,283	3,241,164	3,276,265	3,363,490
Total assets and regulatory balances	\$ 31,582,151	\$ 32,952,313	\$ 34,197,019	\$ 35,274,627	\$ 35,235,894	\$ 37,059,761	\$ 36,940,497
Liabilities							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 3,721,170	\$ 4,043,140	\$ 4,081,089	\$ 4,119,412	\$ 4,158,954	\$ 4,198,928	\$ 4,239,339
Long-term debt due within one year	564,845	652,279	705,697	745,367	770,390	852,510	866,461
Customer deposits	225,000	226,125	227,256	228,392	229,534	230,682	231,835
Other payables	114,904	112,900	114,029	115,169	116,321	117,484	118,659
Income taxes payable	(75,292)	15,150	15,302	15,455	15,609	15,765	15,923
Total current liabilities	4,550,627	5,049,594	5,143,372	5,223,794	5,290,807	5,415,369	5,472,217
Non-Current Liabilities							
Long-term debt	12,444,972	12,731,484	13,023,284	13,272,261	12,622,171	13,617,735	12,751,274
Employee future benefits	337,688	346,292	354,896	363,500	372,104	380,708	389,312
Customer deposits	499,514	403,509	387,344	371,018	354,528	337,873	321,052
Contributions in aid of construction	1,859,325	2,079,294	2,243,761	2,484,390	2,710,286	2,929,537	3,142,144
Total non-current liabilities	15,141,500	15,560,580	16,009,286	16,491,169	16,059,088	17,265,853	16,603,781
Total Liabilities	19,692,126	20,610,173	21,152,658	21,714,963	21,349,896	22,681,222	22,075,998
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	2,991,878	3,690,890	4,199,885	4,650,205	5,148,251	5,640,792	6,126,750
Accumulated other comprehensive income	47,400	47,400	47,400	47,400	47,400	47,400	47,400
Total equity	11,329,992	12,029,004	12,537,999	12,988,318	13,486,365	13,978,906	14,464,864
Total liabilities and equity	31,022,118	32,639,177	33,690,656	34,703,282	34,836,261	36,660,127	36,540,863
Regulatory credit balances	560,033	313,135	506,363	571,346	399,634	399,634	399,634
Total liabilities, equity and regulatory balances	\$ 31,582,151	\$ 32,952,313	\$ 34,197,019	\$ 35,274,627	\$ 35,235,894	\$ 37,059,761	\$ 36,940,497

ORANGEVILLE HYDRO LIMITED

Statements of Cash Flows

Year ended December 31

	2019	2020	2021	2022	2023	2024	2025
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Operating activities							
Net income and net movement in regulatory balances	\$ 901,542	\$ 1,149,781	\$ 1,083,885	\$ 992,262	\$ 994,178	\$ 989,629	\$ 980,774
Adjustments for:							
Depreciation and amortization	981,874	993,239	1,030,589	1,091,456	1,128,902	1,167,246	1,174,892
Loss on disposal of property, plant and equipment	38,418	(64,000)	33,000	32,850	32,698	32,543	32,386
Net finance costs	432,396	413,805	414,271	418,435	395,209	404,270	400,505
Income tax expense	103,245	(80,777)	226,344	229,797	209,176	177,171	192,655
Tax on net movement in regulatory	198,124	171,723	(48,611)	(32,598)	(3,160)	5,469	15,256
Employee future benefits	8,604	8,604	8,604	8,604	8,604	8,604	8,604
Contributions received from customers	(49,035)	(54,907)	(60,461)	(66,371)	(73,104)	(79,749)	(86,393)
	\$ 2,615,168	\$ 2,537,468	\$ 2,687,622	\$ 2,674,436	\$ 2,692,503	\$ 2,705,184	\$ 2,718,678
Changes in non-cash operating working capital:							
Accounts receivable	(174,121)	136,160	(40,422)	(40,826)	(41,235)	(41,647)	(42,063)
Unbilled revenue	283,407	(26,261)	(26,523)	(26,789)	(27,056)	(27,327)	(27,600)
Inventory	30,168	(1,459)	(1,466)	(1,474)	(1,481)	(1,489)	(1,496)
Prepaid expenses	(14,095)	(1,456)	(1,471)	(1,486)	(1,500)	(1,515)	(1,531)
Other current assets	(194)	(49)	(54)	(59)	(65)	(72)	(79)
Accounts payable and accrued liabilities	(624,722)	321,970	37,949	38,322	39,542	39,974	40,411
Other payables	6,244	(2,004)	1,129	1,140	1,152	1,163	1,175
Customer deposits	(142,008)	(94,880)	(15,034)	(15,190)	(15,348)	(15,507)	(15,668)
	\$ (635,321)	\$ 332,021	\$ (45,893)	\$ (46,361)	\$ (45,992)	\$ (46,420)	\$ (46,851)
Regulatory balances	(1,020,659)	(1,246,368)	345,059	196,622	18,408	(35,101)	(87,225)
Income tax paid	(88,232)	171,219	(226,193)	(229,644)	(209,022)	(177,015)	(192,497)
Interest paid	(490,995)	(462,522)	(463,475)	(468,377)	(445,901)	(455,722)	(452,729)
Interest received	58,599	48,717	49,204	49,942	50,692	51,452	52,224
Net cash from operating activities	\$ 438,559	\$ 1,380,535	\$ 2,346,325	\$ 2,176,617	\$ 2,060,688	\$ 2,042,378	\$ 1,991,601
Investing activities							
Purchase of property, plant and equipment	(1,267,962)	(1,598,189)	(1,926,432)	(1,956,859)	(1,810,533)	(1,873,909)	(1,672,475)
Proceeds on disposal of property, plant and equipment	4,452	112,000	10,000	10,150	10,302	10,457	10,614
Proceeds on disposal of intangible assets	0	0	0	0	0	0	0
Purchase of intangible assets	(71,756)	(30,252)	(125,700)	(25,900)	(25,900)	(90,000)	(32,900)
Contributions received from customers	69,938	274,876	224,928	307,000	299,000	299,000	299,000
Net cash used by investing activities	\$ (1,265,328)	\$ (1,241,565)	\$ (1,817,204)	\$ (1,665,609)	\$ (1,527,131)	\$ (1,654,453)	\$ (1,395,761)
Financing activities							
Proceeds from long-term debt	2,000,000	1,000,000	1,000,000	1,000,000		2,000,000	
Repayment of long-term debt	(545,027)	(626,054)	(654,782)	(711,353)	(625,068)	(922,315)	(852,510)
Dividends paid	(566,435)	(450,771)	(574,891)	(541,942)	(496,131)	(497,089)	(494,815)
Net cash from financing activities	\$ 888,538	\$ (76,825)	\$ (229,672)	\$ (253,295)	\$ (1,121,199)	\$ 580,596	\$ (1,347,325)
Change in cash	61,770	62,145	299,448	257,713	(587,641)	968,522	(751,486)
Cash, beginning of year	582,924	656,693	547,116	895,175	1,185,486	601,004	1,564,057
Cash, end of year	\$ 656,693	\$ 547,116	\$ 895,175	\$ 1,185,486	\$ 601,004	\$ 1,564,057	\$ 797,315

13. Conclusion

The 2021 Budget presents a steady and resilient financial outlook for the following year. It was prepared with the expectation that COVID-19 will not significantly affect capital expenditures and OM&A expenses. The 2021 Budget has been prepared with conservative assumptions with regards to growth.

The 2022-2025 Business Plan presents a consistent and stable financial outlook. 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.