

# STRATEGIC PLAN

2025-2028

*Festival Hydro* INC.



[www.festivalhydro.com](http://www.festivalhydro.com)



Innovation to Power the Future

2025-2028

# Innovation to Power the Future





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# MESSAGE FROM THE PRESIDENT & CEO AND THE BOARD OF DIRECTORS CHAIR

As we present the 2025-2028 Strategic Plan, we reflect on Festival Hydro's (FHI) legacy of delivering reliable, sustainable, and innovative energy solutions. Our dedication to our customers and community has been the cornerstone of our success, and this strategic plan reaffirms our commitment to leading in an evolving energy landscape. In 2024, the Festival Hydro Executive Leadership Team and the Board of Directors reviewed the previous plan and looked at the changing topography of the electricity industry in Ontario to lay a future path for the business strategy to address the needs of our people, our customers and our community.

Ontario's electricity sector is undergoing rapid change due to the energy transition to electrification and to a low-carbon economy. This energy transition is marked by a shift towards renewable energy sources to decrease dependence on fossil fuels and reduce greenhouse gas emissions and position Ontario as a hub for economic development and expansion. Festival Hydro will play a crucial role in this transition by modernizing infrastructure to support distributed generation and integrating smart grid technologies to enhance efficiency and reliability while ensuring rates remain affordable. To do this we are focused on fostering partnerships with communities and stakeholders to drive innovation and support sustainable energy practices.

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To prepare for the energy transition and support a sustainable future, Festival Hydro has focused four areas of priority over the 2025-2028 period. Festival Hydro plans to invest in and innovate its infrastructure to address growing electricity demand. We will prioritize customer growth and financial health to create scale and generate sustainable funding. We will continue investing in our people and leadership who are the strength of our operational success. Finally, we will continue to engage and partner with our customers and the community to communicate, educate, and ensure alignment with their needs.

These key priorities are well aligned with Festival Hydro's purpose of 'Powering Lives, Empowering Communities', and reflect our ongoing commitment to excellence in serving our customer's energy needs, while delivering economic, environmental and societal benefits to our stakeholders.

We thank all of those who have contributed to our plan and we look forward to achieving our goals and objectives over the coming years to support the outcomes from the strategy. Festival Hydro is committed to fostering a greener, more resilient energy future for the customers we serve.



**Jeff Graham, P.Eng.**  
President and CEO



**Geraldine (Gerry) Guthrie**  
Board of Directors Chair



## Our Board of Directors

Geraldine (Gerry) Guthrie, Chair

John Tapics, Vice-Chair

David Baldarelli, Director

Brad Beatty, Director

Mark Henderson, Director

Susan Nickle, Director

Martin Ritsma, Director

Cody Sebben, Director



## Our Executive Leadership Team

Jeff Graham

- President & Chief Executive Officer (CEO)

Alyson Conrad

- Chief Financial Officer (CFO)

Dave Cullen

- Vice-President of Information Technology

Bryon Hartung

- Vice-President of Engineering and Operations





# INTRODUCTION & COMPANY PROFILE

## Who We Are

Festival Hydro incorporated in 2000 as a wholly-owned subsidiary of the City of Stratford, is a leading electricity distribution company committed to powering communities with reliability, innovation, and sustainability. Headquartered in Stratford, Ontario, Festival Hydro serves over 22,000 residential, commercial, and industrial customers across a diverse and vibrant region including Stratford, St. Marys, Seaforth, Hensall, Brussels, Zurich and Dashwood.

As a customer-focused utility, Festival Hydro prioritizes efficiency, affordability, and sustainability in all its operations. The company continually invests in innovative technology and infrastructure to modernize the grid, improve service reliability, and enable energy efficiency. Festival Hydro's dedication to sustainability is evident in our prudent financial operations, our support for renewable energy initiatives & energy conservation programs, and our community engagement efforts aimed at promoting economic growth & development for a safer, greener future.

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At Festival Hydro, reliability and safety are paramount. Through ongoing infrastructure investments and rigorous maintenance programs, the company ensures that customers receive safe and uninterrupted power supply, mitigating the impacts of increasingly adverse weather conditions and climate change.

Beyond its business operations, Festival Hydro is deeply rooted in the communities it serves. Through partnerships, sponsorships, and community engagement initiatives, the company actively contributes to local development, economic growth, and social well-being.

## Who We Are



With a team of dedicated professionals, Festival Hydro ensures dependable electricity distribution while fostering strong relationships with its customers and stakeholders. The company's commitment to excellence is reflected in its reliable service, transparent communication, and proactive approach to addressing customer needs and concerns.

Festival Hydro continues to set the standard for excellence in electricity distribution, demonstrating unwavering commitment to its customers, its community, and our people.





## Our Mission

To provide cost effective distribution of reliable and safe electric power through our exceptional customer and employee experience, partnerships and performance execution.

## Our Vision

We enable prosperity within our communities through exceptional people, partnerships and performance.

## Our Values

- People First Through Positive Teamwork
- Commitment To Customers
- Accountability
- Honesty
- Trust

## Our Purpose

Powering lives,  
empowering communities.



# STRATEGIC PLAN OVERVIEW



Festival Hydro's 2025-2028 Strategic Plan establishes a roadmap for making informed decisions to meet current and future demand of Festival Hydro and its customers through the identification of four specific priorities and goals with actionable initiatives to accomplish them. Over the past four years, Festival Hydro has made great progress, and this Strategic Plan provides an opportunity to reflect on these accomplishments while developing a path forward. The development of the 2025-2028 Strategic Plan was led by Festival Hydro's Board of Directors and Executive Leadership Team, with input from our Shareholder (the City of Stratford) municipal leadership, our employees, our customers, and community partners.





# Grid Modernization for the Future



Festival Hydro is committed to modernizing its electricity grid to meet future demands and sustainability goals. By investing in advanced smart grid technologies, Festival Hydro aims to enhance grid reliability, efficiency, and resilience. This includes facilitating the connection of distributed energy resources such as solar and alternative fuel generation installations, supporting the deployment of sophisticated energy storage systems, and implementing real-time data analytics for better grid management. Upgrading infrastructure to support electrification of non-traditional sources (i.e. transportation, heating, etc.) and enhancing cybersecurity measures are also key components of this modernization effort. Through strategic partnerships, community engagement, and continuous innovation, Festival Hydro is poised to lead the transition towards a cleaner, smarter, and more sustainable energy future for the communities we serve.



# Financial Health

As a mid-sized local distribution company in Ontario, Festival Hydro boasts a healthy financial position characterized by prudent fiscal management and a strong balance sheet. This financial strength enables the company to make strategic investments in modernizing the electricity grid and integrating renewable energy sources without compromising its commitment to affordability for customers. To ensure long-term financial sustainability, Festival Hydro employs comprehensive cost-control measures, optimizes operational efficiencies, and leverages advanced technologies to reduce overheads. By maintaining a steady revenue stream and actively seeking innovative funding opportunities and grants, Festival Hydro can continue to provide reliable and affordable energy services. This balanced approach not only secures the company's financial health but also reinforces its mission to deliver cost-effective, sustainable energy solutions to its customer base.





# Technology Systems Enhancement

Festival Hydro is committed to upgrading and modernizing its information technology (IT) and business technology systems to ensure it is well-prepared for Ontario's energy transition. By implementing enhanced IT solutions, such as advanced metering infrastructure, real-time data analytics, enterprise resource planning solutions and integrated customer management systems, Festival Hydro aims to enhance operational efficiencies and provide superior service while protecting itself and its customers from advanced and evolving cyber security threats.



These upgrades will streamline processes, enhance productivity, and support improved corporate systems to help ensure a resilient and flexible energy system. By optimizing technology and maintaining a focus on cost control, Festival Hydro can continue to offer affordable rates to its customers while driving innovation and sustainability in its operations. This strategic investment in technology is central to Festival Hydro's vision of a modern, efficient, and customer-centric energy future.





# Environmental Scan



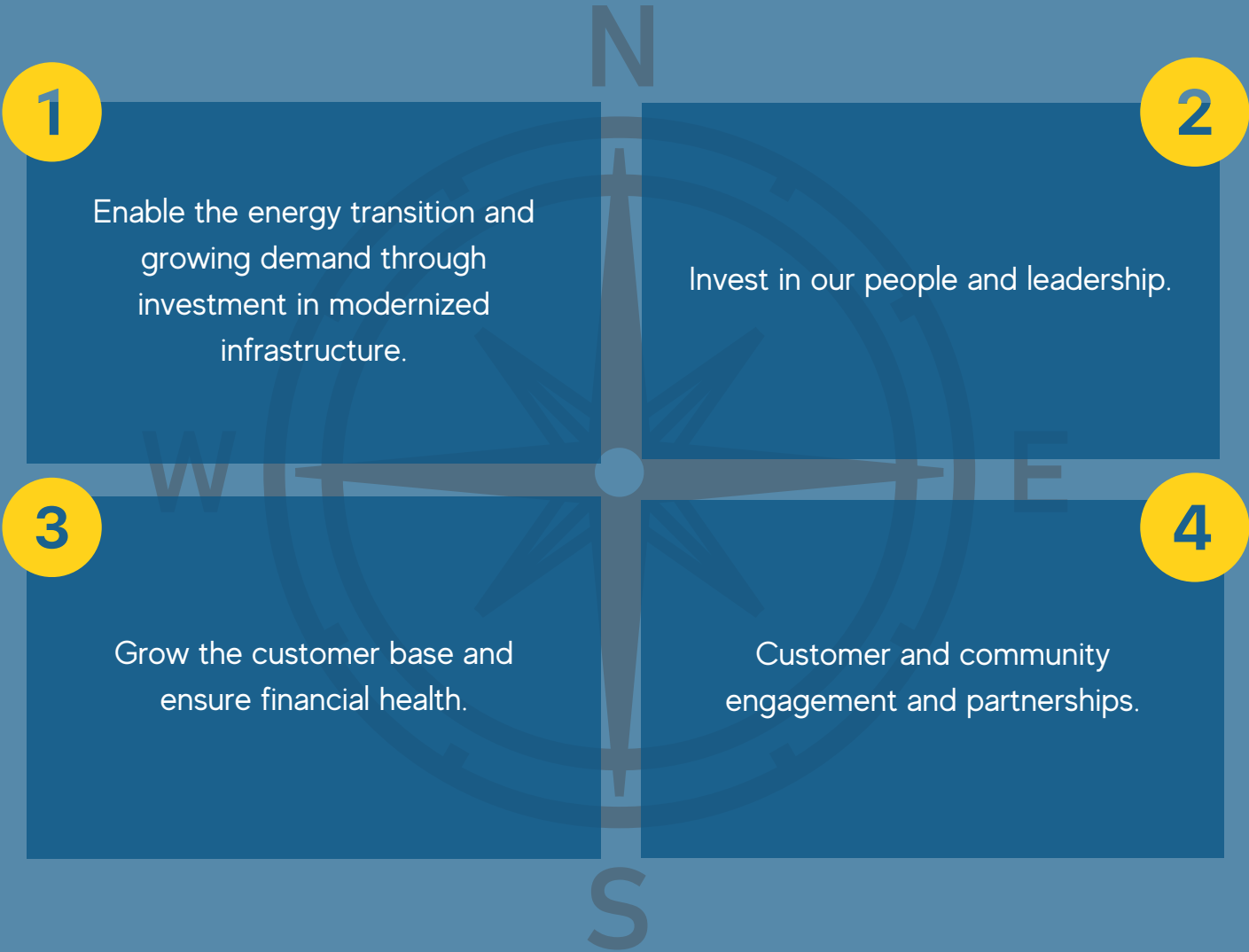
Festival Hydro recently completed a comprehensive external environmental scan to identify opportunities and threats impacting local distribution companies (LDCs) in Ontario. This analysis encompassed a wide range of factors including political, economic, social, technological, environmental, legal, and regulatory dimensions. Politically, shifts in government policies towards green energy present both opportunities for incentives and challenges from evolving regulations. Economically, fluctuating energy prices and market conditions influence operational strategies. Social factors, for example, workforce talent attraction and retention, community diversity and rising housing costs and shortages impact innovation and the ability to compete for the best skilled people and leadership.

Environmental considerations such as increasing customer demand for sustainable energy solutions, align with technological advancements in smart grid and renewable energy integration while highlighting the urgency for reducing carbon footprints, whereas legal and regulatory frameworks necessitate compliance with stringent standards. By understanding these external factors, Festival Hydro can strategically navigate the dynamic energy landscape, capitalize on growth opportunities, and mitigate potential risks to maintain its leadership in the industry.





# Priorities for Next Four Years >>>



# 1

## Enable the Energy Transition and Growing Demand

### The Opportunity

To be leaders in Ontario's energy transition by investing in modernized infrastructure. By transitioning to a smarter grid, integrating renewable energy sources, and enhancing the grid to support increased capacity and energy, Festival Hydro can meet the growing demand for sustainable energy while improving grid reliability and efficiency. These strategic investments not only position Festival Hydro to support the green energy movement but also ensure long-term operational resilience, economic development opportunities and customer satisfaction.



### The Goal

To invest in enhancing our infrastructure to meet an evolving energy network and provide capacity for future growth while remaining agile to the changing needs of the electricity grid.



### The Actions

- Continue to add grid automation and intelligence to improve reliability;
- Modernized assets to improve DER integration, operational efficiency and asset management; and
- Expand infrastructure capacity through asset renewal to address growing demand.





# 2

## Invest in Our People and Leadership

### The Opportunity

To drive organizational success by investing in its people and leadership. By fostering a culture of continuous learning, providing access to training programs, and developing leadership capabilities, Festival Hydro can enhance employee satisfaction, retention, and performance. This strategic focus on our people ensures a skilled, motivated workforce ready to meet future challenges and drive innovation in the energy sector.



### The Goal

To truly be a great place to work, where we have high employee satisfaction and engaged and motivated top-quality people.



### The Actions

- Invest in training and professional development for our people;
- Remain market competitive to attract and retain the best talent;
- Mentorship and succession planning of high potential individuals; and
- Wellness strategy including focus on mental health to benefit employees.



# 3

## Grow Customer Base and Ensure Financial Health

### The Opportunity

To grow its customer base and ensure financial health by expanding its market presence and innovative energy solutions. By enhancing service offerings, exploring new markets, pursuing strategic partnership opportunities, and maintaining competitive pricing, Festival Hydro can encourage existing customers to expand operations locally, attract new economic development while retain existing customers and pursue additional service territory prospects. These efforts, combined with prudent financial management, will drive sustainable revenue and operations and strengthen the company's overall financial position.



### The Goal

To grow the customer base to create a more sustainable, efficient and affordable energy service for our growing communities for the future.



### The Actions

- Initiate a growth process that increases customer base;
- Increase rate base over the plan horizon;
- Stabilize net income through growth and prudent operations; and
- Leverage debt/equity ratio.



# 4

## Customer and Community Engagement and Partnerships

### The Opportunity

To strengthen customer and community engagement through strategic partnerships and proactive outreach initiatives. By fostering transparent communication, collaborating with local stakeholders on sustainable energy projects, and investing in community-driven initiatives, Festival Hydro can build trust, enhance customer loyalty, and solidify its role as a responsible corporate citizen. These efforts not only strengthen relationships within the community but also contribute to long-term business sustainability and growth.



### The Goal

To build strong and lasting relationships with stakeholders in the communities we serve and be the electrical power provider of choice for the region due to overall customer satisfaction.



### The Actions

- Enhance ways to provide information to customers through technology;
- Expand employee and company community involvement/volunteering;
- Partner with stakeholders on economic development and environmental stewardship best practices; and
- Solicit feedback from our customers.





# KEY PERFORMANCE AREAS FOR SUCCESS

## Enable the Energy Transition and Growing Demand Through Investment in Modernized Infrastructure

- Smart Grid Deployment: Percentage of the grid modernized with smart technology.
- Infrastructure Investment: Annual capital investment in grid modernization and capacity enabling projects.

## Invest in Our People and Leadership

- Employee Retention Rate: Rate of employee retained year-over-year.
- Leadership Development Participation: Employees participation in leadership development programs.
- Employee Satisfaction: Results from employee satisfaction surveys.
- Training per Employee: Average training hours/investment provided per employee annually.

## Grow the Customer Base and Ensure Financial Health

- Customer Growth Rate: Year-over-year growth in the customer base.
- Increase Rate Base: Increase by 10% over four years.
- Net Income: Stable annual net income.
- Debt-to-Equity Ratio: Financial leverage ratio (aligned closer to OEB deemed Debt-to-Equity ratio).

## Customer and Community Engagement and Partnerships

- Customer Satisfaction Score: Results from regular customer satisfaction surveys.
- Community Partnership Projects: Number of community projects and partnerships initiated or maintained annually.
- Public Engagement Events: Number of public engagement events or initiatives conducted annually.





# FINANCIAL SUSTAINABILITY

Festival Hydro's commitment to financial sustainability and stability is central to our strategic plan, ensuring we can consistently deliver reliable services while investing in future growth. By maintaining strong financial health, we safeguard our ability to fund critical infrastructure projects and technology upgrades essential for the evolving energy landscape.

Our financial strategy emphasizes prudent cost management, efficient capital allocation, and robust revenue streams, aligning with scorecard metrics from the Ontario Energy Board (OEB). Key financial indicators demonstrate our success in this area. Festival Hydro consistently achieves high scores in the OEB's Efficiency Assessment, reflecting our cost-effective operations and prudent management of resources. Our Debt Service Coverage Ratio and Return on Equity metrics also remain strong, highlighting our ability to meet financial obligations and generate shareholder value. These favourable scorecard metrics underpin our financial strategy, providing a solid foundation for future investments.

Furthermore, we prioritize transparent financial reporting and stakeholder engagement to maintain trust and accountability. By adhering to OEB guidelines and continuously monitoring our financial performance, Festival Hydro ensures it can adapt to market changes and regulatory requirements. Our focus on financial sustainability and stability enables us to support ongoing operational excellence, customer satisfaction, and community development, reinforcing our position as a trusted energy provider.





# OPERATIONAL INVESTMENTS

Festival Hydro's operational investment plan is designed to enhance grid reliability, efficiency, and security, ensuring we meet the evolving demands of our customers. Key to this plan is grid modernization through automation and data analytics, enabling real-time monitoring and improved decision-making. Advanced metering infrastructure (AMI) will provide access to detailed consumption data, empowering customers with better energy management opportunities. Distribution system plant capacity and energy transfer upgrades will address increasing demand and support the integration of renewable energy sources while renewing end of life assets.

Investments in IT and business system enhancements are critical to our strategy. Upgrading customer management systems will improve service delivery and customer satisfaction. Implementing advanced enterprise resource planning (ERP) systems will streamline operations and enhance resource allocation. Geographic Information Systems (GIS) will optimize asset management and operational planning, while robust cybersecurity measures will protect our infrastructure from evolving threats.

Our maintenance strategy emphasizes reliability and safety. Comprehensive vegetation management and asset inspection and testing will reduce outages and enhance system resilience. Regular stations and fleet maintenance will ensure operational efficiency and longevity of our assets. By focusing on these areas, Festival Hydro aims to deliver a reliable, secure, and customer-centric energy service, positioning ourselves as leaders in the energy transition and supporting the sustainable growth of our community.



# EMPOWERING OUR COMMUNITY

Supporting our community is fundamental to Festival Hydro's mission, and we recognize the importance of clear, transparent communications in building trust and fostering strong relationships. By maintaining open lines of communication, we ensure our customers are well-informed about our initiatives, services, and any changes that may impact them. Actively participating in community events allows us to engage directly with our customers, understand their needs, and demonstrate our commitment to their well-being.

Additionally, giving back through sponsorships, volunteer efforts, and charitable contributions reinforces our role as a responsible corporate citizen. These efforts not only enhance our connection with the community but also contribute to its overall prosperity and resilience, aligning with our core values and long-term strategic goals.





# OUR PEOPLE AND LEADERSHIP

Our people are the foundation of Festival Hydro's success, and investing in their growth and well-being is paramount. Through comprehensive training and development programs, we ensure our team has the skills and knowledge to excel in a rapidly evolving energy sector. Retention and attraction of top talent are achieved by fostering a supportive and engaging work environment, where recognition and employee satisfaction are prioritized. Celebrating achievements and providing opportunities for advancement reinforce our commitment to our workforce.

Additionally, robust succession planning guarantees that we have a pipeline of capable leaders ready to guide the company into the future. By focusing on these areas, Festival Hydro not only enhances its operational effectiveness but also strengthens its position as an employer of choice, driving sustained success and innovation.



# ECONOMIC DEVELOPMENT, PARTNERSHIPS, & SHARED SERVICES

Festival Hydro's strategy actively supports economic development, partnerships, and shared services, driving substantial benefits for the community and the company. By investing in modernized infrastructure and the connection of renewable energy sources, Festival Hydro ensures reliable and efficient energy delivery, which attracts new businesses and stimulates local economic growth. The company's focus on partnerships fosters collaboration with local governments, businesses, and other institutions, promoting innovation and the development of sustainable energy solutions.

Through shared services, Festival Hydro leverages resources and expertise, optimizing operational efficiencies and reducing costs. This approach enables the company to offer competitive rates to customers while maintaining high service standards. Moreover, shared services facilitate knowledge exchange and best practices, enhancing the overall quality and reliability of energy services.

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The benefits of this strategic focus are multifaceted. Economically, it drives job creation and investment in the local economy, contributing to the region's prosperity. For businesses, reliable and affordable energy supports operational stability and growth. Partnerships and shared services lead to improved technological innovation and service delivery, benefiting both the community and Festival Hydro.



Additionally, this strategy reinforces Festival Hydro's commitment to corporate social responsibility, fostering a positive reputation and strengthening community relations. By aligning its goals with the broader economic and social objectives of the community, Festival Hydro not only ensures its own sustainable growth but also contributes to the holistic development of the region it serves. This integrated approach creates a resilient, thriving community supported by a forward-thinking and community-focused energy provider.





# LOOKING AHEAD

2025

2026

2027

2028

Moving forward, Festival Hydro is poised to navigate the rapid changes in Ontario's electricity sector driven by the transition to electrification and a low-carbon economy. This energy transition, characterized by a shift towards renewable energy sources, aims to reduce dependence on fossil fuels, lower greenhouse gas emissions, and position Ontario as a hub for economic development and expansion.

Over the 2025-2028 period, Festival Hydro will focus on four key priorities:

- Investing in and innovating infrastructure to meet growing electricity demand;
- Prioritizing customer growth and financial health to create scale and generate sustainable funding;
- Investing in our people and leadership who are the backbone of our operational success; and
- Engaging with our customers and the community to communicate, educate, and ensure alignment with their needs.

These strategic priorities align with our purpose of "Powering Lives, Empowering Communities" and underscore our commitment to delivering economic, environmental, and societal benefits to our stakeholders as we lead the way in a rapidly evolving energy landscape.





FESTIVAL HYDRO

*Festival Hydro* INC.

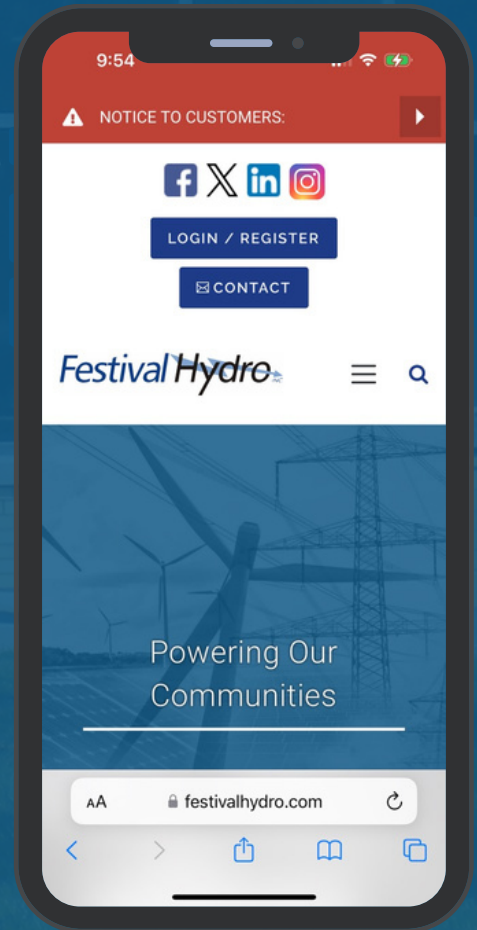


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