



2016-2018 Strategic Plan

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CONFIDENTIAL FINAL

1. EXECUTIVE SUMMARY

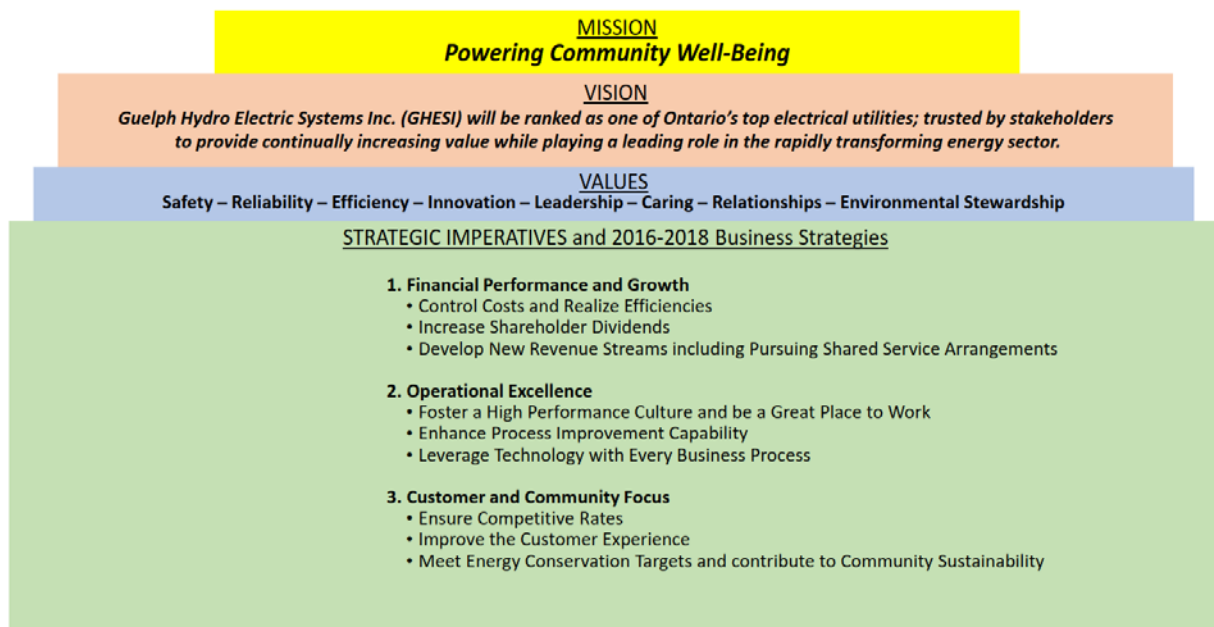
1.1 INTRODUCTION

This document is a presentation of information that leads to a new Strategic Plan for Guelph Hydro Electric Systems Inc. (GHESI). It is an amalgam of several brainstorming sessions with key stakeholders and considers industry trends with a view to how the business can evolve over the next three to five years while remaining competitive and continuing to deliver value to customers, the shareholder and employees.

I am pleased to say that the business fundamentals are strong. The challenge will be to maintain vigilance in the face of changing political, regulatory and technology landscapes that will test the company's resilience. This plan addresses this challenge.

1.2 OUTLINE OF 2016-2018 STRATEGIC PLAN

Below is an outline of the 2016-2018 Strategic Plan that is covered in detail in this report.



2. MISSION, VISION AND VALUES

2.1 MISSION

The mission statement of Guelph Hydro Electric Systems Inc. is a brief overarching, timeless statement that describes the basic purpose of the company—why it exists as an organization.

Powering Community Well-Being

2.2 VISION

The vision statement of Guelph Hydro Electric Systems Inc. outlines what the company wants to look like or become within the next 3-5 years and defines how the company intends to carry out its mission. It looks to the future and should serve as a source of inspiration.

Guelph Hydro Electric System Inc. will be ranked as one of Ontario's top electrical utilities; trusted by stakeholders to provide continually increasing value while playing a leading role in the rapidly transforming energy sector.

2.3 VALUES

Our mission and vision statements describe our mandate and our aspirations. Our values describe how we will conduct ourselves as we endeavor to fulfill the mission and vision.

SAFETY, RELIABILITY AND EFFICIENCY

We believe we earn employee and customer respect by operating safely, reliably and efficiently.

- Working safely to ensure both employee and public safety
- Following all safety/loss prevention policies, procedures and practices
- Initiating investigations that prevent accidents or losses
- Working efficiently and effectively at all times
- Recommending and/or implementing efficiency, safety or reliability enhancements
- Coaching and mentoring in this core value

CARING

We care about our people. We foster and respect their talents and value the contribution they make to the Company's ongoing success

- Responding to everyone, regardless of level, in a timely manner
- Sharing knowledge
- Maintaining a sensitivity to the goals and objectives of others, while also achieving own objectives
- Being inclusive in communications, where appropriate

- Ensuring we have the training, development & tools needed
- Ensuring employee policies, employee agreements and collective agreements are followed
- Recognizing the contributions that others make
- Coaching and mentoring in this core value

RELATIONSHIPS

We are proud of the solid, long-term relationships we are forging with our employees, customers, the communities in which we operate and the energy industry, built on a platform of integrity, partnership and respect.

- Being respectful and courteous at all times with everyone
- Creating solid relationships characterized by trust, understanding and open and honest communication
- Resolving conflicts proactively and professionally
- Coaching and mentoring in this core value

INNOVATION AND LEADERSHIP

We believe innovative thinking, leadership skills and adaptability drive our business success.

- Maintaining a sensitivity to customers' and stakeholders' needs
- Adapting leadership styles, appropriately
- Being nimble in adjusting to change
- Knowing how to engage others for effective and efficient change
- Soliciting, initiating, accepting and building on new ideas from customers and employees
- Constructively questioning the status quo and looking for alternatives
- Successfully juggling multiple demands and new assignments
- Continuously learning and keeping up-to-date
- Coaching and mentoring in this core value

ENVIRONMENTAL STEWARDSHIP

We are committed to environmental stewardship, contributing to building sustainable communities and helping to create a culture of energy conservation in Ontario.

- Inspiring others to see the benefits of environmental stewardship
- Considering the impacts of actions or inaction on the environment
- Emulating behaviours reflective of a culture of conservation and sustainability
- Working to continually improve our environmental performance within our operation or in the community
- Following company policies and procedures
- Coaching and mentoring in this core value

3. STRATEGIC IMPERATIVES

In order to achieve our vision, enhance our ability to meet changing customer needs and expectations, and ensure sustainable and profitable business growth, Guelph Hydro Electric Systems Inc. has identified three Strategic Imperatives.

3.1 FINANCIAL PERFORMANCE AND GROWTH

We will increase shareholder value by increasing earnings, driving greater efficiencies and pursuing business growth opportunities.

3.2 OPERATIONAL EXCELLENCE

We will continuously improve our core business while innovating for the future. Share with our employees the results of our success and strive for excellence. We strive to be an employer of choice in the utility industry.

3.3 CUSTOMER AND COMMUNITY FOCUS

We will enhance our customer-centric and community-focused approach by delivering services that meet the changing needs and preferences of our customers and contribute to the well-being of the communities we serve.

FINANCIAL PERFORMANCE AND GROWTH

We will increase shareholder value by increasing earnings, driving efficiencies and pursuing business growth opportunities.

Control Costs and Realize Efficiencies

To control the total cost per customer (capital costs plus costs for OM&A - Operating, Maintenance and Administration) and realize measurable efficiencies in our core business areas (planning, designing, building, operating and maintaining the distribution system, billing and collection and customer care) to contribute to achieving a 2 out of 5 ranking on the Pacific Economics Group Research (PEG) Benchmarking Report commissioned by the Ontario Energy Board by 2018.

Increase Shareholder Dividends

To achieve the Ontario Energy Board's maximum allowed Return on Equity in order to provide Guelph Municipal Holdings Inc. with increasing dividends according to a set schedule.

Develop New Revenue Streams Including Pursuing Shared Service Arrangements

To develop business cases by 2018 for new revenue streams that will contribute to achieving a 2 out of 5 ranking on the Pacific Economics Group Research (PEG) Benchmarking Report commissioned by the Ontario Energy Board within, but not limited to, the following areas:

- Shared services, partnerships, service offerings
- Generation
- New services / new businesses / new technologies

Maximize Collaborative City-Building Opportunities

By 2017, to maximize collaborative city-building opportunities by:

- Supporting the Guelph Community Energy Initiative through CDM activities
- Engaging with City departments to identify cross-organizational efficiencies.

OPERATIONAL EXCELLENCE

We will continuously improve our core business while innovating for the future.

Foster a High Performance Culture with Special Attention to be a Great Place to Work

To continually nurture a strategic and high performance culture and a workforce that is adaptable and ready to adjust to the rapidly changing business environment while adhering to the company's core values, strengthening business critical competencies and ensuring ongoing operational capacity.

Attract and retain good employees and offer growth opportunities to share in the company's success and give back to the Communities they serve. Satisfaction will be measured through periodic cultural surveys and other feedback.

Enhance Process Improvement Capability

To create a process improvement capability by Q2 2016 to lead the organization in increasing productivity, reducing costs and minimizing the organization's environmental impact.

Leverage Technology

To investigate and apply new and innovative technologies to increase productivity, reduce costs, meet customer expectations and support "smart city" initiatives.

Develop a Long-Term Information Systems Vision

Develop a long-term vision for the company's information systems focused on increasing productivity and efficiency.

Provide Support for Community-Based Distributed Generation

To meet or exceed Ontario Energy Board requirements for renewable generation impact assessments and connections to enable customer-owned generation, including load displacement generation.

CUSTOMER AND COMMUNITY FOCUS

We will enhance our customer-centric and community-focused approach by delivering services that meet the needs and preferences of our customers and contribute to the well-being of the communities we serve.

Ensure Competitive Rates

To provide customers with cost-effective rates that are competitive when compared against those of neighbouring and/or similar-sized utilities offering similar services.

Improve the Customer Experience

To continue to improve the customer experience by enhancing customer communications and providing cost-effective services aligned to customer needs and preferences as determined through periodic customer surveys and as detailed in the 2016-2018 Customer Service Strategy and the 2016-2018 Communications Strategy.

Meet Energy Conservation Targets and Contribute to Community Sustainability

To meet provincially set targets for energy conservation while minimizing the company's carbon footprint and environmental impact and increasing energy literacy in the community.

Improve Outage Management Communication

To continue to improve our outage management communication by automating outage notifications to customers and including information about estimated restoration times by the end of 2017.

Influence New Rate Design

Participate in discussions that could influence new rate design for Ontario LDCs to respond to the looming utility transformation.