

# **Empirical Research in Support of Incentive Rate-Setting: 2014 Benchmarking Update**

## **Report to the Ontario Energy Board**

July 2015



**Pacific Economics Group Research, LLC**

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2014 Benchmarking Update**

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Dave Hovde, M.A.  
*Vice President*

PACIFIC ECONOMICS GROUP RESEARCH, LLC  
22 East Mifflin, Suite 302  
Madison, Wisconsin USA 53703  
608.257.1522 608.257.1540 Fax

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# 1. Introduction

In 2013 the Ontario Energy Board (OEB) issued a report titled “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors”<sup>1</sup> (Board Report) in which it set forth the framework for setting rate adjustment formulas for local distribution companies (LDCs). According to the Board Report, rates will be indexed by a formula “which is used to adjust the distribution rates to reflect expected growth in the distributors’ input prices (the inflation factor) less allowance for appropriate rates of productivity and efficiency gains (the X-factor).”<sup>2</sup> The productivity part of the X-Factor is the same for all LDCs. The efficiency gains part of the X-Factor is called the stretch factor and can vary by company. This stretch factor reflects the potential for incremental productivity gains by a given LDC under incentive regulation which in turn depends on an individual distributor’s level of cost efficiency.

These stretch factor assignments are based on the results of a statistical cost benchmarking study designed to make inferences on individual distributors’ cost efficiency. An econometric model is used to predict the level of cost associated with each distributor’s operating conditions. Distributors that had actual cost that was lower than that predicted by the model were assigned lower stretch factors than those that did not. The October 18, 2013 report by Pacific Economics Group (PEG) titled “Productivity and Benchmarking Research in Support of Incentive Rate Setting in Ontario” describes the model used to produce the benchmarking results. The work was subsequently updated to include 2013 data in July of 2014<sup>3</sup>. This report presents updated benchmarking results and associated stretch factors that include 2014 data.

Section 2 of this report discusses the methodology used for the 2014 update. Section 3 discusses the data used. Section 4 presents the benchmarking results and updated stretch factors. Section 5 discusses additional resources available to distributors to validate the results contained in this report.

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<sup>1</sup> Issued on November 21, 2013 and corrected on December 4, 2013.

<sup>2</sup> Board Report, page 5.

<sup>3</sup> [“Empirical work in Support of Incentive Rate Setting: 2013 Benchmarking Update”](#).



## 2. Benchmarking Methodology

The model used to determine the cost efficiency of distributors is based on econometrics. Distributor cost in this model is estimated as a function of business conditions faced by each distributor. These business conditions include the number of customers served and the price of inputs such as labor and capital. The parameters of this model establish the relationship between each business condition and distributor cost. These parameters were estimated using Ontario LDC data from 2002-2012.

The model can make a prediction of each distributor's cost given its business conditions by multiplying the company's business condition variables by the model parameters and summing the results<sup>4</sup>. The distributor's actual cost is then compared to that predicted by the model. The percentage difference between actual and predicted cost is the measure of cost performance. Companies with larger negative differences between actual and predicted costs are considered to be better cost performers and therefore eligible for lower stretch factors. A detailed description of the econometric model including estimation technique and other technical details are contained in sections 6 and A2.1 of the PEG report.

The econometric model used to obtain the updated stretch factors is identical to the model described in the PEG report. The OEB intentionally decided not to update the parameters of the econometric model to include future data. The goal was to establish a fixed benchmark that would allow companies a fair opportunity to demonstrate improved cost performance and earn a lower stretch factor. The parameters from the previous model were combined with each company's data – including 2013 and 2014 data - to produce 2014 predicted cost. The rationale

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<sup>4</sup> The table of parameters published in the PEG report was for the full sample. When making predictions of cost for each company, the econometric program estimated the model without including the subject of benchmarking in the sample. Therefore, there exist 73 different sets of parameters which are very similar to each other. For ease of presentation, the PEG report did not present the parameters specific to each distributor. These company-specific parameters are necessary for the 2013 calculations and are contained within the working papers associated with this report.



for this decision is discussed in the Board Report and in a memorandum by PEG that also makes some corrections to the 2012 results.<sup>5</sup> The PEG memorandum contains the corrected final results of the 2010-2012 benchmarking model used in this update. The tables from the 2014 report updating the benchmarking results also required minor changes to make them consistent with the final calculations. The final results are reflected in this report.

In order to apply the 2014 values to the model parameters, the data must be transformed to be consistent with how the data were specified for the estimated econometric model. One example of a transformation is that many of the explanatory variables were expressed as logarithms prior to the model being estimated. The PEG report describes the details of the estimation process in section A2.1. The spreadsheet model and associated documentation discussed in section 5 contain the calculations leading to the cost benchmarking results.

The purpose of the benchmarking work is to evaluate the total cost incurred by each distributor. Table One shows the formulas used to calculate the measure of total cost used in PEG's benchmarking analysis. As described in the PEG benchmarking report, adjustments were undertaken with the purpose of standardizing cost in order to facilitate more accurate cost comparisons among distributors. These adjustments included the treatment of high voltage and low voltage costs.

The variables used to explain total cost are the same as in the previous PEG report. They include outputs such as customers, kWh deliveries, and capacity. Prices for capital and OM&A along with other business conditions such as customer growth and average length of lines are also included. A complete discussion of the explanatory variables can be found in section 6 of the PEG report and the documents discussed in section 5. The explanatory variables are used to explain the level of cost incurred by each LDC. Cost that is not explained by the variables is deemed to be due to management performance.

### **3. Benchmarking Data**

The source of the cost and output data used in the calculations is from the distributors as reported in RRR filings. The study assumes that the data as reported by the distributors

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<sup>5</sup> Available on the OEB website in the file "PEG\_Memorandum\_OEB\_on\_corrections\_20131220.pdf"+



conforms to guidelines described in the Accounting Procedures Handbook and other instructions contained within the RRR filing system. It is also assumed that the LDCs have taken ownership of the data provided to the OEB and significant revisions are not anticipated.<sup>6</sup> On March 31, 2015, the OEB established new requirement for certification of the electricity distributors' RRRs. To underscore the importance that the OEB places on the accuracy and integrity of distributor reporting, particularly in the context of the new performance based regulatory framework, the OEB required that any RRR filing with the OEB be certified by an executive signing officer of the company (e.g., Chief Executive Officer, Chief Financial Officer). The new executive certification was required for both quarterly and annual RRR filings.

Data sources apart from the RRR are related to input prices. OEB-approved rates of return were obtained from OEB Staff. The source for other input price data was Statistics Canada. The input price indexes used were the same as those used in PEG's original study.

The update was done in the same manner as the original work and the previous update with a few exceptions. The first is that the OEB has improved the quality of the guidance given to distributors related to capital additions data. As a result, improved data are available for 2013 and 2014. PEG has accordingly relied upon these newly-available capital additions data instead of inferring these data from changes in gross plant<sup>7</sup>. The second exception is related to the treatment of deferred smart meter OM&A expenses. In the original PEG report, an adjustment was made for the estimated amount of amortization that was included in the reported OM&A

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<sup>6</sup> The Ontario Energy Board (OEB) released the Report of the Board on Scorecard (EB-2010-0379) on March 5, 2014 (the "Scorecard Report") states that: *'While the Board will create consistent Scorecard reports for distributors, ownership of the data and Scorecard resides with the distributor.'*

<sup>7</sup> This improvement in data quality also extends to the collection of smart meter capital additions. The previous study estimated capital additions for distribution capital exclusive of meters for the period 2006-2012 in order to be able to isolate the accounting treatment of smart meters. The capital expenditures on smart meters were gathered for each company via a supplemental data request. These capital expenditures were then used as a proxy for capital additions and added to the total. A recent survey of the composition of the reported gross capital additions has revealed that some distributors have included amounts cleared from account 1555. The capital additions data for these companies has been adjusted to remove the cleared smart meter capital additions to avoid double counting.



expenses as a result of clearing amounts from account 1556. In 2014, OEB staff had advised that due to improved reporting requirements, this adjustment is no longer necessary. A recent survey of LDC disposition of account 1556 amounts has confirmed this.

The merger of Lakeland and Parry Sound was another issue that required special treatment for 2014. Where required, previous values for capital quantity and business conditions were aggregated for 2013 for use with the 2014 data for the combined company. Previous benchmarking results for 2012 and 2013 were combined for the two distributors. This work was necessary in order to calculate 2012-2014 average cost performance for the combined company.

This report also addresses the impact of data revisions by LDCs. As part of its procedures to improve data quality, OEB staff invited distributors to submit corrections to previously provided data. It was determined that benchmarking results for years prior to 2014 would not be modified as a result of the new data. Any revised data used by the model have been incorporated into the databases. As a result, the updated work will show modestly different results for 2013 performance. The revised 2013 results are presented in this report to show the impact, but were not used to calculate the 2012-2014 average cost performance used to determine stretch factors. The revised results are similar to those calculated earlier and would not have led to any change to previously determined stretch factors.

Several tables are included at the end of this report. Table 1 describes the calculation of total cost. Table 2 shows each distributor's growth in total cost from 2013 to 2014. Tables 3 (A) and 3 (B) present benchmarking results. Table 4 presents average cost performance and associated stretch factors. Table 5 presents the companies assigned to each cohort.

As can be seen on Table 2, average cost growth was 2.97% and median cost growth was slightly higher at 3.48%. OM&A cost grew by only of 0.96% on average while capital cost grew by 5.06%. The primary reason for capital cost growth was that the OEB-approved rate of return used in the cost calculations had increased in 2014 relative to 2013.

The econometric model estimates LDCs' costs as a function of distributor output, input price growth, and other business condition variables beyond management control. It will also produce a prediction of the level of cost consistent with these business conditions and thus "explain" some of the observed cost level. As described in the PEG benchmarking report, changes not accounted for by these factors are deemed to be due to management performance.





The parameter estimates measure the cost impact of the different business conditions and are presented on Table 16 of the PEG benchmarking report.

The first of the cost drivers is output quantity. The model uses three measures for the quantity of distributor output. The first is the number of customers served and the second is kWh delivered. The third is a proxy for the capacity of the distribution system. The capacity variable is described in the PEG report and is equal to the largest peak load experienced as of the current year of data. For example, the 2012 value for the capacity variable is equal to largest reported system summer or winter kW in all the years 2002-2012. Therefore, for 2013, this capacity variable only increased if the distributor's kW demand in that year exceeded kW demand in every year between 2002 and 2012. Of the three output variables, the model estimates that the number of customers has the largest impact on cost, followed by the system capacity variable. The kWh delivered was the least important of the output variables. For the average company, the number of customers was found to be a more important cost driver than the other two combined. For each 1% change in number of customers, cost was estimated to change by 0.44%.

The second group of cost drivers were the input prices for capital and OM&A. For the average company, the cost impact of changes in the capital price was found to be almost twice as important as that for OM&A. For every 1% change in capital price, the impact on total cost was about 0.63%. The corresponding impact for changes in the OM&A price was 0.37%. The relevant indexes were updated to include 2014 data. For the OM&A price, the growth in average weekly earnings and that for the GDP price index for final domestic demand ("GDPIPI FDD") were calculated. The 2014 growth in the OM&A price index is calculated as 70% times average weekly earnings growth plus 30% times GDPIPI FDD growth. The 2013 values for the OM&A price index from the previous report were escalated by the growth that occurred in 2014.

The capital price calculation is based upon an asset price index, an economic depreciation rate, and a rate of return. The asset price index was the Electric Utility Construction Price Index as calculated by Statistics Canada. The depreciation rate is fixed at 4.59% consistent with the previous work. The rate of return is a weighted average of the rates for return on equity, long term debt, and short term debt as approved by the OEB. Because these values are available for January and May of 2014, a weighted average was taken of the two values. The weight given to the January value (4/12) assumes that the first value was in effect from January 1 to April 30.



The weight given to the May (8/12) assumes that it was in effect starting May 1. The capital price used to calculate total cost is also used as an explanatory variable. Therefore any changes in the rate of return that affect the cost calculation will also affect the price calculation which will in turn “explain” the observed changes in cost.

The last group of cost drivers consists of other business condition variables. The first was the percentage of customers added over the last ten years. The second was the average km of distribution line. In each case these variables were updated to include 2014 data. For each 1% change in line length, total cost was estimated to increase by 0.29%. The model also contains a time trend that accounts for changes in cost over time that are not accounted for by the other cost drivers. This variable estimates that cost should rise by 1.7% per year for reasons not identified by other variables in the model.

#### **4. Benchmarking Results and Updated Stretch Factors**

Table 3 (A) presents a summary of benchmarking results for each distributor from 2011-2014. The first three columns contain the annual results for 2011, 2012, and 2013. The average of these three results was used to determine the 2015 stretch factor. The 2014 cost performance results are then presented and a new three year average of the 2012-2014 cost performance is calculated. The updated average cost performance is used to assign 2016 stretch factors.

The last column presents the difference between the updated average cost performance and that calculated previously. All but seven distributors had average cost performance that changed by less than 5%.

Average industry cost performance was better than predicted by the model by 1.02% in 2011, 0.04% in 2013, and 2.35% in 2014. It was worse than predicted by 0.73% in 2012. Part of the 2012 performance can be explained by the impact of previously deferred smart meter OM&A expenses included in measured cost. Average 2012-2014 cost performance improved by 0.37% relative to 2011-2013 levels. This improvement in average performance is due to the cost performance improvement in 2014 and that this performance improvement was superior to that for 2011 which is excluded from the new average.



As part of its procedures to improve data quality, OEB staff invited distributors to submit corrections to previously provided data. In addition, a data request regarding the accounting treatment of deferred smart meter cost. OEB Staff reviewed and considered the data corrections requests and PEG evaluated the data provided in response to the data request to identify any warranted corrections. Both sets of revised data were incorporated into the databases and the 2013 results were recalculated to demonstrate the impact. Table 3 (B) shows the impact of LDC data revisions on 2013 cost performance. The data revisions resulted in modest changes in cost performance results none of which would have resulted in a different stretch factor being assigned.

Updated stretch factors are assigned based on a three-year average of actual less predicted cost over the 2012-2014 period. As discussed in the Board Report, distributors that averaged 25% or more below cost received the lowest stretch factor of 0%. Those that averaged between 10% and 25% below cost received a stretch factor of 0.15%. Those within 10% of predicted cost received a stretch factor of 0.30%. Those distributors that had cost in excess of 10% to 25% of that predicted received a stretch factor of 0.45%. Any distributors that had cost in excess of 25% were assigned the highest stretch factor of 0.60%.

Table 4 presents a summary of cost performance results and corresponding stretch factors. The assigned stretch factor for almost every company was not affected by the 2014 update. Three companies have been assigned different stretch factors. Only Brant County was assigned a different stretch factor as a result of a change in performance. The other two changes were a consequence of the merger of Lakeland and Parry Sound. Parry Sound no longer exists as an independent company and therefore has no 2014 results or an assigned stretch factor. Lakeland does have a different stretch factor, but this change appears to be a result of the acquisition of Parry Sound and not due to a deterioration of performance. Table 5 presents the updated stretch factor assignments in the format of Appendix D of the Board report.

## **5. Validation and Other Supporting Documents**

As part of their reporting requirements, distributors are asked to validate the numbers contained in their scorecard. Many distributors had difficulty understanding and validating the results contained in previous benchmarking reports. As part of its process improvement



initiative, OEB Staff commissioned additional work to make these calculations more accessible and transparent. In collaboration with a committee of industry members, the working papers and documentation were upgraded with the purpose of making them a tool to assist LDCs in validating their benchmarking results. The result was a Spreadsheet Model and a User's Guide which are available on the OEB's website<sup>8</sup>. A webinar and training session were also held to assist the industry in using these new tools.

This spreadsheet model was updated to include 2014 data and produces the updated benchmarking results contained in this report. The updated Spreadsheet Model builds on the previous version by adding additional worksheets related to the 2014 calculations. The format of the additional sheets is identical to those provided earlier and the User's Guide will be applicable to the new worksheets. There are no current plans to update this documentation.

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<sup>8</sup> The spreadsheet model and users guide are available in the [Measuring Performance of Electricity Distributors](#) section of the OEB's website



Table 1

## Calculation of 2014 Total Cost

Variable	Reference	Formula	Source
Total Cost		= OM&A + Capital Cost	Formula
OM&A		= A+B+C+D+E+F+G-I+J	Formula
2014 Operation	A		RRR
2014 Maintenance	B		RRR
2014 Billing and Collection	C		RRR
2014 Community Relations	D		RRR
2014 Administrative and General Expenses	E		RRR
2014 Insurance Expense	F		RRR
2014 Advertising Expenses	G		RRR
Adjustments to OM&A			
2014 Smart Meter	H		Data Request
2014 HV Adjustment	I		RRR
2014 LV Adjustment	J		Hydro One Networks
Capital			
2013 Asset Price Index	K		PEG Report Working Papers
2013 Capital Price	L		PEG Report Working Papers
2013 Capital Quantity	M		PEG Report Working Papers
2013 Capital cost	N		PEG Report Working Papers
2014 Asset Price Index	O	=K x (EUCPI 2014 / EUCPI 2013)	Formula, Statistics Canada
2014 Capital Additions	P		RRR
2014 HV Capital Additions	Q		RRR
2014 Quantity of Capital Additions	R	=(P-Q) / O	Formula
Depreciation Rate	S	Fixed at 4.59% for All Years	PEG Report
2014 Capital Quantity	T	= M - S x M + R	Formula
2014 Rate of Return	U	= 4 months @ 5.98 + 8 months @ 6.56 = 6.37	OEB Staff
2014 Capital Price	V	=U x K + S x O	Formula
2014 Capital Cost	W	= V x T	Formula

Table 2

### Total Cost by Distributor: 2013 vs. 2014

	OM&A Cost			Capital Cost			Total Cost		
	2013	2014	Percent Change	2013	2014	Percent Change	2013	2014	Percent Change
Algoma Power Inc.	10,672,392	10,935,164	2.4%	11,588,947	12,133,431	4.6%	22,261,339	23,068,595	3.6%
Atikokan Hydro Inc.	1,031,675	825,680	-22.3%	459,891	504,594	9.3%	1,491,567	1,330,274	-11.4%
Bluewater Power Distribution Corporation	11,982,293	11,459,224	-4.5%	11,260,638	11,563,039	2.7%	23,242,931	23,022,264	-1.0%
Brant County Power Inc.	3,899,113	3,575,396	-8.7%	3,307,373	3,427,827	3.6%	7,206,486	7,003,223	-2.9%
Brantford Power Inc.	8,727,540	8,524,487	-2.4%	10,801,397	10,999,115	1.8%	19,528,936	19,523,602	0.0%
Burlington Hydro Inc.	16,773,837	16,549,653	-1.3%	22,349,707	23,355,611	4.4%	39,123,544	39,905,264	2.0%
Cambridge And North Dumfries Hydro Inc.	14,096,634	14,160,867	0.5%	18,493,432	19,261,333	4.1%	32,590,066	33,422,200	2.5%
Canadian Niagara Power Inc.	8,474,686	8,958,865	5.6%	11,692,953	12,476,445	6.5%	20,167,639	21,435,310	6.1%
Centre Wellington Hydro Ltd.	2,048,511	1,990,167	-2.9%	1,923,367	2,163,672	11.8%	3,971,878	4,153,839	4.5%
Chapleau Public Utilities Corporation	629,802	712,902	12.4%	184,934	186,972	1.1%	814,736	899,874	9.9%
Collus PowerStream Corp.	4,438,351	4,537,518	2.2%	3,693,997	3,880,589	4.9%	8,132,348	8,418,107	3.5%
Cooperative Hydro Embrun Inc.	634,625	565,959	-11.5%	482,033	486,277	0.9%	1,116,658	1,052,237	-5.9%
E.L.K. Energy Inc.	2,251,429	2,191,873	-2.7%	2,351,659	2,363,041	0.5%	4,603,088	4,554,914	-1.1%
Enersource Hydro Mississauga Inc.	52,980,754	50,285,453	-5.2%	85,379,945	90,091,164	5.4%	138,360,699	140,376,617	1.4%
Entegrus Powerlines Inc.	8,926,222	8,803,869	-1.4%	12,062,450	12,764,635	5.7%	20,988,672	21,568,504	2.7%
Enwin Utilities Ltd.	21,511,933	22,891,607	6.2%	34,602,624	36,334,282	4.9%	56,114,557	59,225,888	5.4%
Erie Thames Powerlines Corporation	5,504,432	5,615,109	2.0%	5,546,493	5,912,627	6.4%	11,050,924	11,527,736	4.2%
Espanola Regional Hydro Distribution Corporation	1,295,367	1,241,489	-4.2%	725,251	744,110	2.6%	2,020,618	1,985,598	-1.7%
Essex Powerlines Corporation	5,885,995	6,639,108	12.0%	7,807,709	8,371,806	7.0%	13,693,704	15,010,914	9.2%
Festival Hydro Inc.	4,923,387	4,988,496	1.3%	7,739,859	7,918,709	2.3%	12,663,246	12,907,205	1.9%
Fort Frances Power Corporation	1,428,272	1,506,561	5.3%	869,730	887,033	2.0%	2,298,002	2,393,594	4.1%
Greater Sudbury Hydro Inc.	11,080,580	14,590,131	27.5%	15,268,858	15,984,783	4.6%	26,349,437	30,574,914	14.9%
Grimsby Power Incorporated	2,653,353	2,772,130	4.4%	3,043,922	3,341,434	9.3%	5,697,275	6,113,565	7.1%
Guelph Hydro Electric Systems Inc.	14,769,960	13,751,170	-7.1%	17,048,266	18,058,058	5.8%	31,818,226	31,809,228	0.0%
Haldimand County Hydro Inc.	7,405,150	7,467,454	0.8%	7,053,403	7,699,770	8.8%	14,458,553	15,167,224	4.8%
Halton Hills Hydro Inc.	4,821,336	5,200,809	7.6%	8,973,989	9,894,897	9.8%	13,795,325	15,095,706	9.0%
Hearst Power Distribution Company Limited	830,789	969,120	15.4%	323,871	333,833	3.0%	1,154,661	1,302,953	12.1%
Horizon Utilities Corporation	53,770,377	56,268,565	4.5%	65,449,394	69,205,749	5.6%	119,219,771	125,474,314	5.1%
Hydro 2000 Inc.	504,541	436,641	-14.5%	143,051	149,884	4.7%	647,592	586,525	-9.9%
Hydro Hawkesbury Inc.	1,084,232	944,391	-13.8%	482,818	486,981	0.9%	1,567,050	1,431,371	-9.1%
Hydro One Brampton Networks Inc.	22,922,932	25,445,126	10.4%	62,611,816	66,814,412	6.5%	85,534,748	92,259,538	7.6%
Hydro One Networks Inc.	561,763,830	591,300,184	5.1%	714,915,315	711,978,077	-0.4%	1,276,679,145	1,303,278,261	2.1%
Hydro Ottawa Limited	70,831,893	75,859,476	6.9%	111,356,553	123,288,977	10.2%	182,188,446	199,148,453	8.9%
Innisfil Hydro Distribution Systems Limited	4,983,184	5,142,300	3.1%	6,251,667	6,876,469	9.5%	11,234,850	12,018,769	6.7%
Kenora Hydro Electric Corporation Ltd.	1,854,498	1,907,767	2.8%	1,105,187	1,172,151	5.9%	2,959,685	3,079,918	4.0%
Kingston Hydro Corporation	6,643,269	6,041,005	-9.5%	7,354,110	7,661,944	4.1%	13,997,379	13,702,949	-2.1%
Kitchener-Wilmot Hydro Inc.	15,004,498	15,575,235	3.7%	26,935,883	28,468,894	5.5%	41,940,381	44,044,130	4.9%
Lakefront Utilities Inc.	2,511,656	2,306,656	-8.5%	2,068,176	2,197,896	6.1%	4,579,831	4,504,552	-1.7%
Lakeland Power Distribution Ltd.	3,727,137	5,324,798	35.7%	4,275,780	4,506,267	5.3%	8,002,917	9,831,066	20.6%
London Hydro Inc.	30,754,942	30,726,561	-0.1%	39,627,172	42,016,345	5.9%	70,382,114	72,742,906	3.3%
Midland Power Utility Corporation	2,235,312	2,243,883	0.4%	2,405,395	2,440,018	1.4%	4,640,707	4,683,901	0.9%
Milton Hydro Distribution Inc.	8,382,166	8,489,860	1.3%	13,862,504	15,351,857	10.2%	22,244,670	23,841,717	6.9%
Newmarket-Tay Power Distribution Ltd.	7,255,412	7,826,753	7.6%	11,542,366	11,895,671	3.0%	18,797,778	19,722,424	4.8%

Table 2

### Total Cost by Distributor: 2013 vs. 2014

	OM&A Cost			Capital Cost			Total Cost		
	2013	2014	Percent Change	2013	2014	Percent Change	2013	2014	Percent Change
Niagara Peninsula Energy Inc.	13,580,949	16,390,587	18.8%	20,834,453	22,078,192	5.8%	34,415,402	38,468,779	11.1%
Niagara-On-The-Lake Hydro Inc.	2,146,011	2,104,463	-2.0%	3,890,131	4,055,402	4.2%	6,036,142	6,159,865	2.0%
Norfolk Power Distribution Inc.	5,932,696	7,061,423	17.4%	7,396,521	7,756,108	4.7%	13,329,218	14,817,531	10.6%
North Bay Hydro Distribution Limited	5,533,893	6,132,200	10.3%	9,174,129	9,674,089	5.3%	14,708,022	15,806,289	7.2%
Northern Ontario Wires Inc.	2,685,165	2,509,436	-6.8%	1,335,480	1,387,521	3.8%	4,020,644	3,896,958	-3.1%
Oakville Hydro Electricity Distribution Inc.	16,795,534	16,701,732	-0.6%	30,499,177	31,195,312	2.3%	47,294,711	47,897,044	1.3%
Orangeville Hydro Limited	3,315,703	3,224,243	-2.8%	3,325,594	3,519,682	5.7%	6,641,298	6,743,925	1.5%
Orillia Power Distribution Corporation	4,440,795	4,473,442	0.7%	3,370,879	3,684,614	8.9%	7,811,673	8,158,056	4.3%
Oshawa PUC Networks Inc.	10,496,484	10,438,953	-0.5%	16,742,890	17,947,690	6.9%	27,239,374	28,386,643	4.1%
Ottawa River Power Corporation	3,114,733	2,701,819	-14.2%	2,297,662	2,399,009	4.3%	5,412,395	5,100,828	-5.9%
Parry Sound Power Corporation	na	na	na	na	na	na	na	na	na
Peterborough Distribution Incorporated	7,788,114	8,283,961	6.2%	12,364,177	12,818,120	3.6%	20,152,291	21,102,080	4.6%
Powerstream Inc.	77,277,917	81,658,712	5.5%	149,127,719	161,417,781	7.9%	226,405,635	243,076,493	7.1%
PUC Distribution Inc.	11,448,896	10,123,152	-12.3%	11,484,981	12,111,959	5.3%	22,933,877	22,235,111	-3.1%
Renfrew Hydro Inc.	1,238,889	1,218,576	-1.7%	1,130,662	1,155,129	2.1%	2,369,550	2,373,705	0.2%
Rideau St. Lawrence Distribution Inc.	1,830,016	1,905,889	4.1%	1,035,425	1,070,649	3.3%	2,865,441	2,976,538	3.8%
Sioux Lookout Hydro Inc.	1,383,941	1,549,444	11.3%	836,234	865,948	3.5%	2,220,174	2,415,392	8.4%
St. Thomas Energy Inc.	3,817,984	3,911,993	2.4%	4,635,216	4,814,330	3.8%	8,453,200	8,726,323	3.2%
Thunder Bay Hydro Electricity Distribution Inc.	12,995,018	13,281,566	2.2%	16,336,816	17,289,971	5.7%	29,331,834	30,571,537	4.1%
Tillsonburg Hydro Inc.	2,971,581	2,466,576	-18.6%	2,078,980	2,096,975	0.9%	5,050,561	4,563,551	-10.1%
Toronto Hydro-Electric System Limited	232,504,073	228,243,963	-1.8%	446,117,008	491,640,605	9.7%	678,621,081	719,884,568	5.9%
Veridian Connections Inc.	24,791,293	24,920,397	0.5%	38,730,430	40,872,122	5.4%	63,521,722	65,792,519	3.5%
Wasaga Distribution Inc.	2,710,686	2,805,827	3.4%	2,510,806	2,683,425	6.6%	5,221,492	5,489,253	5.0%
Waterloo North Hydro Inc.	12,543,732	12,882,769	2.7%	26,910,118	28,695,634	6.4%	39,453,850	41,578,403	5.2%
Welland Hydro-Electric System Corp.	5,889,642	5,985,348	1.6%	4,653,232	4,862,068	4.4%	10,542,875	10,847,416	2.8%
Wellington North Power Inc.	1,724,131	1,685,217	-2.3%	1,177,200	1,244,762	5.6%	2,901,330	2,929,979	1.0%
West Coast Huron Energy Inc.	1,830,008	1,654,201	-10.1%	1,253,215	1,324,033	5.5%	3,083,223	2,978,234	-3.5%
Westario Power Inc.	5,723,054	5,149,478	-10.6%	6,774,353	7,170,085	5.7%	12,497,407	12,319,563	-1.4%
Whitby Hydro Electric Corporation	10,067,878	10,192,790	1.2%	15,160,200	15,854,816	4.5%	25,228,079	26,047,606	3.2%
Woodstock Hydro Services Inc.	3,933,564	3,867,466	-1.7%	7,298,711	7,653,724	4.7%	11,232,275	11,521,190	2.5%
Average			0.96%			5.06%			2.97%
Median			1.04%			5.09%			3.48%

Table 3 (A)

## Summary of Cost Performance Results

	Cost Performance						Difference from 2011- 2013
	2011	2012	2013	2011-2013 Final Results	2014	2012-2014	
Algoma Power Inc.	68.1%	66.4%	71.2%	68.6%	68.1%	68.6%	0.0%
Atikokan Hydro Inc.	7.7%	32.9%	11.6%	17.4%	-4.9%	13.2%	-4.2%
Bluewater Power Distribution Corporation	1.7%	6.4%	5.9%	4.7%	0.3%	4.2%	-0.5%
<b>Brant County Power Inc.</b>	<b>22.4%</b>	<b>11.5%</b>	<b>5.5%</b>	<b>13.1%</b>	<b>-3.6%</b>	<b>4.5%</b>	<b>-8.7%</b>
Brantford Power Inc.	-2.5%	4.7%	0.7%	1.0%	-3.6%	0.6%	-0.4%
Burlington Hydro Inc.	-7.1%	-9.0%	-7.5%	-7.9%	-9.4%	-8.6%	-0.7%
Cambridge And North Dumfries Hydro Inc.	-7.8%	-3.3%	0.5%	-3.5%	-1.9%	-1.6%	2.0%
Canadian Niagara Power Inc.	15.6%	10.0%	13.8%	13.2%	12.9%	12.2%	-0.9%
Centre Wellington Hydro Ltd.	-4.9%	0.4%	0.4%	-1.4%	-3.1%	-0.8%	0.6%
Chapleau Public Utilities Corporation	14.8%	24.0%	20.5%	19.7%	27.7%	24.1%	4.3%
Collus PowerStream Corp.	-9.5%	-1.2%	-12.3%	-7.6%	-14.2%	-9.2%	-1.6%
Cooperative Hydro Embrun Inc.	-16.9%	-26.4%	-18.9%	-20.7%	-29.7%	-25.0%	-4.2%
E.L.K. Energy Inc.	-26.2%	-25.4%	-33.2%	-28.3%	-44.9%	-34.5%	-6.3%
Enersource Hydro Mississauga Inc.	-16.1%	-9.5%	-10.7%	-12.1%	-13.9%	-11.4%	0.7%
Entegrus Powerlines Inc.	-13.4%	-10.9%	-12.5%	-12.3%	-16.7%	-13.4%	-1.1%
Enwin Utilities Ltd.	16.8%	23.9%	10.3%	17.0%	10.9%	15.0%	-2.0%
Erie Thames Powerlines Corporation	14.4%	3.9%	7.9%	8.7%	7.0%	6.3%	-2.4%
Espanola Regional Hydro Distribution Corporation	-21.8%	-15.5%	-19.3%	-18.9%	-25.4%	-20.1%	-1.2%
Essex Powerlines Corporation	-17.1%	-12.6%	-17.2%	-15.6%	-12.7%	-14.2%	1.5%
Festival Hydro Inc.	18.0%	20.2%	19.6%	19.3%	16.6%	18.8%	-0.5%
Fort Frances Power Corporation	10.5%	11.7%	6.4%	9.5%	5.6%	7.9%	-1.6%
Greater Sudbury Hydro Inc.	14.1%	16.7%	4.8%	11.9%	14.9%	12.2%	0.3%
Grimsby Power Incorporated	-18.6%	-9.6%	-16.9%	-15.0%	-17.3%	-14.6%	0.5%
Guelph Hydro Electric Systems Inc.	14.7%	-2.0%	0.8%	4.5%	-4.8%	-2.0%	-6.5%
Haldimand County Hydro Inc.	-24.1%	-18.7%	-23.7%	-22.2%	-23.6%	-22.0%	0.2%
Halton Hills Hydro Inc.	-24.9%	-27.5%	-35.7%	-29.4%	-31.3%	-31.5%	-2.1%
Hearst Power Distribution Company Limited	-30.1%	-28.4%	-33.1%	-30.5%	-22.4%	-28.0%	2.6%
Horizon Utilities Corporation	-13.7%	-6.9%	-5.5%	-8.7%	-5.3%	-5.9%	2.8%



Table 3 (A)

## Summary of Cost Performance Results

	Cost Performance						Difference from 2011- 2013
	2011	2012	2013	2011-2013 Final Results	2014	2012-2014	
Hydro 2000 Inc.	-12.2%	-0.8%	-1.0%	-4.7%	-15.3%	-5.7%	-1.0%
Hydro Hawkesbury Inc.	-59.4%	-55.8%	-51.1%	-55.4%	-64.3%	-57.1%	-1.7%
Hydro One Brampton Networks Inc.	-7.4%	-9.2%	-5.7%	-7.4%	-3.3%	-6.0%	1.4%
Hydro One Networks Inc.	57.3%	58.7%	27.6%	47.9%	30.0%	38.7%	-9.1%
Hydro Ottawa Limited	-2.6%	7.8%	8.5%	4.6%	12.7%	9.6%	5.1%
Innisfil Hydro Distribution Systems Limited	-6.2%	-2.4%	-2.8%	-3.8%	-2.8%	-2.7%	1.1%
Kenora Hydro Electric Corporation Ltd.	-4.6%	-5.2%	-11.2%	-7.0%	-11.0%	-9.1%	-2.1%
Kingston Hydro Corporation	2.2%	2.4%	3.7%	2.8%	-3.6%	0.8%	-1.9%
Kitchener-Wilmot Hydro Inc.	-22.8%	-20.7%	-19.3%	-21.0%	-19.0%	-19.7%	1.3%
Lakefront Utilities Inc.	-12.5%	-18.7%	-7.4%	-12.9%	-16.0%	-14.0%	-1.2%
Lakeland Power Distribution Ltd.	na	-6.4%	-0.9%	na	-1.9%	-3.1%	na
London Hydro Inc.	-10.1%	-11.1%	-11.0%	-10.7%	-12.8%	-11.7%	-0.9%
Midland Power Utility Corporation	17.0%	19.6%	18.6%	18.4%	15.2%	17.8%	-0.6%
Milton Hydro Distribution Inc.	-3.0%	-37.6%	-4.5%	-15.0%	-4.0%	-15.4%	-0.3%
Newmarket-Tay Power Distribution Ltd.	-21.0%	-19.5%	-19.5%	-20.0%	-18.6%	-19.2%	0.8%
Niagara Peninsula Energy Inc.	5.2%	10.2%	1.1%	5.5%	7.7%	6.4%	0.9%
Niagara-On-The-Lake Hydro Inc.	6.5%	2.7%	-0.7%	2.8%	-2.8%	-0.3%	-3.1%
Norfolk Power Distribution Inc.	-2.6%	6.0%	1.2%	1.5%	6.5%	4.6%	3.0%
North Bay Hydro Distribution Limited	5.5%	5.8%	5.4%	5.6%	8.2%	6.5%	0.9%
Northern Ontario Wires Inc.	-35.7%	-25.8%	-21.5%	-27.6%	-32.6%	-26.6%	1.0%
Oakville Hydro Electricity Distribution Inc.	12.4%	10.6%	13.8%	12.3%	8.7%	11.0%	-1.2%
Orangeville Hydro Limited	1.6%	0.8%	0.1%	0.8%	-4.0%	-1.0%	-1.9%
Orillia Power Distribution Corporation	-1.9%	-3.7%	-4.7%	-3.5%	-5.3%	-4.6%	-1.1%
Oshawa PUC Networks Inc.	-18.0%	-14.5%	-17.4%	-16.6%	-18.1%	-16.7%	0.0%
Ottawa River Power Corporation	2.7%	0.0%	4.3%	2.3%	-6.9%	-0.9%	-3.2%
Parry Sound Power Corporation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Peterborough Distribution Incorporated	15.6%	13.2%	14.5%	14.4%	14.5%	14.1%	-0.4%
Powerstream Inc.	-6.4%	1.2%	3.0%	-0.7%	5.6%	3.3%	4.0%

Table 3 (A)

## Summary of Cost Performance Results

	Cost Performance						Difference from 2011- 2013
	2011	2012	2013	2011-2013 Final Results	2014	2012-2014	
PUC Distribution Inc.	-5.2%	13.4%	22.7%	10.3%	14.6%	16.9%	6.6%
Renfrew Hydro Inc.	18.3%	18.3%	15.7%	17.5%	10.4%	14.8%	-2.6%
Rideau St. Lawrence Distribution Inc.	-13.8%	-6.7%	-7.2%	-9.3%	-8.1%	-7.4%	1.9%
Sioux Lookout Hydro Inc.	-1.4%	7.2%	2.9%	2.9%	6.2%	5.4%	2.5%
St. Thomas Energy Inc.	-4.5%	6.8%	-0.3%	0.7%	-6.3%	0.1%	-0.6%
Thunder Bay Hydro Electricity Distribution Inc.	8.0%	-2.8%	8.2%	4.5%	7.4%	4.2%	-0.2%
Tillsonburg Hydro Inc.	10.7%	12.2%	19.5%	14.1%	4.4%	12.0%	-2.1%
Toronto Hydro-Electric System Limited	47.7%	45.1%	48.4%	47.1%	49.9%	47.8%	0.7%
Veridian Connections Inc.	-4.5%	2.4%	-4.5%	-2.2%	-3.0%	-1.7%	0.5%
Wasaga Distribution Inc.	-46.3%	-37.8%	-41.6%	-41.9%	-41.6%	-40.3%	1.6%
Waterloo North Hydro Inc.	6.4%	4.3%	10.6%	7.1%	11.0%	8.6%	1.5%
Welland Hydro-Electric System Corp.	-16.2%	-10.4%	-15.2%	-13.9%	-17.3%	-14.3%	-0.4%
Wellington North Power Inc.	18.0%	12.8%	17.7%	16.1%	14.2%	14.9%	-1.3%
West Coast Huron Energy Inc.	16.0%	34.8%	41.4%	30.7%	32.8%	36.3%	5.6%
Westario Power Inc.	-0.2%	-1.4%	2.2%	0.2%	-4.2%	-1.1%	-1.3%
Whitby Hydro Electric Corporation	-3.0%	-7.0%	-5.7%	-5.2%	-6.8%	-6.5%	-1.3%
Woodstock Hydro Services Inc.	32.9%	29.0%	25.9%	29.2%	23.0%	25.9%	-3.3%
Average*	-1.02%	0.83%	-0.03%	-0.07%	-2.35%	-0.52%	-0.44%

\*The sample average does not include the combined Lakeland/Parry company.

na = not applicable. The combined Lakeland/Parry benchmarking result was not calculated for 2011.

Table 3 (B)

## Summary of the Impact of LDC Data Revisions on Cost Performance Results

	2013 Cost Performance			2011-2013 Average Cost Performance		
	As Previously Calculated	With LDC Data Revisions	Difference	As Previously Calculated	With LDC Data Revisions	Difference
Algoma Power Inc.	71.2%	69.1%	-2.1%	68.6%	67.9%	-0.7%
Atikokan Hydro Inc.	11.6%	10.3%	-1.3%	17.4%	17.0%	-0.4%
Bluewater Power Distribution Corporation	5.9%	5.9%	0.0%	4.7%	4.7%	0.0%
Brant County Power Inc.	5.5%	5.5%	0.0%	13.1%	13.1%	0.0%
Brantford Power Inc.	0.7%	0.7%	0.0%	1.0%	1.0%	0.0%
Burlington Hydro Inc.	-7.5%	-7.5%	0.0%	-7.9%	-7.9%	0.0%
Cambridge And North Dumfries Hydro Inc.	0.5%	0.5%	0.0%	-3.5%	-3.5%	0.0%
Canadian Niagara Power Inc.	13.8%	11.0%	-2.8%	13.2%	12.2%	-0.9%
Centre Wellington Hydro Ltd.	0.4%	-3.2%	-3.6%	-1.4%	-2.6%	-1.2%
Chapleau Public Utilities Corporation	20.5%	20.5%	0.0%	19.7%	19.7%	0.0%
Collus PowerStream Corp.	-12.3%	-12.3%	0.0%	-7.6%	-7.6%	0.0%
Cooperative Hydro Embrun Inc.	-18.9%	-18.7%	0.2%	-20.7%	-20.7%	0.1%
E.L.K. Energy Inc.	-33.2%	-33.2%	0.0%	-28.3%	-28.3%	0.0%
Enersource Hydro Mississauga Inc.	-10.7%	-10.7%	0.0%	-12.1%	-12.1%	0.0%
Entegrus Powerlines Inc.	-12.5%	-14.7%	-2.1%	-12.3%	-13.0%	-0.7%
Enwin Utilities Ltd.	10.3%	10.3%	0.0%	17.0%	17.0%	0.0%
Erie Thames Powerlines Corporation	7.9%	7.9%	0.0%	8.7%	8.7%	0.0%
Espanola Regional Hydro Distribution Corporation	-19.3%	-19.3%	0.0%	-18.9%	-18.9%	0.0%
Essex Powerlines Corporation	-17.2%	-17.2%	0.0%	-15.6%	-15.6%	0.0%
Festival Hydro Inc.	19.6%	19.6%	0.0%	19.3%	19.3%	0.0%
Fort Frances Power Corporation	6.4%	6.4%	0.0%	9.5%	9.5%	0.0%
Greater Sudbury Hydro Inc.	4.8%	4.8%	0.0%	11.9%	11.9%	0.0%
Grimsby Power Incorporated	-16.9%	-16.9%	0.0%	-15.0%	-15.0%	0.0%
Guelph Hydro Electric Systems Inc.	0.8%	0.8%	0.0%	4.5%	4.5%	0.0%
Haldimand County Hydro Inc.	-23.7%	-23.7%	0.0%	-22.2%	-22.2%	0.0%
Halton Hills Hydro Inc.	-35.7%	-35.7%	0.0%	-29.4%	-29.4%	0.0%
Hearst Power Distribution Company Limited	-33.1%	-33.1%	0.0%	-30.5%	-30.5%	0.0%
Horizon Utilities Corporation	-5.5%	-5.5%	0.0%	-8.7%	-8.7%	0.0%

Table 3 (B)

## Summary of the Impact of LDC Data Revisions on Cost Performance Results

	2013 Cost Performance			2011-2013 Average Cost Performance		
	As Previously Calculated	With LDC Data Revisions	Difference	As Previously Calculated	With LDC Data Revisions	Difference
Hydro 2000 Inc.	-1.0%	-1.0%	0.0%	-4.7%	-4.7%	0.0%
Hydro Hawkesbury Inc.	-51.1%	-51.1%	0.0%	-55.4%	-55.4%	0.0%
Hydro One Brampton Networks Inc.	-5.7%	-5.7%	0.0%	-7.4%	-7.4%	0.0%
Hydro One Networks Inc.	27.6%	27.6%	0.0%	47.9%	47.9%	0.0%
Hydro Ottawa Limited	8.5%	8.5%	0.0%	4.6%	4.6%	0.0%
Innisfil Hydro Distribution Systems Limited	-2.8%	-2.8%	0.0%	-3.8%	-3.8%	0.0%
Kenora Hydro Electric Corporation Ltd.	-11.2%	-11.2%	0.0%	-7.0%	-7.0%	0.0%
Kingston Hydro Corporation	3.7%	3.7%	0.0%	2.8%	2.8%	0.0%
Kitchener-Wilmot Hydro Inc.	-19.3%	-19.3%	0.0%	-21.0%	-21.0%	0.0%
Lakefront Utilities Inc.	-7.4%	-7.4%	0.0%	-12.9%	-12.9%	0.0%
Lakeland Power Distribution Ltd.	-0.9%	-0.9%	na	na	na	na
London Hydro Inc.	-11.0%	-11.0%	0.0%	-10.7%	-10.7%	0.0%
Midland Power Utility Corporation	18.6%	18.7%	0.1%	18.4%	18.5%	0.0%
Milton Hydro Distribution Inc.	-4.5%	-4.6%	-0.1%	-15.0%	-15.1%	0.0%
Newmarket-Tay Power Distribution Ltd.	-19.5%	-19.5%	0.0%	-20.0%	-20.0%	0.0%
Niagara Peninsula Energy Inc.	1.1%	1.1%	0.0%	5.5%	5.5%	0.0%
Niagara-On-The-Lake Hydro Inc.	-0.7%	-1.1%	-0.4%	2.8%	2.7%	-0.1%
Norfolk Power Distribution Inc.	1.2%	1.2%	0.0%	1.5%	1.5%	0.0%
North Bay Hydro Distribution Limited	5.4%	5.4%	0.0%	5.6%	5.6%	0.0%
Northern Ontario Wires Inc.	-21.5%	-25.1%	-3.6%	-27.6%	-28.9%	-1.2%
Oakville Hydro Electricity Distribution Inc.	13.8%	13.8%	0.0%	12.3%	12.3%	0.0%
Orangeville Hydro Limited	0.1%	0.1%	0.0%	0.8%	0.8%	0.0%
Orillia Power Distribution Corporation	-4.7%	-4.7%	0.0%	-3.5%	-3.5%	0.0%
Oshawa PUC Networks Inc.	-17.4%	-17.4%	0.0%	-16.6%	-16.6%	0.0%
Ottawa River Power Corporation	4.3%	4.3%	0.0%	2.3%	2.3%	0.0%
Parry Sound Power Corporation	na	na	na	na	na	na
Peterborough Distribution Incorporated	14.5%	14.5%	0.0%	14.4%	14.4%	0.0%
Powerstream Inc.	3.0%	3.0%	0.0%	-0.7%	-0.7%	0.0%

Table 3 (B)

## Summary of the Impact of LDC Data Revisions on Cost Performance Results

	2013 Cost Performance			2011-2013 Average Cost Performance		
	As Previously Calculated	With LDC Data Revisions	Difference	As Previously Calculated	With LDC Data Revisions	Difference
PUC Distribution Inc.	22.7%	22.7%	0.0%	10.3%	10.3%	0.0%
Renfrew Hydro Inc.	15.7%	15.7%	0.0%	17.5%	17.5%	0.0%
Rideau St. Lawrence Distribution Inc.	-7.2%	-7.2%	0.0%	-9.3%	-9.3%	0.0%
Sioux Lookout Hydro Inc.	2.9%	2.9%	0.0%	2.9%	2.9%	0.0%
St. Thomas Energy Inc.	-0.3%	-4.6%	-4.3%	0.7%	-0.8%	-1.4%
Thunder Bay Hydro Electricity Distribution Inc.	8.2%	8.1%	-0.1%	4.5%	4.4%	0.0%
Tillsonburg Hydro Inc.	19.5%	19.5%	0.0%	14.1%	14.1%	0.0%
Toronto Hydro-Electric System Limited	48.4%	48.4%	0.0%	47.1%	47.1%	0.0%
Veridian Connections Inc.	-4.5%	-1.3%	3.2%	-2.2%	-1.1%	1.1%
Wasaga Distribution Inc.	-41.6%	-41.6%	0.0%	-41.9%	-41.9%	0.0%
Waterloo North Hydro Inc.	10.6%	10.6%	0.0%	7.1%	7.1%	0.0%
Welland Hydro-Electric System Corp.	-15.2%	-15.2%	0.0%	-13.9%	-13.9%	0.0%
Wellington North Power Inc.	17.7%	17.7%	0.0%	16.1%	16.1%	0.0%
West Coast Huron Energy Inc.	41.4%	41.4%	0.0%	30.7%	30.7%	0.0%
Westario Power Inc.	2.2%	2.2%	0.0%	0.2%	0.2%	0.0%
Whitby Hydro Electric Corporation	-5.7%	-5.7%	0.0%	-5.2%	-5.2%	0.0%
Woodstock Hydro Services Inc.	25.9%	25.9%	0.0%	29.2%	29.2%	0.0%

Table 4

## Summary of Stretch Factor Assignments

	2011-2013		2012-2014		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Algoma Power Inc.	68.6%	0.60	68.6%	0.60	NO
Atikokan Hydro Inc.	17.4%	0.45	13.2%	0.45	NO
Bluewater Power Distribution Corporation	4.7%	0.30	4.2%	0.30	NO
<b>Brant County Power Inc.</b>	<b>13.1%</b>	<b>0.45</b>	<b>4.5%</b>	<b>0.30</b>	<b>YES</b>
Brantford Power Inc.	1.0%	0.30	0.6%	0.30	NO
Burlington Hydro Inc.	-7.9%	0.30	-8.6%	0.30	NO
Cambridge And North Dumfries Hydro Inc.	-3.5%	0.30	-1.6%	0.30	NO
Canadian Niagara Power Inc.	13.2%	0.45	12.2%	0.45	NO
Centre Wellington Hydro Ltd.	-1.4%	0.30	-0.8%	0.30	NO
Chapleau Public Utilities Corporation	19.7%	0.45	24.1%	0.45	NO
Collus PowerStream Corp.	-7.6%	0.30	-9.2%	0.30	NO
Cooperative Hydro Embrun Inc.	-20.7%	0.15	-24.98%	0.15	NO
E.L.K. Energy Inc.	-28.3%	0.00	-34.5%	0.00	NO
Enersource Hydro Mississauga Inc.	-12.1%	0.15	-11.4%	0.15	NO
Entegrus Powerlines	-12.3%	0.15	-13.4%	0.15	NO
Enwin Utilities Ltd.	17.0%	0.45	15.0%	0.45	NO
Erie Thames Powerlines Corporation	8.7%	0.30	6.3%	0.30	NO
Espanola Regional Hydro Distribution Corporation	-18.9%	0.15	-20.1%	0.15	NO
Essex Powerlines Corporation	-15.6%	0.15	-14.2%	0.15	NO
Festival Hydro Inc.	19.3%	0.45	18.8%	0.45	NO
Fort Frances Power Corporation	9.5%	0.30	7.9%	0.30	NO
Greater Sudbury Hydro Inc.	11.9%	0.45	12.2%	0.45	NO
Grimsby Power Incorporated	-15.0%	0.15	-14.6%	0.15	NO
Guelph Hydro Electric Systems Inc.	4.5%	0.30	-2.0%	0.30	NO
Haldimand County Hydro Inc.	-22.2%	0.15	-22.0%	0.15	NO
Halton Hills Hydro Inc.	-29.4%	0.00	-31.5%	0.00	NO
Hearst Power Distribution Company Limited	-30.5%	0.00	-28.0%	0.00	NO
Horizon Utilities Corporation	-8.7%	0.30	-5.9%	0.30	NO
Hydro 2000 Inc.	-4.7%	0.30	-5.7%	0.30	NO
Hydro Hawkesbury Inc.	-55.4%	0.00	-57.1%	0.00	NO

Table 4

## Summary of Stretch Factor Assignments

	2011-2013		2012-2014		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Hydro One Brampton Networks Inc.	-7.4%	0.30	-6.0%	0.30	NO
Hydro One Networks Inc.	47.9%	0.60	38.7%	0.60	NO
Hydro Ottawa Limited	4.6%	0.30	9.6%	0.30	NO
Innisfil Hydro Distribution Systems Limited	-3.8%	0.30	-2.7%	0.30	NO
Kenora Hydro Electric Corporation Ltd.	-7.0%	0.30	-9.1%	0.30	NO
Kingston Hydro Corporation	2.8%	0.30	0.8%	0.30	NO
Kitchener-Wilmot Hydro Inc.	-21.0%	0.15	-19.7%	0.15	NO
Lakefront Utilities Inc.	-12.9%	0.15	-14.0%	0.15	NO
<b>Lakeland Power Distribution (2012-2014 average includes Parry Sound)</b>	<b>-10.01%</b>	<b>0.15</b>	<b>-3.1%</b>	<b>0.30</b>	<b>YES</b>
London Hydro Inc.	-10.7%	0.15	-11.7%	0.15	NO
Midland Power Utility Corporation	18.4%	0.45	17.8%	0.45	NO
Milton Hydro Distribution Inc.	-15.0%	0.15	-15.4%	0.15	NO
Newmarket-Tay Power Distribution Ltd.	-20.0%	0.15	-19.2%	0.15	NO
Niagara Peninsula Energy Inc.	5.5%	0.30	6.4%	0.30	NO
Niagara-On-The-Lake Hydro Inc.	2.8%	0.30	-0.3%	0.30	NO
Norfolk Power Distribution Inc.	1.5%	0.30	4.6%	0.30	NO
North Bay Hydro Distribution Limited	5.6%	0.30	6.5%	0.30	NO
Northern Ontario Wires Inc.	-27.6%	0.00	-26.6%	0.00	NO
Oakville Hydro Electricity Distribution Inc.	12.3%	0.45	11.0%	0.45	NO
Orangeville Hydro Limited	0.8%	0.30	-1.0%	0.30	NO
Orillia Power Distribution Corporation	-3.5%	0.30	-4.6%	0.30	NO
Oshawa PUC Networks Inc.	-16.6%	0.15	-16.7%	0.15	NO
Ottawa River Power Corporation	2.3%	0.30	-0.9%	0.30	NO
Parry Sound Power Corporation	7.0%	0.30	na	na	na
Peterborough Distribution Incorporated	14.4%	0.45	14.1%	0.45	NO
Powerstream Inc.	-0.7%	0.30	3.3%	0.30	NO
PUC Distribution Inc.	10.3%	0.45	16.9%	0.45	NO
Renfrew Hydro Inc.	17.5%	0.45	14.8%	0.45	NO
Rideau St. Lawrence Distribution Inc.	-9.3%	0.30	-7.4%	0.30	NO
Sioux Lookout Hydro Inc.	2.9%	0.30	5.4%	0.30	NO

Table 4

## Summary of Stretch Factor Assignments

	2011-2013		2012-2014		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
St. Thomas Energy Inc.	0.7%	0.30	0.1%	0.30	NO
Thunder Bay Hydro Electricity Distribution Inc.	4.5%	0.30	4.2%	0.30	NO
Tillsonburg Hydro Inc.	14.1%	0.45	12.0%	0.45	NO
Toronto Hydro-Electric System Limited	47.1%	0.60	47.8%	0.60	NO
Veridian Connections Inc.	-2.2%	0.30	-1.7%	0.30	NO
Wasaga Distribution Inc.	-41.9%	0.00	-40.3%	0.00	NO
Waterloo North Hydro Inc.	7.1%	0.30	8.6%	0.30	NO
Welland Hydro-Electric System Corp.	-13.9%	0.15	-14.3%	0.15	NO
Wellington North Power Inc.	16.1%	0.45	14.9%	0.45	NO
West Coast Huron Energy Inc.	30.7%	0.60	36.3%	0.60	NO
Westario Power Inc.	0.2%	0.30	-1.1%	0.30	NO
Whitby Hydro Electric Corporation	-5.2%	0.30	-6.5%	0.30	NO
Woodstock Hydro Services Inc.	29.2%	0.60	25.9%	0.60	NO



Table 5

## Stretch Factor Assignments by Group

Group I	Group II	Group III		Group IV	Group V
Stretch Factor = 0%	Stretch Factor = 0.15%	Stretch Factor = 0.30%		Stretch Factor = 0.45%	Stretch Factor = 0.60%
E.L.K. Energy Inc.	Cooperative Hydro Embrun Inc.	Bluewater Power Distribution Corporation	Niagara Peninsula Energy Inc.	Atikokan Hydro Inc.	Algoma Power Inc.
Halton Hills Hydro Inc.	Enersource Hydro Mississauga Inc.	Brantford Power Inc.	Niagara-On-The-Lake Hydro Inc.	Canadian Niagara Power Inc.	Hydro One Networks Inc.
Hearst Power Distribution Company Limited	Entegrus Powerlines	<b>Brant County Power Inc.</b>	Norfolk Power Distribution Inc.	Chapleau Public Utilities Corporation	Toronto Hydro-Electric System Limited
Hydro Hawkesbury Inc.	Espanola Regional Hydro Distribution Corporation	Burlington Hydro Inc.	North Bay Hydro Distribution Limited	Enwin Utilities Ltd.	West Coast Huron Energy Inc.
Northern Ontario Wires Inc.	Essex Powerlines Corporation	Cambridge And North Dumfries Hydro Inc.	Orangeville Hydro Limited	Festival Hydro Inc.	Woodstock Hydro Services Inc.
Wasaga Distribution Inc.	Grimsby Power Incorporated	Centre Wellington Hydro Ltd.	Orillia Power Distribution Corporation	Greater Sudbury Hydro Inc.	
	Haldimand County Hydro Inc.	Collus Power Corporation	Ottawa River Power Corporation	Midland Power Utility Corporation	
	Kitchener	Erie Thames Powerlines Corporation	Powerstream Inc.	Oakville Hydro Electricity Distribution Inc.	
	Lakefront Utilities Inc.	Fort Frances Power Corporation	Rideau St. Lawrence Distribution Inc.	Peterborough Distribution Incorporated	
	London Hydro Inc.	Guelph Hydro Electric Systems Inc.	Sioux Lookout Hydro Inc.	PUC Distribution Inc.	
	Milton Hydro Distribution Inc.	Horizon Utilities Corporation	St. Thomas Energy Inc.	Renfrew Hydro Inc.	
	Newmarket	Hydro 2000 Inc.	Thunder Bay Hydro Electricity Distribution Inc.	Tillsonburg Hydro Inc.	
	Oshawa PUC Networks Inc.	Hydro One Brampton Networks Inc.	Veridian Connections Inc.	Wellington North Power Inc.	
	Welland Hydro-Electric System Corp.	Hydro Ottawa Limited	Waterloo North Hydro Inc.		
		Innisfil Hydro Distribution Systems Limited	Westario Power Inc.		
		Kenora Hydro Electric Corporation Ltd.	Whitby Hydro Electric Corporation		
		Kingston Hydro Corporation			
		<b>Lakeland Power Distribution Ltd.</b>			