Orangeville Hydro

# Shareholders' Meeting

## Thursday, June 19, 2025
## 4:00 p.m.

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# ANNUAL SHAREHOLDERS' MEETING
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ORANGEVILLE HYDRO LIMITED

400 C Line, Orangeville, Ontario

# AGENDA

## ANNUAL SHAREHOLDERS' MEETING

**Thursday, June 19, 2025 – 4:00 p.m.**

**1 Chairman's welcome and opening remarks**

**2 Approval of Agenda**

Proposed resolution

RESOLVED the agenda as printed and circulated be approved.

**3 Adoption of Minutes**

Adoption of Minutes of June 27$^{th}$, 2024 Annual Shareholders' Meeting.

Proposed resolution

RESOLVED that the Minutes of June 27$^{th}$, 2024 Annual Shareholders' Meeting as printed and circulated be adopted.

**4 Adoption of Financial Statements & Annual Report**

Proposed resolution

RESOLVED that the audited financial statements for the fiscal year ended December 31, 2024, together with the report of the Board, thereon be adopted.

**5 Appointment of Auditors**

Proposed resolution

RESOLVED that KPMG LLP be appointed as the auditors of the Corporation until the next annual meeting of the Shareholder, or until a successor is appointed at a remuneration to be fixed by the Board of Directors.

**6 Adjournment**

Proposed resolution

RESOLVED that there being no further business, we now adjourn.

# ORANGEVILLE HYDRO LIMITED

## Minutes of an Annual Shareholders' Meeting held at 4:00 p.m. on Wednesday, June 27, 2024 at 400 C Line, Orangeville, ON

**Present:**

| **Shareholders:** | **Hydro Board Members:** |
|---|---|
| Town of Orangeville | M. Caputi |
| Councillor A. Macintosh | G. DeJulio |
| | S. Karas |
| Town of Grand Valley | R. Long |
| Mayor S. Soloman | |

**Hydro Staff:**
K. Brooks, Manager of Customer Service
R. Koekkoek, President and CEO
A. Long, CFO
J. Monk, Manager of Engineering and Metering
P. Page, Lines Supervisor

**Regrets:**
Mayor L. Post

**1.** The Chair, R. Long, called the meeting to order at 4:01 p.m. and welcomed those in attendance.

**2. APPROVAL OF AGENDA**

| **Resolution 2024-01** | **Moved by:** | **Mayor S. Soloman** |
|---|---|---|
| | **Seconded by:** | **Councilor A. Macintosh** |

RESOLVED the agenda as printed and circulated be approved.

**CARRIED**

**3. ADOPTION OF MINUTES**

| **Resolution 2024-02** | **Moved by:** | **Councilor A. Macintosh** |
|---|---|---|
| | **Seconded by:** | **Mayor S. Soloman** |

RESOLVED that the Minutes of June 15th, 2023 Annual Shareholders' Meeting as printed and circulated be adopted.

**CARRIED**

**4. ADOPTION OF FINANCIAL STATEMENTS AND ANNUAL REPORT**

| | | |
|---|---|---|
| **Resolution 2024-03** | **Moved by:** | **Mayor S. Soloman** |
| | **Seconded by:** | **Councilor A. Macintosh** |

RESOLVED that the audited financial statements for the fiscal year ended December 31, 2023, together with the report of the Board, thereon be adopted.

**CARRIED**

**5. CONFIRMATION OF BYLAW NO. 4**

| | | |
|---|---|---|
| **Resolution 2024-04** | **Moved by:** | **Councilor A. Macintosh** |
| | **Seconded by:** | **Mayor S. Soloman** |

RESOLVED that the Shareholders of the Corporation confirm Bylaw No. 4.

**CARRIED**

**6. APPOINTMENT OF AUDITORS**

| | | |
|---|---|---|
| **Resolution 2024-05** | **Moved by:** | **Mayor S. Soloman** |
| | **Seconded by:** | **Councilor A. Macintosh** |

RESOLVED that KPMG LLP be appointed as the auditors of the Corporation until the next annual meeting of the Shareholders, or until a successor is appointed at a remuneration to be fixed by the Board of Directors.

**CARRIED**

**7. ADJOURNMENT**

| | | |
|---|---|---|
| **Resolution 2024-06** | **Moved by:** | **Councilor A. Macintosh** |
| | **Seconded by:** | **Mayor S. Soloman** |

RESOLVED that there be no further business, we now conclude (4:06 p.m.).

**CARRIED**

R. Koekkoek, President and CEO

A. Long, Recording Secretary

Financial Statements of

# ORANGEVILLE HYDRO LIMITED

And Independent Auditor's Report thereon

Year ended December 31, 2024

**KPMG LLP**
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

# INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Orangeville Hydro Limited

## *Opinion*

We have audited the financial statements of Orangeville Hydro Limited (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG



### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

April 25, 2025

# ORANGEVILLE HYDRO LIMITED

Statement of Financial Position

December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash | $ 371,378 | $ 439,680 |
| Accounts receivable (note 3) | 5,074,198 | 5,175,906 |
| Income taxes receivable | 43,684 | - |
| Unbilled revenue | 3,392,574 | 3,087,796 |
| Inventory | 502,006 | 452,655 |
| Prepaid expenses | 299,648 | 193,664 |
| Total current assets | 9,683,488 | 9,349,701 |
| Non-current assets: | | |
| Property, plant and equipment (note 4) | 27,507,144 | 25,924,403 |
| Intangible assets (note 5) | 329,200 | 205,861 |
| Total non-current assets | 27,836,344 | 26,130,264 |
| Total assets | 37,519,832 | 35,479,965 |
| Regulatory debit balances (note 7) | 1,580,034 | 3,257,885 |
| Total assets and regulatory balances | $ 39,099,866 | $ 38,737,850 |

See accompanying notes to financial statements.

# ORANGEVILLE HYDRO LIMITED

Statement of Financial Position (continued)

December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 8) | $ 5,435,122 | $ 4,995,668 |
| Income taxes payable | - | 108,890 |
| Long-term debt due within one year (note 9) | 560,614 | 3,638,054 |
| Customer deposits | 125,000 | 150,000 |
| Other payables | 191,256 | 186,292 |
| Total current liabilities | 6,311,992 | 9,078,904 |
| Non-current liabilities: | | |
| Long-term debt (note 9) | 14,481,161 | 11,949,595 |
| Employee future benefits (note 10) | 326,225 | 452,416 |
| Customer deposits | 347,942 | 338,547 |
| Contributions in aid of construction (note 11) | 3,171,493 | 2,736,694 |
| Deferred tax liability (note 6) | 749,582 | 561,380 |
| Total non current liabilities | 19,076,403 | 16,038,632 |
| Total liabilities | 25,388,395 | 25,117,536 |
| Equity: | | |
| Share capital (note 12) | 8,290,714 | 8,290,714 |
| Accumulated other comprehensive income (loss) | 67,255 | (14,964) |
| Retained earnings | 5,332,300 | 4,955,843 |
| | 13,690,269 | 13,231,593 |
| Regulatory credit balances (note 7) | 21,202 | 388,721 |
| Total liabilities, equity and regulatory balances | $ 39,099,866 | $ 38,737,850 |

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director ______________________________ Director

# ORANGEVILLE HYDRO LIMITED
Statement of Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Revenue: | | |
| Sale of energy (note 13) | $ 34,801,304 | $ 32,072,635 |
| Distribution revenue (note 13) | 6,515,089 | 6,033,323 |
| Other (note 13) | 446,274 | 382,968 |
| | 6,961,363 | 6,416,291 |
| | 41,762,667 | 38,488,926 |
| Operating expenses: | | |
| Cost of power purchased | 33,221,181 | 30,272,632 |
| Operating and maintenance | 1,272,322 | 1,134,731 |
| Billing and collection | 1,225,110 | 1,154,191 |
| General and administrative | 1,758,159 | 1,672,166 |
| Depreciation and amortization | 1,097,299 | 1,029,373 |
| Loss on sale of property, plant and equipment and intangible assets | 22,011 | 19,141 |
| | 5,374,901 | 5,009,602 |
| | 38,596,082 | 35,282,234 |
| Income from operating activities | 3,166,585 | 3,206,692 |
| Finance costs (note 15) | (738,525) | (707,537) |
| Finance income (note 15) | 80,607 | 57,217 |
| Income before income taxes and undernoted items | 2,508,667 | 2,556,372 |
| Income tax expense (note 6) | (712,939) | (718,762) |
| Earnings before the undernoted items | 1,795,728 | 1,837,610 |
| Other income (expenses): | | |
| Net movement in regulatory balances (other) | (1,310,332) | (1,176,653) |
| Tax on net movement in regulatory balances | 397,077 | 351,069 |
| | (913,255) | (825,584) |
| Net income for the year and net movement in regulatory balances | 882,473 | 1,012,026 |
| Other comprehensive income | | |
| Remeasurement of post-employment benefits, net of tax | 82,219 | - |
| Other comprehensive income for the year | 82,219 | - |
| Total comprehensive income for the year | $ 964,692 | $ 1,012,026 |

See accompanying notes to financial statements.

# ORANGEVILLE HYDRO LIMITED

Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023

| | Share capital | Retained earnings | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|
| Balance at January 1, 2023 | $ 8,290,714 | $ 4,317,609 | $ (14,964) | $ 12,593,359 |
| Net income and net movement in regulatory balances | - | 1,012,026 | - | 1,012,026 |
| Dividends | - | (373,792) | - | (373,792) |
| Balance at December 31, 2023 | $ 8,290,714 | $ 4,955,843 | $ (14,964) | $ 13,231,593 |

| | Share capital | Retained earnings | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|
| Balance at January 1, 2024 | $ 8,290,714 | $ 4,955,843 | $ (14,964) | $ 13,231,593 |
| Net income and net movement in regulatory balances | - | 882,473 | - | 882,473 |
| Other comprehensive income | - | - | 82,219 | 82,219 |
| Dividends | - | (506,016) | - | (506,016) |
| Balance at December 31, 2024 | $ 8,290,714 | $ 5,332,300 | $ 67,255 | $ 13,690,269 |

See accompanying notes to financial statements.

# ORANGEVILLE HYDRO LIMITED

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net Income and net movement in regulatory balances | $ 882,473 | $ 1,012,026 |
| Items not involving cash: | | |
| Depreciation and amortization | 1,194,828 | 1,130,699 |
| Loss on sale of property, plant and equipment and intangible assets | 22,011 | 19,142 |
| Net finance costs | 657,918 | 650,320 |
| Income tax expense | 712,939 | 718,762 |
| Tax on net movement in regulatory | (397,077) | (508,112) |
| Employee future benefits | (14,329) | 17,942 |
| Contributions received from customers revenue recognized | (84,033) | (73,015) |
| | 2,974,730 | 2,967,764 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 101,708 | (739,700) |
| Unbilled revenue | (304,778) | 153,775 |
| Inventory | (49,351) | (2,124) |
| Prepaid expenses | (105,984) | (25,420) |
| Accounts payable and accrued liabilities | 439,454 | (1,338,777) |
| Customer deposits | (15,605) | - |
| Other payables | 4,964 | 1,951 |
| Customer deposits | - | (11,367) |
| Income taxes payable | (12,000) | - |
| | 58,408 | (1,961,662) |
| Regulatory balances | 1,310,332 | 1,333,696 |
| Interest paid | (738,525) | (707,537) |
| Interest received | 80,607 | 57,217 |
| Income tax recovered (paid) | (297,877) | 62,816 |
| | 3,387,675 | 1,752,294 |
| Financing activities: | | |
| Repayment of long-term debt | (545,874) | (543,959) |
| Dividends paid | (506,016) | (373,792) |
| | (1,051,890) | (917,751) |
| Investing activities: | | |
| Purchase of property, plant and equipment | (2,777,925) | (2,450,750) |
| Proceeds on disposal of property, plant and equipment | 11,000 | - |
| Purchase of intangible assets | (155,994) | (31,113) |
| Contributions received from customers | 518,832 | 491,764 |
| | (2,404,087) | (1,990,099) |
| Decrease in cash | (68,302) | (1,155,556) |
| Cash, beginning of year | 439,680 | 1,595,236 |
| Cash, end of year | $ 371,378 | $ 439,680 |

See accompanying notes to financial statements.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements

Year ended December 31, 2024

**Reporting entity:**

Orangeville Hydro Limited (the "Company") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The address of the Corporation's registered office is 400 C Line, Orangeville, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial customers in the Town of Orangeville and Town of Grand Valley. The Corporation is owned by the Town of Orangeville and Town of Grand Valley.

The financial statements are for the Corporation as at and for the year ended December 31, 2024.

## 1. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

The financial statements were approved by the Board of Directors on April 17, 2025.

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

**1. Basis of presentation (continued):**

(d) Use of estimates and judgments (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

(i) Note 2(b) - measurement of unbilled revenue
(ii) Notes 4, 5 - estimation of useful lives of its property, plant and equipment and intangible assets
(iii) Note 7 - recognition and measurement of regulatory balances
(iv) Note 10 - measurement of defined benefit obligations: key actuarial assumptions
(v) Note 16 - recognition and measurement of provisions and contingencies

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting

*Distribution revenue*

For the distribution revenue included in sale of energy, the Corporation files a "Cost of Service" ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

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**1. Basis of presentation (continued):**

(e) Rate regulation (continued):

Rate setting (continued)

*Distribution revenue (continued)*

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.
As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application in September 2023 for rates effective May 1, 2024 to April 30, 2025.

*Electricity rates*

The OEB sets electricity prices for low-volume consumers once each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 2. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments:

At initial recognition, the Corporation measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined on initial recognition. Financial assets are classified as either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets.

Financial liabilities are initially measured at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

The Corporation has not entered into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

Cash equivalents include short-term investments with maturities of three months or less when purchased.

(b) Revenue recognition:

*Sale and distribution of electricity*

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

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**2. Significant accounting policies (continued):**

(b) Revenue recognition (continued):

*Sale and distribution of electricity (continued)*

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

*Capital contributions*

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

*Other revenue*

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Inventory:

Inventory, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

**2. Significant accounting policies (continued):**

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at the deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 2. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

The estimated useful lives are as follows:

| Asset | Rate |
|---|---|
| Buildings | 20 to 60 years |
| Distribution equipment | 15 to 60 years |
| Vehicles | 8 to 15 years |
| Other tools and equipment | 10 to 60 years |
| Computer equipment | 5 years |

(e) Intangible assets:

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2015, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost. Management has determined that land rights have an indefinite life. Land rights are tested for impairment when events or circumstances indicate their carrying amount exceeds their fair value. As at December 31, 2024, management has not identified any events or circumstances indicating that land rights are impaired.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

| Asset | Rate |
|---|---|
| Computer software | 5 years |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 2. Significant accounting policies (continued):

(f) Impairment:

(i) Financial assets measured at amortized cost:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(ii) Non-financial assets (continued):

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or “CGU”). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

**2. Significant accounting policies (continued):**

(h) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Regulatory balances:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory deferral debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral debit account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred. When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The regulatory deferral credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 2. Significant accounting policies (continued):

(j) Post-employment benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (“OMERS”). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (“the Fund”), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management’s best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 2. Significant accounting policies (continued):

(k) Leased assets:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and low value assets:**

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**2. Significant accounting policies (continued):**

(l) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash.

Finance costs comprise interest expense on borrowings and net interest expense on post-employment benefits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

### 3. Accounts receivable:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Trade customer accounts receivable | $ | 4,984,638 | $ | 4,729,298 |
| Other receivables | | 134,560 | | 481,608 |
| Provision uncollectible accounts | | (45,000) | | (35,000) |
| | $ | 5,074,198 | $ | 5,175,906 |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 4. Property, plant and equipment:

| | | Land and buildings | | Distribution equipment | | Other fixed assets | | Construction-in-progress | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| *Cost of deemed cost* | | | | | | | | | | |
| Balance at January 1, 2024 | $ | 2,224,128 | $ | 30,781,305 | $ | 1,722,639 | $ | - | $ | 34,728,072 |
| Additions | | 325,034 | | 2,264,150 | | 186,164 | | 2,577 | | 2,777,925 |
| Disposals/ retirements | | (20,849) | | (34,190) | | (53,874) | | - | | (108,913) |
| Balance at December 31, 2024 | $ | 2,528,313 | $ | 33,011,265 | $ | 1,854,929 | $ | 2,577 | $ | 37,397,084 |
| Balance at January 1, 2023 | $ | 2,156,960 | $ | 28,414,271 | $ | 1,697,003 | $ | 35,065 | $ | 32,303,299 |
| Additions | | 67,168 | | 2,393,013 | | 25,636 | | - | | 2,485,817 |
| Disposals/ retirements | | - | | (25,979) | | - | | (35,065) | | (61,044) |
| Balance at December 31, 2023 | $ | 2,224,128 | $ | 30,781,305 | $ | 1,722,639 | $ | - | $ | 34,728,072 |
| *Accumulated depreciation* | | | | | | | | | | |
| Balance at January 1, 2024 | $ | 794,185 | $ | 6,891,071 | $ | 1,118,413 | $ | - | $ | 8,803,669 |
| Depreciation | | 80,365 | | 940,770 | | 141,038 | | - | | 1,162,173 |
| Disposals | | (8,891) | | (17,067) | | (49,944) | | - | | (75,902) |
| Balance at December 31, 2024 | $ | 865,659 | $ | 7,814,774 | $ | 1,209,507 | $ | - | $ | 9,889,940 |
| Balance at January 1, 2023 | $ | 721,205 | $ | 6,012,334 | $ | 977,146 | $ | - | $ | 7,710,685 |
| Depreciation | | 72,980 | | 889,865 | | 141,267 | | - | | 1,104,112 |
| Disposals | | - | | (11,128) | | - | | - | | (11,128) |
| Balance at December 31, 2023 | $ | 794,185 | $ | 6,891,071 | $ | 1,118,413 | $ | - | $ | 8,803,669 |
| *Carrying amounts* | | | | | | | | | | |
| At December 31, 2024 | $ | 1,662,654 | $ | 25,196,491 | $ | 645,422 | $ | 2,577 | $ | 27,507,144 |
| At December 31, 2023 | | 1,429,943 | | 23,890,234 | | 604,226 | | - | | 25,924,403 |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 5. Intangible assets:

| | | Computer software | | Land rights | | Total |
|---|---|---|---|---|---|---|
| *Cost of deemed cost* | | | | | | |
| Balance at January 1, 2024 | $ | 284,261 | $ | 139,807 | $ | 424,068 |
| Additions | | 138,709 | | 17,285 | | 155,994 |
| Balance at December 31, 2024 | $ | 422,970 | $ | 157,092 | $ | 580,062 |
| Balance at January 1, 2023 | $ | 271,373 | $ | 139,807 | $ | 411,180 |
| Additions | | 31,113 | | - | | 31,113 |
| Disposals | | (18,225) | | - | | (18,225) |
| Balance at December 31, 2023 | $ | 284,261 | $ | 139,807 | $ | 424,068 |
| *Accumulated amortization* | | | | | | |
| Balance at January 1, 2024 | $ | 218,207 | $ | - | $ | 218,207 |
| Amortization | | 32,655 | | - | | 32,655 |
| Balance at December 31, 2024 | $ | 250,862 | $ | - | $ | 250,862 |
| Balance at January 1, 2023 | $ | 205,554 | $ | - | $ | 205,554 |
| Amortization | | 26,588 | | - | | 26,588 |
| Disposals | | (13,935) | | - | | (13,935) |
| Balance at December 31, 2023 | $ | 218,207 | $ | - | $ | 218,207 |
| *Carrying amounts* | | | | | | |
| At December 31, 2024 | $ | 172,108 | $ | 157,092 | $ | 329,200 |
| At December 31, 2023 | | 66,054 | | 139,807 | | 205,861 |

# ORANGEVILLE HYDRO LIMITED
Notes to Financial Statements (continued)

Year ended December 31, 2024

## 6. Income tax expense:

Current tax expense (recovery):

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Current tax expense (recovery) | $ | 554,380 | $ | 570,077 |
| Deferred tax expense | | 158,559 | | 148,685 |
| Income tax expense | $ | 712,939 | $ | 718,762 |

Reconciliation of effective tax rate:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Income before taxes | $ | 2,508,667 | $ | 2,556,372 |
| Statutory income tax rates | | 26.5 % | | 26.5 % |
| Expected tax provision on income at statutory rates | $ | 664,797 | $ | 677,439 |
| Increase (decrease) in income taxes resulting from: | | | | |
| Permanent differences | | 2,812 | | 3,957 |
| Other | | 45,330 | | (2,514) |
| Adjustment for prior years | | - | | 39,880 |
| Income tax expense | $ | 712,939 | $ | 718,762 |

Significant components of the Corporation’s deferred tax balances:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Deferred tax assets (liabilities): | | | | |
| Property, plant and equipment | $ | (845,707) | $ | (690,611) |
| Post-employment benefits | | 86,450 | | 119,890 |
| Other | | 9,675 | | 9,341 |
| | $ | (749,582) | $ | (561,380) |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 7. Regulatory account balances:

Reconciliation of the carrying amount for each class of regulatory balances:

| **Regulatory deferral account debit balances** | January 1, 2024 | Additions | Recovery/ reversal | December 31, 2024 | Remaining recovery/ reversal years |
|---|---|---|---|---|---|
| Retail settlement variances | $ 2,084,774 | $ (156,634) | $ (1,670,779) | $ 257,361 | 1 |
| IFRS transition | 176,058 | 2,687 | (178,745) | - | - |
| Regulatory variances disposition | 338,016 | 146,217 | - | 484,233 | - |
| Deferred income tax | 561,512 | 188,070 | - | 749,582 | - |
| Other | 97,525 | 50,839 | (59,506) | 88,858 | - |
| | $ 3,257,885 | $ 231,179 | $ (1,909,030) | $ 1,580,034 | |

| **Regulatory deferral account debit balances** | January 1, 2023 | Additions | Recovery/ reversal | December 31, 2023 | Remaining recovery/ reversal years |
|---|---|---|---|---|---|
| Retail settlement variances | $ 3,613,156 | $ (477,643) | $ (1,050,739) | $ 2,084,774 | - |
| IFRS transition | 168,651 | 7,407 | - | 176,058 | - |
| Regulatory variances disposition | 306,945 | 31,071 | - | 338,016 | - |
| Deferred income tax | 414,450 | 147,062 | - | 561,512 | - |
| Other | 2,298 | 36,790 | 58,437 | 97,525 | - |
| | $ 4,505,500 | $ (255,313) | $ (992,302) | $ 3,257,885 | |

| **Regulatory deferral account credit balances** | January 1, 2024 | Additions | Recovery/ reversal | December 31, 2024 | Remaining recovery/ reversal years |
|---|---|---|---|---|---|
| Change in asset useful lives | 20,093 | - | (20,093) | - | - |
| Other | 368,628 | 3,588 | (351,014) | 21,202 | - |
| | $ 388,721 | $ 3,588 | $ (371,107) | $ 21,202 | |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 7. Regulatory account balances (continued):

| **Regulatory deferral account credit balances** | | January 1, 2023 | | Additions | | Recovery/ reversal | | December 31, 2023 | Remaining recovery/ reversal years |
|---|---|---|---|---|---|---|---|---|---|
| Retail settlement variances | $ | - | $ | 740,633 | $ | (740,633) | $ | - | - |
| Change in asset useful lives | | 20,093 | | - | | - | | 20,093 | - |
| Other | | 439,589 | | (129,398) | | 58,437 | | 368,628 | - |
| | $ | 459,682 | $ | 611,235 | $ | (682,196) | $ | 388,721 | |

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. A COS application has been approved by the OEB to recover $1,666,708 for the Group 1 deferral accounts and $113,029 for the Group 2 deferral accounts for the 2024 rate application. The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which were based on Bankers' Acceptances three-month rate plus a spread of 25 basis points to September 30, 2024 and based on the three-month T-Bill rate plus a spread of 25 basis points from October 1, 2024 to December 31, 2025. In 2024, the rate ranged from 4.40% to 5.49% (2023 - 4.73% to 5.39%). Commencing in 2025, the rate will be based on the three-month T-Bill rate plus a spread of 25 basis points from January 1, 2025 to March 31, 2025 and based on the Bloomberg ticker BVCAUA3M BVLI Index (3-month) from April 1, 2025 onward.

## 8. Accounts payable and accrued liabilities:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Accounts payable – energy purchases | $ | 2,569,932 | $ | 2,378,347 |
| Water and sewer charges payable | | 1,217,902 | | 892,810 |
| Other | | 1,647,288 | | 1,724,511 |
| | $ | 5,435,122 | $ | 4,995,668 |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 9. Long-term debt:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| TD Bank term loan payable, interest at 4.87%, payable in monthly instalments of $16,642, due 2027 | $ | 1,874,842 | $ | 1,979,893 |
| TD Bank term loan payable, interest at 5.07%, payable in monthly instalments of $10,284 plus interest, due 2027 | | 2,159,574 | | 2,282,979 |
| TD Bank term loan payable, interest at 5.68%, payable in monthly instalments of $20,040, due 2029 | | 3,092,180 | | 3,183,994 |
| TD Bank term loan payable, interest at 3.60%, payable in monthly instalments of $10,118, due 2027 | | 1,553,610 | | 1,617,684 |
| TD Bank term loan payable, interest at 4.20%, payable in monthly instalments of $10,780, due 2029 | | 1,691,524 | | 1,748,342 |
| TD Bank term loan payable, interest at 2.58%, payable in monthly instalments of $4,409, due 2025 | | 856,897 | | 887,208 |
| TD Bank term loan payable, interest at 3.62%, payable in monthly instalments of $5,071, due 2031 | | 919,965 | | 946,894 |
| TD Bank term loan payable, interest at 4.92%, payable in monthly instalments of $15,961, due 2027 | | 2,893,183 | | 2,940,655 |
| | | 15,041,775 | | 15,587,649 |
| Less current portion of long-term debt | | 560,614 | | 3,638,054 |
| | $ | 14,481,161 | $ | 11,949,595 |

The TD Bank term loans holds as security a general security agreement representing a first charge on all assets and undertakings of the Corporation and assignment of general liability insurance for the Corporation.

The agreement with respect to the TD Bank term loans contain certain covenants regarding (i) leverage, (ii) liquidity, (iii) change in status of business, (iv) change in ownership, and (v) limitations on additional debt and encumbrance of assets.

The agreement with TD Bank also contains financial covenants that require the Corporation to maintain a maximum debt to capital ratio of 0.60 to 1 and a minimum debt service coverage ratio of 1.20x to be tested and calculated on a quarterly basis. The Corporation is in compliance with these covenants as at December 31, 2024.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 9. Long-term debt (continued):

Principal repayments are due as follows:

| | | |
|---|---|---|
| 2025 | $ | 560,614 |
| 2026 | | 1,374,564 |
| 2027 | | 7,965,895 |
| 2028 | | 205,966 |
| 2029 | | 4,165,468 |
| Thereafter | | 769,268 |
| | $ | 15,041,775 |

## 10. Post-employment benefits:

(a) OMERS pension plan:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2024, the Corporation made employer contributions of $226,298 to OMERS (2023 - $197,916), of which has been recognized in profit or loss. The Corporation estimates that a contribution of $240,280 to OMERS will be made during the next fiscal year.

As at December 31, 2024, OMERS had approximately 600,000 members, of whom 20 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2024, which reported that the plan was 98% funded, with an unfunded liability of $2.9 billion. This unfunded liability is likely to result in future payments by participating employers and members.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 10. Post-employment benefits (continued):

(b) Post-employment benefits other than pension:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

| Reconciliation of the obligation | 2024 | 2023 |
|---|---|---|
| Defined benefit obligation, beginning of year | $ 452,416 | $ 434,474 |
| Included in profit or loss: | | |
| Current service cost | 7,397 | 18,316 |
| Interest cost | 5,271 | 12,554 |
| | 12,668 | 30,870 |
| Included in OCI | | |
| Actuarial gains arising from: | | |
| Changes in financial assumptions | (111,862) | - |
| | 353,222 | 465,344 |
| Benefits paid | (26,997) | (12,928) |
| | $ 326,225 | $ 452,416 |

| Actuarial assumptions | 2024 | 2023 |
|---|---|---|
| Discount (interest) rate | 4.75 % | 3.00 % |
| Medical costs | 5.10 % | 4.90 % |
| Dental costs | 5.40 % | 5.10 % |

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by $42,600. A 1% decrease in the assumed discount rate would result in the defined benefit obligation increasing by $55,800.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 11. Contributions in aid of construction:

| | 2024 | 2023 |
|---|---|---|
| Contributions in aid of construction, beginning of year | $ 2,736,694 | $ 2,317,945 |
| Contributions in aid of construction received | 518,832 | 491,764 |
| Contributions in aid of construction recognized as other revenue | (84,033) | (73,015) |
| | $ 3,171,493 | $ 2,736,694 |

## 12. Share capital:

| | 2024 | 2023 |
|---|---|---|
| Authorized: | | |
| Unlimited number of common shares | | |
| Issued: | | |
| 1,000 common shares | $ 8,290,714 | $ 8,290,714 |

## 13. Revenues:

| | 2024 | 2023 |
|---|---|---|
| Collection and other service charges | $ 127,004 | $ 87,655 |
| Water and sewer billing services | 72,471 | 77,348 |
| Rent | 88,683 | 85,895 |
| Other | 158,116 | 132,070 |
| Total other revenue | $ 446,274 | $ 382,968 |

# ORANGEVILLE HYDRO LIMITED
Notes to Financial Statements (continued)

Year ended December 31, 2024

## 13. Revenues (continued):

In the following table, sale of energy and distribution revenue is disaggregated by type of customer.

| | 2024 | 2023 |
|---|---|---|
| Residential | $ 18,448,572 | $ 15,929,952 |
| Commercial | 22,631,051 | 21,853,827 |
| Other | 236,770 | 322,179 |
| | $ 41,316,393 | $ 38,105,958 |

## 14. Employee salaries and benefits:

| | 2024 | 2023 |
|---|---|---|
| Salaries, wages and benefits | $ 2,319,696 | $ 2,034,639 |
| CPP and EI remittances | 98,274 | 82,366 |
| Contributions to OMERS | 226,298 | 197,916 |
| | $ 2,644,268 | $ 2,314,921 |

## 15. Finance income and costs:

| | 2024 | 2023 |
|---|---|---|
| Finance income: | | |
| Interest income on bank deposits | $ 80,607 | $ 57,217 |
| Finance costs: | | |
| Interest expense on long-term debt | (697,832) | (669,429) |
| Interest expense on customer deposits | (40,693) | (38,108) |
| | (738,525) | (707,537) |
| Net finance costs recognized in profit or loss | $ (657,918) | $ (650,320) |

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

**16. Commitments and contingencies:**

Cornerstone Hydro Electric Concepts ("CHEC"):

CHEC is an association of fifteen LDCs modelled after a co-operative to share resources and proficiencies (note 17).

The Corporation may terminate its membership at any time upon the following terms:

(a) giving written notice 60 days in advance of termination; and

(b) by making a prepayment in full of the balance of its contract service costs to CHEC. The amount of prepayment cost shall be the total cost which the Corporation would have paid over the three year term of the agreement less amounts already paid by it to the date of the termination. The current three year term for CHEC commitment goes to December 31, 2026. The prepayment cost of termination is a settlement of the Corporation’s obligation under the agreement by reason of termination of its membership before the expiry of the term. The amount is liquidated damages and not a penalty for early termination and is intended to leave the remaining members in the same position as if the Corporation had not terminated the agreement. As at December 31, 2024, the obligation to CHEC includes the 2025 to 2027 membership dues of approximately $48,000 per year, $144,000 total.

Utility Collaborative Services Inc. ("UCS"):

The Corporation has the right to redeem its shares in UCS (note 17) by retraction upon the following terms:

(a) notice of such retraction shall be given 120 days prior to the effective date; and

(b) a redemption fee shall be paid equal to the previous three years’ worth of average purchases from UCS for services or products; or in alternative to paying such fees, the Corporation may elect in writing to provide three years’ written notice of the retraction, provided that the Corporation continues to receive services at the same or greater average volume as those received at the time the notice was given.

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2024, no assessments have been made.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 17. Related party transactions:

(a) Parents and ultimate controlling party:

The common shares of Orangeville Hydro Limited are owned by the Town of Orangeville and Town of Grand Valley, the ultimate parents.

(b) Outstanding balances with related parties:

| | 2024 | 2023 |
|---|---|---|
| Town of Orangeville - receivable | $ 157,512 | $ 137,044 |
| Town of Grand Valley - receivable | 6,069 | 7,686 |
| Town of Orangeville - payable | (1,183,721) | (860,836) |
| Town of Grand Valley - payable | (34,993) | (31,974) |
| | $ (1,055,133) | $ (748,080) |

(c) Transactions with ultimate parents:

The Corporation provides water and sewage billing and collection services to the customers of the Town of Orangeville and Town of Grand Valley, as well as supplying street light energy and street lighting maintenance services to the Town of Orangeville and Town of Grand Valley. Revenue includes $496,497 (2023 - $455,854) from the Town of Orangeville and $44,003 (2023 - $39,357) from the Town of Grand Valley for these services.

The Corporation delivers electricity to the Town of Orangeville and Town of Grand Valley throughout the year for the electricity needs of the Towns and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Towns, including streetlight maintenance services, sentinel lights and water and waste water billing and customer care services.

# ORANGEVILLE HYDRO LIMITED

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 17. Related party transactions (continued):

(d) Transactions with related parties:

The Corporation paid $84,809 (2023 - $71,668) in membership fees and shared GIS services to Cornerstone Hydro Electric Concepts Association Inc. ("CHEC"). CHEC is an association of fifteen electricity distribution utilities modelled after a cooperative to share resources and proficiencies.

The Corporation owns 100 common shares, at a cost of $100, in Utility Collaborative Services Inc. (UCS) which represents a 10% interest. At the time of purchase, due to the immaterial amount, the investment was expensed. The Corporation paid $241,579 (2023 - $211,490) in fees to UCS. UCS offers standards-based back office services and the collaboration allows leverage in the reduction of costs for items such as information technology hosting and software licensing.

(e) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid during the year is $563,424 (2023 - $510,296).

## 18. Financial instruments and risk management:

**Fair value disclosure**:

The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the TD Bank long-term debt at December 31, 2024 is $15,180,431. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2024 was 4.48%.

**Financial risks**:

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation’s exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

**18. Financial instruments and risk management (continued):**

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Town of Orangeville and Town of Grand Valley.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2024 is $45,000 (2023 - $35,000). An impairment loss of $84,033 (2023 - $39,482) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2024, approximately $156,890 (2023 - $189,105) is considered 60 days past due. The Corporation has over 12,000 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB and through credit insurance. As at December 31, 2024, the Corporation holds security deposits in the amount of $472,942 (2023 - $488,547) which also includes deposits received from developers.

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2024 would have increased interest expense on the long-term debt by $150,418 (2023 - $158,596), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

**18. Financial instruments and risk management (continued):**

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a $3,500,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2024, the Corporation has $3,500,000 available on this credit facility.

The Corporation also has a facility for $1,329,291 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $nil has been drawn and posted with the IESO (2023 - $nil).

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes equity and long-term debt. As at December 31, 2024, equity amounts to $13,690,269 (2023 - $13,231,593) and long-term debt amounts to $15,041,775 (2023 - $15,587,649).

# Orangeville Hydro Limited

## Annual Report

## 2024

# Table of Contents

# Chair’s Message to the Shareholders



As shareholders of Orangeville Hydro Limited (“OHL”), you can be very pleased with the success of OHL and the effectiveness of its Board of Directors (“the Board”).

Communication is critical to working effectively, and OHL’s President and CEO, Rob Koekkoek, is an excellent communicator. Management and staff exhibit tremendous respect for Rob’s leadership, and the consequence of his ability to engage and motivate employees is a well-functioning and safely operating local distribution company that brings its shareholders and customers industry-leading reliability, top-notch customer service, and solid financial performance.

As your new Chair of the Board, I take my cue from Rob and my predecessor Chairs, by welcoming clear, open and direct communication amongst the Board members. They have continued to delight me with their sage advice, intelligent curiosity, honesty, and full support. This is a group of directors who make valuable contributions to the success of OHL, including Mayor Lisa Post, Councillor Andy Macintosh and Mayor Steve Soloman, who translate their intimate knowledge of the communities we serve into values espoused in the work of the Board and of OHL.

It has been an honour to also work with expert independent directors, Bob Long, Mary Caputi and Soussanna Karas, whose contributions raise the performance level of the Board. I want to personally thank Bob Long for his leadership as past-Chair, as he continues to bring wisdom, insights and excellent questions to every board meeting.

The Board has excellent senior staff support from President and CEO, Rob Koekkoek, Chief Financial Officer, Amy Long, Customer Service Manager, Kim Brooks, and Supervisor of Engineering and Metering, Jamie Monk. Peter Page, Lines Supervisor, retired from OHL on April 30, 2025 after 27 years of going quietly and professionally about his business of keeping the lights on in Orangeville and Grand Valley. We wish Peter a long, happy and healthy retirement.

Speaking of retirement, we were successful in wooing Jeff Hunter out of too-early retirement from Hydro One (which was subsequent to his career at Alectra/PowerStream/Richmond Hill Hydro) to join our senior staff as Lines Supervisor on March 24, 2025, and he hit the ground running when we experienced a severe ice storm on March 29-30, 2025.It was instrumental to have Jeff’s experience, confidence and capabilities available to lead line staff through this challenging event and then encourage the five line staff to help our neighbours, InnPower and Hydro One, until those LDCs were back in service. Please know that staff’s time supporting those other utilities was paid for by InnPower and Hydro One.

Amy Long and the finance team successfully filed another incentive rate-setting mechanism (“IRM”) rate application at the Ontario Energy Board (“the OEB”) in mid-November, 2024. On March 20, 2025, we received the OEB Decision and Rate Order for rates effective May 1, 2025. As a result of this Rate Order, almost all customer classes will see a rate decrease (exclusive of taxes and the Ontario Electricity Rebate) starting May 1, 2025.

# Chair’s Message to the Shareholders

I’m also very happy to report that 2025 dividend payments, based on 2024 total comprehensive income of $964,692, will amount to $482,346, i.e., 50% of the prior year’s income. The amount payable is $26,529 to the Town of Grand Valley and $455,817 to the Town of Orangeville, both of which will be paid out over eight equal monthly payments.

The main work of OHL is comprised of its ‘meat and potatoes’ job of distributing electricity safely and reliably to its customers. But there is always something new and different being undertaken. As part of our separate water meter contract with the Town of Orangeville, in which we read meters and bill for water and sewer usage, we are now ‘immersed’ in a smart water meter project whereby 9,350 out of 9,950 manually read meters have been successfully replaced and new AMI meters deployed.

OHL, subject to an OEB order, must provide customers with the ability to access their electricity data for the purpose of knowing, analyzing and possibly conserving their own electricity consumption. This will be provided via a customer portal that is currently being tested and eventually integrated into our systems.

As part of the province of Ontario’s electrification efforts and encouragement, OHL now has two electric vehicles (“EVs”) in our fleet of nine, where five vehicles (large trucks) do not yet have commercially available electric replacements. OHL has a Kia Soul EV, purchased in 2019, and a Ford F150 Lightning EV pickup truck, purchased in 2024. We are considering replacing one more gasoline pickup truck with an EV pickup truck in 2026.

On behalf of my Board colleagues, I would like to thank you for your confidence in us, and the opportunity to have served OHL well, and to continue to serve for the upcoming year. As Chair, I truly appreciate the professionalism of my Board colleagues and management, and I commend our employees for their diligence, hard work and keen desire to do what’s best for OHL. I would also like to acknowledge the timely, professional support services, provided by our auditors KPMG and our legal team at Stutz, Brown and Self.

If I may be of further service, please let me know.

Respectfully submitted,

Gia M. DeJulio, Chair
Orangeville Hydro Limited

# President & CEO's Message to the Shareholders



It continues to be an honour to write the President & CEO's message each year. I would like to take this opportunity to thank the Board of Directors and Shareholders for your support, trust, and confidence in the entire team at Orangeville Hydro.

I'm proud of what was accomplished by the Orangeville Hydro staff, Board, and our trusted contractors. Everyone at Orangeville Hydro remains focused on the safety of the public and staff while delivering safe, reliable, and cost-efficient electricity.

In 2024, our Cost-of-Service rate application was approved by the Ontario Energy Board and implemented for May 1, 2024 rates. While the significant application and regulatory process required efforts from all staff, we would not have been as successful without the dedication and drive from the Finance and Regulatory team. Amy Long (CFO), Suzanne Presseault (Senior Accountant), and Erinn Halls (Finance & Regulatory Analyst) championed the application to ensure regulatory compliance as well as ensuring Orangeville Hydro receives the revenue required needed to serve our customers effectively.

Orangeville Hydro worked closely with the Town of Orangeville and their contractors throughout the year on the Town's Smart Water Meter Replacement program. The deployment is nearing completion and has been considered a success and value-add program for everyone involved. The Town's new advanced metering infrastructure is fully integrated with our existing systems and processes, which has strengthened our long-standing partnership with the Town of Orangeville and improved our ability to provide this service to both of our Shareholders. Orangeville Hydro's efforts on the project were led by Kim Brooks (Manager of Customer Service) and Abbey Faris (Customer Service Representative).

# President & CEO's Message to the Shareholders



**Reliability (Adjusted for Loss of Supply and Major Events):**
Orangeville Hydro's distribution system provided reliable service throughout the year. Our average customer experienced less than 15 minutes of power outages due to issues within Orangeville Hydro's service area.

**Efficiency:**
Orangeville Hydro is a cost effective and efficient company. Our regulated revenue per customer is the 13$^{th}$ lowest in Ontario. Our customers benefit from having lower distribution costs than most areas of the province. We are an efficient organization with only 20 employees serving over 13,128 customers.

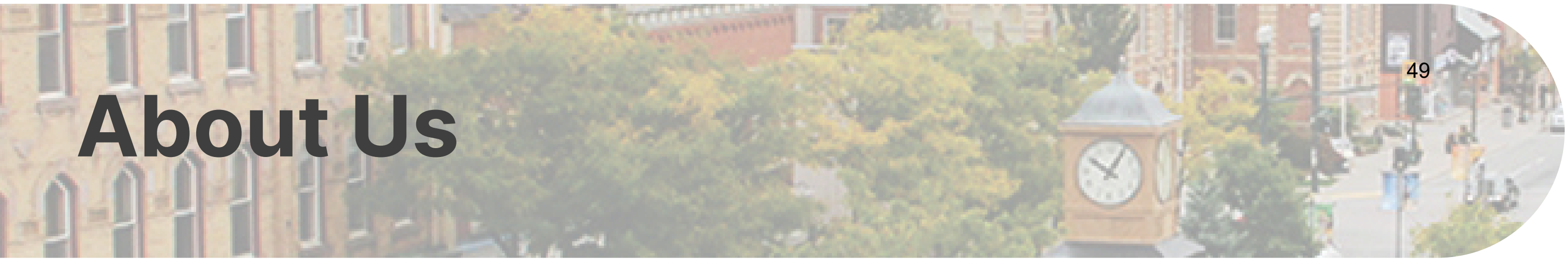
**Financial Performance:**
Orangeville Hydro achieved a Net Income of $964,692 and a Regulatory Return on Equity of 7.24%. This is within the deadband of plus or minus 3% of our Deemed Return on Equity of 9.21%.

Looking forward to 2025, Orangeville Hydro will continue to focus on exceeding our customers' expectations as challenges arise such as concerns of economic uncertainty and the potential of rising costs from tariffs. Orangeville Hydro will continue to work closely with the Town of Orangeville and their contractors throughout the remainder of the Water Meter Replacement program and deployment of a water meter portal for hourly-usage data. The valuable information received from our customers through our March 2025 customer satisfaction survey, social media channels, open house, and day-to-day comments will drive our initiatives to improve our customers' experience and ensure we are providing the service they expect and deserve from their electric utility.

While we are proud of what we accomplished at Orangeville Hydro last year and the 107 years before that, we strive to continue to improve the lives of our customers and our communities.

Thank you for the opportunity to serve you!

Rob Koekkoek, P.Eng.
President & CEO
Orangeville Hydro Limited



# About Us

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

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

## Vision Statement

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

## Mission Statement

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

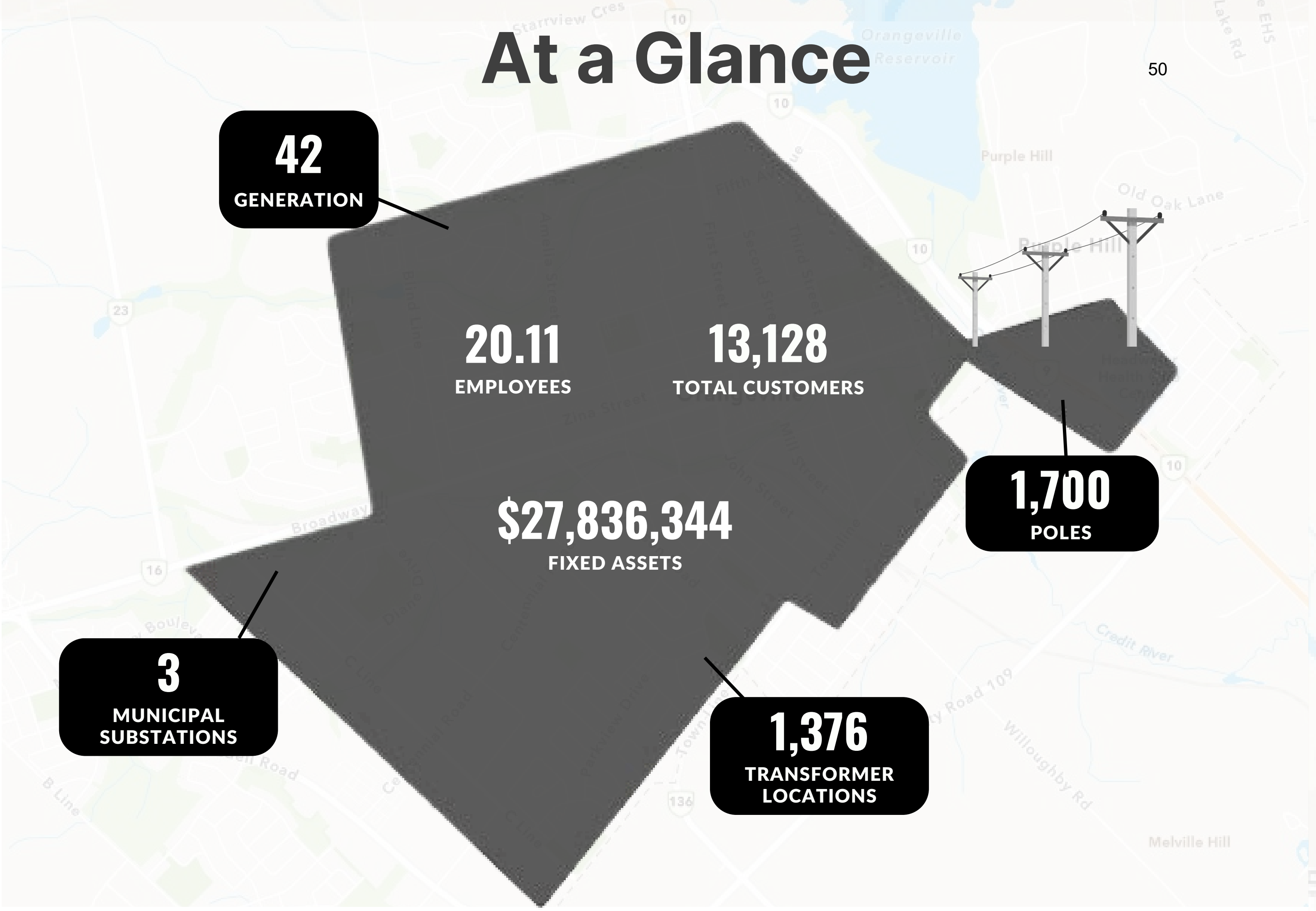
While we must operate as a business and be profitable for our shareholders, our main reason for existing is to provide safe, reliable, and economic electricity services to the people of the Town of Orangeville and the Town of Grand Valley. That is what distinguishes us from other large, remotely owned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

## Values Statement

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

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

# At a Glance



**42**
GENERATION

**20.11**
EMPLOYEES

**13,128**
TOTAL CUSTOMERS

**1,700**
POLES

**$27,836,344**
FIXED ASSETS

**3**
MUNICIPAL SUBSTATIONS

**1,376**
TRANSFORMER LOCATIONS

**11,696**
RESIDENTIAL

**1,198**
GENERAL SERVICE <50KW

**127**
GENERAL SERVICE >50KW

## Electricity Distribution

268,645,939 kWh
Total Supplied to Orangeville Hydro

265,035,130 kWh
Total Delivered to Customers

8,172 kWh
Average Residential Annual Consumption

51,685 kW
2024 System Peak Demand

51,685 kW
All-Time System Peak Demand - 2024

## Service Territory

70 km
Overhead Circuit Wires

155 km
Underground Cable

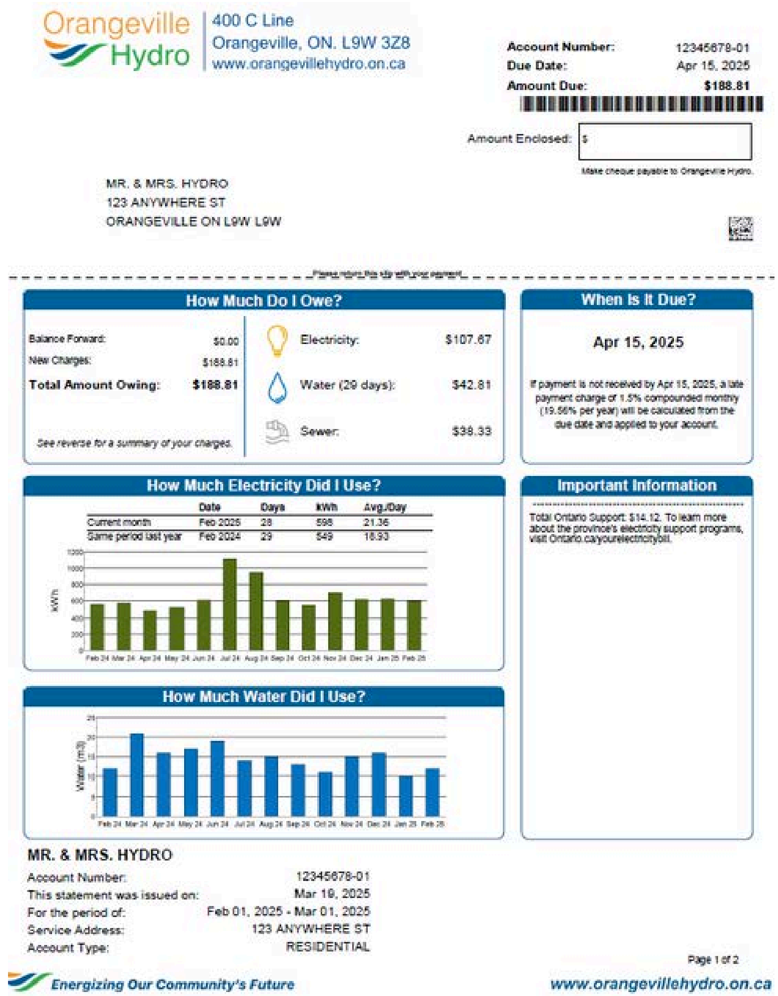
17 Km²
Total Service Area

# 2024 Rate Application

In 2024, Orangeville Hydro rates were set utilizing the Cost of Service method. This highly scrutinized method allows the utility to set its rates based on projected expenses for the test year of 2024. Moving forward until the next Cost of Service, rates will be set by the Price Cap IR method, which is a mechanistic approach to rate increases based on productivity and inflation.

After approval by the OEB, these rates came into effect May 1, 2024.

The average residential customer using 750 kWh a month saw an increase on their total bill of $5.10 or 3.62% on their bill. Small general service customers using a monthly average of 2,000 kWh saw an increase of $4.29 or 1.20% on their bill. Larger commercial, institutional and manufacturing businesses using a monthly average demand of 60kW saw an increase of $69.58 or 2.25% on their bill.


Orangeville Hydro
400 C Line
Orangeville, ON. L9W 3Z8
www.orangevillehydro.on.ca

Account Number: 12345678-01
Due Date: Apr 15, 2025
Amount Due: $188.81

Amount Enclosed: $

Make cheque payable to Orangeville Hydro.

MR. & MRS. HYDRO
123 ANYWHERE ST
ORANGEVILLE ON L9W L9W

Please return this slip with your payment

**How Much Do I Owe?**

| | |
|---|---|
| Balance Forward: | $0.00 |
| New Charges: | $188.81 |
| Total Amount Owing: | $188.81 |
| Electricity: | $107.67 |
| Water (29 days): | $42.81 |
| Sewer: | $38.33 |

See reverse for a summary of your charges.

**When Is It Due?**

Apr 15, 2025

If payment is not received by Apr 15, 2025, a late payment charge of 1.5% compounded monthly (19.56% per year) will be calculated from the due date and applied to your account.

**How Much Electricity Did I Use?**

| | Date | Days | kWh | Avg./Day |
|---|---|---|---|---|
| Current month | Feb 2025 | 28 | 598 | 21.36 |
| Same period last year | Feb 2024 | 29 | 549 | 18.93 |

**Important Information**

Total Ontario Support: $14.12. To learn more about the province's electricity support programs, visit Ontario.ca/yourelectricitybill.

**How Much Water Did I Use?**

MR. & MRS. HYDRO

| | |
|---|---|
| Account Number: | 12345678-01 |
| This statement was issued on: | Mar 10, 2025 |
| For the period of: | Feb 01, 2025 - Mar 01, 2025 |
| Service Address: | 123 ANYWHERE ST |
| Account Type: | RESIDENTIAL |

Page 1 of 2

Energizing Our Community's Future

www.orangevillehydro.on.ca

# Charges and Rates

Orangeville Hydro purchases electricity from the wholesale market administered by the Independent Electricity System Operator ("IESO") or Hydro One during load transfers; and pays transmission costs to Hydro One.
Distribution Rates – Service charges and Distribution volumetric charges - these are revenues kept by Orangeville Hydro to fund ongoing operating and capital expenditures and achieve a regulated rate of return.

Pass Through Charges – paid to the IESO and Hydro One

- Commodity Cost of Electricity – Time of Use ("TOU"), Tiered, Ultra-Low Overnight ("ULO"), Hourly Ontario Energy Price ("HOEP"), Global Adjustment ("GA")
- Retail Transmission Rates - Low Voltage, Network and Connection rates
- Wholesale Market Service Charge and Smart Meter Entity Charge

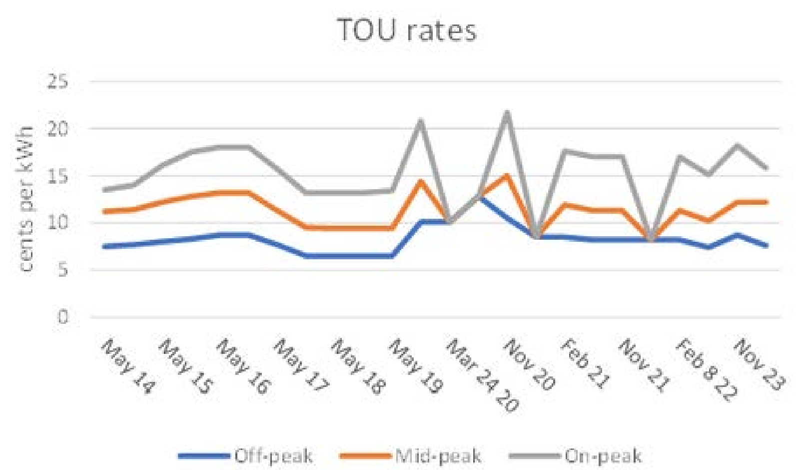
Deferral and Variance Account Disposition – The differences between the expenses paid to the IESO and Hydro One and the associated charges billed to customers, are recovered from customers or refunded to customers through future billing.

# Rates

The Regulated Price Plan ("RPP") prices for Time of Use ("TOU"), Tiered, and Ultra-Low Overnight ("ULO") are updated once yearly on November 1st. Customers are able to compare the rate options using historical usage and choose their rate structure on the OHL website, using Customer Connect and the TOU Optionality Calculator. TOU is the default rate structure for RPP customers, but customers can opt into Tiered or ULO rates through Customer Connect. There has been significant variation in the rate pricing over the last 10 years, as shown in the graphs below.

## Time of Use

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

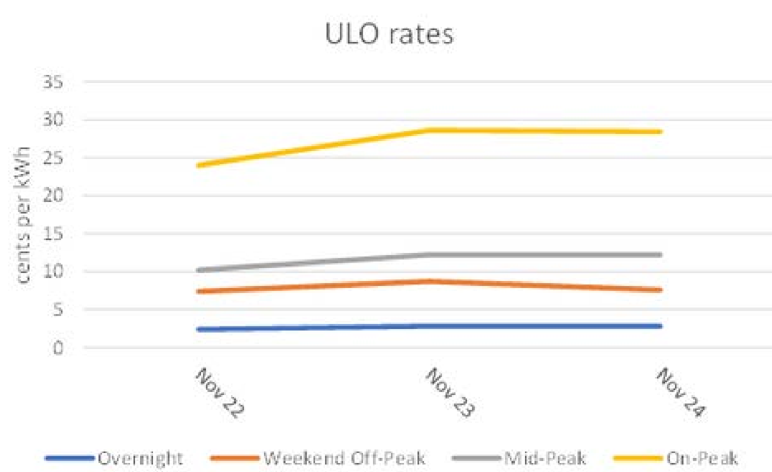



## Tiered

Some Ontario electricity customers are billed using tiered rates. Under tiered rates, a customer can use a certain amount of electricity each month at a lower rate. Once that limit is exceeded, the rate increases to the Tier 2 rate.


## Ultra-Low Overnight

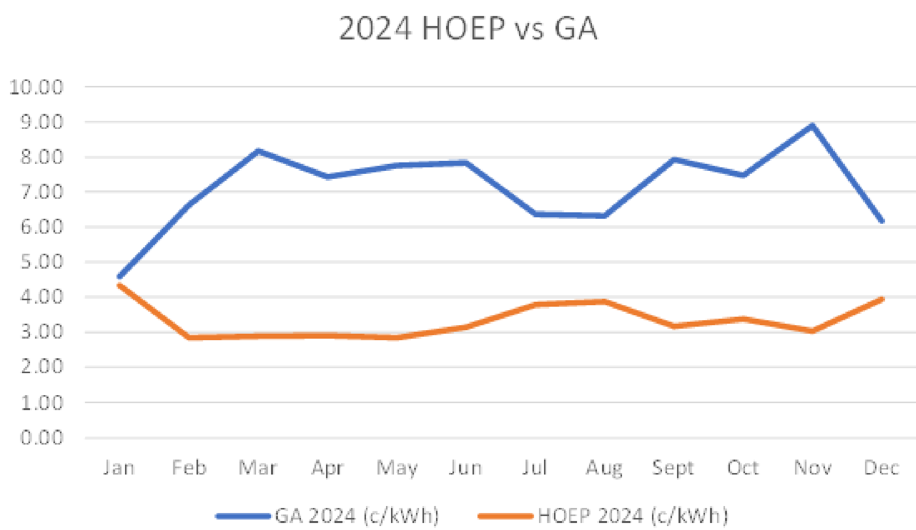
ULO prices are the lowest throughout the night. There are three other increasing rates on this rate option; weekend off-peak, mid-peak and the highest being on-peak.



# HOEP and Global Adjustment

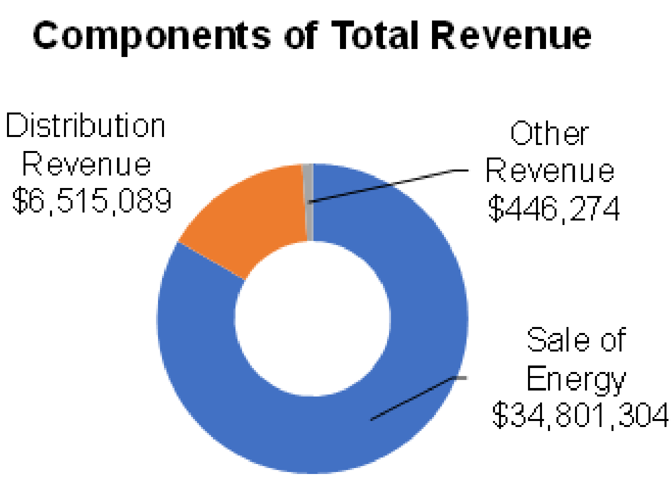
The Hourly Ontario Energy Price ("HOEP") is charged to local distribution companies ("LDC"s) who recover it from the class of customers that pay the market price. Commercial customers that use more than 250,000 kWh a year pay the hourly price. The HOEP is also the basis for regulated rates charged to residential and small business customers. Due to the IESO market renewal program, HOEP will change to the Ontario Electricity Market Price ("OEMP") as of May 1, 2025.

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




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

# Financial Results

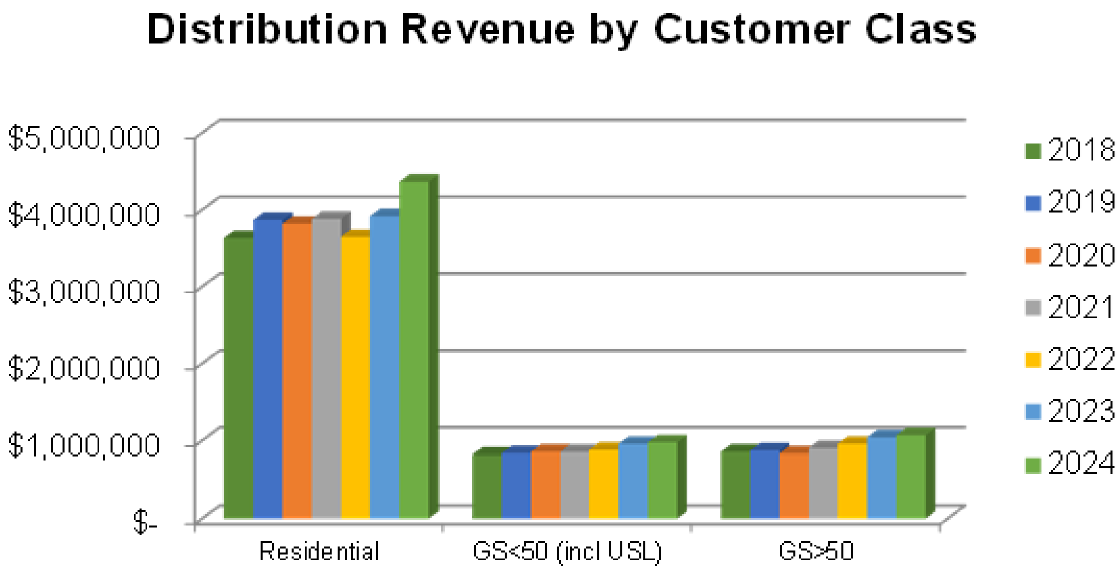



### Total Comprehensive Income

Total comprehensive income for 2024 amounted to $964,692 compared to $1,012,026 in 2023. This amount was lower than last year, with the decrease attributed to higher operating expenses. Expenses were higher in 2024 mainly due to increased labour and conference costs, a one-time regulatory expense and higher bad debt.

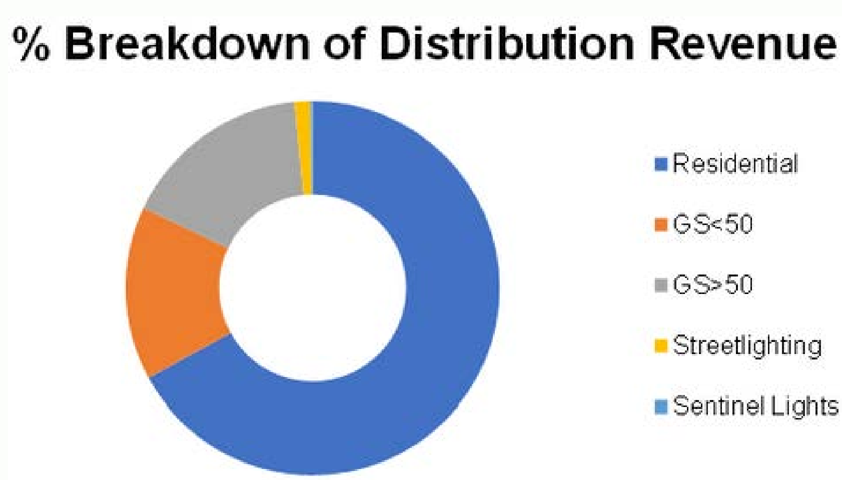
# Distribution Revenue and Other Revenue

Distribution revenue is the revenue received from customers to operate our business and represents the revenue requirement that is approved by the OEB during a cost of service rate application. In 2024, distribution revenue amounted to $6,515,089, an increase from $6,033,323 in 2023.
The revenue increase over the previous year was mainly due to an increase in approved fixed and variable rates.




This chart shows the breakdown of distribution revenue between the different customer classes, highlighting that 67% of distribution revenue is derived from residential customers, and 31% comes from General Service less than 50kW ("GS<50") and General Service greater than 50kW ("GS>50") customers.

Other revenue amounted to $446,274 in 2024 compared to $382,968 in 2023. 2024 other revenue was higher than the prior year due to higher late payment revenues and higher water and streetlight billing revenues.



# Sale of Energy

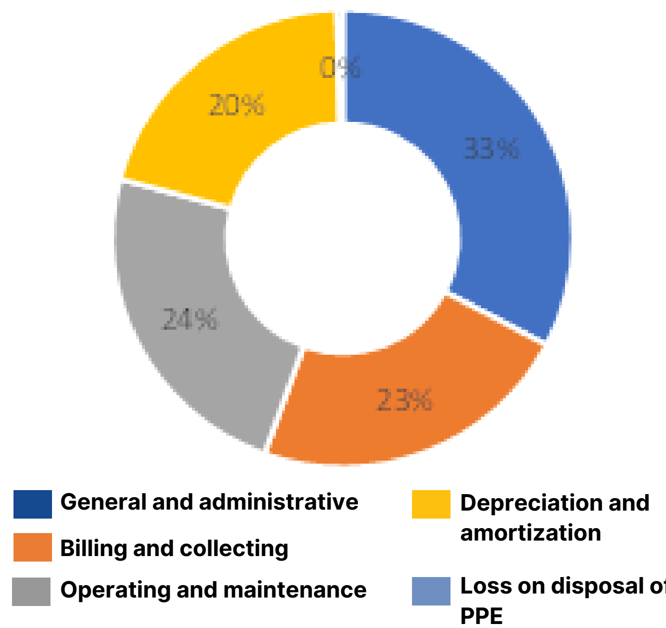
Sale of energy for 2024 was $34,801,304, which was higher than the 2023 sale of energy of $32,072,635 due to an increase in Residential and Commercial electricity sales, as well as Wholesale Market Services, Network, Connection and Low Voltage revenues.
Total electricity sales include a pass-through of the cost of power that Orangeville Hydro pays the IESO for energy, wholesale market service charges and rural rate assistance as well as to Hydro One Networks for transmission network and connection charges, and low voltage charges. Sale of energy accounts for 83% of Total Revenues.

# Operating Expenses

Operating expenses are the costs associated with the day-to-day operations, maintenance and administration ("OM&A") of the utility, comprising of labour, material, equipment, purchased services, as well as depreciation of capital assets. The total OM&A expenses amounted to $4,255,590 in 2024, compared with $3,961,088 in 2023. 2024 expenditures were 3% higher than the budgeted amount of $4,129,821.

Expenses were higher in 2024 over 2023 due to increased internal labour cost increases, as well as higher conference and training costs. There was a one-time regulatory expense in 2024 which impacted operating expenses and bad debt was higher in 2024 than 2023.

**Type of Expense as a % of Total Operating Expenses**




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

Depreciation of property, plant and equipment ("PP&E") increased to $1,097,299 in 2024, up from $1,029,373 in 2023.

In 2024, OM&A expenses per customer increased to $324 per customer from $303 in 2023.

# Cost of Power Purchased

The total cost of power purchased in 2024 was $33,221,181, a 10% increase from the 2023 cost of power purchased of $30,272,632. This increase is mainly due to higher electricity rates paid to the IESO over the year as well as higher Wholesale Market Service, Network, Connection and Low Voltage costs charged by Hydro One.

# Capital Expenditures



In 2024, gross capital expenditures amounted to $2,931,342, compared to $2,516,930 in 2023. These expenditures were 11% lower than the budgeted capital expenditures of $3,302,200. This increase over 2023 actuals was mainly due to the cost to replace the roof over the office section of the building, as well as voltage conversion capital work.

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

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

**System Service** consists of projects planned to ensure the distribution system continues to meet operational objectives, while addressing future needs.

**General Plant** consists of non-distribution assets. **Intangibles** include land rights and computer software.

| Job Type | Cost | % of total |
|---|---|---|
| System Access | $ 964,291 | 33% |
| System Renewal | $ 445,639 | 15% |
| System Service | $ 871,505 | 30% |
| General Plant | $ 511,198 | 17% |
| Intangibles | $ 138,709 | 5% |
| **Total** | **$ 2,931,342** | **100%** |

# 2024 Major Projects

**Conversion of MS#2 South feeder**
Maple/Madison

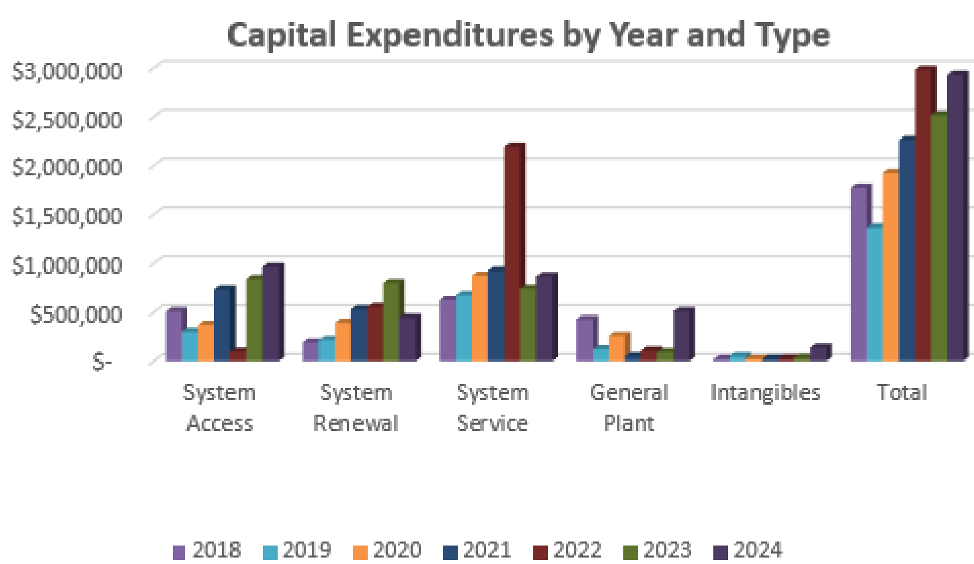
**Conversion of MS#2 South feeder**
Edelwild/Rustic/Cedar/Lawrence

**Feeder Tie – Armstrong St**

**Transformer corrosion refurbishment**

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

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

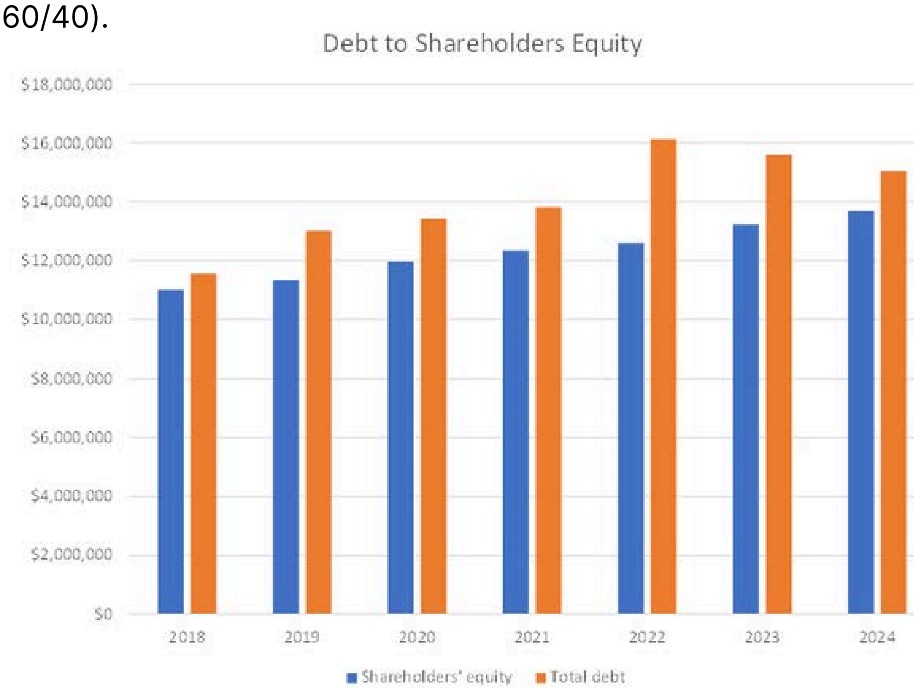


# Debt and Shareholder's Equity

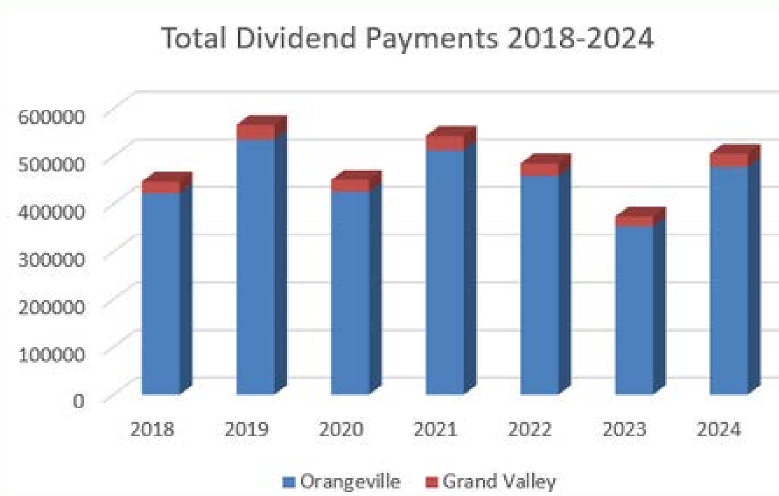
In 2024, total debt was at a favourable level of 52% compared to total shareholders' equity of 48%. Additional debt is generally taken to finance general operating requirements as well as capital expenditures, and to fund increasing regulatory variances.

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

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




# Dividends




Orangeville Hydro has paid the Town of Orangeville $22,035,285 since incorporation in 2000 and the Town of Grand Valley $561,793 since amalgamation in 2007.

Dividends were paid in 2024 in accordance with the Orangeville Hydro dividend policy, in the amount of $506,016, which were over the budgeted dividends of $402,781.

# Financial Statistics



| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Sale of energy | $30,406,079 | $31,873,671 | $32,072,635 | $34,801,304 |
| Distribution revenue | $5,796,532 | $5,588,004 | $6,033,323 | $6,515,089 |
| OM&A expenses | $3,386,801 | $3,690,996 | $3,961,088 | $4,255,590 |
| Capital expenditures | $2,265,235 | $2,983,010 | $2,516,930 | $2,931,342 |
| Total comprehensive income | $908,964 | $747,579 | $1,012,026 | $964,692 |
| Shareholders' equity | $12,331,444 | $12,593,359 | $13,231,593 | $13,690,269 |
| Total debt | $13,805,822 | $16,131,608 | $15,587,649 | $15,041,775 |
| Capital assets (PP&E) | $22,952,526 | $24,798,240 | $26,130,264 | $27,836,344 |
| Annual Dividends to shareholders | $543,259 | $485,664 | $373,792 | $506,016 |
| Cumulative Dividends Paid | $21,231,612 | $21,717,276 | $22,091,068 | $22,597,084 |
| Number of customers | 12,885 | 12,956 | 13,077 | 13,128 |
| Number of employees (FTE) | 20 | 21 | 20 | 20 |

| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Return on Equity (Financials) | 7.37% | 5.94% | 7.65% | 7.05% |
| Return on Equity (Regulated) | 9.46% | 5.71% | 8.25% | 7.24% |
| Debt % | 53% | 56% | 54% | 52% |
| Equity % | 47% | 44% | 46% | 48% |
| Debt to Equity | 1.12 | 1.28 | 1.18 | 1.10 |
| Debt to Assets % | 39% | 46% | 44% | 40% |
| Debt to Capital Assets % | 60% | 65% | 60% | 54% |
| OM&A expenses/customer | $263 | $285 | $303 | $324 |
| Customers/employee | 645 | 605 | 668 | 653 |

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Sale of energy | $30,048,911 | $28,491,290 | $29,164,689 | $33,148,280 |
| Distribution revenue | $5,219,614 | $5,444,878 | $5,674,628 | $5,664,418 |
| OM&A expenses | $3,328,900 | $3,229,776 | $3,492,710 | $3,285,656 |
| Capital expenditures | $2,551,610 | $1,778,360 | $1,368,228 | $1,924,938 |
| Total comprehensive income | $1,070,150 | $1,152,374 | $901,542 | $1,086,517 |
| Shareholders' equity | $10,289,603 | $10,994,885 | $11,329,992 | $11,965,738 |
| Total debt | $12,043,169 | $11,554,844 | $13,009,817 | $13,418,780 |
| Capital assets (PP&E) | $19,850,847 | $20,620,014 | $20,934,988 | $21,786,371 |
| Annual Dividends to shareholders | $646,294 | $447,092 | $566,435 | $450,771 |
| Cumulative Dividends Paid | $19,224,055 | $19,671,147 | $20,237,582 | $20,688,353 |
| Number of customers | 12,462 | 12,690 | 12,766 | 12,808 |
| Number of employees (FTE) | 15 | 19 | 20 | 20 |

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Return on Equity (Financials) | 10.40% | 10.48% | 7.96% | 9.08% |
| Return on Equity (Regulated) | 10.60% | 11.92% | 10.34% | 11.83% |
| Debt % | 54% | 51% | 53% | 53% |
| Equity % | 46% | 49% | 47% | 47% |
| Debt to Equity | 1.17 | 1.05 | 1.15 | 1.12 |
| Debt to Assets % | 37% | 38% | 41% | 39% |
| Debt to Capital Assets % | 61% | 56% | 62% | 62% |
| OM&A expenses/customer | $267 | $255 | $274 | $257 |
| Customers/employee | 831 | 684 | 646 | 642 |

# Customer Service

Orangeville Hydro now serves 13,128 valuable customers in the Town of Orangeville and Town of Grand Valley. Our amazing team adapts quickly to the regularly changing electricity sector and continues to serve our customers with knowledge, efficiency, and empathy.

## Advanced Metering Infrastructure

Orangeville Hydro worked with the Town of Orangeville, Neptune Technologies, Diameter, NorthStar and ERTH to implement Advanced Metering Infrastructure ("AMI") as part of the Town's water meter replacement project. The new water meters are non-mechanical and are being read remotely, improving accuracy and helping to optimize their water usage. In the Fall of 2025, customers will be able to access an online portal to view real-time water usage data and receive customized alerts, which will help them to optimize their water usage and help them identify potential leaks.

Orangeville Hydro worked closely with ERTH Corporation to tailor a platform for the connection between Orangeville Hydro and Neptune. This platform is referred to as EOS and it gave Orangeville Hydro the ability to streamline and make necessary adjustments within the implementation process of meter changes. This helped in the smooth transition of mass meter changes on a town wide scale, with the project nearing completion.

After the new water meters are installed, Orangeville Hydro is able to utilize the Neptune 360 portal as a tool to allow OHL to reach out to customers on an individual basis who were reporting continuous water or high usage. This gives us the ability to help customers with water conservation and cost savings by addressing issues in a matter of days, as opposed to months later.

## 2024 Canada Post Strike

The strike began on November 15th, 2024, and was suspended on December 17th, 2024. During the postal strike, Orangeville Hydro saw an increase in customers signing up for e-billing as well as pre-authorized payments.

## Ontario Electricity Support Program

The Ontario Electricity Support Program ("OESP") provides ongoing assistance by lowering bills for lower income electricity consumers based on household income and household size. The OESP credits are applied directly to eligible customers' bills. In 2024, $260,993 was credited to eligible customers.

# Customer Service

## RPP Rates

RPP rates were reduced effective November 1st, 2024. The forecasted average supply cost for RPP consumers decreased by 11%, due to a lower-than-forecasted supply cost over the previous RPP period, and a decrease in Global Adjustment payments to nuclear and natural gas generators. The overall bill impact was offset by a decrease in the Ontario Electricity rebate for qualifying residential and small business customers.

TOU pricing November 1, 2024:
- On-Peak decreased 2.4c/kWh to 15.8 c/kWh.
- Mid-Peak remained the same at 12.2 c/kWh.
- Off-Peak decreased 1.1c/kWh to 7.6 c/kWh.

ULO pricing November 1, 2024:
- ULO On-Peak decreased 0.2 c/kWh to 28.4 c/kWh.
- ULO Mid-Peak remained the same at 12.2 c/kWh.
- ULO Weekend Off-Peak decreased 1.1 c/kWh to 7.6 c/kWh
- ULO Overnight remained the same at 2.8 c/kWh.

Tiered pricing November 1, 2024:
- Tier 1 decreased 1.0 c/kWh to 9.3 c/kWh.
- Tier 2 decreased 1.5 c/kWh to 11.0 c/kWh.

On November 1, 2024, the Ontario Rebate for Electricity (“OER”) decreased by 6.2%, from 19.3% to 13.1%.

### Low Income Energy Assistance Program

Customer Service staff continue to work with Dufferin County Community Services to assist Low-income energy customers (“LEAP”).

Effective March 1st, 2024, the OEB made changes to the program to ensure that LEAP continues to provide an appropriate level of assistance to vulnerable consumers in a timely and effective manner.

These changes included:
- Income eligibility thresholds are in alignment with OESP income thresholds.

Grant amounts increased to $650 and $780 (electric heating).

- Program funding - no eligible LEAP EFA applicant will be denied assistance due to lack of funding.
- Intake agencies have flexibility to accept documents in lieu of a lease or mortgage document (e.g., letter from MPP, attestation from a legal clinic or letter from a landlord).
- Distributors and required to regularly communicate with consumers about LEAP EFA.

In 2024, Orangeville Hydro provided a total of $21,244 to the County of Dufferin. The program assisted 38 qualifying customers and on average the program allocated $481.97 per customer.

# Community Events

Orangeville Hydro attended the Orangeville Farmer's Market on Saturday, May 4th providing bucket truck rides. The event was a huge success! Our Engineering Technician was able to check one off his 'bucket' list.

On Saturday, May 25th, Orangeville Hydro attended the Grand Valley Lions 27th Annual Duck Race.

On Saturday, July 20th, OHL attended KidsFest at the 15th Annual Rotary Ribfest, offering free bucket truck rides, swag, and colouring activities. As always proceeds from the Rotary Ribfest will be used for the new play area featured in the Rotary Park Conceptual plan, aiming to update the beloved park.

On Tuesday, September 10th, OHL hosted our annual Educate, Engage, Energize ("EEE") Event. This year we opted to host the event in our back parking lot to allow for more room to have our trucks and some transformers out for our customers to see. OHL hosted community partners such as the County of Dufferin, Town of Orangeville Water, Police Services, Grand Valley Fire, Dufferin County Emergency Preparedness, Hazard Hamlet and Save-On-Energy from the IESO. We provided lots of pizza, freezies, juice boxes and fruit snacks for our customers. The remaining pizza was donated to Choices Youth Shelter and Orangeville Food Bank. We had an amazing turnout with 57 kids and adults going up in the bucket truck.

On Saturday, November 16th we participated in the Orangeville Santa Claus parade, which was organized by the Orangeville BIA. The theme of this year's parade was Rocking around the Christmas Tree.

**Grand Valley Duck Race**

**Orangeville Hydro EEE Event**

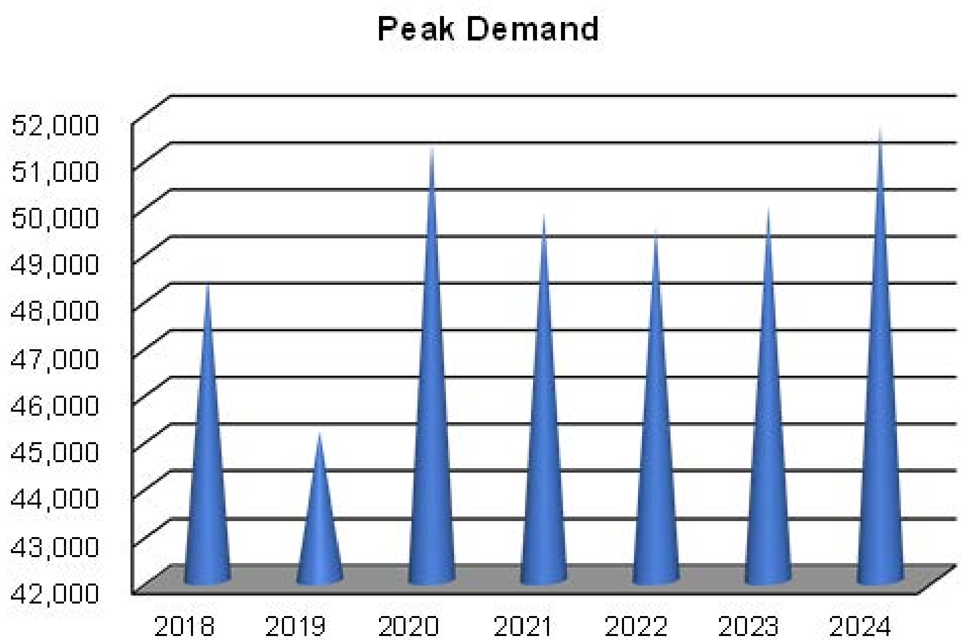
**Orangeville Santa Claus Parade**

## Staff Donations

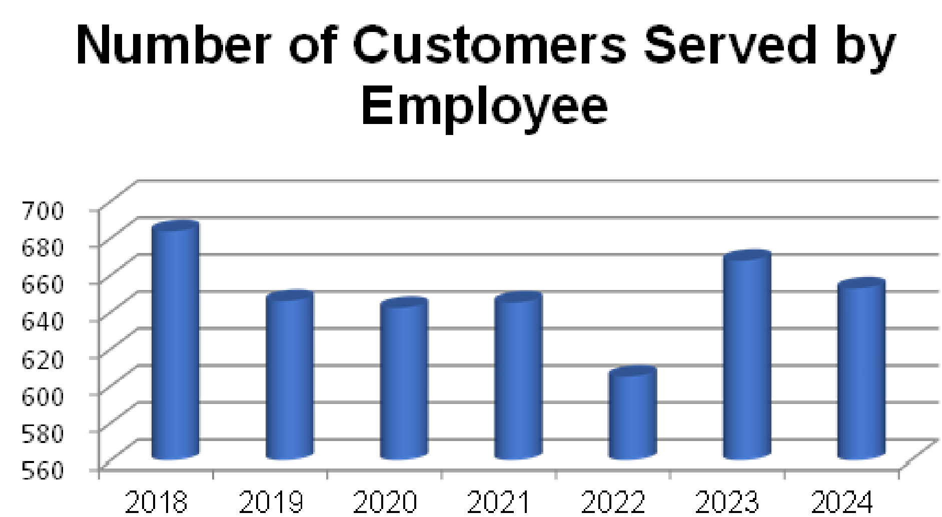
Annually, Orangeville Hydro staff holds its Christmas Cheer Week. With the generous contributions from our vendors for our Silent Auction, Orangeville Hydro was able to raise $4,828 for the Orangeville Food Bank.

# Operating Statistics

The system peak of 51,685 kilowatts occurred in June 2024. This is an increase from the 2023 system peak of 49,960 kilowatts which occurred in September, and has become the new system peak, higher than our last overall system peak of 51,287 kilowatts in July 2020. Factors that have an effect on the system peak include our voltage conversion projects, hotter summers, as well as the industrial and commercial economy within our service area.

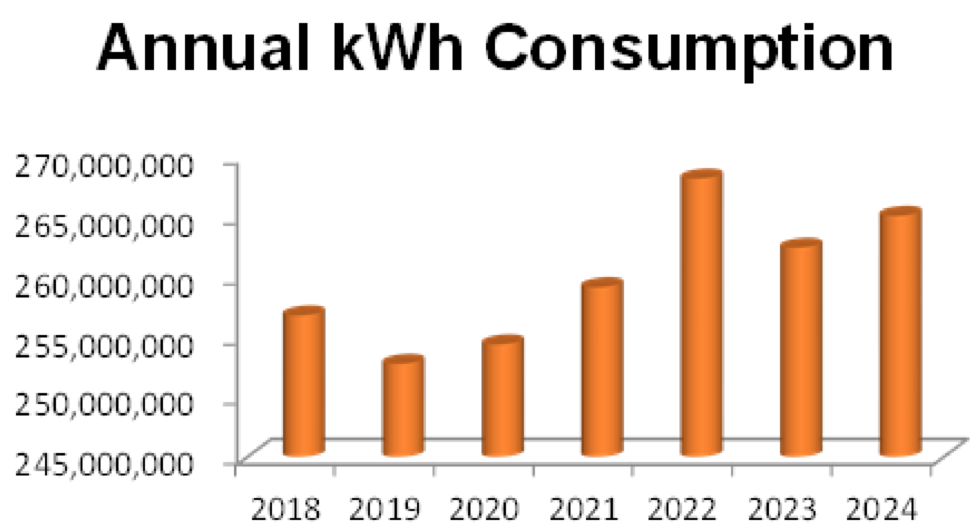


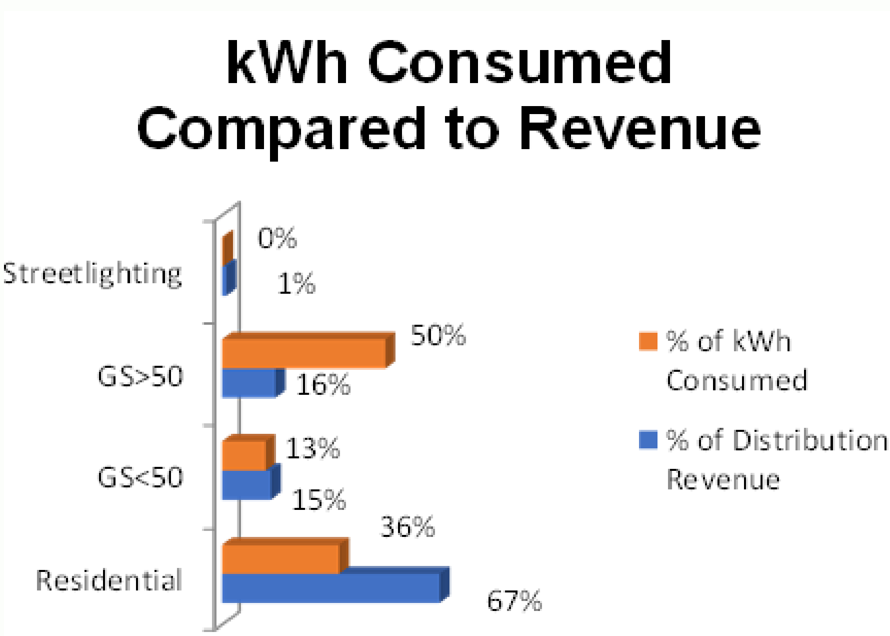

The number of customers served per employee has decreased to 653 in 2024. Our number of customers increased over 2023, and the number of full-time equivalent staff ("FTE"), which includes part-time staff, also increased from 19.58 in 2023 to 20.11 in 2024. Orangeville Hydro continues to train staff for progression and succession planning in order to plan for future retirements.



# Customer Profile and Electricity Consumption

At the end of 2024, Orangeville Hydro had 13,128 customers. Orangeville Hydro's customer base has increased by an additional 51 customers from 2023. OHL's customers consumed a total of 265,035,130 kilowatt hours in 2024, an increase from 2023 due to higher consumption in most customer classes.




As illustrated in the chart below, the residential customer class consumes a smaller percentage of the overall consumption as compared to the industrial class even though they represent 89% of our number of customers. Residential customers also account for 67% of our Distribution Revenue.

# System Reliability



Orangeville Hydro's mission is to provide safe and reliable electricity to our customers. Each year Orangeville Hydro analyzes the overall system reliability performance as well as the root cause of every outage. In 2024, Orangeville Hydro's system had another strong year for reliability performance excluding loss of supply and major event days.

In 2024, there were three significant outage events that caused 89% of customer interruptions. These events were:

- February 28th, 2024: a large tree branch fell on powerlines during windy conditions impacting 3,140 customers
- July 30th, 2024: a loss of supply from Hydro One impacted 3,140 customers
- December 10th, 2024: a loss of supply from Hydro One impacted 2,898 customers

### System Average Interruption Duration Index ("SAIDI")

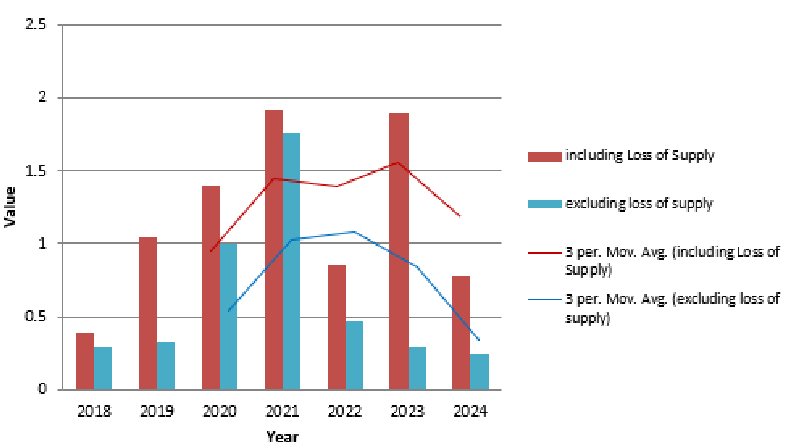
SAIDI is the average outage duration for each customer served. The average outage duration a customer experienced in 2024 including a loss of supply from Hydro One was 0.78 hours and 0.25 hours excluding outages caused by loss of supply. Both values exclude the Major Event Day outage statistics.

### System Average Interruption Frequency Index ("SAIFI")

SAIFI is the average number of interruptions that a customer experiences. The average number of interruptions that an Orangeville Hydro customer experienced in 2024 including a loss of supply from Hydro One was 0.79 and 0.33 excluding outages caused by loss of supply. Both values exclude the Major Event Day outage statistics.

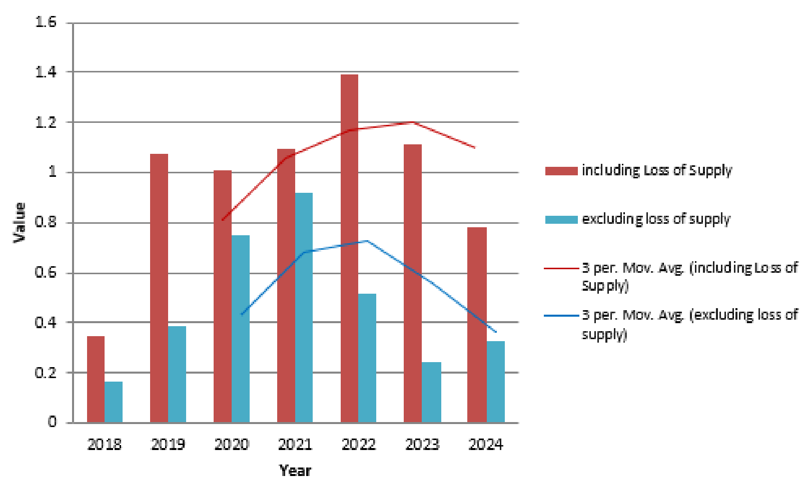
**Orangeville Hydro SAIDI**

**System Average Interruption Duration Index (excluding Major Event Days)**




**Orangeville Hydro SAIFI**

**System Average Interruption Frequency Index (excluding Major Event Days)**



# OHL Scorecard



Utilizing the scorecard approach designed by the Ontario Energy Board, Orangeville Hydro monitors its performance in key areas as compared to other utilities.
The standardized scorecard encourages electricity distributors to operate effectively, continually improve productivity, and focus on improvements that customers value by evaluating utilities based on a series of standard metrics. The summary below demonstrates Orangeville Hydro's commitment to exceptional customer service, strong reliability and financial stability in 2024.

| Performance Outcomes | Performance Categories | Measures | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Target: Industry | Target: Distributor |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Customer Focus<br>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% | 99.24% | 100.00% | 99.24% | 99.48% | 90.00% | |
| | | Scheduled Appointments Met On Time | | 100.00% | 100.00% | 99.25% | 100.00% | 99.24% | 99.49% | 90.00% | |
| | | Telephone Calls Answered On Time | | 99.90% | 99.11% | 99.21% | 99.26% | 99.43% | 99.08% | 65.00% | |
| | Customer Satisfaction | First Contact Resolution | | 99.90% | 99.90% | 99.83% | 99.62% | 99.67% | 99.76% | | |
| | | Billing Accuracy | | 100.00% | 99.84% | 99.82% | 99.73% | 99.79% | 99.89% | 98.00% | |
| | | Customer Satisfaction Survey Results | | 78.2 | 76 | 76 | 76 | 76 | 76 | | |
| Operational Effectiveness<br>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% | 85.50% | 84.50% | 84.50% | 83.70% | 83.70% | | |
| | | Level of Compliance with Ontario Regulation 22/04 | | C | C | C | C | C | C | | C |
| | | Serious Electrical Incident Index | Number of General Public Incidents | 0 | 0 | 1 | 0 | 0 | 0 | | 0 |
| | | | Rate per 10, 100, 1000 km of line | 0.000 | 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 | | 0.33 | 1.01 | 1.75 | 0.47 | 0.29 | 0.25 | | 0.55 |
| | | Average Number of Times that Power to a Customer is Interrupted | | 0.39 | 0.75 | 0.91 | 0.52 | 0.24 | 0.33 | | 0.65 |
| | Asset Management | Distribution System Plan Implementation Progress | | 96% | 102% | 87% | 156% | 110% | 93% | | |
| | Cost Control | Efficiency Assessment | | 2 | 2 | 1 | 1 | 1 | n/a | | |
| | | Total Cost per Customer | | $568 | $535 | $550 | $605 | $661 | n/a | | |
| | | Total Cost per Km of Line | | $32,501 | $30,612 | $31,921 | $35,340 | $38,970 | n/a | | |
| Public Policy Responsiveness<br>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<br>Financial viability is maintained; and savings from operational effectiveness are sustainable. | Financial Ratios | Liquidity: Current Ratio (Current Assets/Current Liabilities) | | 1.74 | 1.41 | 0.78 | 1.39 | 1.03 | 1.53 | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | | 1.15 | 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% | 9.36% | 9.21% | | |
| | | | Achieved | 10.36% | 11.83% | 9.46% | 5.71% | 8.25% | 7.24% | | |

# Health and Safety

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

**In 2024 there were zero loss time incidents**. We strive to maintain a healthy and safe work environment by providing suitable training, attending safety meetings, and following directions from our Joint Health and Safety Committee (“JHSC”). We also recognize the importance of the involvement and commitment of the Board of Directors and Management to achieve success. Management and staff have increased safety-related training and awareness for all employees.

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

**Training that took place in 2024:**

- CPR/First Aid/AED
- Fall Protection
- Pole Top/Bucket Rescue
- May Day Procedure
- Violence and Harassment
- Construction Verification Program
- Chainsaw Safety
- WHMIS
- Forklift Certification
- Propane Safety
- Basics of Supervision
- Online Supervisor Health and Safety Awareness
- Joint Health & Safety Committee Training

In accordance with the Occupational Health and Safety Act (“OHSA”), organizations with 20 employees are required to have two certified Joint Health & Safety Committee members, however, to create a safe and healthy work environment Orangeville Hydro has provided training to all our employees. The JHSC at Orangeville Hydro ensured that in 2024 all new staff members received Joint Health & Safety Committee training as well as a refresher course for all existing employees. It is notable that all employees will continue to receive the training to keep their membership status and all future employees will receive the same training.

## 2024 GOALS

| | | | |
|---|---|---|---|
| 1 | Discuss and recommend effective actions to prevent workplace incidents. | | On-going |
| 2 | Promote awareness of health and safety issues | | On-going |
| | ✓ | Improve Near Miss Reporting | On-going |
| | ✓ | Quarterly Newsletter to all Staff | Goal Not Met |
| | ✓ | Front office staff site visit | Achieved Goal |
| | ✓ | Encourage Staff to participate in Safety Culture at OHL | On-going |
| 3 | Promote an atmosphere of cooperation between all employees. | | On-going |
| | ✓ | Safety Appreciation lunch for Staff | Achieved Goal |
| | ✓ | Continue JH&S certification for all new staff. | Achieved Goal |
| 4 | Help identify issues. | | On-going |
| | ✓ | Have staff involved in monthly workplace inspections. | Goal Not Met |
| | ✓ | Safety Meetings for Inside Staff twice per year: Spring & Fall | Achieved Goal |
| | ✓ | Ensure completion of workplace inspections monthly | Achieved Goal |
| 5 | Formulate policy and procedures. | | On-going |
| 6 | Monitor and improve workplace health and safety. | | On-going |

# Orangeville Hydro Limited

# Annual Report 2024

Orangeville Hydro

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