

**ORANGEVILLE
HYDRO**

2026-2030

BUSINESS PLAN



Table of Contents

1. EXECUTIVE SUMMARY	3
2. MISSION, VISION AND VALUES	3
• VISION STATEMENT	3
• MISSION STATEMENT	3
• VALUES STATEMENT	3
3. SWOT ANALYSIS	4
• STRENGTHS	4
• WEAKNESSES	4
• OPPORTUNITIES	5
• THREATS AND UNCERTAINTIES	5
• CAPABILITY	5
4. STRATEGIC OBJECTIVES	6
• SAFETY	6
• CUSTOMER FOCUS	6
• OPERATIONAL EFFECTIVENESS	6
• PUBLIC POLICY RESPONSIVENESS	7
• FINANCIAL PERFORMANCE	7
5. ABOUT THE UTILITY	8
• CORPORATE STRUCTURE AND ORGANIZATIONAL CHART OF THE UTILITY	8
6. ECONOMIC OVERVIEW AND CUSTOMER DESCRIPTION	9
• ECONOMIC OVERVIEW OF THE SERVICE AREA	9
• CUSTOMER DESCRIPTION	9
7. PERFORMANCE METRICS AND FUTURE PLANS	10
• 2024 SCORECARD MANAGEMENT DISCUSSION AND ANALYSIS	10
• GENERAL SCORECARD OVERVIEW	11

Table of Contents

• PACIFIC ECONOMICS GROUP (PEG) REPORT.....	12
• DISTRIBUTION REVENUE	13
• COST OF SERVICE (COS) RATE APPLICATION	14
• HISTORICAL AND PROPOSED REVENUES	14
• BILL IMPACTS	16
8. CAPITAL SPENDING	18
• KEY OBJECTIVES FOR CAPITAL EXPENDITURES	18
• 2026 CAPITAL BUDGET	19
• 2018-2030 CAPITAL EXPENDITURE PLAN	21
9. OPERATIONAL COSTS	24
• 2026 OPERATIONS, MAINTENANCE, AND ADMINISTRATION BUDGET.....	25
• 2014-2030 OPERATING, MAINTENANCE, AND ADMINISTRATION EXPENDITURE PLAN ...	26
10. PERSONNEL	28
11. FINANCIAL SUMMARY	29
• REVENUES	33
• EXPENSES	33
• CAPITAL STRUCTURE	33
• RATES/RETURN	34
• DIVIDENDS	34
12. PRO-FORMA FINANCIAL STATEMENTS.....	35
13. CONCLUSION	37

1. Executive Summary

Orangeville Hydro Limited's Business Plan for 2026-2030 is developed in conjunction with the annual strategic plan, internal goal setting and target planning. This business plan is also based on meeting Ontario Energy Board (OEB) initiatives and governmental public policy responsiveness as well as our internal objectives in creating efficiencies. These objectives are met while maintaining safety, excellent customer service objectives and focus, system reliability, and stable financial performance. This business plan summarizes Orangeville Hydro's historical, target and forecasted performance with respect to performance metrics to ensure that Orangeville Hydro delivers on its strategic objectives.

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.

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 provide value 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.

Vision

“

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

”

Values Statement

To continue into the future as a profitable electricity distribution enterprise the following principles are core 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 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 continued 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 67% 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 strictly 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 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. Orangeville Hydro can be a solutions provider to improve our customers' 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 and increasingly digital means of communication with customers. The post-pandemic recovery is an opportunity to challenge the status quo and find more new ways of operating as an organization.

➤ Threats and Uncertainties

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 codes by the Ontario Energy Board affects the ability of 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 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 Ontario Electricity Support Program, the Low-Income Energy Assistance Program, and 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.

We will join the EDA in their efforts to promote and educate the policy and regulatory enablers that will advance the energy transition as described in the 2024 Solving Grid-Lock Vision Paper.

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.

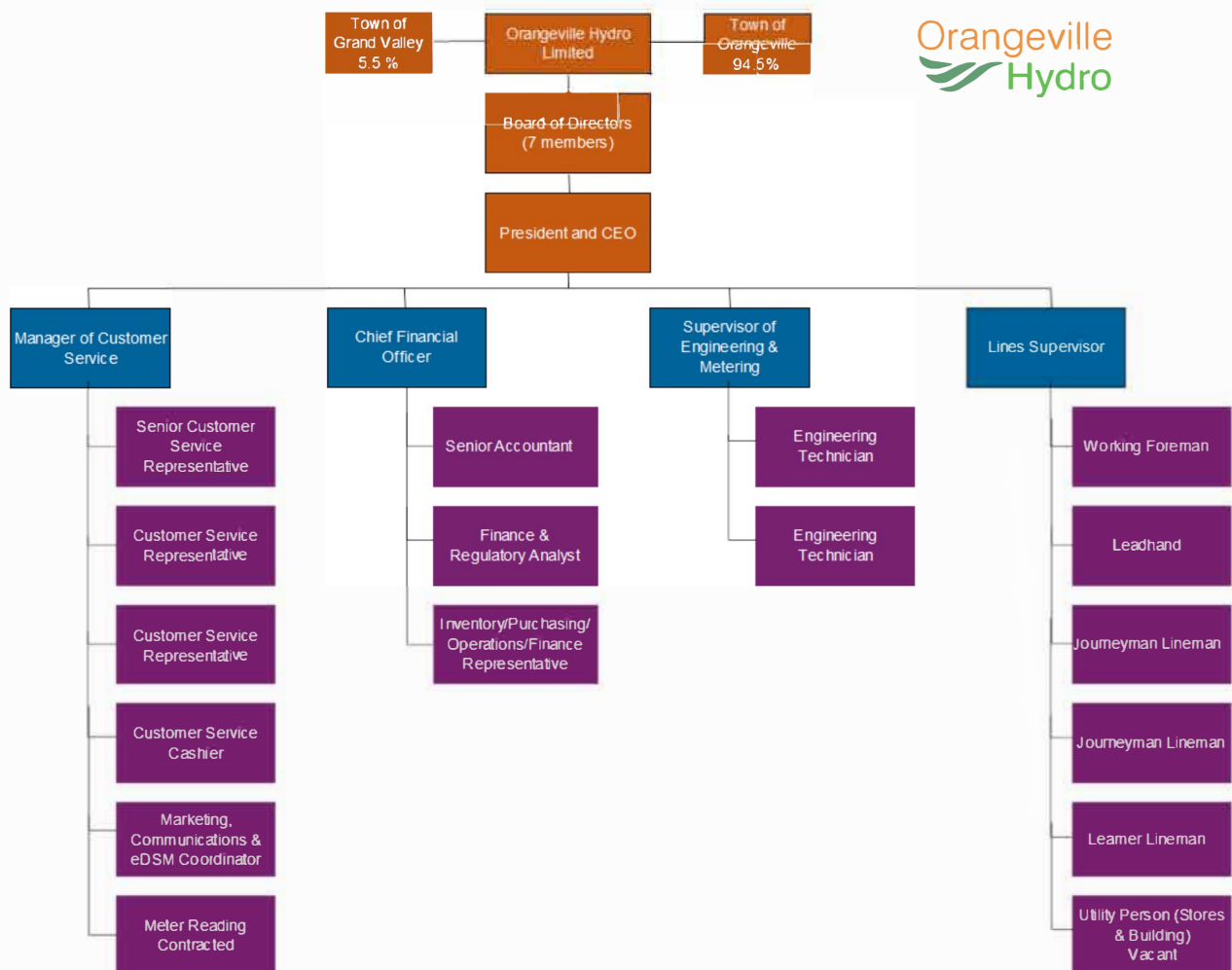
We will investigate feasible opportunities to grow the regulated distribution business.

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.

Table 1: Corporate Structure and Organizational Chart of the Utility



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 32,000 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, 2024

Customer Class	Number of Customers
Residential	11,696
General Service <50 kW	1,198
General Service >50kW	127
Sentinel Lights	34
Street Lights	3
Unmetered Scattered Load	28
Generation	42
Total	13,128

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, and automotive manufacturing sectors.

Table 3: Average Monthly Consumption per Customer (kWh)

Customer Class	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	720	699	690	661	709	685	732	723	721	696	713
General Service < 50 kW	2,640	2,609	2,630	2,605	2,680	2,625	2,523	2,507	2,651	2,582	2,549
General Service > 50 kW	74,861	79,164	77,689	83,342	84,012	83,963	87,180	90,963	95,139	91,667	91,724
Sentinel Lights	64	60	52	59	58	57	57	57	55	55	55
Street Lights	55	51	30	27	26	26	26	25	26	26	26
Unmetered Scattered Load	462	348	318	361	338	338	338	335	335	340	340

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, property intensification decreasing the average size of a household, our customers converting from electrical heating equipment to natural gas, residential customers working from home, and in recent years, electrification activities taking place. 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 been mainly increasing from 2014 to 2022, with a decrease in 2023 and 2024. The overall increases are typically related to expansions of our largest customers.

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

2024 Scorecard Management Discussion and Analysis

The performance outcomes outlined in the RRFE are measured on the LDCs scorecard which is published annually. In 2024, 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 2025 audited results will be posted in July, 2026.

Performance Outcomes	Performance Categories	Measures	2020	2021	2022	2023	2024	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%	99.24%	100.00%	99.24%	99.48%	👆		90.00%	
		Scheduled Appointments Met On Time	100.00%	99.25%	100.00%	99.24%	99.49%	👆		90.00%	
		Telephone Calls Answered On Time	99.11%	99.21%	99.26%	99.43%	99.08%	👆		65.00%	
	Customer Satisfaction	First Contact Resolution	99.9	99.83%	99.62%	99.67%	99.76%	👆		98.00%	
		Billing Accuracy	99.84%	99.82%	99.73%	99.79%	99.89%	👆			
		Customer Satisfaction Survey Results	76	76	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	85.50%	84.50%	84.50%	83.70%	83.70%	👇		C	
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	👆		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	1	0	0	0	👆		0
			Rate per 10, 100, 1000 km of line	0.000	0.450	0.000	0.000	0.000	👆		0.063
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.01	1.75	0.47	0.29	0.25	👆		0.77	
		Average Number of Times that Power to a Customer is Interrupted ²	0.75	0.91	0.52	0.24	0.33	👆		0.56	
	Asset Management	Distribution System Plan Implementation Progress	102	87%	156%	110%	93%	👆			
		Efficiency Assessment	2	1	1	1	1	👆			
	Cost Control	Total Cost per Customer ³	\$535	\$550	\$605	\$661	\$708	👆			
		Total Cost per Km of Line ³	\$30,612	\$31,921	\$35,340	\$38,970	\$41,002	👆			
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	New Micro-embedded Generation Facilities Connected On Time								90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.41	0.78	1.39	1.03	1.54	👆			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.12	1.12	1.28	1.18	1.10	👆			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%	9.21%	👆		
			Achieved	11.83%	9.48%	5.71%	8.25%	7.24%	👆		

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.

Legend:

5-year trend
 👆 up 📉 down 🔄 flat
 Current year
 🟢 target met 🟡 target not met

General Scorecard Overview

In 2024, 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 throughout 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 a customer portal to assist our customers with interactive information that allows them to better monitor, understand, and control their electricity consumption. Orangeville Hydro is continually improving our website, which provides our customers with 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 2025, Orangeville Hydro has continued 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 our infrastructure and in our response to your needs.

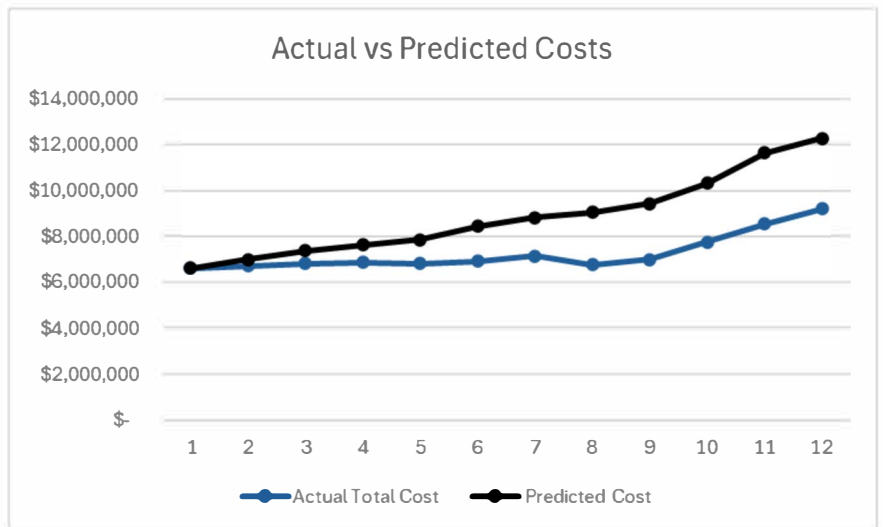
Pacific Economics Group (PEG) Report

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 has remained in the Cohort 1 efficiency ranking for 2024, after moving to Cohort 1 in 2021 (as per PEG 3-year average). The utility is continuously looking for ways of finding efficiency in its Operations, Maintenance and Administration costs.

Table 4: PEG Past Performance (Stretch Factor)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Stretch Factor Cohort - Annual result	3	3	3	3	2	2	2	2	1	1	1	1
Associated Stretch Factor Value	0.3	0.3	0.3	0.3	0.15	0.15	0.15	0.15	0	0	0	0

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 Cohort 1.



Incentive rate setting rewards distributors based on their total cost performance, i.e., the better the cost performance, the better the reward. Based on ranking, each distributor is assigned to one of five cohorts, with the best cost performers in Cohort I and the lower cost performers in Cohort V. The distributors in Cohort I as the best performers are rewarded with no rate reduction adjustment. The distributors in the lower cohorts receive reduction adjustments ranging from 0.15% in Cohort II to 0.60% in Cohort V. The stretch factors are designed to incent distributors to perform better, and as such, promote, recognize and reward distributors for cost efficiency improvements, which in turn lead to lower distribution costs and rates.

For 2026 rates, the inflation rate is set at 3.7%, and since OHL is in Cohort 1, there is no reduction to this rate. Therefore OHL’s 2026 distribution rates will be increased by 3.7%.

Table 5: Summary of Cost Performance Results

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actual Total Cost	\$6,641,298	\$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	\$8,573,353	\$9,225,368
Predicted Cost	\$6,632,835	\$7,017,613	\$7,392,329	\$7,647,811	\$7,884,993	\$8,469,068	\$8,832,618	\$9,060,469	\$9,442,218	\$10,324,03	\$11,641,361	\$12,275,209
YOY % change of Actual Costs		1.50%	1.50%	0.80%	-0.98%	1.43%	3.59%	-5.39%	3.34%	10.71%	10.27%	7.61%
% Difference Actual vs Predicted Costs	0.13%	-3.98%	-7.65%	-10.20%	-14.30%	-20.00%	-20.70%	-28.76%	-29.60%	-28.36%	-30.59%	-28.56%
Three year average performance			-3.80%	-7.30%	-10.70%	-14.80%	-18.30%	-23.20%	-26.40%	-28.90%	-29.50%	-29.20%

Distribution Revenue

The Ontario Energy Board uses annual reported results from LDCs and provides a comparison tool of financial and non-financial statistics of all utilities in the province. This allows OHL to compare itself to other LDCs in the province. Based on 2024 rates, Orangeville Hydro was the 15th lowest in the province for distribution revenue per customer for the residential customer class (based on the fixed service charge). For the General Service less than 50kW customer class, Orangeville Hydro is 15th lowest in the province, based on the combined service charge and volumetric charge. For the General Service greater than 50kW customer class, Orangeville Hydro is 11th lowest in the province, based on the combined service charge and volumetric charge. Staff at Orangeville Hydro work diligently to keep the distribution revenue rates for our customers lower than many other LDCs, and significantly lower than Hydro One. Lower utility bills provides customers with more money in their pockets, and helps drive economic development within the commercial sector.

Table 6: Distribution Revenue - Residential Customer rate per month

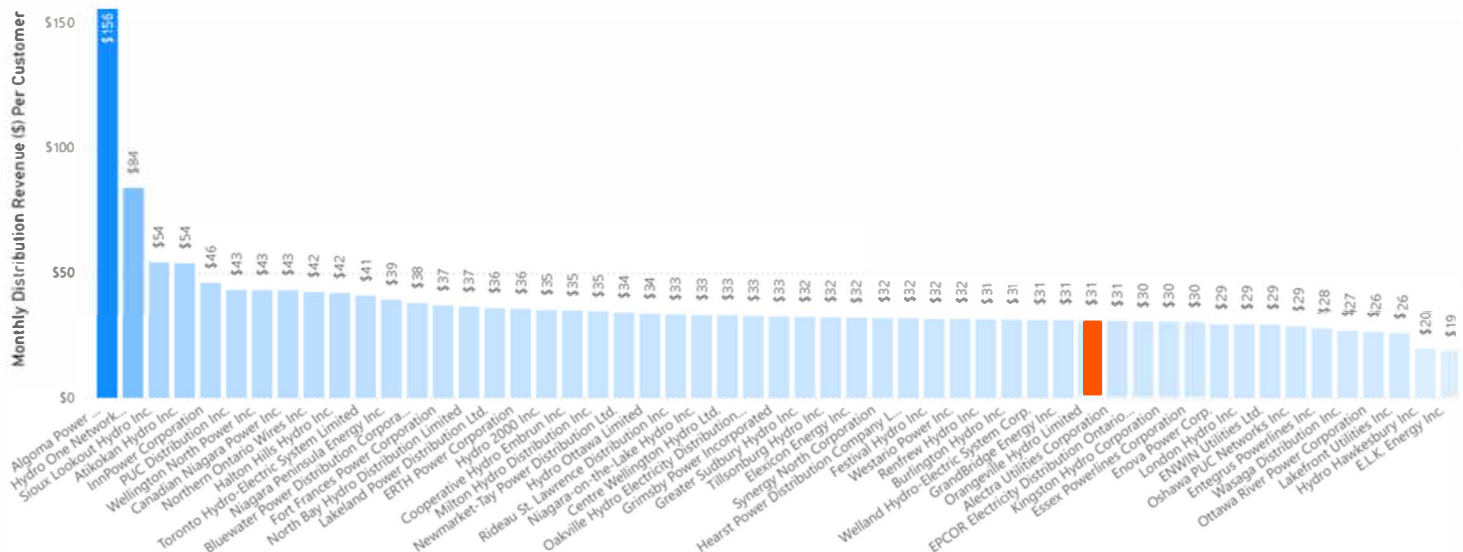


Table 7: Distribution Revenue – General Service < 50 kW Customer rate per month

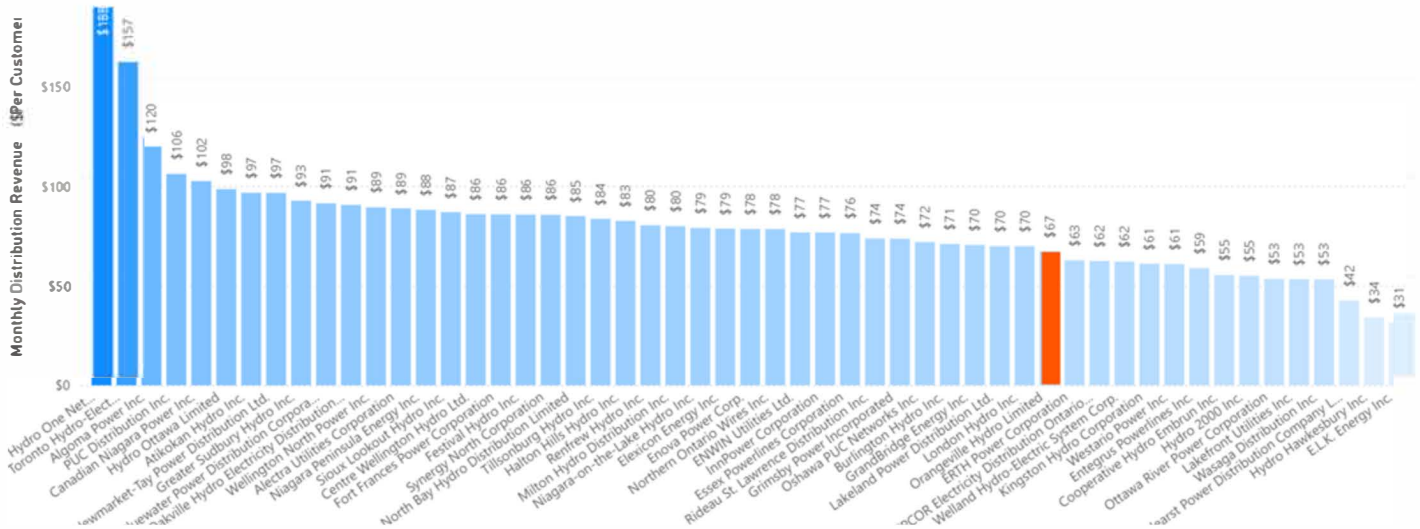
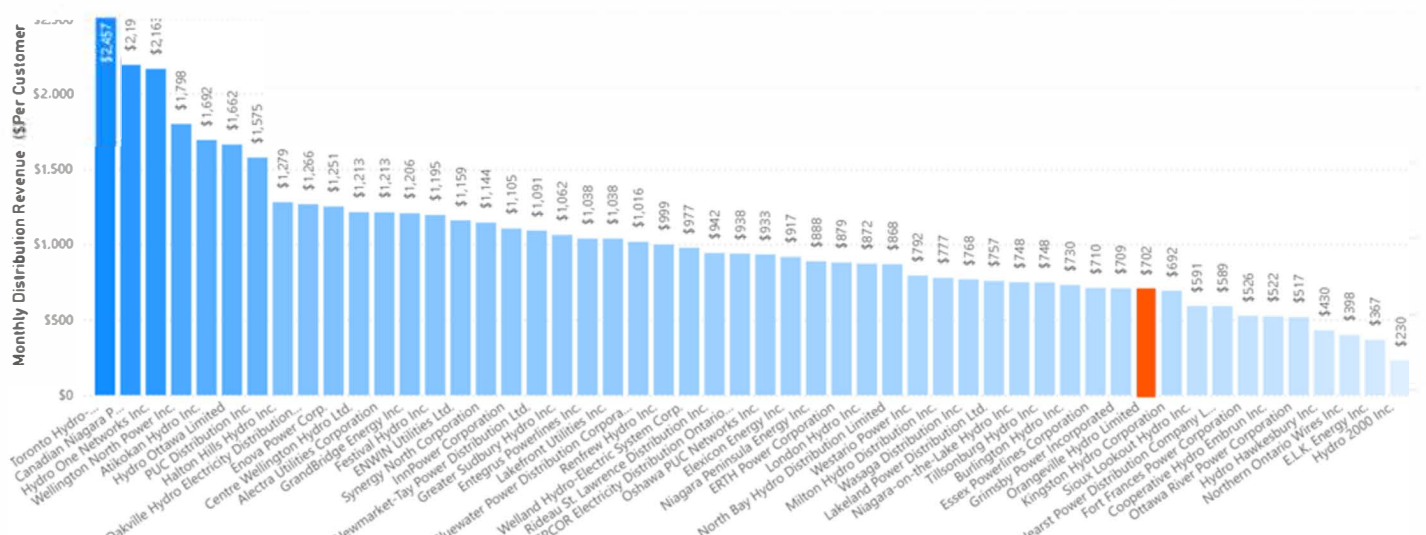


Table 8: Distribution Revenue – General Service > 50 kW Customer rate per month



Cost of Service (COS) Rate Application

In 2024, Orangeville Hydro completed 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 Orangeville Hydro before being reviewed by the OEB. This COS mainly affects the distribution revenue that will be paid by each customer through their service charge (fixed rate) and distribution volumetric (variable rate) charge.

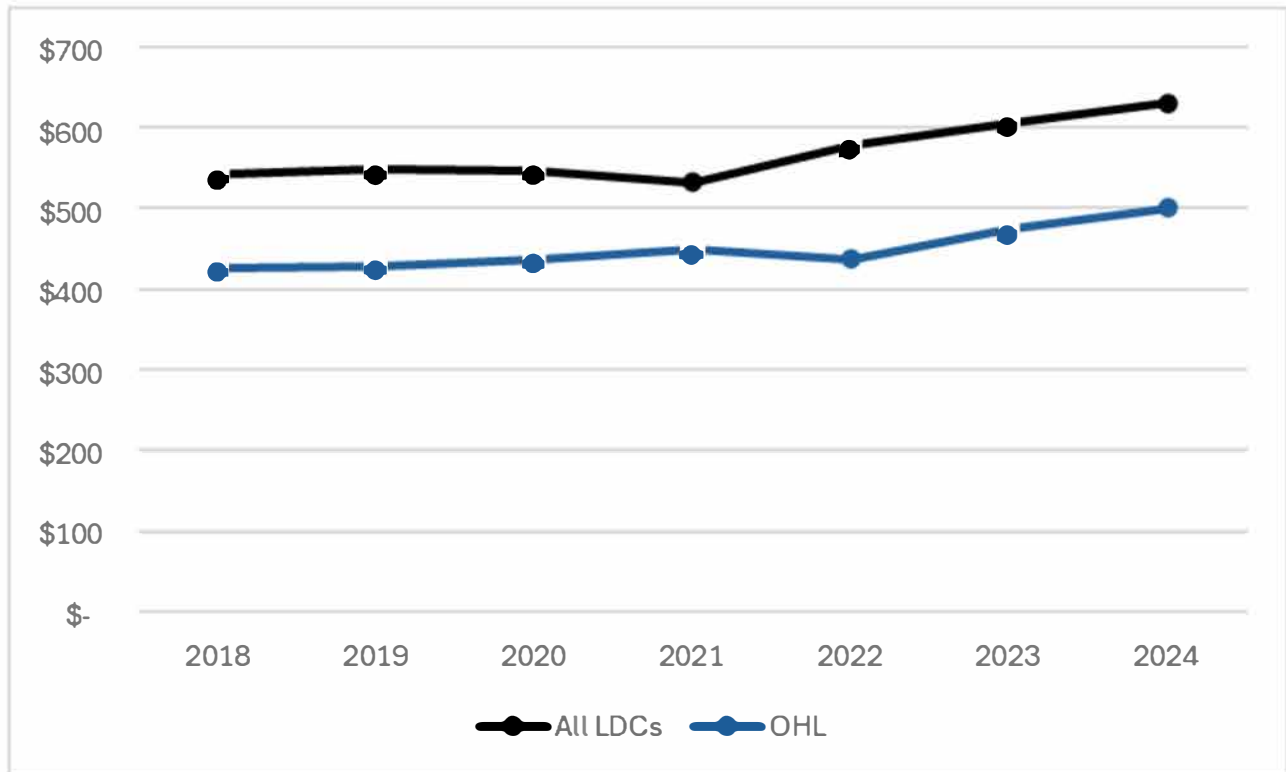
Historical and Proposed Revenues

The historical customer growth has allowed Orangeville Hydro’s overall distribution revenue to increase without significantly increasing the distribution revenue per customer. Orangeville Hydro’s total distribution revenue per customer is historically significantly lower than the total provincial distribution revenue per customer.

Table 9: Historical and Proposed Distribution Revenues

		Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Budget 2026
Residential	Customers	11,285	11,360	11,409	11,483	11,560	11,668	11,696	11,749	11,845
	kWh	96,120,656	93,470,023	100,184,806	99,647,947	99,959,003	97,486,449	100,125,104	101,105,841	101,947,284
	Revenues	\$3,602,177	\$3,631,125	\$3,757,300	\$3,889,196	\$3,693,685	\$4,035,271	\$4,363,003	\$4,625,259	\$4,830,703
GS<50	Customers	1,164	1,163	1,164	1,168	1,161	1,175	1,198	1,210	1,359
	kWh	37,480,006	36,623,491	35,247,190	35,138,692	36,930,708	36,411,959	36,650,173	37,099,257	37,460,488
	Revenues	\$782,960	\$822,922	\$847,950	\$872,387	\$878,222	\$948,962	\$965,437	\$1,051,836	\$1,134,915
GS>50	Customers	134	132	124	124	125	127	127	128	128
	kWh	134,083,745	133,361,535	129,723,990	135,353,62	142,708,632	139,700,55	139,787,907	138,415,293	137,965,558
	Revenues	\$857,752	\$868,499	\$836,472	\$878,648	\$966,947	\$1,045,130	\$1,070,405	\$1,132,985	\$1,178,971
Sentinel Lights	Connections	155	157	158	158	157	157	157	156	156
	kWh	107,351	107,697	107,698	107,404	104,541	103,896	103,961	103,316	103,096
	Revenues	\$8,362	\$8,480	\$9,298	\$10,573	\$10,455	\$10,762	\$12,142	\$13,724	\$14,305
Streetlights	Connections	2,939	2939	2962	2982	2,985	2,952	2,952	2,952	2,952
	kWh	912,796	925,959	924,100	911,971	917,094	903,795	905,100	905,334	905,334
	Revenues	\$73,088	\$74,656	\$87,468	\$77,905	\$87,657	\$103,992	\$88,329	\$91,339	\$94,738
USL	Connections	97	97	97	98	98	95	95	94	94
	kWh	393,393	393,393	393,393	393,393	393,393	387,813	387,359	387,344	387,344
	Revenues	\$40,430	\$10,787	\$11,076	\$11,603	\$10,993	\$11,473	\$12,341	\$13,156	\$13,638
TOTAL	kWh	269,097,947	264,882,097	266,581,177	271,553,03	281,013,37	274,994,46	277,959,603	278,016,386	278,769,104
	Revenues	\$5,364,768	\$5,416,469	\$5,549,565	\$5,740,311	\$5,647,959	\$6,155,590	\$6,511,656	\$6,928,299	\$7,267,270

Table 10: Historical Distribution Revenue per Customer



Residential Bill Impacts

Since our prior 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. In 2024, Orangeville Hydro completed another cost of service rate application. There was a more significant rate increase as rates were trued up to recover projected 2024 expenses. 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). In 2019 and 2020, Orangeville Hydro did not dispose of all deferral and variance accounts, which is why there was a larger bill impact in 2021 (including rate riders), as these rates included dispositions for multiple years. There was a larger bill impact in 2024 as well, as smaller Group 2 variance accounts were also disposed of, which had been accumulating since 2014.

Table 11: Residential Bill Impacts

Distribution Charges excluding Rate Riders (incl. SME charge)								
	2019	May 1, 2020	Nov 1, 2020	2021	2022	2023	2024	2025
Fixed Rate	\$27.19	\$27.68	\$27.92	28.35	28.85	29.58	32.55	33.71
Variable Rate	\$ -	\$ -	\$ -	\$ -				
Total (700 kWh)	\$27.19	\$27.68	\$27.92	\$28.35	\$28.85	\$29.58	\$32.55	\$33.71
Distribution Rate Impact	1.70%	1.80%	2.70%	1.50%	1.80%	2.50%	10.00%	3.60%

Distribution Charges including Rate Riders								
	2019	May 1, 2020	Nov 1, 2020	2021	2022	2023	2024	2025
Fixed Rate	\$27.35	\$27.84	\$28.08	28.67	29.01	29.66	33.04	33.55
Variable Rate	\$0.00	\$0.00	\$0.00	\$0.01	0.0039	0.0047	0.0064	0
Total (700 kWh)	\$28.12	\$28.61	\$28.85	\$35.25	\$31.74	\$32.95	\$37.52	\$33.55
Distribution Rate Impact	5.60%	1.70%	2.60%	22.20%	-10.00%	3.80%	13.90%	-10.60%
Total Bill Impact	1.10%	1.10%	1.10%	1.90%	3.20%	3.40%	3.60%	-2.10%

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,
- 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 capacity they require from the distribution system, and
- Ensuring all regulatory compliance obligations are achieved.

System access expenditures for 2025 to 2030 are expected to be higher than the historical average of 2019 to 2024. 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 2025 to 2030 are expected to be higher than the historical average of 2019 to 2024. 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 2025 to 2030 are expected to be higher than the historical average of 2019 to 2024. 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.

General Plant expenditures for 2025 to 2030 are expected to be higher than the historical average of 2019 to 2024. 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.

2026 Capital Budget

Description	2026 Budget	2025 Budget	Variance 2026 Budget to 2025 Budget	2025 Forecast	Variance 2025 Forecast to 2025 Budget	2024 Actuals	Variance 2026 Budget to 2024 Actuals
System Access	1,376,043	904,984	471,059	418,099	(486,885)	964,291	411,752
System Renewal	946,446	932,519	13,927	1,130,316	197,797	445,639	500,807
System Service	1,016,769	1,180,480	(163,710)	1,314,537	134,058	871,505	145,264
General Plant	359,100	430,800	(71,700)	431,814	1,014	649,907	(290,807)
Total Gross expenditures	3,698,359	3,448,783	249,576	3,294,767	(154,016)	2,931,342	767,017
Contributed Capital	(587,056)	(434,612)	(152,444)	(208,863)	225,750	(518,832)	(68,225)
Total net expenditures	\$3,111,302	\$3,014,171	\$97,132	\$3,085,904	\$71,734	\$2,412,510	\$698,792

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 2026 Capital Budget of \$3,111,302 includes the completion of two significant System Service projects, which are: B126 - MS4 West Feeder - Amelia St-Jackson Court Voltage Conversion, and B127 - MS4 West Feeder - Westmorland-Fairview-Elm Voltage Conversion. B126 and B127 are a continuation of the Orangeville Hydro voltage conversion program.

The System Renewal projects of \$946,446 are planned transformer, hardware, meter, automatic sleeve and pole replacements.

System Access costs of \$1,376,043 are mainly attributed to the connection of two new residential subdivisions in Orangeville.

The 2026 General Plant Budget of \$359,100 includes building and office equipment upgrades, as well as a new float trailer and a backyard digger derrick. This new backyard digger derrick will provide additional flexibility to complete tasks that our current vehicles cannot access, as well as will remove the need to rent equipment to complete certain jobs. This budget includes computer equipment and software upgrades, which includes the main server replacement, Harris customer information system upgrades, and the remaining costs to complete the Geographic Information System ("GIS") implementation. A new pickup truck to replace truck #37 is included, based on the Orangeville Hydro vehicle replacement policy.

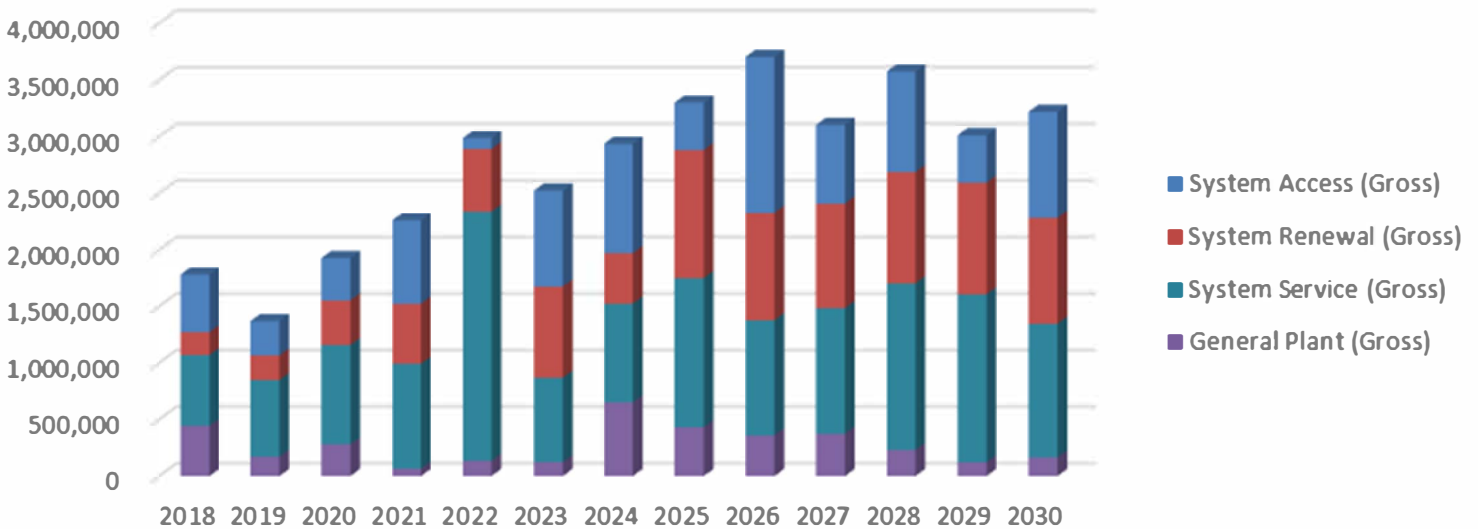
Throughout 2025, price increases have been realized on major capital items and this budget has incorporated the known increases.

2026 Capital Budget by Category

Category	Reference Number	Project Description	Total Project	Contributed Capital
System Access	C01-2026	Various General Service Capital Contribution Projects	176,357	(111,357)
System Access	C02-2026	Various Residential Capital Contribution Projects	30,900	(25,000)
System Access	F01-2026	Estimated Distributed Energy Resources	8,240	(8,240)
System Access	S01-2026	Various Subdivisions	1,160,546	(442,459)
System Access Total:			\$1,376,043	\$ (587,056)
System Renewal	B00-2026	Failed Transformer Replacement	87,200	
System Renewal	B00-Refurb-2026	Transformer Corrosion Refurbishment	49,396	
System Renewal	H00-2026	Hardware Replacement	51,500	
System Renewal	H00-SLEEVE-2026	Hardware Replacement - Automatic Sleeve Replacement	95,064	
System Renewal	H00-PME-2026	Failed PME Replacement	53,144	
System Renewal	M00-STOCK-2026	Meter Replacement and Additions - Purchases	342,786	
System Renewal	M00-PRIMARY-2026	Meter Replacement and Additions - Primary Meter Replacement	10,781	
System Renewal	M00-REVER-2026	Meter Replacement and Additions - Reverification	39,311	
System Renewal	M00-MODEM-2026	Meter Replacement and Additions - Phone to Modem	57,466	
System Renewal	M00-SAMP-2026	Meter Sampling	11,274	
System Renewal	P00-2026	Pole Replacement	148,526	
System Renewal Total:			\$946,446	
System Service	B126-2026	MS4 West Feeder - Amelia St-Jackson Crt Voltage Conversion	412,619	
System Service	B127-2026	MS4 West Feeder - Westmorland-Fairview-Elm Voltage Conversion	604,150	
System Service Total:			\$1,016,769	
General Plant	GP 2026 - 1	Building	27,600	
General Plant	GP 2026 - 2	Office & Computer Equipment	73,990	
General Plant	GP 2026 - 3	Computer Software	53,800	
General Plant	GP 2026 - 4	Vehicles	96,000	
General Plant	GP 2026 - 5	Tools, Shop & Garage Equipment	107,710	
General Plant Total:			\$359,100	
Total 2026 Budget Capital Expenditures			\$3,698,359	\$(587,056)
Total 2026 Budget Capital Expenditures Less Contributed Capital			\$3,111,302	

2018-2030 Capital Expenditure Plan

Table 12: Capital Expenditures by Year and Type



Orangeville Hydro filed a Distribution System Plan (DSP) in conjunction with the 2024 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 Renewal upgrade projects, System Service conversion projects, and General Plant expenditures.

Table 13: Summary of Historical and Plan Capital Expenditures 2018-2030

Historical							
Category	2018	2019	2020	2021	2022	2023	2024
System Access (Gross)	509,508	302,685	372,926	736,527	96,413	845,007	964,291
System Renewal (Gross)	201,614	217,629	394,476	530,019	554,050	803,908	445,639
System Service (Gross)	625,952	676,650	877,012	925,386	2,197,624	744,099	871,505
General Plant (Gross)	443,852	171,264	280,525	66,192	134,922	123,917	649,907
Gross Capital Expenses	1,780,926	1,368,228	1,924,939	2,258,124	2,983,009	2,516,930	2,931,342
Contributed Capital	-198,868	-114,921	-239,979	-349,139	-62,566	-491,763	-518,832
Net Capital Expenses after Contributions	1,582,058	1,253,307	1,684,960	1,908,985	2,920,443	2,025,166	2,412,510
System O&M	754,878	958,991	807,988	1,077,960	1,164,462	1,134,731	1,272,322

Plan						
Category	2025	2026	2027	2028	2029	2030
System Access (Gross)	418,099	1,376,043	695,726	887,575	417,515	934,592
System Renewal (Gross)	1,130,316	946,446	922,462	980,698	985,441	935,321
System Service (Gross)	1,314,537	1,016,769	1,110,449	1,468,802	1,482,481	1,180,577
General Plant (Gross)	431,814	359,100	374,032	231,554	123,137	165,281
Gross Capital Expenses	3,294,767	3,698,359	3,102,668	3,568,629	3,008,573	3,215,771
Contributed Capital	-208,863	-587,056	-184,153	-231,409	-180,427	-392,461
Net Capital Expenses after Contributions	3,085,904	3,111,302	2,918,515	3,337,220	2,828,146	2,823,309
System O&M	1,331,167	1,382,465	1,417,027	1,452,453	1,488,764	1,525,983

Details of major projects each year are below:

2027:

- B125-2027-MS3 North Feeder - Broadway-Banting-Zina-Elizabeth-Birch Conversion
- Purchase of new meter stock
- Replacement of transformers, automatic sleeves, poles and hardware
- Connection of two subdivisions, one in Orangeville and one in Grand Valley
- Replacement of an electric vehicle is included in the General Plant budget

2028:

- B128-2028-Meadow, Passmore, Pheasant Dr Voltage Conversion
- Purchase of new meter stock
- Replacement of transformers, poles and hardware
- Connection of two subdivisions, one in Orangeville and one in Grand Valley
- Replacement of a dump truck is included in the General Plant budget

2029:

- B129-2029-MS4 West Feeder - Kensington Place Voltage Conversion
- BRAB-2029-Voltage Conversion of Rabbits (Crimson, Orangemill, Quarry, Sherbourne)
- Purchase of new meter stock
- Replacement of transformers, poles and hardware
- Connection of one subdivision in Orangeville

2030:

- Completion of voltage conversion program for remaining areas and substation decommissioning
- Purchase of new meter stock
- Replacement of transformers, poles and hardware
- Connection of two subdivisions, one in Orangeville and one in Grand Valley
- Distribution Automation installations (load break switch upgrades)

Looking ahead to **2031** – the replacement of a large bucket truck that is past its useful life, at an estimated cost of \$1.2 Million.

9. Operational Costs

Operating and maintenance work will maintain the focus on inspecting, testing, patrolling, planned disconnect/reconnects, 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 and Maintenance budgets include labour, material, and contractor costs.

The Billing and Collecting budget includes an allocated portion of the salary for the Manager of Customer Service to oversee the customer service department, customer service and communications 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 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, our Customer Appreciation event, the Grand Valley Duck Race, Kidsfest at Rotary Ribfest and the Orangeville Farmers market.

Administration is an integral part of our business plan and budget. The Administration 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 costs 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.

2026 Operations, Maintenance, and Administration Budget

Description	2026 Budget	2025 Budget	Variance 2026 Budget to 2025 Budget	2025 Forecast	Variance 2025 Forecast to 2025 Budget	2024 Actuals	Variance 2026 Budget to 2024 Actuals
Operating	1,035,541	1,016,693	18,848	941,309	(75,384)	1,014,112	21,429
Maintenance	346,924	306,272	40,653	389,858	83,587	258,210	88,714
Distribution	1,382,465	1,322,968	59,497	1,331,167	8,199	1,272,322	110,143
Operating	1,211,381	1,237,344	(25,963)	1,209,983	(27,361)	1,209,387	1,994
Maintenance	41,516	61,721	(20,205)	37,039	(24,682)	54,368	(12,851)
Billing & Collecting	1,790,262	1,656,783	133,479	1,689,378	32,595	1,691,979	98,283
Total	\$4,425,624	\$4,278,816	\$146,808	\$4,267,567	\$ (11,249)	\$4,228,055	\$197,569
Total Percentage Variance			3.40%		-0.26%		4.67%

Overall, the 2026 OM&A Expenses Budget of \$4,425,624, is \$146,808 higher than the 2025 Budget of \$4,278,816 due to the expenditures described below. The 2025 Forecast of \$4,267,567 is \$11,249 lower than the 2025 Budget.

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 efficiencies to reduce OM&A spending where possible. Inflationary increases have been incorporated into the 2026 budget, as there have been widespread increases on many items throughout the budget.

Distribution

The 2026 Distribution Budget is higher than the 2025 Budget with an increase of \$59,497. This increase is mainly due to higher locate contractor costs from an increase in locate requests, as well as higher labour expenses for customer requested disconnect/reconnects, to bring the budget more in line with 2025 actuals.

Billing, Collecting, and Meter Reading

The 2026 Billing and Collecting Budget is lower than the 2025 Budget by \$25,963. The decrease is due to a change in allocation of labour costs between electric and water billing expenses, where the labour costs decreased for electric billing. There was also a decrease in the Marketing and Communications Coordinators' labour, as a portion of this salary will be recovered from electricity Demand Side Management ("eDSM") funding. The 2026 budget also includes monthly Silverblaze costs to improve the online portal for customer account information.

Community Relations

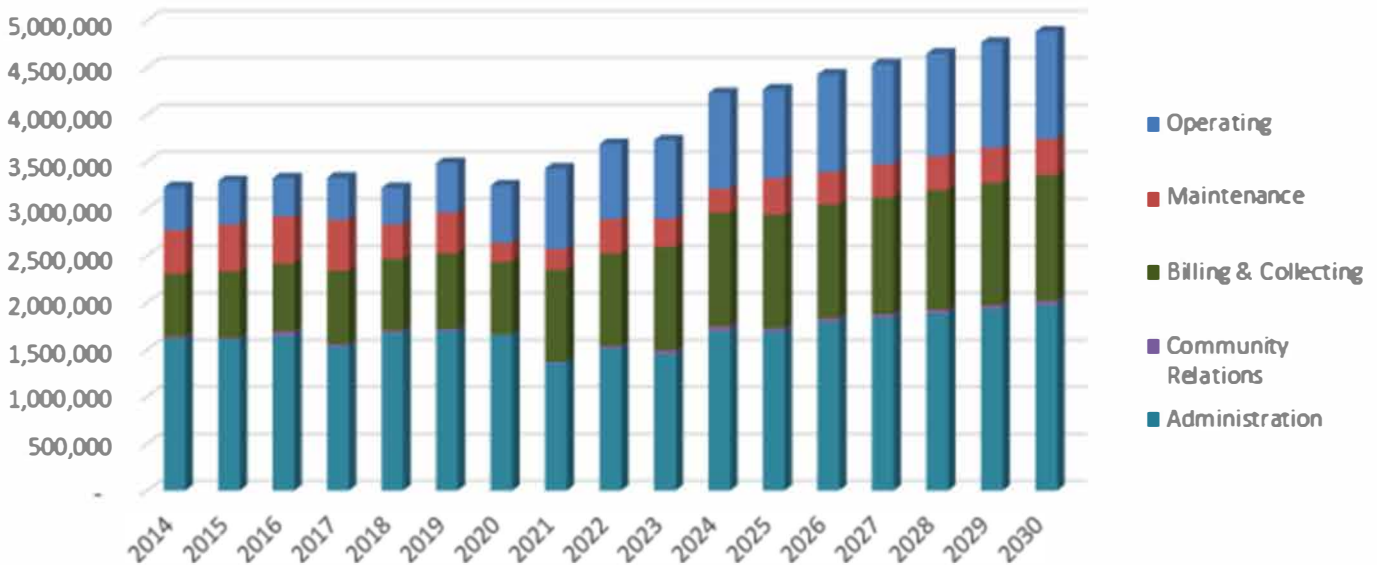
The 2026 Community Relations Budget is lower than the 2025 budget by \$20,205. The budget is lower as there is no longer an allocation of the Marketing and Communications Coordinators' labour in this account. The budget includes four planned community engagement events, and advertising expenses.

Administration

The 2026 Administration Budget is \$133,479 higher than the 2025 Budget as it includes salary progressions, as well as increases in insurance costs, Ontario Energy Board regulatory expenses, benefits costs, and association expenses. There was also an increase in snow removal costs, and computer supplies expenses. Additionally, the allocation between indirect electric and water billing expenses changed, with a higher allocation moved to electric expenses.

2014-2030 Operating, Maintenance, and Administration Expenditure Plan

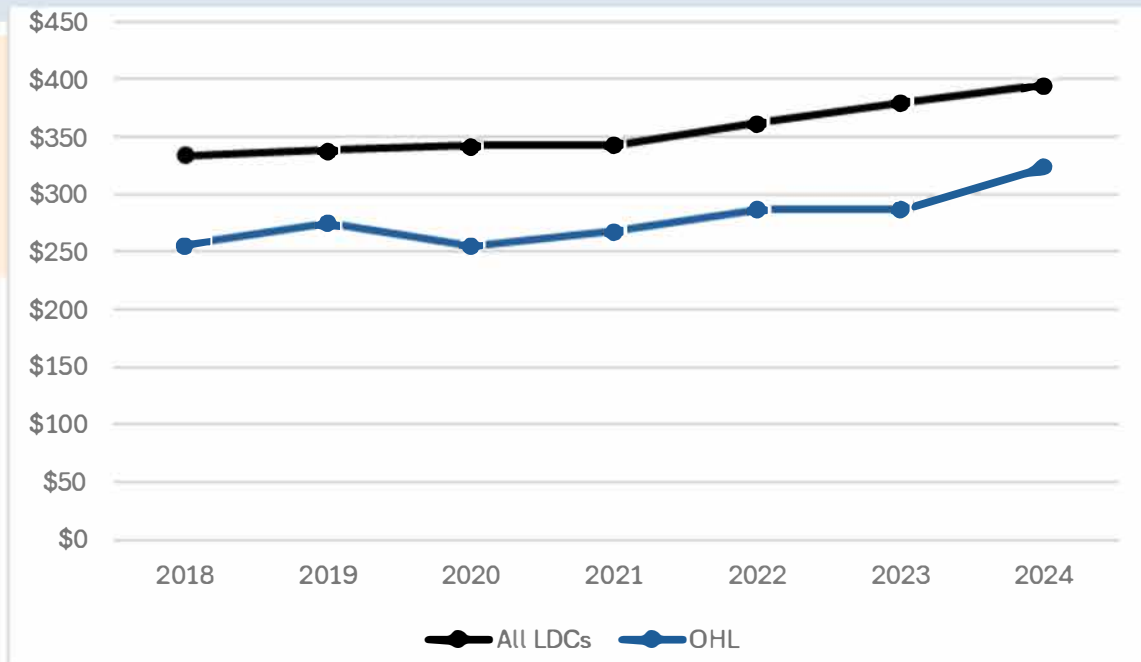
Table 14: OM&A Expenses by Year and Type



In the forecast from 2026 to 2030, an increase in most operating costs of a rate of 2.5%-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.

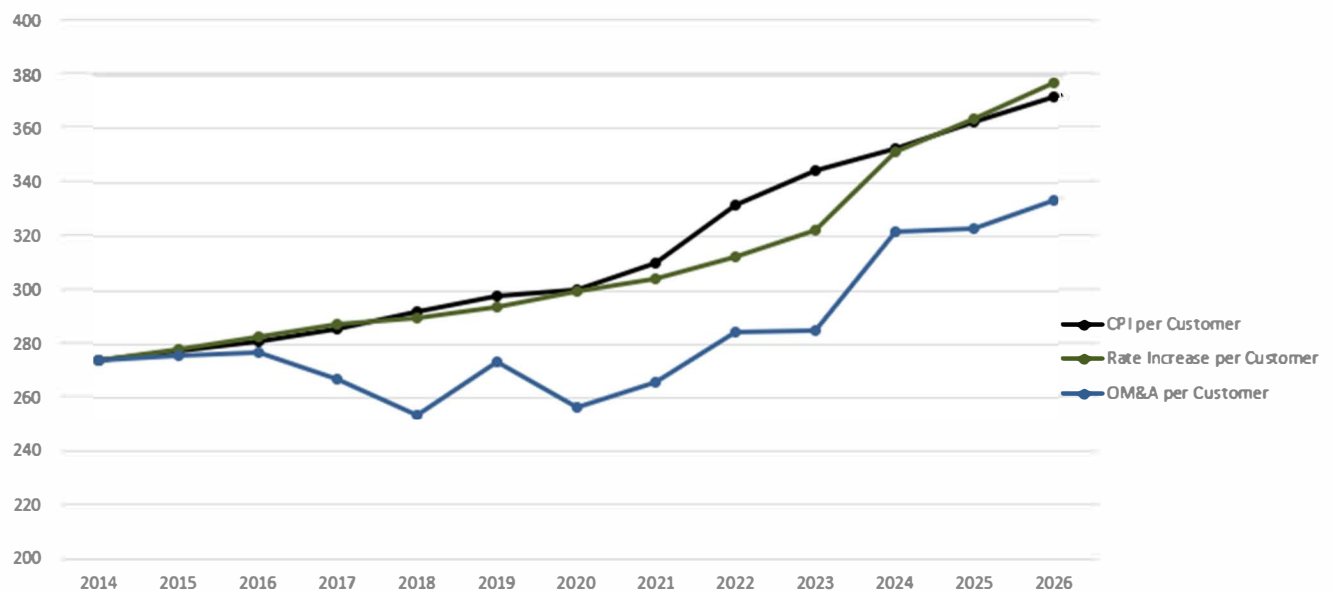
Table 15: OM&A Costs per Customer



OM&A costs per customer as compared to CPI and OEB inflation factor increases

Orangeville Hydro compared its OM&A costs per customer from 2014 to 2024, as compared to historical Canada CPI rates and the OEB IRM rate increases every year, on a per customer basis. 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.

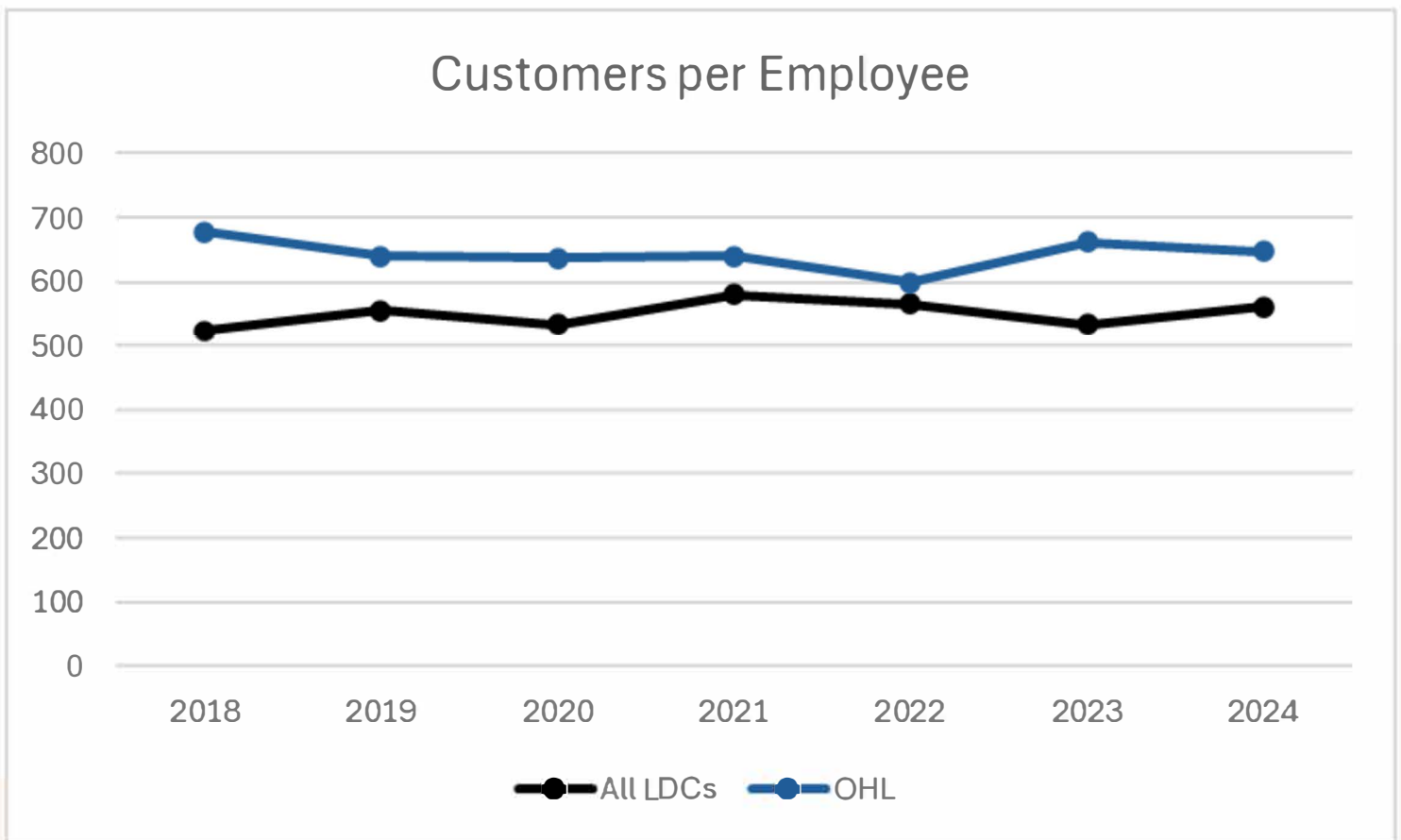
Table 16: OM&A as compared to CPI and OEB Inflation Factor per Customer



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.

Moving forward into 2026, the full-time staff complement is expected to remain at 20. This number of employees is expected to remain consistent for the near future.



11. Financial Summary

Table 17: Historical Financial Summary

Financial Summary					
	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Energy Sales	\$33,148,280	\$30,406,079	\$31,873,671	\$32,072,635	\$34,801,304
Distribution Revenue	\$5,664,418	\$5,796,532	\$5,588,004	\$6,033,323	\$6,515,089
OM&A Expenses	\$3,285,656	\$3,426,889	\$3,686,088	\$3,727,242	\$4,228,055
Capital Expenditures	\$1,924,938	\$2,265,235	\$2,983,010	\$2,516,930	\$2,931,342
Net Income	\$1,086,517	\$908,964	\$747,579	\$1,012,026	\$882,473
Shareholder Equity	\$11,965,738	\$12,331,443	\$12,593,359	\$13,231,593	\$13,690,269
Total Debt	\$13,418,780	\$13,805,822	\$16,131,608	\$15,587,649	\$15,041,774
Capital assets (PP&E)	\$21,786,371	\$22,952,526	\$24,798,240	\$26,130,264	\$27,836,342
Annual Dividends to Shareholders	\$450,771	\$543,259	\$485,664	\$373,792	\$506,016
Cumulative Dividends Paid	\$20,688,353	\$21,231,611	\$21,717,275	\$22,091,068	\$22,597,084
Number of customers	12,808	12,885	12,956	13,077	13,142
Number of employees (incl part time)	20	20	21	20	20

Table 18: Historical Financial Statistics

Financial Statistics					
	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Return on Equity (Financials)	9.08%	7.37%	5.94%	7.65%	6.45%
Return on Equity (Regulated)	11.83%	9.46%	5.71%	8.25%	7.24%
Debt %	53%	53%	56%	54%	52%
Equity %	47%	47%	44%	46%	48%
Debt to Equity	1.12	1.12	1.28	1.18	1.1
Debt to Assets %	39%	39%	41%	40%	38%
Debt to Capital Assets %	62%	60%	65%	60%	54%
OM&A expenses/customer	\$257	\$266	\$285	\$285	\$322
Customers/Employee	642	646	605	668	671

Table 19: Forecast Financial Summary

Financial Summary						
	2025 Forecast	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan
Energy Sales	\$33,010,136	\$32,471,333	\$32,759,242	\$33,204,549	\$34,411,569	\$34,189,032
Distribution Revenue	\$6,928,299	\$7,267,270	\$7,485,288	\$7,709,847	\$7,941,142	\$8,179,376
OM&A Expenses	\$4,267,572	\$4,425,624	\$4,534,751	\$4,647,793	\$4,763,660	\$4,882,424
Capital Expenditures	\$3,292,189	\$3,698,359	\$3,102,668	\$3,568,629	\$3,008,573	\$3,215,771
Net Income	\$1,055,821	\$1,074,810	\$1,155,237	\$1,225,453	\$1,259,585	\$1,255,792
Shareholder Equity	\$14,181,520	\$14,728,420	\$15,346,252	\$15,994,086	\$16,640,945	\$17,266,944
Total Debt	\$15,609,291	\$17,485,595	\$16,814,917	\$18,535,009	\$17,704,160	\$19,318,646
Capital assets (PP&E)	\$29,841,497	\$32,216,712	\$33,888,133	\$35,926,279	\$37,326,123	\$38,869,867
Annual Dividends to Shareholders	\$482,346	\$527,910	\$537,405	\$577,618	\$612,726	\$629,792
Cumulative Dividends Paid	\$23,079,430	\$23,607,340	\$24,144,745	\$24,722,364	\$25,335,090	\$25,964,883
Number of customers	13,208	13,274	13,341	13,407	13,474	13,542
Number of employees (incl part time)	20	20	20	20	20	20

Table 20: Forecast Financial Statistics

Financial Statistics						
	2025 Forecast	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan
Return on Equity (Financials)	7.45%	7.30%	7.53%	7.66%	7.57%	7.27%
Return on Equity (Regulated)	8.54%	8.06%	8.31%	8.46%	8.36%	8.03%
Debt %	52%	54%	52%	54%	52%	53%
Equity %	48%	46%	48%	46%	48%	47%
Debt to Equity	1.1	1.19	1.1	1.16	1.06	1.12
Debt to Assets %	39%	41%	39%	40%	39%	40%
Debt to Capital Assets %	52%	54%	50%	52%	47%	50%
OM&A expenses/customer	\$323	\$333	\$340	\$347	\$354	\$361
Customers/Employee	675	678	681	685	688	692

Revenues

Energy Sales include the pass-through commodity costs and are budgeted to increase 2% year over year after 2026. The 2026 Energy Sales are budgeted to increase at the same level as Cost of Power expenses. Distribution revenue is budgeted in 2026 to increase by an estimated number of customers for most customer classes, and then increased based on the known incentive rate mechanism increase of 3.7%. Future years are then conservatively increased by 3% to account for rate increases and customer growth. The residential service charge is fully fixed, resulting in additional revenue stability in the future. Orangeville Hydro expects to receive funds from the IESO for electricity Demand Side Management (eDSM) for the purpose of marketing energy conservation projects over the period of the business plan. These revenues are not included in this plan, and the funds will be used to offset incremental expenses that are also not included in this business plan, as they have a net zero impact.

Expenses

The 2026 Cost of Power expenses, which offset the Energy Sales, are based on the Cost of Service models, which incorporate forecasted volumes and rates. A cost-of-living increase is projected for most operating, maintenance, and administration (“OM&A”) expenses to account for inflationary increases, and wages for employees are planned to increase according to the Collective Agreement for union employees, and a cost-of-living increase for non-union employees. The future years are increased by 2.5% to account for inflationary rises as well as additional cost increases. Finance costs will increase due to the additional borrowing projected in 2026, 2028 and 2030.

Capital Structure

In 2026, Orangeville Hydro projects borrowing \$2.5 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 54:46, a small deviation from the OEB deemed structure of 60:40. The Business Plan calls for another \$2.5 million increase in borrowing in 2028 and \$2.5 million again in 2030. 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 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 (ROE) of 9.21% 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. The OEB requires the annual regulated ROE to remain within a +/-3 percent deadband of the deemed ROE. If the LDC's ROE is outside of this range, there may be a requirement to complete a Cost of Service application earlier than planned. OHL is forecasting the 2026 regulated ROE to be within 3% of the deemed ROE of 9.21%. 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 2025, Orangeville Hydro has provided the Town of Orangeville with over \$22 million in dividends and from 2007-2025 the Town of Grand Valley has received over \$588,000 in dividends. In the 2026-2030 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 \$577,000 per year to 2030. Cash position is constantly monitored with respect to our regulatory environment and vigilance is taken to ensure the utility can support our future capital requirements. Projected dividends are subject to change after discussions with the OHL board of directors regarding changes to the current dividend policy.

12. Pro-Forma Financial Statements

ORANGEVILLE HYDRO LIMITED

Statement of Comprehensive Income

Year ended December 31

	2024 Actual	2025 Forecast	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan
Revenue							
Sale of energy	\$ 34,801,304	\$ 33,010,136	\$ 32,471,333	\$ 32,759,242	\$ 33,204,549	\$ 34,411,569	\$ 34,189,032
Distribution revenue	6,515,089	6,928,299	7,267,270	7,485,288	7,709,847	7,941,142	8,179,376
Other	446,274	489,071	488,233	491,090	494,473	497,766	503,143
	6,961,363	7,417,370	7,755,503	7,976,378	8,204,319	8,438,909	8,682,520
Total revenues	41,762,667	40,427,505	40,226,836	40,735,620	41,408,869	42,850,478	42,871,552
Operating expenses							
Cost of power purchased	33,221,181	31,992,954	31,854,775	32,491,870	33,141,708	33,804,542	34,480,633
Operating and maintenance	1,272,322	1,331,167	1,382,465	1,417,027	1,452,453	1,488,764	1,525,983
Billing and collecting	1,225,110	1,209,983	1,211,381	1,240,479	1,271,491	1,303,279	1,335,861
Community relations	54,368	37,040	41,516	42,554	43,618	44,709	45,826
General and administrative	1,703,791	1,689,378	1,790,262	1,834,691	1,880,231	1,926,909	1,974,754
Loss on sale of property, plant and equipment and intangible assets	22,011	34,000	34,000	34,000	34,000	34,000	34,000
Depreciation and Amortization	1,097,299	1,154,747	1,190,769	1,290,110	1,380,104	1,455,173	1,531,442
	5,374,901	5,456,316	5,650,393	5,858,861	6,061,896	6,252,833	6,447,866
Total expenses	38,596,082	37,449,270	37,505,168	38,350,732	39,203,604	40,057,375	40,928,499
Income from operating activities	3,166,585	2,978,236	2,721,668	2,384,888	2,205,265	2,793,103	1,943,053
Finance income	80,607	54,692	57,427	58,288	59,163	60,050	60,951
Finance costs	(738,525)	(724,758)	(783,764)	(786,997)	(729,293)	(696,818)	(757,420)
Income before income taxes	2,508,667	2,308,170	1,995,330	1,656,180	1,535,134	2,156,336	1,246,583
Income tax expense	(712,939)	(416,510)	(439,783)	(278,446)	(257,293)	(403,129)	(228,792)
Net income for the year	1,795,728	1,891,660	1,555,547	1,377,734	1,277,841	1,753,207	1,017,791
Other income (expenses)							
Net movement in regulatory balances	(1,310,332)	(1,019,877)	(616,650)	(267,465)	(62,937)	(607,125)	291,502
Tax on net movement	397,077	184,037	135,914	44,968	10,548	113,502	(53,501)
	(913,255)	(835,840)	(480,737)	(222,497)	(52,388)	(493,622)	238,001
Net income for the year and net movement in regulatory balances, being total comprehensive income	\$ 882,473	\$ 1,055,821	\$ 1,074,810	\$ 1,155,237	\$ 1,225,453	\$ 1,259,585	\$ 1,255,792
Other comprehensive loss							
Remeasurements of post-employment benefits, net of tax	82,219						
Other comprehensive loss for the year	0						
Total income and other comprehensive income	964,692	1,055,821	1,074,810	1,155,237	1,225,453	1,259,585	1,255,792

ORANGEVILLE HYDRO LIMITED

Statement of Financial Position
December 31

	2024	2025	2026	2027	2028	2029	2030
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Current assets							
Cash	\$ 371,379	\$ 726,697	\$ 1,907,982	\$ 487,605	\$ 990,406	\$ 51,363	\$ 709,675
Accounts receivable	5,074,198	4,985,051	5,009,336	5,033,742	5,058,271	5,082,921	5,107,696
Income taxes receivable	43,684						
Unbilled revenue	3,392,574	3,240,185	3,272,587	3,305,313	3,338,366	3,371,749	3,405,467
Inventory	502,006	477,330	479,717	482,116	484,526	486,949	489,384
Prepaid expenses	299,098	245,411	247,865	250,344	252,847	255,375	257,929
Other	549	1,245	1,257	1,270	1,283	1,296	1,309
Total current assets	9,683,489	9,675,919	10,918,744	9,560,390	10,125,698	9,249,654	9,971,459
Non-current assets							
Property, plant and equipment	27,507,142	29,483,868	31,863,839	33,572,586	35,640,261	37,064,679	38,622,343
Intangible assets	329,200	357,629	352,872	315,547	286,018	261,444	247,524
Deferred tax assets							
Total non-current assets	27,836,342	29,841,497	32,216,712	33,888,133	35,926,279	37,326,123	38,869,867
Total assets	37,519,831	39,517,417	43,135,455	43,448,523	46,051,977	46,575,777	48,841,326
Regulatory debit balances	1,580,034	924,886	(15,632)	(16,917)	(71,450)	(679,402)	(234,359)
Total assets and regulatory balances	\$ 39,099,865	\$ 40,442,302	\$ 43,119,823	\$ 43,431,605	\$ 45,980,527	\$ 45,896,375	\$ 48,606,967
Liabilities							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 5,435,122	\$ 5,225,717	\$ 5,328,092	\$ 5,352,793	\$ 5,417,209	\$ 5,462,460	\$ 5,518,093
Long-term debt due within one year	560,614	597,090	665,217	754,441	830,849	853,705	929,702
Customer deposits	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Other payables	191,256	190,662	192,569	194,494	196,439	198,404	200,388
Income taxes payable		15,150	15,908	16,067	16,227	16,390	16,553
Total current liabilities	6,311,991	6,153,620	6,326,785	6,442,794	6,585,724	6,655,958	6,789,736
Non-Current Liabilities							
Long-term debt	14,481,161	15,012,201	16,820,377	16,060,477	17,704,160	16,850,455	18,388,944
Employee future benefits	326,225	324,850	328,909	343,316	349,316	357,920	366,524
Customer deposits	347,942	346,677	329,944	313,043	295,973	278,733	261,321
Contributions in aid of construction	3,171,493	3,287,920	3,773,741	3,847,900	3,965,040	4,026,964	4,294,557
Deferred tax liability	749,582	749,582	749,582	749,582	749,582	749,582	749,582
Total non-current liabilities	19,076,403	19,721,230	22,002,553	21,314,318	23,064,071	22,263,654	24,060,927
Total Liabilities	25,388,395	25,874,849	28,329,338	27,757,112	29,649,795	28,919,612	30,850,663
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	5,332,300	5,793,909	6,340,809	6,958,640	7,606,475	8,253,333	8,879,332
Accumulated other comprehensive income	67,255	96,898	96,898	96,898	96,898	96,898	96,898
Total equity	13,690,269	14,181,520	14,728,420	15,346,252	15,994,086	16,640,945	17,266,944
Total liabilities and equity	39,078,664	40,056,370	43,057,758	43,103,364	45,643,881	45,560,557	48,117,608
Regulatory credit balances	21,202	385,930	62,062	328,242	336,646	335,818	489,359
Total liabilities, equity and regulatory balances	\$ 39,099,865	\$ 40,442,302	\$ 43,119,823	\$ 43,431,605	\$ 45,980,527	\$ 45,896,375	\$ 48,606,967

ORANGEVILLE HYDRO LIMITED

 Statements of Cash Flows
 Year ended December 31

	2024	2025	2026	2027	2028	2029	2030
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Operating activities							
Net income and net movement in regulatory balances	\$ 882,473	\$ 1,055,821	\$ 1,074,810	\$ 1,155,237	\$ 1,225,453	\$ 1,259,585	\$ 1,255,792
Adjustments for:							
Depreciation and amortization	1,194,828	1,253,032	1,289,145	1,397,247	1,496,483	1,574,729	1,638,027
Loss on sale of property, plant and equipment and intangible assets	22,012	26,500	34,000	34,000	34,000	34,000	34,000
Net finance costs	657,918	670,065	726,337	728,708	670,130	636,768	696,470
Income tax expense	712,939	416,510	439,783	278,446	257,293	403,129	228,792
Tax on net movement in regulatory	(397,077)	(184,037)	(135,914)	(44,968)	(10,548)	(113,502)	53,501
Employee future benefits	(14,329)	(1,375)	4,059	14,407	6,000	8,604	8,604
Contributions received from customers revenue recognized	(84,033)	(92,436)	(101,235)	(109,994)	(114,269)	(118,503)	(124,868)
	\$ 2,974,731	\$ 3,144,081	\$ 3,330,986	\$ 3,453,084	\$ 3,564,541	\$ 3,684,809	\$ 3,790,316
Changes in non-cash operating working capital:							
Accounts receivable	101,708	89,147	(24,285)	(24,406)	(24,528)	(24,651)	(24,774)
Unbilled revenue	(304,778)	152,389	(32,402)	(32,726)	(33,053)	(33,384)	(33,717)
Inventory	(49,351)	24,675	(2,387)	(2,399)	(2,411)	(2,423)	(2,435)
Prepaid expenses	(105,984)	53,688	(2,454)	(2,479)	(2,503)	(2,528)	(2,554)
Other current assets	0	(696)	(12)	(13)	(13)	(13)	(13)
Accounts payable and accrued liabilities	439,454	(209,405)	102,374	24,701	64,416	45,251	55,634
Other payables	4,964	(594)	1,907	1,926	1,945	1,964	1,984
Customer deposits	(15,605)	(1,265)	(16,733)	(16,901)	(17,070)	(17,240)	(17,413)
Income taxes payable	(12,000)	0	0	0	0	0	0
	\$ 58,408	\$ 107,939	\$ 26,008	\$ (52,296)	\$ (13,217)	\$ (33,023)	\$ (23,288)
Interest paid	(738,525)	(724,758)	(783,764)	(786,997)	(729,293)	(696,818)	(757,420)
Interest received	80,607	54,692	57,427	58,288	59,163	60,050	60,951
Income tax recovered (paid)	(297,877)	(253,278)	(303,112)	(233,319)	(246,584)	(289,464)	(282,129)
Regulatory balances	1,310,332	1,019,877	616,650	267,465	62,937	607,125	(291,502)
Net cash from operating activities	\$ 3,387,676	\$ 3,348,553	\$ 2,944,194	\$ 2,706,225	\$ 2,697,547	\$ 3,332,679	\$ 2,496,928
Financing activities							
Repayment of long-term debt	(545,874)	(567,484)	(623,696)	(670,677)	(779,908)	(830,849)	(885,515)
Proceeds from long-term debt	0	1,135,000	2,500,000		2,500,000		2,500,000
Disposal of contributions in aid of construction							
Dividends paid	(506,016)	(482,346)	(527,910)	(537,405)	(577,618)	(612,726)	(629,792)
	\$ (1,051,890)	\$ 85,170	\$ 1,348,393	\$ (1,208,082)	\$ 1,142,473	\$ (1,443,575)	\$ 984,693
Investing activities							
Purchase of property, plant and equipment	(2,777,925)	(3,213,908)	(3,644,559)	(3,076,146)	(3,534,311)	(2,980,436)	(3,186,789)
Proceeds on disposal of property, plant and equipment	11,000	7,500	0	0	0	0	0
Proceeds on disposal of intangible assets		0	0	0	0	0	0
Purchase of intangible assets	(155,994)	(80,858)	(53,800)	(26,523)	(34,318)	(28,138)	(28,982)
Contributions received from customers	518,832	208,863	587,056	184,153	231,409	180,427	392,461
Net cash used by investing activities	\$ (2,404,087)	\$ (3,078,403)	\$ (3,111,302)	\$ (2,918,515)	\$ (3,337,220)	\$ (2,828,146)	\$ (2,823,309)
Change in cash	(68,302)	355,320	1,181,285	(1,420,373)	502,800	(939,043)	658,312
Cash, beginning of year	439,680	371,378	726,697	1,907,982	487,605	990,406	51,363
Cash, end of year	\$ 371,378	\$ 726,697	\$ 1,907,982	\$ 487,605	\$ 990,406	\$ 51,363	\$ 709,675

13. Conclusion

The 2026 Budget presents a steady and resilient financial outlook within a challenging inflationary economic environment. The 2026 Budget has been prepared with conservative assumptions with regards to growth, along with trying to account for unknown inflationary fluctuations.

The 2026-2030 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.