Scorecard - Niagara Peninsula Energy Inc.

8/14/2019

Performance Outcomes	Performance Categories	Measures		2014	2015	2016	2017	2018	Trend	Target: Industry	Target: 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		91.00%	91.40%	92.70%	91.48%	93.33%	↑	90.00%	
		Scheduled Appointments Met On Time		95.10%	95.70%	99.80%	98.34%	98.89%	↑	90.00%	
		Telephone Calls Answered On Time		81.60%	82.70%	83.00%	87.99%	85.87%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution		93%	94%	94%	92%	91%			
		Billing Accuracy		99.58%	99.28%	99.74%	99.46%	99.06%	↓	98.00%	
		Customer Satisfaction Survey Results		87%	87%	86%	86%	95%			
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			84.00%	84.00%	83.00%	83.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		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 [2]		3.69	2.05	1.52	1.37	1.98	↓		2.58
		Average Number of Times that Power to a Customer is Interrupted [2]		1.51	1.42	1.38	1.55	1.65	↑		1.30
	Asset Management	Distribution System Plan Implementation Progress		95.2%	94.55%	95.97%	100.69%	99.27%			
	Cost Control	Efficiency Assessment		3	3	3	3	3			
		Total Cost per Customer [3]		$742	$744	$747	$741	$755			
		Total Cost per Km of Line [3]		$19,458	$19,871	$19,980	$20,285	$20,745			
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 Cumulative Energy Savings [4]			17.12%	34.03%	58.78%	72.00%			74.44 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time			100.00%	66.67%	100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	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)		1.86	1.90	1.84	1.59	1.44			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.89	0.82	1.01	0.97	0.92			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.58%	9.30%	9.30%	9.30%	9.30%			
			Achieved	4.89%	8.96%	6.86%	3.57%	5.03%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
4. The CDM measure is based on the new 2015-2020 Conservation First Framework.

Legend:
5-year trend: ↑ up ↓ down → flat
Current year: target met; target not met

2018 Scorecard Management Discussion and Analysis ("2018 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 2018 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

- In 2018, Niagara Peninsula Energy Inc. (NPEI) met or exceeded all scorecard performance targets with the exception of the *Average Number of Times that Power to a Customer is Interrupted*. Beginning with the 2016 Scorecard, the OEB has revised the methodology used to calculate the System Reliability reporting to exclude the impact of Major Events. This revision also involves a restatement of the distributor-specific 5-year System Reliability targets to remove the impact of prior years' Major Events.

  During 2013, NPEI experienced outages relating to two severe weather events that qualify as Major Events under the OEB's definition for System Reliability reporting purposes: a wind storm in July 2013 affecting 15,225 customers and an ice storm in December 2013 affecting 10,180 customers. The impact of excluding these two Major Events from the calculation of NPEI's System Reliability targets is that NPEI's 5-year average target for the *Average Number of Hours that Power to a Customer is Interrupted* changes from 3.13 to 2.58 and NPEI's 5-year average target for the *Average Number of Times that Power to a Customer is Interrupted* changes from 1.45 to 1.30.

  NPEI's *Average Number of Hours that Power to a Customer is Interrupted* result for 2018 is 1.98, which is well within the revised target of 2.58. NPEI's *Average Number of Times that Power to a Customer is Interrupted* result for 2018 is 1.65, which represents a slight increase over 2017 (2017 = 1.55) and is outside the target of 1.30. A significant factor contributing to the increase in the average number of interruptions in 2018 are outages due to two high wind events that impacted the Niagara region on April 4, 2018 (affecting 11,052 of NPEI's customers) and on May 4, 2018 (affecting 9,767 of NPEI's customers). On both of these dates, Environment Canada issued a warning about strong winds, which gusted up to 100 km/h in the area. Excluding the impact of the outages due to high winds on April 4, 2018 and May 4, 2018 would result in an *Average Number of Times that Power to a Customer is Interrupted* for 2018 of 1.28.

- For 2019, NPEI expects to maintain its overall scorecard performance results as compared to prior years. The continued level of performance is expected due to the company's budgeted major investments in its distribution system reliability and continued responsiveness to customer feedback.

Service Quality

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

  In 2018, NPEI connected 93.33% of 465 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). This is a slight increase over the previous year (2017 = 91.48%) and above the OEB-mandated threshold of 90%.

- **Scheduled Appointments Met On Time**

  - For appointments during a utility's regular business hours, the utility must offer a window of time that is not more than four hours long, and must arrive within that window, 90% of the time.

  - NPEI scheduled 898 appointments with its customers in 2018 to complete work requested by customers, read meters, reconnect, discuss Conservation and Demand Management (CDM) programs, or as otherwise necessary to perform scheduled work. NPEI met 98.89% of these appointments on time in 2018, which is comparable to 2017 (98.34%) and exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

  In 2018, NPEI's Customer Service Representatives received over 42,500 calls from its customers, which equals 171 calls per working day. A Customer Service representative answered a call in 30 seconds or less in 85.87% of these calls, which is comparable to 2017 (87.99%) and exceeds the OEB-mandated 65% target for timely call response.

Customer Satisfaction

- **First Contact Resolution**

  - Specific First Contact Resolution measurements have not been previously defined across the industry. The Ontario Energy Board instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014. 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.

- For NPEI, First Contact Resolution was measured based on NPEI representatives reviewing the previous call received from the customer. At the time of acknowledging the basis for the call, the representative gathers the information to determine if the current call is linked to an existing/previously recorded issue; if so, the calls are linked, and the call is treated as a non- first call resolution. This statistic is calculated from the number of requests completed by a representative which are not linked to a previous or current issue and dividing by the total incoming and outgoing requests being handled by a representative.

- NPEI had a First Contact Resolution of 91% in 2018, which is comparable to 2017 (2017 = 92%). NPEI will continue to implement and track First Contact Resolution.

- **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 has prescribed a measurement of billing accuracy which was implemented by all electricity distributors effective October 1, 2014. The measurement is defined as accurate bills issued expressed as a percentage of total bills issued.

  - A bill is considered inaccurate if: it is an estimated bill, or if the bill has been issued to the customer and subsequently cancelled due to a billing error, or if there has been a billing adjustment in a subsequent billing as a result of a previous billing error.

  - During 2018, NPEI issued more than 664,000 bills and achieved a billing accuracy of 99.06%. This represents a slight decline over the prior year (2017 = 99.46%) and compares favourably to the prescribed OEB target of 98%.

  - NPEI 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.

  - In 2014, NPEI engaged a third party UtilityPULSE to conduct its first customer satisfaction survey. The purpose of the survey was to profile the connection between NPEI and its customers. The customer satisfaction survey provided information that supports discussions surrounding improving customer service at all levels and departments within NPEI. The survey asked customers questions on a wide range of topics, including: overall satisfaction with NPEI, reliability, customer service, outages, billing and corporate image. In addition, NPEI 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 was then

incorporated into NPEI's planning process and formed the basis of plans to improve customer satisfaction and meet the needs of customers. The final report on this customer satisfaction survey evaluated the level of customer satisfaction and identified areas of improvement. It also helped identify the most effective means of communication. NPEI's 2014 Customer Satisfaction Results contain a number of measures of customer satisfaction. In its 2014 and 2015 Scorecards, NPEI reported the number of customers that were very or fairly satisfied with NPEI, based on the results of the 2014 survey. NPEI received an overall score of 87% of customers who are "very or fairly" satisfied with NPEI on this measure. NPEI scored 4% higher than the provincial overall score of customers who are "very or fairly" satisfied with their Local Utility.

- In the first quarter of 2017, for the 2016 scorecard, NPEI again engaged UtilityPULSE to conduct its next customer satisfaction survey. NPEI received an overall score of 86% of customers who are "very or fairly" satisfied with NPEI, which is consistent with the previous survey (87%), and compares favourably with the updated Ontario average of customers who are "very or fairly" satisfied with their Local Utility (76%).

- In 2019, for the 2018 scorecard, NPEI again engaged UtilityPULSE to conduct its customer satisfaction survey. NPEI received an overall score of 95% of customers who are "very or fairly" satisfied with NPEI, which is an improvement over the previous survey (86%), and compares favourably with the updated Ontario average of customers who are "very or fairly" satisfied with their Local Utility (89%).

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.

o Component A – Public Awareness of Electrical Safety

Starting in 2015, each electricity distributor must carry out a survey every two years that measures the effort made to raise public's awareness about electrical safety. The survey was developed by the Electrical Safety Authority. NPEI engaged a third party, UtilityPULSE, to conduct its first electrical safety survey. NPEI received a Public Safety Awareness Index Score of 84%, which was above the industry average of 82%. NPEI reported the result of 84% for the 2015 and 2016 scorecards.

During the first quarter of 2018, NPEI again engaged UtilityPULSE to conduct its next electrical safety survey for the 2017 and 2018 scorecards. NPEI received a Public Safety Awareness Index Score of 83%, which was again above the industry average of 82%.

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

In each of the past five years, NPEI 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**

NPEI reported no serious electrical incidents involving its equipment and the general public. The result was a total of zero (0) incidents with a rate of 0.000 incidents per 1,000 km of line for 2018.

System Reliability

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

  - SAIDI – System Average Interruption Duration Index is an important feature of a reliable distribution system is recovering from power outages as quickly as possible. The utility must track the average length of time, in hours, that its customers have experienced a power outage over the past year.

  - SAIDI = Sum of all interruptions durations/Total number of customers served.

  - Beginning with the 2016 Scorecard, the OEB has revised the methodology used to calculate the System Reliability reporting to exclude the impact of Major Events. This revision also involves a restatement of the distributor-specific 5-year System Reliability targets to remove the impact of prior years' Major Events.

  - NPEI's 2018 average number of hours that power to a customer was interrupted is 1.98 (2017 = 1.37). NPEI's target for 2018 is an average duration index of less than 2.58, which is NPEI's 5-year average SAIDI for 2010 – 2014 (i.e. the 5 years prior to NPEI's last Cost-of-Service Rate Application), excluding the impact of Major Events.

- NPEI reviews the indices regularly to identify negative trends in feeder performance related to a re-occurring outage cause. For example, in 2012 and 2013 the Murray TS 3M30 feeder was a significant contributor to both SAIDI and SAIFI. A capital project was executed to correct this deficiency by reducing feeder exposure and introducing redundant supply to the area. Another capital project was executed in 2014 which was selected for execution based on cost/risk-differential analysis in order to mitigate reliability issues on the Vineland DS 4501F1 feeder. This circuit was a significant contributor to SAIDI and SAIFI in 2014. Implementation of this project reduced feeder exposure by an additional point of supply to the area, created more system loops and rebuilt plant that was at end of life.

- NPEI will continue to trend feeder performance and evaluate technical alternatives to correct deficiencies. During 2017-2018, NPEI competed a multi-year project which provides a tie point to a second source of supply to the Jordan area from the NWTS M5. This area was previously serviced by a radial supply from the Vineland 4501F1 feeder which has experienced degradation in SAIDI and SAIFI due to lack of redundancy. The total cost of the multi-year implementation was $1.4M.

- NPEI also has recurring programs directed at reliability improvements. For example, there is a multi-year project that targets air insulated switchgear in areas susceptible to contamination. These units contribute to SAIDI, SAIFI and momentary outages and are prioritized for replacement based on risk analysis. NPEI has a recurring annual capital expenditure to replace these suspect units.

- NPEI continues to view reliability of electricity service as a high priority for its customers. NPEI's senior management team's commitment to review the worst performing feeders on a regular basis for the opportunity to improve reliability will ensure customers continue to receive high value from their electricity service.

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

  - SAIFI - System Average Interruption Frequency Index is another important feature of a reliable distribution system whereby the utility strives to reduce the frequency of power outages. The utility must track the number of times its customers have experienced a power outage over the past year.

  - SAIFI = Number of customer interruptions/Total number of customers served

  - Beginning with the 2016 Scorecard, the OEB has revised the methodology used to calculate the System Reliability reporting to exclude the impact of Major Events. This revision also involves a restatement of the distributor-specific 5-year System Reliability targets to remove the impact of prior years' Major Events.

  - NPEI's target for 2018 is an average frequency index of less than 1.30, which is NPEI's 5-year average SAIFI for 2010 – 2014 (i.e. the 5 years prior to NPEI's last Cost-of-Service Rate Application), excluding the impact of Major Events. NPEI's SAIFI result for 2018 is 1.65, which represents a slight increase over 2017 (2017 = 1.55).

- A significant factor contributing to the increase in the average number of interruptions in 2018 are outages due to two high wind events that impacted the Niagara region on April 4, 2018 (affecting 11,052 of NPEI's customers) and on May 4, 2018 (affecting 9,767 of NPEI's customers). On both of these dates, Environment Canada issued a warning about strong winds, which gusted up to 100 km/h in the area. Excluding the impact of the outages due to high winds on April 4, 2018 and May 4, 2018 would result in an Average Number of Times that Power to a Customer is Interrupted for 2018 of 1.28.

- NPEI is taking action to maintain its system reliability. NPEI has conducted a detailed review of its distribution assets and prepared a comprehensive plan, which provides for the renewal of its distribution system over the period 2015 - 2019. NPEI has adopted a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; manage distribution system risks; ensure the safe and reliable delivery of electricity; and balance ratepayer and utility affordability.

Asset Management

- **Distribution System Plan Implementation Progress**

  Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with other new measures, utilities were given an opportunity to define it in the manner that best fits their organization. The Distribution System Plan ("DSP") outlines NPEI's forecasted capital expenditures, over the 5-year period 2015-2019, required to maintain and expand the distributor's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess NPEI's effectiveness at planning and implementing the DSP. NPEI measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a calendar year over the total amount of planned capital expenditures for that calendar year per the DSP. NPEI filed its DSP with its Cost of Service rate application for 2015. NPEI achieved 99.27% (2017 = 100.69%) completion at December 31, 2018 of its 2018 capital budget.

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 2018, NPEI was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered "average efficiency" – in other words, NPEI's costs are within the average cost range for distributors in the Province of Ontario. In 2018, 39.4% (26 distributors) of the Ontario distributors were ranked as "average efficiency"; 40.9% (27 distributors) were ranked as "more efficient"; 19.7% (13 distributors) were ranked as "less efficient". Although NPEI's forward looking goal is to advance to the "more efficient" group, management's expectation is that efficiency performance will not decline.

- **Total Cost per Customer**

  - Total cost per customer is calculated as the sum of NPEI's capital and operating costs and dividing this cost figure by the total number of customers that NPEI serves. The cost performance result for 2018 is $755 /customer which is a 1.9% increase over 2017 (2017=$741 /customer).

  - Similar to most distributors in the province, NPEI has experienced increases in its total costs required to deliver quality and reliable services to customers. Increased regulatory requirements, succession planning due to an aging workforce, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs. NPEI 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 2015 rate application. NPEI will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on NPEI's capital spending plans.

- **Total Cost per Km of Line**

  This measure uses the same total cost that is used in the Cost per Customer calculation above. The Total cost is divided by the kilometers of line that NPEI operates to serve its customers. NPEI's 2018 rate is $20,745 per km of line, a 2.3% increase over 2017 (2017=$20,285 per km). See above cost per customer section for cost drivers commentary. NPEI continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

NPEI's target for the 2015-2020 Conservation First Framework is energy savings of 74.44 GWh to be achieved over the six-year period. At the end of 2018 which is the fourth year of the new framework, NPEI has achieved 72.0% of the total six-year target. On March 20, 2019, the Minister of Energy, Northern Development and Mines issued a directive to the IESO that concluded the Conservation First Framework.

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 2018, NPEI completed 3 CIAs for renewable generation facilities, all within the prescribed 60-day timeframe.

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

In 2018, NPEI connected 23 new micro-embedded generation facilities (microFIT or net metered projects of less than 10 kW), all 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. NPEI works closely with its customers and their contractors to address 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.

  - NPEI's current ratio for 2018 is 1.44 (2017 = 1.59).

- **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. NPEI's debt to equity ratio for 2018 is 0.92 (2017 = 0.97). NPEI continues to monitor its debt to equity ratio on an annual basis.

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

NPEI's 2015 distribution rates were approved by the OEB on an interim basis on May 14, 2015, and on a final basis on May 12, 2016, which includes a deemed regulatory return on equity of 9.30%. 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**

  - NPEI's interim 2015 rates were based on a Working Capital Allowance (WCA) placeholder of 13%. NPEI was directed by the OEB to file a lead/lag study with its 2016 Rate Application. The final Board-approved WCA was 10.48%. As a result, NPEI had a 2015 Interim Rate Rider that repaid the difference between the placeholder and final WCA percentages, which was in effect from May 2016 to April 2017.

  - NPEI's regulated rate of return achieved in 2018 is 5.03% (2017 = 3.57%). The rate of return achieved in 2018 is outside the +/- 300 basis points of the deemed regulatory return on equity of 9.30%. Drivers of NPEI's regulated rate of return include:

    - Higher depreciation expense, due to an increase in average net fixed assets.
    - Increased distribution operations expense, due to succession planning and a higher level of overhead operations expense.
    - Increased billing expenses, due to succession planning, higher meter reading costs and increased hardware and software maintenance expenses.
    - Increased general and administrative expenses due to a new cyber security program and succession planning.

  - NPEI is scheduled to file its next Cost-of-Service rate application with the OEB in April 2020 for rates effective January 1, 2021.

Note to Readers of 2018 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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.