

Scorecard - Halton Hills Hydro Inc.

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	99.20%	96.00%	100.00%	100.00%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	86.20%	85.50%	87.70%	83.20%	89.70%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution						100%			
		Billing Accuracy				99.91%	99.95%	➡	98.00%		
		Customer Satisfaction Survey Results				93%	90%				
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public awareness [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	C	C	C	C	C	➡		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	➡		0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000	➡		0.000	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	1.78	1.38	1.23	2.08	1.21	⬇		at least within 1.23 - 2.08	
		Average Number of Times that Power to a Customer is Interrupted	2.75	1.49	1.34	1.48	1.47	⬇		at least within 1.34 - 2.75	
	Asset Management	Distribution System Plan Implementation Progress				On-track	On-track				
	Cost Control	Efficiency Assessment			1	1	1				
Total Cost per Customer ¹		\$622	\$647	\$684	\$642	\$701					
Total Cost per Km of Line ¹		\$9,208	\$9,382	\$9,542	\$9,034	\$9,886					
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Annual Peak Demand Savings (Percent of target achieved) ²		16.40%	22.64%	35.12%	46.51%	●		6.15MW	
		Net Cumulative Energy Savings (Percent of target achieved)		33.17%	61.00%	72.22%	103.61%	●		22.48GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time				100.00%	100.00%		90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.15	1.69	1.25	1.06	1.09				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.91	0.87	0.90	1.04	1.04				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.57%	9.12%	9.12%	8.82%			
			Achieved		9.14%	13.30%	14.97%	12.91%			

Notes:

- These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.
- The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

Legend:

- ⬆ up
- ⬇ down
- ➡ flat
- target met
- target not met

Appendix A – 2014 Scorecard Management Discussion and Analysis (“2014 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2014 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Halton Hills Hydro Inc. (“HHHI”) is a progressive electric distribution utility which owns and operates the electricity distribution system within its licensed service area (280 square kilometres extending to the municipal boundaries of the Town of Halton Hills, of which 255 square kilometres or 91% is a rural distribution system).

HHHI’s Mission Statement, “*provide Halton Hills with Electricity Distribution Excellence in a safe and reliable manner*”, is supported by eight strategic objectives:

- Safety
- Reliability
- Competitive Rates
- Financial Metrics
- Conservation
- Environment
- Community Focus
- Smart Grid Implementation

HHHI management undertakes an annual review of its business strategy and objectives. The purpose of this review is to ensure a direct alignment between the OEB’s Renewed Regulatory Framework for Electricity Distributors (RRFE) and HHHI’s strategic objectives.

HHHI places a strong focus on providing customers with distribution excellence. HHHI has continuously exceeded the OEB’s minimum standards. In all areas measured, HHHI has met or exceeded its internal and OEB targets in 2014. The target not met is the CDM net annual peak demand savings, a provincial not OEB target and HHHI has provided further details into the CDM net annual peak demand savings under the Public Policy Responsiveness section.

Service Quality

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

In 2014, HHHI connected 100% of 264 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). 2014 is the 5th straight year that HHHI has maintained its 100% and is consistently above the OEB-mandated threshold of 90%. HHHI maintains its dedication to distribution system excellence through efficient crew scheduling, thereby allowing HHHI to connect customers within the 5 day window and in fact, usually within 1 day of all requirements being completed.

- **Scheduled Appointments Met On Time**

HHHI scheduled 4,770 appointments with its customers in 2014 to complete work requested by customers including disconnections for upgrades, customer service meetings, reconnections, trench inspections and locates. Consistent with the prior 2 years, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%. HHHI would like to note that scheduled appointments have increased 85% since 2009 and HHHI continues to maintain its commitment to customer service by maintaining its high appointments met percentage.

- **Telephone Calls Answered On Time**

In 2014, HHHI Customer Care agents received 27,285 calls from its customers. The number of calls decreased from 2013 as significant call volumes in 2013 was attributed to the Ice Storm in December 2013. An agent answered a call in 30 seconds or less 89.7% of the time. This result significantly exceeds the OEB-mandated 65% target for timely call response. In 2016, HHHI will be implementing an IVR (Interactive Voice Response) system to continue to improve customers' experiences and provide them with added flexibility in accessing the information they need.

Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board (OEB) has instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors. The process that HHHI used for first contact resolution resulted in only 1 unresolved first contact. Given the number of contacts (13,593) between July and December 2014, the first contact resolution percentage would be 100%.

Starting in 2015, all escalated calls from Customer Care are directed to the Customer Care Supervisor (CCS). The CCS determines whether the escalation is due to no resolution or if the customer is not willing to accept the resolution (i.e. customer has a high bill, confirms consumption but still wants to discuss

with the CCS). If the CCS determines that the call was not resolved, then a specific call type is entered into HHHI's Customer Information System and summarized for reporting.

- **Billing Accuracy**

Until July 2014 a specific measurement of billing accuracy had not been previously defined across the industry. After consultation with some electricity distributors, the Ontario Energy Board (OEB) has prescribed a measurement of billing accuracy which must be used by all electricity distributors effective October 1, 2014. HHHI had already been calculating billing accuracy using the same method that the OEB prescribed in October 2014. As such, HHHI's billing accuracy measure is for all of 2014.

HHHI reported a billing accuracy measure in 2013 of 99.91% which includes re-issued bills on the electricity service and the water service (which HHHI also bills). HHHI resolved the issue and the 2014 number is reported is only electricity billing accuracy.

In 2014, HHHI issued more than 145,000 bills and achieved a billing accuracy of 99.95%. This compares favourably to the prescribed OEB target of 98%. HHHI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (OEB) introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. At this time the OEB is allowing electricity distributors discretion as to how they implement this measure.

Customer satisfaction is an important measure of customer loyalty and trust. In an environment where the electricity sector receives a high amount of attention in the media, maintaining customer satisfaction is a priority for HHHI. HHHI engages our customers throughout the year at community events, online through social media and through bill inserts and website messaging. HHHI strives to maintain at least a 90% customer satisfaction result through ongoing efforts to communicate relevant and timely customer information.

In 2012 and 2014, HHHI engaged a third party to conduct customer satisfaction surveys. These customer satisfaction surveys provide information that supports discussions surrounding improving customer service at all levels and departments within HHHI. The survey asks customers questions on a wide range of topics, including: overall satisfaction with HHHI, reliability, customer service, outages, billing and corporate image. In addition, HHHI provides input to this third party to enable them to develop questions that will aid in gathering data about customer expectations and needs. This data is then incorporated into HHHI's planning process and forms the basis of plans to improve customer satisfaction and meet the needs of customers. The final report on these customer satisfaction surveys evaluates the level of customer satisfaction and identifies areas of improvement. It also helps identify the most effective means of communication. HHHI's 2014 Customer Satisfaction Results contain a number of measures of customer satisfaction. In its 2014 Scorecard HHHI reported the number of customers that were "very or fairly" satisfied was 90.0%. This is slightly down from the 93% in the 2012 survey. HHHI would like to note that while the percentage went down, it was still well above the provincial and national averages. In addition, it should be noted that the 2014 survey was conducted just months after the December 2013 Ice Storm that resulted in outages to 100% of HHHI customers.

Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

Safety for our employees and our community is our number one priority, always. HHHI actively promotes the ESA's safety messaging through our website and social media, including annual participation in Powerline Safety Week. As well, we have an ongoing education program in our local public schools to educate children on the importance of electrical safety and energy conservation.

Our Contractor Compliance program ensures that subcontractors adhere to the same levels of safety as HHHI. Our Empower safety program ensures ongoing staff understanding and compliance with safety policies, training and procedures.

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

Note, this component of the public safety measure will not have performance data for the 2014 scorecard because the survey result is not available. The year 2016 will be the first year that the data for this component of measure will be shown on the scorecard for the 2015 results.

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

Over the past five years, HHHI was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 - Electrical Distribution Safety establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

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

HHHI has had zero Serious Electrical Incidents and works diligently with staff and the public to maintain the highest degree of safety and education.

System Reliability

HHHI has removed any major events from the measures (i.e. 2013 Ice Storm). HHHI's five year historical average is within the Board's target range. HHHI is an embedded distributor to Hydro One and as such, will experience loss of supply. Loss of Supply is not a variable that HHHI can alter in an effort to improve reliability.

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

In 2013, HHHI experienced two ice storms and a wind storm. Each of the storms resulted in significant outages. The ice storm in December 2013 was considered a Major Event and as such, is not included in the 2013 reliability numbers. However, the April 2013 ice storm and July 2013 wind storm are included in the measures thus explaining the significant increase in the 2013 duration number.

By far, the longest outages in HHHI's service territory are a result of adverse weather. In an effort to improve the duration of outages, HHHI is working towards a more automated and integrated distribution system. Substation reclosers, SCADA remote operated switches, SCADA wireless faulted circuit indicators and automated switches will enable to Control Room to locate faulted portions of the system quicker, dispatch crews more efficiently and effectively and remotely sectionalize faulted sections allowing crews to focus their time on repairing the fault, instead of manually sectionalizing before beginning repairs.

In addition to the automation, HHHI will optimize its Control Room partnership with Oakville Hydro Distribution Inc. by using the expertise of the in-house GIS Technician to increase the usability of distribution system maps. Additionally, HHHI has provided each line truck with a tablet that will enable operational crews to access the up to date GIS mapping and to ensure the information provided to the Control Room and crews is consistent.

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

In 2014, HHHI's greatest frequency of outages came as a result of foreign interference. Foreign interference may include but is not limited to vehicles, animals and dig-ins. Overhead lines are more likely to experience foreign interference and as the HHHI distribution system consists of 59% overhead lines, the lines are susceptible to foreign interference outside the control of HHHI. As overhead lines are more likely to experience foreign interference, in an attempt to limit animal contacts, HHHI has reviewed the use of "pole/transformer spikes" as a deterrent. However, as many of the animal contacts involve raccoons, subjective study has shown that the raccoons are quite adept at maneuvering around the obstacle. HHHI continues to review any new products that may aid in decreasing the frequency of foreign interference outages.

Defective equipment was responsible for the next greatest frequency of outages. Field Interruption Reports indicate that in 2013 HHHI replaced ten porcelain switches that were reported as broken or faulty and had been the cause of a power interruption or were replaced as part of a downstream replacement of defective equipment. In 2014, HHHI replaced nine porcelain switches and two porcelain insulators as the devices were identified as broken or faulty. The average time spent on replacing defective switches and insulators ranged between 1 to 2 hours. The time spent replacing these defective porcelain devices impacts O&M costs as well as being an inconvenience to customers.

Distribution insulators and switches are not normally replaced based on their performance. They are typically replaced when the pole or equipment they are associated with is replaced as part of a larger infrastructure project. HHHI has implemented a regular replacement program for porcelain insulators and switches. The current program and investments are both reactive and proactive to ensure that the distribution system is reliable and safe to operate. Reactive investments are made in conjunction with other projects, while proactive replacement removes aged assets that are more susceptible to failure. HHHI has directed its workforce to replace any porcelain switch with a polymer type switch when they are working on them in the field. HHHI field staff will also regularly identify areas where suspect porcelain insulators are located for inspection and replacement purposes.

As part of its 2012 Cost of Service application, HHHI requested additional OM&A for tree trimming in an effort to aggressively reduce the frequency of tree contacts. HHHI increased the tree trimming schedule, beginning in 2011 and continuing over the next three years. As a result of the aggressive schedule, tree contact frequency has decreased and as evident by the numbers, the average number of outages per customer has decreased. There was a slight increase again in 2013 and 2014 due to several ice and wind storms between April 2013 and March 2014. HHHI expects to continue the aggressive schedule on a three year rotating cycle. HHHI would like to make note that as a result of the emergency tree trimming that was conducted in most of the HHHI service area during the 2013 Ice Storm, HHHI's contracted arborist has indicated that the vegetation growth in the area could actually increase, thus making the continuation of an aggressive schedule a reliability requirement in HHHI's opinion.

Asset Management

- **Distribution System Plan Implementation Progress**

HHHI has filed a DSP with its 2016 Cost of Service Application in August 2015. As such, any current plans are based on a year over year budget of Capital Projects. As per the 2014 Capital Projects budget, HHHI is on-track with spending.

HHHI's 2016 COS application (EB-2015-0074) includes the DSP for 2015 to 2020 Capital Projects. HHHI is expecting the DSP will have been approved by the time of the 2015 2.1.19 filings are due and will be able to provide a more accurate measure at that time.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2014, for the third year in a row, HHHI was placed in Group 1 where a Group 1 distributor is defined as having actual costs (opposite of excess but not shortage) of predicted costs. Prior to 2012, the OEB benchmarked LDCs by comparing similar distributors and using OM&A unit cost per customer.

Since the benchmarking has changed to a solely econometric approach, HHHI has consistently placed in the top 6 in the province. The updated methodology includes weighting factors for costs associated with overhead versus underground infrastructure in addition to the inclusion of both capital and OM&A costs.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of HHHI's capital and operating costs and dividing this cost figure by the total number of customers that HHHI serves. The cost performance result for 2014 is \$701 /customer, an increase of approximately 9% increase over 2013. The 2013 cost performance result was lower than the previous 2 years and thus, was an anomaly. The cost performance result for 2014 is an increase of approximately 12% increase over

5 years.

HHHI's Total Cost per Customer has increased on average by 3% per annum over the period 2010 through 2014. Similar to most distributors in the province, HHHI has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for employees, as well as investments in aggressive line clearing programs, new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs. HHHI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts as demonstrated in our 2016 rate application. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on HHHI's capital spending plans. HHHI will also continue to actively engage staff through the Creative and Critical Thinking initiative to find additional cost efficiencies throughout the LDC.

HHHI expects that the total cost per customer will increase in the coming year due to an increase in staff numbers for succession planning, increased capital expenses and a transition to monthly billing.

- **Total Cost per Km of Line**

Total cost per km of Line is calculated as the sum of HHHI's capital and operating costs and dividing this cost figure by the total kilometer of line (1,527 km) in HHHI's distribution system. The cost performance result for 2014 is \$9,886/km of line, an increase of approximately 9% increase over 2013. The 2013 cost performance result was lower than the previous 2 years and thus, was an anomaly. The cost performance result for 2014 is an increase of approximately 7% increase over 5 years.

HHHI's Total Cost per km of Line has increased on average by 1.75% per annum over the period 2010 through 2014. Similar to most distributors in the province, HHHI has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for employees, as well as investments in aggressive line clearing programs, new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs. HHHI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts as demonstrated in our 2016 rate application. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on HHHI's capital spending plans. HHHI will also continue to actively engage staff through the Creative and Critical Thinking initiative to find additional cost efficiencies throughout the LDC.

HHHI expects that the total cost per km of Line will increase in the coming year due to an increase in staff numbers for succession planning, increased capital expenses and a transition to monthly billing.

Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of target achieved)**

HHHI has achieved 2.9 MW or 46.5 % towards HHHI's 2014 peak demand reduction target. The shortfall of peak demand targets were mainly due to the

delay in initial programs, cancellation of planned province wide programs including Direct Space Cooling since 2011 and limitations placed on the Demand Response Program (DR-3) availability as the program transitioned from the OPA to the IESO. HHHI relied materially on the presence of DR-3 to achieve its demand target.

- **Net Cumulative Energy Savings (Percent of target achieved)**

The overall energy savings results achieved in 2011-2014 was 23.290 GWh, which represents 103.6% of HHHI's energy target. The greatest energy savings are attributable to Business Programs totaling 46.17% or 10,522,305 kWhs. These results are representative of a considerable effort expended by HHHI, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that limited program effectiveness across all market sectors. This achievement is a result and the relationships built within the 2011-2014 CDM program term and will continue to assist with future CDM program results.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2014, HHHI completed 3 CIAs and it was done within the prescribed time limit. Between 2010 and 2014 HHHI completed a total of 7 CIAs with 100% completed on time.

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

In 2014, HHHI connected 18 new micro-embedded generation facilities (microFIT projects of less than 10 kW) 100% of time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers. HHHI works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

HHHI's current ratio marginally increased from 1.06 in 2013 to 1.09 in 2014. HHHI's current ratio in subsequent years is expected to be in line with 2014 levels.

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

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

HHHI continues to maintain a lower debt to equity structure from the deemed 60% to 40% capital mix as set out by the OEB. HHHI's 2014 debt to equity ratio is 1.04 and unchanged from 2013. HHHI is forecasting a positive notional debt position until 2017, at which time HHHI will be building and financing a transformer station. The 2017 and 2018 forecast reveals a debt equity ratio greater than 1.5 and reducing thereafter.

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

HHHI's current distribution rates were approved by the OEB in the 2012 Cost of Service Rate Application (EB-2011-0271) and included an expected (deemed) regulatory return on equity of 8.82%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

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

In 2014, HHHI's achieved regulatory return on equity was 12.91%, which is outside the +/-3% range allowed by the OEB. The return achieved in 2013 and 2012 were 14.97% and 13.30% respectively. The earnings achieved are the result of amending prior year tax returns and recognizing a one-time tax recovery tied to the implementation of Modified International Financial Reporting Standards ("MIFRS"). MIFRS allows for the expense of certain items previously capitalized in non-statute barred taxation years in a manner consistent with MIFRS capitalization requirements (Utilization of Canada Revenue Agency capitalization policies outlined in CRA Interpretation Bulletin IT-128R – Capital Cost Allowance – Depreciable Property to expense amounts capitalized under MIFRS requirements).

HHHI has also achieved productivity savings arising from related process improvement initiatives. These productivity savings are supported by the Pacific Economics Group Research, LLC Report (PEG Report) dated July 2015, which has assigned HHHI with a stretch factor of 0% for the third year in a row. The stretch factor assignment is based on a three-year average of actual less predicted cost over the 2011-2014 period, averaging 25% or more below cost resulting in the lowest stretch factor of 0% or Group 1. HHHI is one of only six utilities in the province that have been assigned to the top group.

Note to Readers of 2014 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.