

Global Reporting Initiative™ (“GRI”) Filing: Horizon Holdings Inc. 2008

(Report includes Horizon Utilities Corporation and Horizon Energy Solutions Inc.)

Table of Contents

Profile Disclosures:	2
1. Strategy and Analysis.....	2
2. Organizational Profile	2
3. Report Parameters	5
4. Governance, Commitments, and Engagement	8
Economic:	12
Environment:	19
Labour Practices and Decent Work:	26
Human Rights:	32
Society:	34
Product Responsibility:.....	36
Appendix: Horizon Utilities Service Territory Maps	39

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Profile Disclosures:

(1.1 to 4.17)

1. Strategy and Analysis
<p>1.1 - Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.</p> <p>Answer: Please see Chair and CEO letter in Sustainability-Based Annual Report, page 5, available at: www.horizonutilities.com</p>
<p>1.2 - Description of key impacts, risks, and opportunities.</p> <p>Answer: Please see Chair and CEO letter and Vision section in Sustainability-Based Annual Report, pages 5-11, available at: www.horizonutilities.com</p>

2. Organizational Profile
<p>2.1 - Name of the organization</p> <p>Answer: Horizon Holdings Inc.</p>
<p>2.2 - Primary brands, products, and/or services. The reporting organization should indicate the nature of its role in providing these products and services, and the degree to which it utilizes outsourcing.</p> <p>Answer: Websites:</p> <ul style="list-style-type: none"> • Horizon Utilities: http://www.horizonutilities.com/HHSC/html/about/about.jsp • Horizon Energy Solutions: http://www.horizonenergysolutionsinc.com/ <p>Outsourcing is utilized in terms of contracting out of certain operational tasks (e.g., tree trimming, water heater servicing and installation).</p>
<p>2.3 - Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.</p> <p>Answer:</p> <ul style="list-style-type: none"> • This report focuses on Horizon Holdings Inc. (“HHI”) and its two subsidiaries, Horizon Utilities Corporation (“Horizon Utilities”), a regulated local distribution wires business, and Horizon Energy Solutions Inc. (“HESI”), a non-regulated energy services business. HHI has no direct business functions other than the subsidiaries. • HHI is jointly owned by Hamilton Utilities Corporation (78.9%) and St. Catharines Hydro Inc. (21.1%), These two companies are owned, respectively, by the Corporation of the City of Hamilton and the Corporation of the City of St. Catharines. • Prior to the creation of HHI in 2006, Horizon Utilities had been owned directly by Hamilton Utilities Corporation and St. Catharines Hydro Inc. HESI was also created in late 2006, but as an operating company for non-regulated and competitive businesses. • Horizon Utilities holds an Ontario Energy Board (“OEB”) license (ED-2006-0031), where the OEB

<p>regulates its rates and sets the conditions of operation. For more information on the OEB, please see: http://www.oeb.gov.on.ca/OEB/</p> <ul style="list-style-type: none"> • Boundary note: The focus of the GRI index data is solely on HHI and its subsidiaries, Horizon Utilities and HESI. Horizon Utilities is currently the most significant business operating within the holding company's umbrella. As such, much of the data that follows will be for Horizon Utilities. • None of the businesses of HHI's shareholders have any direct linkages or impacts on HHI that could compromise the GRI report produced here. Each of these business entities, although linked through ownership, operates separately. Some of these other businesses utilize certain services of Horizon Utilities in functional areas such as Finance, Human Resources, Supply Chain and Procurement, and Information Technology. • Note: All data shown in all the GRI index sections that follow are for HHI or for Horizon Utilities and HESI combined, unless otherwise noted.
<p>2.4 - Location of organization's headquarters</p> <p>Answer: Hamilton, Ontario, Canada</p>
<p>2.5 – Number of countries where the organization operates, and name of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report</p> <p>Answer: Operates in Canada only.</p>
<p>2.6 – Nature of ownership and legal form:</p> <p>Answer:</p> <ul style="list-style-type: none"> • HHI is incorporated under the Business Corporations Act (Ontario) and, throughout 2008, was subject to a Shareholder Agreement with Hamilton Utilities Corporation and St. Catharines Hydro Inc., its two shareholders. • The shareholder agreement requires that the Board of Directors observe the standards of corporate governance which apply to publicly traded corporations to the extent this is practical. Although it is not a publicly traded corporation, HHI recognizes the role of good governance in a successful business enterprise and provides voluntary disclosure on its corporate governance practices. • At present, accountability and responsibility of Committee oversight in HHI and HESI is the responsibility of their full Boards of Directors. Horizon Utilities, for its part, has three board committees in addition to its Board of Directors.
<p>2.7 – Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)</p> <p>Answer: Horizon Utilities distributes electricity in the cities of Hamilton and St. Catharines in the province of Ontario in Canada. In the case of St. Catharines, Horizon serves the entire city. In the case of Hamilton, Horizon serves all of the former municipalities of Dundas, Hamilton, Stoney Creek, the urban core of the former village of Ancaster, the Waterdown portion of the former municipality of Flamborough, and the former police village of Lynden, which straddles the former municipalities of Ancaster and Flamborough. The rest of the current City of Hamilton is served by Hydro One Networks Inc. Distribution territory maps are included as reference in the appendix at the end of this report.</p> <p>Horizon Utilities delivers electricity principally to three distinct class types of customers in both Hamilton and St. Catharines:</p> <ol style="list-style-type: none"> 1) Residential (e.g., houses, apartments and condominiums, etc.) 2) General Service (Commercial, e.g., retail, warehousing, light manufacturing, etc.) 3) Large User (Industrial, e.g., factories, manufacturing facilities and production operations of all types) <p>HESI provides non-regulated energy services of water heater rentals to the St. Catharines community and sentinel light rentals and maintenance, and meter services to both Hamilton and St. Catharines. On July 31, 2008, pursuant to an Asset Purchase Agreement, HESI acquired a meter services business and related customer contracts from Horizon Utilities.</p>

2.8 – Scale of the reporting organization, including:

- a) Number of employees
- b) Net sales (for private sector organizations) or net revenues (for public sector organizations)
- c) Total capitalization broken down in terms of debt and equity (for private sector organizations)
- d) Quantity of products or services provided
- e) Total Assets
- f) Beneficial ownership (including identity and percentage of ownership of largest shareholders)
- g) Breakdowns by country/region of the following:
 - i) Sales/revenues by countries/regions that make up 5 percent or more of total revenues
 - ii) Costs by countries/regions that make up 5 percent or more of total revenues
 - iii) Employees

Answer:

- a) See LA1
- b) See EC1 (2.2)
- c) Horizon Utilities is regulated by the Ontario Energy Board (OEB); the OEB mandates a deemed debt-equity structure of 60/40 for all electric distribution utilities. (Horizon Utilities' actual debt to equity structure is outlined in table "Debt / Equity Position" directly below).

c) Debt / Equity Position ('000s)	2008	2007	2006
Long Term Debt	116,000	116,000	116,000
Equity	175,261	169,003	164,709
Debt Position	40%	41%	41%
Equity Position	60%	59%	59%

Source: Horizon Holdings Audited Financial Statements 2006 to 2008

d) km of Line	2008	2007	2006
Total km of Line	3,341	3,322	3,306
Aerial km of Line	1,519	1,518	1,525
Underground km of Line	1,822	1,804	1,781

Source: OEB Yearbooks 2006, 2007 and 2008 and Horizon Utilities' GIS Data. As part of the data collection for this GRI filing, Horizon determined that 47 km of Horizon-owned underground cable had mistakenly been excluded in 2006 and 2008 from the OEB filed data because of a misclassification of line where the customer pays the maintenance. In the 2007 data filed with the OEB, the overhead figure was short of the GIS data by 14 km and the underground figure was 35 km longer than the GIS data, in the latter case because out-of-service cable had been mistakenly included.

e) Property Plant & Equipment ('000s)	2008	2007	2006
Gross Property Plant & Equipment	563,502	525,980	489,785
Accumulated Amortization	-255,225	-234,930	-215,731
Net Property Plant & Equipment	308,277	291,050	274,054

Source: Horizon Holdings Audited Financial Statements 2006 to 2008.

f) See 2.3

g) i) & ii) N/A – Horizon only operates in Canada; iii) See a)

2.9 - Significant changes during the reporting period regarding size, structure, or ownership including:

- The location of, or changes in operations, including facility openings, closings, and expansions; and
- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).

Answer: None.

2.10 - Awards received in the reporting period

Awards: Horizon Utilities received the following awards in 2008:

- 1) E&USA President's Award: Electrical and Utility Safety Association (E&USA) awarded Horizon Utilities with a President's award for achieving 250,000 hours of work without a lost time injury. The time period for this award lasted from September 15, 2007 to February 12, 2008.
- 2) Peak Buster Award: The Ontario Clean Air Alliance (OCAA) presented Horizon with a Peak Buster Award for beating the provincial average by achieving a demand reduction of 7% at the time of

province-wide system peak power demand in summer 2008.

- 3) As part of the Coalition of Large Distributors (CLD), Horizon Utilities was awarded the “2007 AMR Project of the Year” by Utility Automation and Engineering T&D™ magazine, a PennWell Corporation publication. PennWell recognized Ontario’s CLD for its accomplishments in meeting the 2007 targets under the Ontario Government’s Smart Metering Initiative (SMI). Entries for the award were judged on the size and scope of the project, level of innovation used, benefit to the utility, its customers and the power industry as a whole, and clarity of the written project description.
- 4) International Association of Business Communicators (IABC) OVATION Award of Merit: Awarded to Horizon’s Director of Corporate Communications. The IABC awards offer the communications profession an opportunity to present its best work. It advertises the excellence of individual award winners while fostering a greater appreciation of the communications profession. The OVATION Awards encourages all levels of the profession, from junior to veteran practitioners, to excel in their work and to garner the praise of their colleagues, their clients and their organizations. The Award of Merit was for developing the company’s re-branding in 2006/2007 following the Hamilton Hydro/St. Catharines Hydro merger in 2005.
- 5) Horizon Utilities communications staff received three Pinnacle Awards for excellence in public relations and communication management from the Canadian Public Relations Society - Hamilton Chapter. Horizon’s Communications Coordinator won a first-place Pinnacle Award for Employee Communications for Current, Horizon Utilities’ employee newsletter. Horizon’s Director of Corporate Communications won two Awards of Merit (2nd place). The first one was for Corporate Identity for the Horizon Utilities Branding Campaign. The second one was for Community Relations for the communications strategy and roll-out program for Generation Conservation, the Grade 5 educational program Horizon Utilities provided in Hamilton and St. Catharines in 2007 and 2008.

On an individual basis, employees received numerous internal recognitions published on Horizon’s intranet site.

Awards for the community: Science fair – Horizon Utilities hands out 3 awards of \$100 each at the Bay Area Science & Engineering Fair (BASEF), which takes place annually in Hamilton. BASEF has provided a forum for students in the Hamilton/Halton area to develop their scientific skills and prepare for national and international competition. BASEF is one of the largest and longest-running science fairs in Canada, and features outstanding work from the hundreds of students who compete each year. BASEF draws students in grades 7 through 12 from Hamilton, Halton Region, and Haldimand, Norfolk and Brant Counties.

EU1-EU5

Answer: EU1-EU5 – See Economic section

3. Report Parameters

Report Profile

3.1 - Reporting period (e.g., fiscal/calendar year) for information provided

Answer: January 1, 2008 to December 31, 2008. Where available, data for 2006 and 2007 is provided, although not all data dating back three years is available. For some of the metrics required, this report has been the impetus to begin collecting the information. Where no data is reported or the data reported is partially complete, please note that one goal of this first GRI filing is to identify the gaps in information and data that exist within the company, and to strive to report on these areas where no data currently exists for the next report. For next report timelines, please see 3.3.

3.2 – Date of most recent previous report

Answer: No previous reports

3.3 – Reporting cycle
Answer: This is Horizon Holdings' first GRI Filing. The intention is to file reports on an annual basis.
3.4 – Contact point for questions regarding the report or its contents
Answer: Please direct inquires to: sustainability@horizonutilities.com
Report Scope and Boundary
3.5 – Process for defining report content, including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report. Include an explanation of how the organization has applied the 'Guidance on Defining Report Content' and the associated Principles.
<p>Answer: HHI's strategy for defining its GRI report content is straightforward. All data that is available and applicable is reported. In this sense, there has been no topic prioritization. Every topic is reported as equally as possible. The following are relevant to the data reported in terms of defining what is applicable/material to HHI:</p> <ul style="list-style-type: none"> • HHI has used the GRI G3 and GRI Electric Utility Sector Supplement Final Version 2009 (EUSS) as the framework for reporting. (NB: Reference to Sections with 'EU' are additional questions from the GRI EUSS, 30 in all). • Horizon Utilities is a distribution-only electric utility. This excludes some electricity industry related data categories from reporting, such as for generation facilities, because Horizon has none (with the exception of emergency back-up generators). • HHI only operates in Canada, and thus any international data questions are not applicable. • HHI is not reporting on any supply chain data as defined by GRI – the focus is on operations. • HHI is not reporting on any product stewardship data once the product has left Horizon's control. • Where no data is reported or metrics are deemed not applicable, an explanation is provided. • HHI's intention is to use the GRI reporting framework as a continuous improvement tool for the organization going forward. • HHI expects this report to be used/viewed primarily by the following stakeholders: its own shareholders, employees and customers; the shareholders, employees and customers of other local distribution companies (LDCs), other utility industry stakeholders in Ontario and Canada, such as regulatory agencies, planning authorities, companies, related NGOs and interest groups; and local, provincial, and federal politicians, public servants, departments and agencies, and local Chambers of Commerce. • In terms of stakeholder involvement and engagement for its first GRI report, there has been no explicit stakeholder consultation, but the possibility exists for stakeholders to participate in future reporting.
3.6 – Boundary of the report
Answer: Please see 2.3 for complete discussion and rationale.
3.7 – State any specific limitations on the scope or boundary of the report
Answer: Please see 2.3, 3.1 and 3.5 for complete discussion and rationale
3.8 – Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations:
Answer: Not applicable. Please see 2.3.
3.9 - Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.
Answer: The GRI Indicator Protocols have been used in most data measurement techniques where

<p>possible. Where GRI indicator protocols have not been used, an explanation is given. Standard units of measure are:</p> <ul style="list-style-type: none"> • Millions of dollars: \$MM • Thousands of dollars \$K • Unit of electrical power capacity: W: watt; kW: kilowatt (1,000 watts); MW: megawatt (one million watts); GW: gigawatt (one million kilowatts) • Unit of electrical energy produced or consumed: kWh: kilowatthour (1,000 watthours); MWh: megawatthour (one million watthours); GWh: gigawatthour (one million kilowatthours); TWh: terawatthour (one billion kilowatthours) • Volume: L - Litres; mL - milliliters; M³ - Cubic Metres • Environmental data: ppm - Parts per million <p>Sources used are:</p> <ul style="list-style-type: none"> • Internal documentation using standard measurements, such as those listed above • Ontario Energy Board Yearbooks: http://www.oeb.gov.on.ca/OEB/About+the+OEB/Energy+Statistics+and+Maps • Fleet emissions: Canadian Federal Government – Environment Canada Annex: Emission Factors: http://www.ec.gc.ca/pdb/ghg/inventory_report/2004_report/ann13_e.cfm • Facilities emissions: Consulting firm report using Canadian federal emission standards • For any metered data, estimations are used
<p>3.10 - Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)</p>
<p>Answer: Not applicable. This is HHI's first GRI-based filing.</p>
<p>3.11 – Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report</p>
<p>Answer: Not applicable. This is HHI's first GRI-based filing.</p>
<p>GRI Content Index</p>
<p>3.12 - Table identifying the location of the Standard Disclosures in the report.</p>
<p>Answer: Please see table of contents of HHI's Sustainability-Based Annual Report.</p>
<p>3.13 – Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s):</p>
<p>Answer: This is HHI's first GRI-based report. While it is not seeking external assurance for the report, HHI has benefitted from the assistance of the consulting firm Contemporary Information and Analysis Limited, a firm with expertise in sustainability reporting.</p>

<p>4. Governance, Commitments, and Engagement</p>
<p>Governance</p>
<p>4.1 - Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Describe the mandate and composition (including number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.</p>
<p>Answer: See Sustainability-Based Annual Report, pages 33-35, available at: www.horizonutilities.com</p>
<p>4.2 – Indicate whether the Chair of the highest governance body is also an executive officer (and if so, their function within the organization’s management and the reasons for this arrangement)</p>
<p>Answer: The Chair is not an executive officer.</p>
<p>4.3 – For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organization defines ‘independent’ and ‘non-executive’. This element applies only for organizations that have unitary board structures. See the glossary for a definition of ‘independent’.</p>
<p>Answer: See Sustainability-Based Annual Report, pages 33-35 at: www.horizonutilities.com</p>
<p>4.4 – Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include reference to processes regarding: The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and informing and consulting employees about the working relationships with formal representation bodies such as organization level ‘work councils’, and representation of employees in the highest governance body. Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.</p>
<p>Answer:</p> <ul style="list-style-type: none"> • The shareholder of Horizon Utilities, HESI, and its shareholders (Hamilton Utilities Corporation and St. Catharines Hydro Inc.), and their shareholders (City of Hamilton and City of St. Catharines), have ready access to HHI’s senior management. They can either send notices to Horizon’s board, or call HHI representatives to appear, including at municipal council or committee meetings. Through these mechanisms, they can provide input to the company. • The employees of Horizon Utilities have access to its board through the executive team of the organization, and specifically the CEO. Employees have two main ways to have opinions expressed to the board through the CEO: 1) By way of their executive team member or direct supervisor; 2) Via a direct email question system to the CEO developed by the company. This system provides optional anonymity for employees and the responses are published on the company’s intranet site. The company also holds all-employee meetings known as CEO updates usually twice a year. (See 4.14).
<p>4.5 - Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).</p>
<p>Answer:</p> <ul style="list-style-type: none"> • Board compensation is determined through an annual market analysis and the Board’s Governance committee makes a recommendation to the Board. • CEO compensation is approved by the board as the CEO is considered the board’s sole employee. Executive compensation is set and approved by the CEO in consultation with the board. For both CEO and executive compensation, the board receives an independent report from a third-party consultant on an annual basis. • Horizon Utilities’ compensation for all management employees is based on merit and performance (variable) components. The performance or incentive drivers are aligned to Horizon’s ‘balanced

<p>scorecard', which balances responsibility between financial, operational/environmental and social (employees and community/customers). This is consistent with a triple bottom line philosophy.</p>
<p>4.6 – Processes in place for the highest governance body to ensure conflicts of interest are avoided</p>
<p>Answer: See Sustainability-Based Annual Report, pages 33-35, available at: www.horizonutilities.com</p>
<p>4.7 – Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics:</p>
<p>Answer: The boards of directors of the highest governing body of HHI and its two subsidiaries do not have a process to select members to guide each organization's strategy based on explicit social or environmental concerns, but considerations are made to ensure the makeup of a business-focused board encompasses these business concerns. The membership composition of Horizon Utilities' Board reflects a mix of various representational backgrounds, including law, business, labour, municipal and higher education backgrounds. The members of the HHI and HESI boards are from the board of Horizon Utilities.</p>
<p>4.8 - Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain the degree to which these:</p> <ul style="list-style-type: none"> • are applied across the organization in different regions and department/units; and • Relate to internationally agreed standards.
<p>Answer: See the following on Horizon Utilities' website:</p> <p>Horizon Beliefs, Vision, Mission: http://www.horizonutilities.com/HHSC/html/leadership/leadership_mv.v.jsp</p> <p>Policies: See the Horizon Utilities website for relevant policies: www.horizonutilities.com</p> <p>Note: The lion's share of Horizon Holdings' business operation is Horizon Utilities, and will continue to be for the foreseeable future. As such, most of the policies accessible via the weblink above are policies of Horizon Utilities.</p> <p>All policies are applied across the full organization and are in effect with the same force, regardless of department or business unit. All policies are developed in accordance with federal, provincial, and municipal laws, regulations, and standards; through this practice, adherence to any relatable international standards is achieved.</p>
<p>4.9 – Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.</p>
<p>Answer: See Sustainability-Based Annual Report, pages 33-35, available at: www.horizonutilities.com</p>
<p>4.10 – Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.</p>
<p>Answer: The Board and each Committee conduct a self-evaluation on their performance annually, based mostly on governance, stewardship and the areas that fall under their mandate.</p>
<p>Commitments to External Initiatives</p>
<p>4.11 – Explanation of whether and how the precautionary approach or principle is addressed by the organization. Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11</p>

<p>could address the organization’s approach to risk management in operational planning or the development and introduction of new products. Article 15: “In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.”</p>
<p>Answer: See HHI’s Commitment to Sustainability Policy and its Management’s Discussion and Analysis (MD&A) in its Sustainability-Based Annual Report and on Horizon Utilities’ website: www.horizonutilities.com</p>
<p>4.12 – Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. Include date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (e.g., multi-stakeholder, etc.). Differentiate between non-binding, voluntary initiatives and those with which the organization has an obligation to comply.</p>
<p>Answer:</p> <ul style="list-style-type: none"> • Canadian Electricity Association (CEA) – Sustainable Electricity Program – Adopted in February 2009 and applied across the whole Horizon Utilities’ organization. As a CEA member, Horizon Utilities helped to develop this program. Stakeholders involved were utility members of the CEA, a public advisory panel, and CEA staff. This initiative is voluntary-binding, meaning Horizon Utilities is voluntarily a member of the CEA, but a condition of membership in the CEA is adherence to all CEA policies, agreements, and initiatives, including sustainability. • Global Reporting Initiative (GRI) – With the launch of this 2008 GRI report, Horizon Holdings, in its sustainability reporting, will follow the GRI guidelines when crafting any sustainability report. Further, the GRI Filing will be used to highlight necessary internal process improvements. • Horizon Utilities also has various commitments through its membership in the Electricity Distributors Association (Ontario) (EDA), which are also voluntary-binding in that Horizon is voluntarily a member of the EDA, but a condition of membership is adherence to all EDA policies, agreements, and initiatives.
<p>4.13 – Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or views membership as strategic. This refers primarily to memberships maintained at the organizational level.</p>
<p>Answer: The following organizations/associations that Horizon Utilities is a member of fit the criteria of 4.13:</p> <ul style="list-style-type: none"> • Canadian Electricity Association • Electricity Distributors Association • Coalition of Large Distributors • Ontario Energy Network • Ontario Energy Association • Ontario Chamber of Commerce • Hamilton Chamber of Commerce • St. Catharines-Thorold Chamber of Commerce • Stoney Creek Chamber of Commerce • Hamilton-Halton Home Builders Association • Niagara Home Builders Association • Business Improvement Associations within Horizon’s service territory <p>Within these organizations, Horizon Utilities may hold various governance positions and sit on committees, along with participating in the development of various targeted projects that are industry specific.</p>
<p>4.14 - List of stakeholder groups engaged by the organization. Examples of stakeholder groups are:</p>

<p>Communities; Civil society; Customers; Shareholders and providers of capital; Suppliers; and Employees, other workers, and their trade unions.</p>
<p>Answer (Horizon Utilities):</p> <ul style="list-style-type: none"> • Employees – Unionized – International Brotherhood of Electrical Workers – Labour Management Committee, meets on regular basis. • Employees – All – Communication – via intranet and mailings of company newsletter; Bulletin boards in every location containing notices; CEO Update meetings (usually two times per year); “Coffee with the CEO sessions” (where questions can be asked directly to the CEO). • Community – Over 40 community events in our service territory in 2008; various sponsorships of public events; Public information sessions during merger and acquisition negotiations. • Customers – Via our call centre, which responds to all complaints/concerns/questions; via notices in customer bills, newspaper advertisements, meetings with specific customer classes, meetings with key customers, billboard advertisements (CDM); via a ‘Key Account Specialist’ who deals directly with large industrial customers, attending to their concerns. • Shareholders – Shareholder boards are represented on the HHI board; there is an annual general meeting of shareholders. • Horizon Utilities also liaises with local developers, and its suppliers and contractors. In 2008, Horizon Utilities held numerous meetings for local developers where the developers asked questions and raised concerns to our staff, and received updates.
<p>4.15 – Basis for identification and selection of stakeholders with whom to engage. This includes the organization’s process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.</p>
<p>Answer: All stakeholders that are directly affected by or directly affect Horizon Utilities are engaged through various means. Within Horizon’s service territory, all customers (and the communities served) are considered stakeholders. They communicate with Horizon on an as-needed basis via Horizon’s call centre representatives. From Horizon’s end, customers are actively engaged through participation in community events and public information campaigns, and also through public information sessions as required. The cities of Hamilton and St. Catharines, via their elected representatives and staff, are engaged as a necessary part of the business operation, either directly or through their holding company representatives.</p>
<p>4.16 – Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles. The organization should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.</p>
<p>Answer: See 4.14; None of the engagement was undertaken specifically as part of the report preparation process.</p>
<p>4.17 – Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.</p>
<p>Answer: Some examples, from various stakeholders:</p> <ul style="list-style-type: none"> • Questions regarding the deployment of smart meters. Horizon Utilities has instituted a comprehensive public education campaign in response. • Questions surrounding Horizon Utilities’ various costs and services provided to property and land developers. Horizon held formal meetings in 2008 with developers in order to answer these questions. • Questions relating to the various energy conservation programs Horizon Utilities offers. Horizon participated in over 40 community events in 2008 where these programs are promoted. Further, customers are mailed information on these programs on a regular basis. • Questions relating to a merger with another local utility.

Economic:

(EC1 to EC9, EU1 to EU12)

EC1 - Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and government:			
Answer: Net Income and Retained Earnings:	2008	2007	2006
Net Income Actual ('000s)	15,105	14,745	14,918
Retained Earnings Actual ('000s)	36,449	30,191	25,897
Source: 2006-2008 Horizon Holdings Inc. Audited Financial Statements			
<ul style="list-style-type: none"> HHI's net income for 2008 was \$15.1 million compared to \$14.7 million in 2007, reflecting a decrease in income from operating activities, gains on sales of fixed assets, and interest income and expense, net of lower income taxes. On March 7, 2008, and in accordance with its report on Cost of Capital and 2nd Generation Incentive Regulation for Electricity Distributors, the Ontario Energy Board revised the market adjusted Return on Equity for Horizon Utilities from 9.00% to 8.57%, deemed long-term debt rate from 7.00% to 6.10% and deemed short-term debt rate from 4.77% to 4.47%. This change was effective May 1, 2008. 			
Revenues ('000s):	2008	2007	2006
Electricity Distribution Revenues:			
Residential	61,914	60,585	57,247
General Service < 50	10,061	9,692	9,257
General Service > 50	12,944	12,215	10,915
Large User	2,242	1,763	1,657
Unmetered Scattered Load	262	179	171
Sentinel Lighting	25	22	18
Streetlighting	887	341	344
Total Distribution Revenue billed	88,335	84,797	79,610
Other Revenues:			
Other Income from Operations	10,090	9,792	9,837
Total Revenues	98,425	94,589	89,447
('000s)	2008	2007	2006
Total Operating Costs	43,997	41,687	38,027
Source: 2006-2008 Horizon Holdings Audited Financial Statements			
Total Operating Costs:			
<ul style="list-style-type: none"> Operating expenses include labour, material, equipment, and other third-party service costs in support of the operation and maintenance of the distribution system; billing and collection; and general administration costs. Operating expenses increased by \$2,310, or 5.5% in 2008. The increase is primarily due to an increase in vegetation management near electricity lines and poles (\$800); various asset management and process improvement initiatives (\$500); expenses related to the development of a merger opportunity that was unsuccessful (\$630); and general wage and price inflation. 			
2008 Distribution Revenue			
Class	Residential	Commercial	Large Users
Percentage	71.3	26.1	2.6
Source: 2006-2008 Horizon Holdings Inc. Audited Financial Statements			

Capital Expenditures:				
Capital Expenditures	2008	2007	2006	
Distribution system	23,456	22,039	25,465	
Smart meters	10,419	6,557	Not applicable	
Enterprise resource planning	3,567	2,244	Not applicable	
Conservation and demand management	0*	1,645	1,912	
Other	4,603	6,768	4,048	
Total	42,045	39,253	31,425	
Source: 2006-2008 Horizon Holdings Inc. Audited Financial Statements. * 2008 CDM numbers due to Ontario Power Authority assuming all capital funding responsibilities starting in 2008.				
Employee Payroll and Benefits:				
<ul style="list-style-type: none"> Payroll and benefits are included in both capital and operating expense 				
Dividend to Municipal Shareholder:		F2008	F2007	F2006
Payment to Municipal Shareholders - Dividend (in '000)		8,847	10,451	6,430
Source: 2006-2008 Horizon Holdings Inc. Audited Financial Statements				
<ul style="list-style-type: none"> HHI paid dividends in the amount of \$8,847 in 2008, and \$10,451 in 2007, to its shareholders. Dividends on common shares are declared at the discretion of the Board of Directors, based on its approved dividend policy and recommendations of management. Dividend policy of Horizon Holdings targets regular dividends of up to 60% of annual consolidated net earnings, subject to certain prudential considerations, including statutory and contractual compliance, financial prudence, and providing for sustainable investment in electricity distribution infrastructure. 				
Taxes:		F2008	F2007	F2006
Payment to the Province – PILs (in '000)		7,151*	8,425	8,170
Source: 2006-2008 Horizon Holdings Inc. Audited Financial Statements. NB: Income taxes only – excludes includes capital tax. *Data for PILs differ in this table from the financial statements because \$510,000 of the PILs shown is for capital taxes that are included as Operating Expenditures in the financial statements.				
<ul style="list-style-type: none"> Horizon Utilities is currently exempt from taxes under the <i>Income Tax Act (Canada)</i> and the <i>Ontario Corporations Tax Act</i> (collectively referred to as the "Tax Acts"). Commencing October 1, 2001 and pursuant to the Energy Competition Act, 1998, Horizon Utilities is required to compute taxes under taxation laws and remit such amounts to the Ontario Electricity Financial Corporation to be applied against certain debt obligations of the former Ontario Hydro continuing in the Ontario Electricity Financial Corporation. The tax basis of Horizon Utilities' assets was valued at fair value pursuant to the provisions of taxation laws as at the date Horizon Utilities became subject to PILs. This results in a long-term favourable impact on effective tax rates, resulting from a tax basis of depreciable capital property and eligible capital expenditure in excess of the book basis. The effective rate of PILs expense in 2008 was 30.53% (2007 – 36.36%) versus the statutory rate of 33.50% (2007 – 36.12%). The favourable effective rate in 2008, relative to the statutory rate, primarily reflects a tax basis of depreciable capital property and eligible capital expenditure in excess of the book basis, as noted above. 				
Direct Economic Value Generated and Distributed ('000s):		Horizon Holdings (2008)		
Operating Expenditures		43,997		
Capital Expenditures		42,045		
Dividends to Shareholders		8,847		
Payments in Lieu of Taxes (PILs)		7,151		
Energy Subsidies and Rebates (Ontario Power Authority funded)		1,969		
Charitable Contributions (Employees and Corporate)		125		
Economic Benefit		103,624		
Source: 2006-2008 Horizon Holdings Audited Financial Statements NB: Data for Operating Expenditures and PILs differ in this table from the financial statements because \$510,000 of the PILs shown is for capital taxes that are included as Operating Expenditures in the financial statements.				

EC2 - Financial implications and other risks and opportunities for the organization due to climate change:

Answer:

2.1: Please see HHI's Sustainability-Based Annual Report for HHI's Commitment to Sustainability Policy.

2.2: Risks due to physical changes associated with climate change (e.g., impacts of modified weather patterns and heat-related illness): Please see HHI's 2008 MD&A and Sustainability-Based Annual Report, pp. 8-9, at: www.horizonutilities.com

Supplementary information:

- Although it has facilities and infrastructure in areas prone to extreme weather events, Horizon Utilities believes that such occurrences will not materially affect its operating or financial performance.
- In the unlikely circumstance that Horizon is materially affected, costs associated with the damage caused may be recovered through rates upon approval from the Ontario Energy Board.
- There may be other externally-driven impacts, particularly in areas where the electricity grid is vulnerable to overloading due to extreme cold or hot weather events. Mitigation has already been taken to minimize these potential impacts through, first, CDM programs to reduce peak demand, and, second, a capital renewal/replacement program and advanced asset management program, increasing reliability.

Regulatory risks (e.g., the cost of activities and systems to comply with new regulations): Please see HHI's 2008 MD&A and Sustainability-Based Annual Report, pp. 8-9, available at: www.horizonutilities.com

EC3 - Coverage of the Organization's defined Benefit Plan Obligations

Answer: ('000s)

	2008	2007	2006
Expensed contributions to OMERS in respect of employees required contribution	1,802	1,809	1,756

Source: 2006-2008 Horizon Holdings Inc. Audited Financial Statements

- Horizon Utilities participates in the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees.
- The plan is a contributory defined benefit pension plan. Contributions during 2008 were 6.5% for employee earnings below the year's maximum pensionable earnings and 9.6% thereafter. Contributions are expected to remain the same in 2009.

EC4 - Significant Financial Assistance Received from Government

Answer:

2.1 – Horizon Utilities does not receive any direct financial assistance from any level of government, with the exception of its Conservation and Demand Management (CDM) department:

- CDM activities have been primarily funded in 2008 through the Ontario Power Authority ('OPA').
- Key initiatives funded from Horizon Utilities' rate base have been limited to those activities not funded through the OPA.

2.2 – See Profile Disclosure section 2.3

EC5 - Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

Answer: Not relevant. Horizon Utilities' entry level wages are well above provincial minimum wages.

EC6 - Policy, practices and proportion of spending on locally based suppliers at significant locations of operation

Answer:

2.1 & 2.2:

- Horizon Utilities' geographic definition of 'local' is the Western Greater Golden Horseshoe area of Ontario.

2.3 & 2.4:

- Horizon Utilities does not have a formal policy regarding buying from locally-based suppliers.
- Based on the current supplier base, approximately 40% of suppliers are classified as 'local'.
- Supplier selection is determined based on services and materials specifications and requirements to support Horizon Utilities projects and initiatives. Supplier selection is conducted and managed by structured Procurement Procedures, Policies and Documents.

2.5:

Horizon Utilities sourcing processes and practices ensure that suppliers responses are evaluated and selected based on a requirements selection weighting matrix.

EC7 - Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation

Answer:

- Horizon Utilities does not have a formal policy or common practice of granting hiring preference to local residents. Commuting requirements are such that all employees are effectively local.
- Definition of Senior Management – Horizon’s Senior Leadership Team consists of the executive management team and the directors of business units.

EC8 - Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement:

Answer: Smart Meters	2008	2007	2006
Installed	80,149	53,217	7,616
Cumulative	140,982	60,883	7,616
Capital Expenditures ('000s)	10,419	6,557	1,330

Source: Horizon Holdings Audited Financial Statements 2007 and 2008.

2.2: Comprehensive Asset Management Plan:

- Horizon Utilities has a strategic imperative to embody asset management principles and implement leading asset management practices to ensure the highest level of reliability and availability for its customers.
- In 2007, Horizon Utilities engaged the services of asset management experts to assist in the development of a roadmap for Horizon, taking into consideration what it is doing now and what it needs to be doing.
- In 2008, Horizon Utilities’ focus has been to implement recommendations from the roadmap and to work closely with the Enterprise Resource Planning team to ensure system is set up to support this strategic imperative.
- Key Initiatives: Condition assessment of assets; Review of maintenance practices; Collection of new or different data; and Repair/replace decision making.

EC9 - Understanding and describing significant indirect economic impacts, including the extent of impacts

Answer: **2008 Economic impacts of conservation and demand management programs:**

Program	Economic Impact
Old Appliance Recycling Program	\$176,563
Electricity Retrofit Incentive Program	\$246,820
Summer Sweepstakes	\$110,592
Peaksaver®	\$1,083,269
Power Blitz	\$301,452
Community	\$50,607
2008 Total Economic Impact	\$1,969,302

Source: CDM annual reporting.

EU1 – Installed capacity, broken down by energy source and by regulatory regime

Answer: Not applicable – generation specific.

EU2 – Net energy output broken down by primary energy source and by regulatory regime			
Answer: Not applicable – generation specific.			
EU3 – Number of residential, industrial, institutional and commercial customer accounts			
Answer: # of Customers	2008	2007	2006
Total Customers	234,197	232,493	231,499
Residential Customers	211,826	210,358	209,370
General Service < 50 kW	19,906	19,969	19,990
General Service > 50 kW	2,203	2,154	2,127
Large Users	12	12	12
Source: OEB Yearbooks 2006 and 2007 and Internal Performance Reporting.			
EU4 – Length of above and underground transmission and distribution lines by regulatory regime			
Answer: See Section 2.8			
EU5 – Allocation of CO_{2e} emissions allowances or equivalent, broken down by carbon trading framework			
Answer: Not applicable. Provincial government has commenced preliminary discussions around adoption of carbon credit model, but no legislation has been put forward.			
EU6 – Management approach to ensure short and long term electricity availability and reliability			
Answer: Reliability:			
<ul style="list-style-type: none"> • Horizon Utilities’ operators in two network control centres (Hamilton and St. Catharines) monitor the flow of energy to customers. • When an interruption occurs at the feeder level, operators receive instantaneous notification of the location and extent of the power outage. • Repair crews are immediately dispatched to restore power as quickly as possible. • Emergency crews were on site restoring power within 60 minutes, 95% of the time in 2008 • Customers experiencing a power failure last year were without power for 50 minutes on average • Power interruptions are analyzed to uncover the root cause and correct trends that might be impacting system reliability. • Aging infrastructure is being upgraded to modern specifications in multi-year capital projects. • Current upgrades includes consideration for integration of “smart grid” technologies • Horizon Utilities considers performance-related asset information including, but not limited to, data on reliability, asset age and condition, loading, customer connection requirements, and system configuration, to determine investment needs of the system. 			
	2008	2007	2006
System Average Interruption Duration Index (SAIDI)	1.494	1.01488	0.93517
System Average Interruption Frequency Index (SAIFI)	1.804	1.59059	1.43952
Customer Average Interruption Duration Index (CAIDI)	0.828	0.63805	0.64964
Source: OEB Yearbooks 2006 and 2007 and Internal Performance Reporting.			
Availability:			
Horizon Utilities actively engages in CDM programs and, at year end 2007, had over 140,000 customers connected with smart meters in support the provincial goals of reducing peak electricity demand. Horizon also utilizes an advanced asset management plan to ensure capital projects keep up with distribution demand throughout the service territories Horizon serves.			

EU7 – Demand-side management programs including residential, commercial, institutional and industrial programs			
Answer: CDM Program Summaries:	Target	Results	% of Target
Appliance Program	4,711	3,824	81%
ERIP 2008	28	79	282%
Summer Sweepstakes	20,937	2,753	13%
5% of total registrations	1,047	869	83%
peaksaver®	3,290	2,196	67%
Backlogs	Not applicable	869	Not applicable
Power Savings Blitz	662	507	77%
Source: CDM annual reporting.			
CDM Event Summary:			
<ul style="list-style-type: none"> • Included numerous municipal and BIA sponsored events • Continued to strengthen relationship with Hamilton Tiger Cats (CFL – professional football team) – official partnership developed. Horizon had a presence at all home season games. • These events were held to promote various initiatives of Horizon Utilities (see conservation highlights above, for example) and to increase general awareness of Horizon in the community. For example, Horizon had a presence with staff available to answer inquiries at each of the following events in 2008: 			
Community Events 2008			
10 Hamilton Tiger Cats games	Earth Hour (Event)		
West Italia Festival	Buskerfest		
Gilkson Park Festival	Electricity Distributors Association Utility Day		
St. Catharines Grape and Wine Festival	St. Catharines Rib Fest		
Locke Street Festival	Brock University Health and Wellness Fair		
City of St. Catharines Lunch and Learn	Hamilton Home Show		
Bridge to Better Business Seminar	Blackout Challenge St. Catharines		
SNC Pro Lavlin Environment Education Day	Blackout Challenge Hamilton		
St. Catharines Home Show	Festival Of Friends		
Emergency Preparedness Day	Energy Conservation Week		
Children's Water Festival	Health and Wellness Fair at E.D. Smith		
Niagara Folk Arts Festival	Scottish Rights Hall Event		
Horizon - CDM Program Results			
	2007	2006	2005
kWh Saved	7,500,000	26,800,000	6,500,000
Reduction of Green House Gas Kg CO ₂ *	1,777,500	6,351,600	1,540,500
Reduction of Green House Gas metric tonnes CO ₂ *	1,778	6,352	1,541
Equivalent CO ₂ Emissions from Cars **	3,499	12,503	3,032
Equivalent Number of Homes Powered for 1 Year ***	833	2,978	722
*Source is Ontario Power Generation Report of Emissions Released from Ontario Generation Mix			
** Source is Clean Air Alliance Ontario			
*** Based on average monthly home consumption of 750 kWhrs			
EU8 – Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development			
Answer:			
<ul style="list-style-type: none"> • Engagement and integration of CDM programs • Development of annual sustainability report • Integration of sustainable policies and practices will lead to the creation of cost efficiencies, in turn, leading to lower rates for customers 			

EU9 – Provisions for decommissioning of nuclear sites			
Answer: Not applicable – generation specific			
EU10 – Planned capacity against projected electricity demand over the long-term, broken down by energy source and regulatory regime			
Answer: Not applicable – generation specific			
EU11 – Average generation efficiency of thermal plants by energy source and by regulatory regime			
Answer: Not applicable – generation specific			
EU12 – Transmission and distribution losses as a percentage of total energy			
Answer: Distribution Loss Factor (a factor by which metered loads must be multiplied such that when summed equal the total measured load at the supply point(s) to the distribution system):			
Total Loss Factor	2008	2007	2006
Secondary Metered Customer < 5,000 kW	1.0421	1.0428	1.0428
Secondary Metered Customer > 5,000 kW	1.0168	1.0164	1.0164
Primary Metered Customer < 5,000 kW	1.0316	1.0324	1.0324
Primary Metered Customer > 5,000 kW	1.0067	1.0063	1.0063
Source: Horizon Utilities OEB 2006-2008 tariff of rates and charges			

Environment:

(EN1 to EN30; EU13; EU metric commentaries)

EU - Long-term strategy for managing and phasing out high level and low level in – service PCBs (Polychlorinated biphenyls)			
Answer: Horizon Utilities is in the process of developing a long term Environmental Strategy Plan to support the revised provincial and federal environmental regulations.			
EU – Report approaches to pest and vegetation management			
Answer: In 2007, Horizon Utilities began using pesticide-free materials to maintain its lawns at all locations.			
EU – Managing watersheds			
Answer: Not applicable. See EN9 for discussion.			
EU – Radioactive Waste			
Answer: Not applicable. Generation specific. Also applies to EUSS commentary on EN8 – thermal/nuclear plants.			
EN1 - Materials used by weight or volume			
Answer: Selected list of materials used by volume, 2006-2008 (in Units)			
Material	2008*	2007	2006
Wiring Supplies (Includes clamp cables, couplers, etc.)	112737	101144	152806
Conductor Hardware (Includes connectors, arresters, etc.)	44954	64662	81830
Pole/Line Hardware (Includes anchors, brackets, etc.)	25007	38351	49584
Wood Poles	395	632	703
Concrete Poles	72	141	94
Insulators	11206	17621	26534
Fuses	3814	4247	5100
Concrete Chambers	148	186	225
Switches & Reclosers	102	168	145
Transformers	460	604	663
Paper** (In cartons)	549	541	469
* 2008 material figures listed up to and including Aug. 31/08. Horizon Utilities converted to new software system after this time; information unavailable as a result; will be available in 2009 reporting year. **Paper figure includes standard copy paper only and is accurate to Dec. 31/08.			
EU - Report in-use inventory of solid and liquid high level and low level PCBs contained in equipment			
Answer: Horizon Utilities' in-use inventory PCB Levels are under 50ppm.			
EN2 - Percentage of materials used that are recycled input materials			
Answer: Information not currently tracked or available. It is possible that processes will be put in place to measure this indicator at a later date. Horizon Utilities is currently developing a purchasing policy with a goal of 40% of ongoing consumables being sustainably purchased.			

EN3 - Direct energy consumption by primary energy source				
Answer:	Electricity (GWh)	Diesel (L)	Unleaded (L)	Natural Gas (M₃)
2008	5.81	243307	104362	Not available
2007	5.90	286468	102868	289870
2006	5.03	248988	101233	276180
Note: Diesel/unleaded figures only include on-site gasoline from Horizon fuel tanks, representing 95% of the fuel consumption – does not include off-site, private gas station fill ups. Electricity and Natural Gas consumption refers to total facility consumption.				
EN4 - Indirect energy consumption by primary source				
Answer: Ontario Supply Mix, 2006-2008				
Generation Source	2008	2007	2006	
Nuclear	36.1%	52%	54%	
Hydro	25.8%	21%	22%	
Coal	21.4%	18%	16%	
Gas/Oil	--	8%	--	
Other	16.5%	2%	8%	
Sources: http://ieso.ca/imoweb/pubs/media/10yearOutlook-highlights-2005jul.pdf http://www.ieso.ca/imoweb/pubs/corp/IESO_2006-AnnualReview.pdf http://www.ieso.ca/imoweb/pubs/corp/IESO_2007AnnualReport.pdf				
EN5 - Energy saved due to conservation and efficiency improvements.				
Answer: See EC2, EU6 for Horizon Utilities' customers. During the last few years, Horizon Utilities has implemented the following initiatives to improve energy efficiency at its facilities:				
<ul style="list-style-type: none"> • Horizon's HVAC (heating, ventilating, and air conditioning) systems are monitored and controlled by a building automation system. Temperatures can be set remotely to meet demand. • Lighting on the 3rd and 5th floors of Horizon's head office has been equipped with motion sensors. • One Horizon service centre is being retrofitted with T5 high efficiency lighting in 2009. • Locking covers have been installed on all thermostats at all Horizon facilities to ensure consistent and appropriate temperature settings. 				
EN6 - Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives				
Answer: See EC2, EU7				
EN7 - Initiatives to reduce indirect energy consumption and reductions achieved				
Answer: Horizon Utilities promotes two weeks of alternative transportation per year for its employees at all facilities. Horizon, like most other organizations, has workers who commute on a daily basis using both personal vehicles and public transportation. No survey/study has been conducted to show how many employees use alternative forms of transportation to get to work (walking, biking, public transit, etc.). Due to the fact that Horizon has operations at four main facilities, business-related travel and its associated carbon footprint is an issue for the company. Carpooling, although not formalized in a set policy, is practiced and encouraged where possible. Horizon also has bicycle racks installed indoors at all facilities to encourage this form of transportation.				
EN8 and EU - Total water withdrawal by source				
Answer: Horizon Utilities' total facilities water consumption, in Cubic Metres:				
2008	2007	2006		
10479	8485	7117		
Horizon has no generation facilities, therefore discussion on thermal/nuclear is not applicable.				

<p>EN9 - Water sources significantly affected by withdrawal of water</p> <p>Answer: Not applicable. Horizon Utilities' water consumption is not used for energy production or other industrial uses. What is used does not significantly affect any water sources.</p>
<p>EN10 - Percentage and total volume of water recycled and reused.</p> <p>Answer: Water is not used for energy production or other industrial uses. With respect to normal operations, Horizon Utilities has in recent years implemented the following initiatives to reduce total consumption:</p> <ul style="list-style-type: none"> • Low flow toilets with automatic flushers have been installed at one of Horizon's facilities. Plans are in place to replace all other toilets in the coming years. • All shower heads were replaced with low-flow models within all Horizon facilities. • Irrigation systems have been installed at all substations and at one of Horizon's service centres with rain sensors. • High-efficiency hot water heaters have been installed at all locations. • Censored sink water taps have been installed in most washrooms at Horizon's headquarters. Plans are in place to replace other water taps within all Horizon locations in the coming years.
<p>EN11 - Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</p> <p>EU13 - Biodiversity of offset habitats compared to biodiversity of the affected areas.</p> <p>Answer: Horizon Utilities has land at two substations and three right of ways that are located within Ontario's Greenbelt. The combined size of four of the properties is 262,674m²; information for one of the properties is currently unavailable. The Greenbelt is a permanently protected green space in Ontario's Greater Golden Horseshoe area. The intent of the Greenbelt is to protect environmentally sensitive land and farmlands from urban development.</p>
<p>EN12 and EU - Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas</p> <p>Answer: As a distribution-only company, Horizon Utilities' potential impacts on biodiversity in its service territory are limited when compared to generation and transmission focused utilities. Horizon's primary responsibility from an operational standpoint is the maintenance and new construction of distribution lines on road allowances. Horizon's impact would nevertheless include:</p> <ul style="list-style-type: none"> • Emissions from fleet • Emissions from facilities • In-service PCB/SF₆ (Sulfur hexafluoride) and related other chemical infrastructure • Construction of new infrastructure/maintenance of current infrastructure <p>In its system, Horizon has switches identified as SF₆ type 'SF₆ LBDS' and/or interrupting medium is shown as 'SF₆'. Horizon does not top up SF₆ switches during maintenance. These are sealed units. If there are any problems with the units, they are returned to the manufacturer. Zero emissions are produced.</p> <p>As part of a company-wide environmental improvement plan, an assessment will be conducted to determine any impacts on biodiversity associated with activities, products and services at the five Horizon properties located within the Greenbelt. Since the five properties are substations and right of way lands, Horizon does not anticipate any impacts as a result of low activities and services conducted within these properties.</p> <p>Horizon has no transmission line corridors; thermal discharge is generation specific; see EU20 and above for discussion on Horizon's impacts which relate to fragmentation and isolation.</p>

<p>EN13 - Habitats protected or restored</p> <p>Answer: In 2008, Horizon increased its tree trimming program focus and scope to bring the program to acceptable levels. This program ensures the health and life of trees within the Hamilton and St. Catharines communities. The tree trimming annual program investment: 2008 – \$ 2.6M; 2007 – \$1.6M.</p>
<p>EN14 and EU - Strategies, current actions, and future plans for managing impacts on biodiversity</p> <p>Answer:</p> <ul style="list-style-type: none"> • See EN12, EU – Pesticide Management, for further discussion • Horizon strategy: Zero emissions from SF₆ infrastructure (See EN12) • Horizon strategy: Replace all fuel tank pumps with newer, more reliable models to minimize chance they will cause leaks into soil • Horizon strategy: During annual vehicle procurement decisions, company now takes into consideration the purchase of hybrid vehicles to reduce total fleet emissions <p>As part of Horizon Utilities' Long Term Environmental Implementation Plan, currently being developed, Horizon will assess and develop procedures and policies to protect forested areas, landscapes, freshwater and wetlands on existing properties located in protected areas and future sites.</p>
<p>EN15 - Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</p> <p>Answer: No IUCN Red List species exist within Horizon Utilities' area of operations that are significantly affected by Horizon's operations</p>
<p>EN16 and EU - Total direct and indirect greenhouse gas emissions by weight</p> <p>EN17 - Other relevant indirect greenhouse gas emissions by weight</p> <p>Answer: Facilities emissions data are not available for this report. It is compiled yearly by a consulting firm and is held privately by Horizon Utilities. We expect this information will be released publicly. Please note, however, that all of Horizon's facilities are below the mandatory reporting thresholds of the National Pollutant Release Inventory, Ontario Ministry of the Environment Regulation 127/01, and other legally required reporting under various federal statutes, from 2006-2007, for <u>all</u> emissions. This relates to EN19 and EN20 as well. The facilities emissions reports for the 2008 year will not be completed until mid-2009. Note: Environment Canada Annex Emission Factors used for fleet. See table below:</p>

Fleet Fuel Emissions, Diesel Gasoline 2006-2008				
Year	Quantity (L)	Emissions		
		CO ₂ (g)	CH ₄ (g)	N ₂ O(g)
2008	243,307	664,228,711	228,709	38,929
2007	286,468	782,058,295	269,280	45,835
2006	248,988	679,513,162	233,972	39,825
Fleet Fuel Emissions, Unleaded Gasoline 2006-2008				
Year	Quantity (L)	Emissions		
		CO ₂ (g)	CH ₄ (g)	N ₂ O(g)
2008	104,362	246,296,538	58,443	20,873
2007	102,868	242,768,905	57,606	20,574
2006	101,233	238,585,191	56,613	20,219
Fleet Fuel Emissions, Propane 2006				
Year	Quantity (L)	Emissions		
		CO ₂ (g)	CH ₄ (g)	N ₂ O(g)
2006	7,073	10,680,592	4,527	198
Notes: Diesel/unleaded figures only include on-site gasoline consumed from Horizon fuel tanks – does not include off-site, private gas station fill ups. For CH ₄ and N ₂ O, estimates based on averages taken from Environment Canada Annex were used based on vehicle classes. Under the Annex, CH ₄ and N ₂ O emissions levels vary by vehicle class. Horizon did not measure these rates specific to vehicle class; instead, an average was taken of all classes and levels. Propane reported only in 2006 because this was the final year Horizon used propane in its fleet.				
EN18 (EU- CORE) - Initiatives to reduce greenhouse gas emissions and reductions achieved.				
See EN5, EC2 and EU6 for further discussion. During 2008, the diesel emergency back up generator at Horizon Utilities' St. Catharines facility was replaced with a natural gas-fired back-up generator. (At the same time, a natural gas-fired back-up generator was installed at Horizon's headquarters in downtown Hamilton.) A long-term plan to replace the HVAC systems at all Horizon properties is presently under review. Horizon's existing fleet idling policy is under review and will be revised in 2009 to more aggressive compliance. Horizon has been using GPS units (installed in all fleet vehicles in 2008) to monitor, track and report on idling data and driving practices.				
EN19 – Emissions of ozone-depleting substances by weight.				
Answer: See facilities emissions discussion in EN16/EN17.				
EN20 and EU - NO_x, SO_x, and other significant air emissions by type and weight				
Answer: See facilities emissions discussion in EN16/EN17				
EN21 and EU - Total water discharge by quality and destination.				
Answer: The water systems of the cities of Hamilton and St. Catharines are responsible for the treatment of Horizon Utilities' water discharges from its facilities.				
EN22 and EU - Total weight of waste by type and disposal method.				
Answer: PCB waste & hazardous wastes: See EN24. Nuclear waste – not applicable (generation specific).				
Horizon Utilities contracts out the disposal of its waste. Exact tonnage of waste disposed tracked for certain materials, but not all, such as for general office waste.				
EN23 - Total number and volume of significant spills				
Answer: In 2008, Horizon Utilities had 13 spills (9 in Hamilton and 4 in St. Catharines) for a total of 762.9L. In response, 786.9L of oil and soil/dirt were recovered and/or cleaned up. There were 5 spills that reached a threshold volume level that required notification to the Ontario Ministry of the Environment. In each case, the spills were remediated either by Horizon staff, if they were minimal in nature, or by a third-party site remediation company in the event of larger, reportable spills. Horizon has comprehensive plans				

<p>that are set in motion in the event of a spill, encompassing cleanup, remediation, and internal/external communication.</p> <ul style="list-style-type: none"> • Material Split: Oil – 1 spill; Transformer oil – 10 spills; Hydraulic fluid – 2 spills 		
<p>EN24 - Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally</p>		
<p>Answer: Weight of transported hazardous waste, 2008</p>		
Waste Class	Quantity	Unit of Measurement
Acid Waste – Heavy Metals	4	litres
Alkaline Wastes – Other Metals	70	kilograms
Other Specified Inorganics	6	kilograms
Petroleum Distillates	340	litres
Light Fuels	823	litres
PCBs (Scrap lead cables & transformers)	6715	kilograms
Oil Skimmings and Sludges	45474	litres
Oil Skimmings and Sludges	670	kilograms
Waste Oils & Lubricants	4889	litres
Waste Oils & Lubricants	1000	kilograms
Organic Laboratory Chemicals	80	litres
Organic Laboratory Chemicals	4	kilograms
Phenolic Wastes (Scrap of poles)	80000	kilograms
Waste Compressed Gases	6	kilograms
<p>EN25 - Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.</p>		
<p>Answer: Not applicable (See EN9).</p>		
<p>EN26 - Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation</p>		
<p>Answer:</p> <ul style="list-style-type: none"> • Meter Recycling Initiative: See Sustainability-Based Annual Report, pg. 22, available at: www.horizonutilities.com • Computer recycling: At the Hamilton headquarters facility, all computers which reached the end of their useful life were recycled in 2008. Similar plans are in place for all facilities in the future. 		
<p>EN27 - Percentage of products sold and their packaging materials that are reclaimed by category</p>		
<p>Answer: Not applicable. Horizon Utilities does not sell any physical products, other than electricity. HESI currently only rents products to customers.</p>		
<p>EN28 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</p>		
<p>Answer: HHI, Horizon Utilities and HESI did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2008. Presently, Horizon Utilities is working with the Ontario Ministry of Environment to ensure compliance of noise levels generated from the new emergency backup generator installed on the roof of Horizon Utilities' headquarters at the end of 2008.</p>		
<p>EN29 - Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.</p>		
<p>Answer:</p> <ul style="list-style-type: none"> • See EN 16/17 for impacts of fleet in terms of emissions. • See EN12 for a discussion on Horizon's significant impacts. • See EN7 for discussion on environmental impacts of employee transportation. 		

- See EN30 for discussion on how Horizon is taking steps to minimize its total fleet environmental impacts through hybrid purchasing and anti-idling measures.

EN30 - Total environmental protection expenditures and investments by type.

Answer:

- 1) During 2008, Horizon Utilities increased its wood poles disposal program to include disposal of the entire pole. As a result, special sealed bins were ordered and placed within each of Horizon's three work yards and at the same time, frequencies of bin disposal were increased. Bin disposal was carried out by a qualified third-party contractor. Initiative Investments:
 - Procurement of Storage Bins - \$4,000
 - Annual Program Costs - \$15,000
- 2) One of Horizon Utilities' corporate initiatives for 2008 was to conduct a review of its internal environmental practices, reporting, structure and documentation. The review was conducted during a period of four months by a third-party environmental consultant with a team of Horizon employees from all areas of the organization. From the review, recommendations have been made to improve our environmental program activities and practices to include a more structured organization.
- 3) During 2008, Horizon Utilities banned the purchase and use of all Styrofoam materials used in meetings within all Horizon facilities.
- 4) During the last five years, Horizon Utilities has purchased ten hybrid mid-size service vehicles, representing 7% of the total fleet. As part of Horizon's long-term fleet replacement plan, an order has been placed for a hybrid single bucket truck to be delivered by the end of 2009. This will be the first of its kind for Horizon's fleet, and possibly the first of its kind for all local distribution companies in Ontario. Initiative Investment:
 - Hybrid Single Bucket Truck - \$360,000

Labour Practices and Decent Work:

(LA1 to LA14; EU14 to EU18; EU metric commentaries)

Note: All employee statistics below are for HHI – HHI and HESI have no direct employees, so statistics are listed under the Horizon Utilities name.	
Horizon Utilities labour disruption 2008	
<ul style="list-style-type: none"> • Strike by International Brotherhood of Electrical Workers (IBEW), which represents Horizon Utilities' unionized employees, began on June 17 and ended July 4. • Settlement included a 9.7% wage increase over 3 years and increases to benefits. 	
LA1 (and EU) - Total workforce by employment type, employment contract, and region as of Dec. 31, 2008	
Answer: Employment Status and Location	
	# Employees
Full Time - Permanent	336
Part Time - Permanent	2
Full Time -Temporary	9
Part Time - Temporary	0
Contract (All full time)	4
Total	351
Seasonal (All Full Time - Temporary – May-Sept)	23
Temporary workers and vacancies	37
City of Employment	
	% Employees
Hamilton (NB: seasonal not included)	81%
St. Catharines (NB: seasonal not included)	19%
Contractor workforce information not available. This information is currently not kept track of (however, contractor health and safety data is – see LA7 and EU 16-18 for further discussion).	
LA2 (and EU) - Total number and rate of employee turnover by age group, gender, and region.	
Answer:	
2.1 Identify the total number of employees leaving employment during the reporting period.	
<ul style="list-style-type: none"> • 2008 – 23 • 2007 – 20 • 2006 – 12 	
2.2 Report the total number and rate of employees leaving employment during the reporting period, broken down by:	
Age group:	
<ul style="list-style-type: none"> • 2008: <30 – 4; 30-50 – 12; >50 – 7 • 2007: <30 – 4; 30-50 – 11; >50 – 5 • 2006: <30 – 1; 30-50 – 8; >50 – 3 	
Gender:	
<ul style="list-style-type: none"> • 2008 – Male: 14; Female: 9 • 2007 – Male: 11; Female: 9 • 2006 – Male: 8; Female: 4 	
Region:	
<ul style="list-style-type: none"> • Not applicable – all within Province of Ontario in Canada 	

<p>2.3 Length of tenure of employees leaving employment during the reporting period:</p> <ul style="list-style-type: none"> • 2008: Average tenure of 14 years • 2007: Average tenure of 6.5 years • 2006: Average tenure of 6.25 years
<p>LA3 - Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.</p>
<p>Answer: Standard for full-time permanent employees: life insurance, health care, dental care, out of country health coverage, disability/invalidity coverage, retirement provision, merit and performance bonuses.</p>
<p>LA4 (and EU) - Percentage of employees covered by collective bargaining agreements</p>
<p>Answer: Over 70% of the total workforce is covered by a collective agreement. Contractor information currently not available.</p>
<p>LA5 - Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.</p>
<p>Answer: Horizon Utilities has no formal minimum notice period for significant operational changes, but it does work diligently to give reasonable notice.</p>
<p>LA6 - Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.</p>
<p>Answer: 100% of the workforce is represented in formal joint management-worker health and safety committees. Formal Committees include two Joint Health and Safety Committees, one for Horizon's Hamilton operations, the other for Horizon's St. Catharines operations. In addition, Horizon has many joint operating committees that assess and develop best practice policies/procedures, such as a Joint Arc Flash Committee.</p>
<p>LA7 (and EU) - Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.</p>
<p>Answer:</p> <ul style="list-style-type: none"> • All rates are calculated based on Ontario provincial industry standards; see tables below. • Horizon tracks all incidents including first aid level and also tracks the potential for injury and/or loss. • Under the Workplace Safety & Insurance Act (WSIA), Horizon is required to report lost time days as 'scheduled work days', i.e., normal hours worked: 5 day week – 8 hour day; shift worker, i.e., alternating shifts, 10-hour shifts, etc. Under the WSIA, Horizon is required to pay the employee until the end of their shift on the date of their accident, regardless whether or not they seek medical attention. The date of lost time starts the day after the accident. • Contractors – There were zero (0) lost time incidents for contractors working for Horizon in 2008. See EU16-18 for more detail on contractor health and safety policies.

Horizon Utilities Incident Statistics with Rates, Year to Date (YTD) 2008 (NB: 'LT': Lost Time)									
Mo.	#Workers	Net Hours Worked		All Injury		Lost Time		Lost Work Days	
		YTD	Monthly	Injuries YTD	Freq. YTD	Lost Time YTD	Freq. YTD	No. Days Lost YTD	Severity YTD
Jan	367	55,373	55,688	4	14.45	0	0.00	0	0.00
Feb	363	105,969	50,281	5	9.44	0	0.00	2	3.77
Mar	370	138,761	32,792	7	10.09	1	1.44	9	12.97
Apr	374	196,598	57,837	9	9.16	2	2.03	0	0.00
May	399	254,251	57,653	11	8.65	2	1.57	0	0.00
Jun	389	276,005	21,754	12	8.70	2	1.45	0	0.00
July	392	319,841	43,836	15	9.38	2	1.25	18	11.26
Aug	390	365,927	46,086	16	8.74	2	1.09	0	0.00
Sep	398	417,986	52,059	19	9.09	3	1.44	19	9.09
Oct	395	470,046	52,060	19	8.08	3	1.28	19	8.08
Nov	390	525,490	55,444	22	8.37	3	1.14	19	7.23
Dec	388	581,407	55,917	24	8.26	3	1.03	19	6.54
Incident Report – 2007 vs. 2008				# of Incidents – 2007			# of Incidents – 2008		
Lost Time				3			3		
Medical Aid				21			21		
First Aid				9			7		
Preventative Incidents Reported				85			70		
<p>Monitoring Occupational Disease: Horizon Utilities currently monitors:</p> <ol style="list-style-type: none"> 1. Lead exposure: Off-site provider tests employees and advises if levels of exposure are above normal range so pro-active measures may be taken, including follow-up testing. 2. Horizon has a Hearing Conservation Program for its employees. 3. Asbestos exposure: Any exposure must be reported through a Workplace Safety & Insurance Board process. <p>Absentee Rate – Not available. Fatalities in the reporting period: No fatalities from 2006-2008. Report the system of rules applied in recording and reporting accident statistics: Horizon is bound by the following legislation:</p> <ol style="list-style-type: none"> 1. WSIA 2. Ontario Occupational Health & Safety Regulations <p>Horizon also has reporting requirements to the Canadian Electricity Association (CEA), which has its own reporting requirements, known in 2008 as "CEA A-2-2008: Standard for Recording and Measuring Occupational Injury/Illness Experience & Transportation Incidents".</p>									
<p>LA8 - Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</p> <p>Answer: The key to reducing likelihood of diseases is to mitigate the risk, educate and monitor where required. Outdoor employees and facilities employees, depending upon occupation, may have a risk of lead exposure, asbestos, noise exposure, Repetitive Strain Injury (RSI). Indoor workers may be exposed to RSI and stress as it relates to work. Horizon has policies specifically dealing with these issues: Health & Safety Policy, Healthy Workplace Policy, Respiratory Policy, Lead Control Policy, Hearing Conservation Policy.</p> <p>On Family Day, Horizon offers all its workers and their family members free testing for blood pressure, bone density, and other related medical tests. Horizon also has a Wellness Committee and an Ergonomic Committee that are active and work to assess and prevent illnesses/injuries and an Employee Assistance Program available for all employees that provides access to counseling and related services.</p>									
<p>LA9 - Health and safety topics covered in formal agreements with trade unions.</p> <p>Answer: Horizon's collective agreement with its trade union, Local Union 636 of the International Brotherhood of Electrical Workers (IBEW), is comprehensive and covers all relevant health and safety topics. For example, some articles in the agreement cover: Grievance and arbitration procedures, safety & human rights policies, clothing/tools/equipment, and new technology.</p>									

LA10 - Average hours of training per year per employee by employee category.	
Answer: Average hours not available. Horizon Utilities has recently installed a new software platform that is intended to keep track of this metric going forward. There were 9,502 total employee training hours in 2008 and 4,708 in 2007.	
LA11 - Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	
Answer: 2.1 Do employee training or assistance programs to upgrade skills provide any of the following?	
Internal training courses	Yes
Funding support for external training or education	Yes
The provision of sabbatical periods with guaranteed return to employment	No
2.2 Do transition assistance programs to support employees who are retiring or who have been terminated provide any of the following:	
Pre-retirement planning for intended retirees	Yes
Retraining for those intending to continue working	No
Severance pay	Yes
If severance pay is provided, does it take into account employee age and years of service	Yes
Job placement services	Some Levels Only
Assistance (e.g., training, counseling) on transitioning to a non-working life	Yes
LA12 - Percentage of employees receiving regular performance and career development reviews.	
Answer: 100% of full-time permanent employees receive annual performance reviews.	
LA13 - Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	
Answer: No statistics kept on minority groups. Age and gender statistics only. Governance body composition refers to the Horizon Utilities Board of Directors.	
Employees by category, gender, age as of Dec. 31/08 (Note: seasonal, temporary not included).	
Category	# Employees
Executive	7
Director	8
Manager	16
Supervisor	21
Professional/Admin	30
Contract non-union	3
Union	266
Total	351
	% of Employees
Gender	Female: 31%; Male: 69%
Minority groups	Not available
Age groups	Under 30: 8%; 30-50: 66%; Over 50: 26%
Governance body composition	% of Individuals within Governance Bodies
Gender	Female: 20%; Male: 80%
Minority groups	Not available
Age groups	Under 30: 0%; 30-50: 33%; Over 50: 66%
Horizon Utilities is an equal opportunity employer.	

LA14 - Ratio of basic salary of men to women by employee category.	
Answer: Horizon Utilities complies with Ontario's Pay Equity Act and maintains compensation equity for its employees.	
EU14 – Programs and processes to ensure the availability of a skilled workforce.	
Answer: Horizon Utilities is taking a proactive approach to the prospect of a shortage of professionals.	
<ul style="list-style-type: none"> • Education Sponsorship: In the interest of encouraging employees to upgrade and continue their education in job-related courses, Horizon's tuition reimbursement policy contributes towards the cost of tuition fees for job-related courses undertaken by employees at recognized educational institutions. It is applied on the following basis: <ul style="list-style-type: none"> ○ Employees with six months or more service with Horizon Utilities are eligible to apply for this reimbursement. ○ Courses may be taken at an accredited College, University, Trade School, Continuing Education Program or other Horizon Utilities approved institution. • Engineer Intern Program: See Sustainability-Based Annual Report, pg. 15, available at: www.horizonutilities.com • Horizon attends University and College job fairs and solicits primarily with focus on specific skills it has identified as challenging to recruit, such as engineering. 	
EU15 – Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and region	
Answer:	
<ul style="list-style-type: none"> • Region: Not available. 	
Employee Retirement eligibility, next 1-8 years	
Selected job categories/departments	% Employees Eligible to retire within 1-8 years
Executive	14%
Manager	25%
Supervisor	28%
Director	12%
Professional/Admin	33%
IT	33%
Regulatory	0%
Finance	0%
Supply Chain	42%
Overhead	20%
Underground	30%
Capital Projects	30%
Facilities/Substations	27%
Network Planning & Operating	28%
EU16 – Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	
EU17 – Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	
EU18 – Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	
Answer: Horizon Utilities used 1,552 different suppliers and contractors between 2006 and 2008.	
Summary of the ten largest contractors (by volume of work performed) by Horizon in 2008:	
<ul style="list-style-type: none"> • High voltage contractor • 2 tree maintenance companies • 2 trenching companies 	

- Industrial services company
- Power lines company
- Landscaping/snow removal contractor
- Meter services company
- Building maintenance company

All (100%) contractors and subcontractors working for Horizon Utilities must provide Horizon with their company's health and safety policy. These policies are analyzed by Horizon staff in deciding whether to conduct business with the contractor. Contractors and subcontractors also must sign-off on Horizon's Contracted Work - General Commercial Conditions Policy and Health & Safety Orientation Program Policy, and Health and Safety Commitment. For those contractors working on jobs specific to power lines and direct electricity work, all must: (1) show proof of membership in the Electrical & Utilities Safety Association (E&USA), (2) have Health and Safety commitment training, and (3) provide their insurance policies and related Workplace Safety and Insurance Board (WSIB) material to Horizon. All contractors must provide proof of WSIB & insurance, regardless of the service they provide to Horizon. There are also other Horizon safety policies that may apply to contractors and subcontractors such as Horizon's Work Near Energized High Voltage Overhead Policy and our Health & Safety Commitment. Horizon's Outside Contractor's office goes through an orientation package with each contractor hired, no matter the service provided.

Human Rights:

(HR1 to HR9; EU metric commentary)

<p>HR1 - Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening</p>
<p>Answer: Under applicable human rights laws in Canada and Ontario (e.g., Canadian Charter of Rights and Freedoms, Ontario Human Rights Code), all business must engage in ethical human rights practice. HHI does not have a set policy for human rights screening for investment projects because all investment projects are conducted within Canada and all investment projects are already subject to Canada's strict human rights codes. With this said, there were no significant investment agreements finalized during the reporting period that either moved the organization into a position of ownership in another entity or initiated a capital investment project material to financial accounts.</p>
<p>HR2 - Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.</p>
<p>Answer: As with HR1, all businesses in Canada and Ontario are subject to the same human rights law and HHI, Horizon Utilities and HESI do not perform businesses outside Canada. As such, Horizon Utilities does not currently have a supplier/contractor policy which selects contractors and suppliers based on a human rights screening process.</p>
<p>HR3 - Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</p>
<p>Answer: Horizon Utilities educates all employees upon hiring in regards to our Discrimination and Harassment in the Workplace Policy, Rights & Responsibilities of Workplace Parties Policy, and Health and Safety Policy, which cover relevant aspects of human rights issues for employees.</p>
<p>HR4 - Total number of incidents of discrimination and actions taken.</p>
<p>Answer: No incidents of discrimination or harassment resulting in legal action were recorded in 2008. Through the procedures of its Harassment and Discrimination Policy, HHI and Horizon Utilities did receive complaints in 2008 that were investigated internally. The complaints were determined to be unfounded and were not pursued further by the complainants.</p>
<p>HR5 (and EU) - Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.</p>
<p>Answer: As with HR1 and HR2, HHI is subject to Canadian and Ontario law on matters of the right to exercise freedom of association or collective bargaining. HHI respects freedom of association and the right of collective bargaining. Moreover, Canada is a signatory to International Labour Organization (ILO) Convention #87, the Association and Protection of the Right to Organize Convention, 1948. Horizon Utilities has a strike plan that covers specific actions to be taken in order to maintain service levels and minimize outages/duration of outages in the event of a strike. There are two key objectives:</p> <ol style="list-style-type: none"> 1) Ensuring the safety of all employees 2) Mitigating the impact of a labour disruption while maintaining essential services to customers in a safe, reliable manner.

<p>HR6 - Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.</p>
<p>Answer: Similar to HR1 and HR2, HHI operates solely in Canada and, as such, complies with provincial and federal comprehensive anti-child labour laws and agreements. Moreover, Canada is a signatory to ILO Convention #182, Worst Forms of Child Labour Convention, 1999. Horizon's summer student work program employs young men and women who are at least 18 years of age and also enrolled in or entering college or university.</p>
<p>HR7 - Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.</p>
<p>Answer: HHI and its subsidiaries operate solely in Canada. As such, they comply fully with Canada's federal and provincial anti-compulsory labour laws.</p>
<p>HR8 - Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.</p>
<p>Answer: HHI does not employ any security staff directly. Security services are provided by a third-party. The contract security staff is trained on security patrol routes, site specifics, and emergency evacuation procedures. They are not trained in human rights issues.</p>
<p>HR9 - Total number of incidents of violations involving rights of indigenous people and actions taken</p>
<p>Answer: HHI does not operate in areas that have impact on indigenous populations. As such, no incidents have occurred.</p>

Society:

(SO1-SO8, EU19 to EU22; EU metric commentaries)

<p>SO1 (and EU) - Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.</p>
<p>Answer: Horizon Utilities only operates in the communities of its shareholders, where it is licensed to operate by the Ontario Energy Board. HESI is a nascent business enterprise. As such, no such programs currently exist. On a neighbourhood level, community members are informed beforehand if Horizon Utilities is going to be working locally. Since impacts are minimal at an operational level, and site rehabilitation is part of work practices, no programs are in place to assess impacts.</p>
<p>SO2 - Percentage and total number of business units analyzed for risks related to corruption</p>
<p>Answer: HHI, Horizon Utilities and HESI do not have a formal risk assessment focused on corruption. Horizon Utilities has a number of corporate policies in place, however, to address corrupt practices, including: Whistleblower Policy; Code of Conduct; and Purchasing Policy.</p>
<p>SO3 - Percentage of employees trained in organization's anti-corruption policies and procedures</p>
<p>Answer: All Horizon Utilities employees are trained in relevant policies and procedures that relate to anti-corruption upon hiring, such as Horizon's Whistleblower Policy, Code of Conduct, and Purchasing Policy.</p>
<p>SO4 - Actions taken in response to incidents of corruption.</p>
<p>Answer: No incidents of corruption occurred from 2006-2008.</p>
<p>SO5 - Public policy positions and participation in public policy development and lobbying.</p>
<p>Answer: HHI, Horizon Utilities and HESI have not taken public policy positions and engaged in participation in public policy development and lobbying where it has taken a formal position or engaged in activities where participation has been formally recognized, which is the criteria for this question, but Horizon's CEO is active in many public policy matters in the industry associations to which Horizon belongs. Horizon Utilities has taken formal positions in regulatory policy matters before the Ontario Energy Board.</p>
<p>SO6 - Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.</p>
<p>Answer: Horizon Utilities, as a regulated and municipally-owned utility, does not contribute to political parties or related institutions. HESI, although unregulated, also does not contribute in any form.</p>
<p>SO7 - Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.</p>
<p>Answer: HHI, Horizon Utilities and HESI have had no anti-competitive behavior legal actions, and no violations of anti-trust and monopoly legislation in 2006, 2007 or 2008.</p>
<p>SO8 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.</p>
<p>Answer: HHI, Horizon Utilities and HESI were not subject to any fines or non-monetary sanctions for non-compliance with laws and regulations from 2006-2008.</p>

<p>EU19 – Stakeholder participation in the decision making processes related to energy planning and infrastructure development.</p>
<p>Answer: See Sustainability-Based Annual Report, page 17 (“Working with Developers”, “Community Partners”) at: www.horizonutilities.com Horizon Utilities engaged in extensive stakeholder engagement in 2008 for a merger between itself and Guelph Hydro Electric Systems Inc., but the merger did not materialize.</p>
<p>EU20 - Approach to managing the impacts of displacement</p>
<p>Answer: Horizon Utilities’ business operations to date have not involved any instances of involuntary displacement. The nature of Horizon Utilities’ operations is such that it is highly unlikely involuntary displacement will occur. (Most work is performed in road allowances and there are no large scale construction projects, or transmission and generation facilities). HESI’s business operations are currently limited to services and would involve no displacement of any land.</p>
<p>EU21 - Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/restoration plans.</p>
<p>Answer: The Independent Electricity System Operator (IESO) mandates that all Ontario LDCs, including Horizon, must have emergency/disaster plans and a copy must be sent to the IESO annually. Without a plan, an LDC risks losing its distribution license. Horizon Utilities’ emergency management plan, known as its Emergency Operating Plan, is comprehensive and includes links to other community stakeholders in the event of disaster/emergency. Administering the plan is the responsibility of an internal committee, the Emergency Control Group, which includes employees from multiple departments. Horizon tests its plan once a year with the assistance of the IESO, which provides test scenarios. Horizon also participates with the City of Hamilton in its emergency planning exercises. Similar efforts are underway with the Region of Niagara, the upper-tier government for St. Catharines and the whole of Niagara Region. In the event of serious event, the Horizon plan has detailed orders in place to provide for constant communication and involvement from other outside organizations, such as the cities of Hamilton and St. Catharines and the IESO. In terms of liaising with the community and affected large industrial customers, press releases would be sent out on a regular basis to keep the community informed. If this method is not available, communication would be sent out by all available means. Large industrial customers would be notified and subject to rotational load shedding in order to ensure electricity service is maintained for essential customers, also known as ‘priority loads’, such as municipal water treatment facilities. In terms of ensuring back-up supply and service continuity in the event of an emergency, Horizon has back-up generators installed at its four main operating centres,</p>
<p>EU22 - Number of people physically or economically displaced and compensation, broken down by type of project.</p>
<p>Answer: Not applicable – HHI has no transmission lines or generation facilities.</p>

Product Responsibility:

(PR1 to PR9, EU23 to EU30; EU Metric Commentaries)

<p>EU23 - Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.</p>		
<p>Answer: See Sustainability-base annual report, 'Community Responsibility' section.</p>		
<p>EU24 - Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.</p>		
<p>Answer: Horizon Utilities' customer representatives are trained to assist customers in making connections with social agencies in Hamilton and St. Catharines that are able to address barriers in communication that arise.</p>		
<p>PR1 (and EU) - Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. In each of the following life cycle stages, report whether the health and safety impacts of products and services are assessed for improvement:</p>		
	Yes	No
Development of product concept	Not Applicable	Not Applicable
R&D	Not Applicable	Not Applicable
Certification	Not Applicable	Not Applicable
Manufacturing and production	Not Applicable	Not Applicable
Marketing and promotion	X	
Storage distribution and supply	X	
Use and service	X	
Disposal, reuse, or recycling	Not applicable	Not applicable
<p>Not applicable was used above because HHI does not manufacture/ develop/ or conduct research and development on any products it provides. In the case of Horizon Utilities, the main product – electricity – is not manufactured (generated) by Horizon, but distributed. In the case of HESI, the main products – water heaters, sentinel lights – are not manufactured by HESI, but provided to customers by HESI. Further, electricity itself is not disposed/reused/recycled by Horizon Utilities (the consumer consumes it), and HESI has an outside contractor dispose of water heaters/sentinel lights.</p> <ul style="list-style-type: none"> • A 'Yes' answer was marked for "marketing and promotion" because Horizon Utilities does promote electrical safety to its customers and warns of its potential dangers of the electricity it distributes through regular public education campaigns. • A 'Yes' answer was marked for "storage distribution and supply" because Horizon constantly tests and audits the safety and reliability of its assets which deliver the electricity (poles, wires, transformers, etc.) to customers. Similarly, HESI has measures in place to ensure the full safety and reliability of its products before they are rented out to the community. • A 'Yes' answer was marked for "use and service" because Horizon Utilities promotes conservation programs encouraging responsible use of electricity and promotes in-depth and mandatory health and safety programs in place for its employees who provide the service of electricity. 		
<p>PR2 - Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.</p>		
<p>Answer: No incidents from 2006-2008.</p>		

<p>EU25 - Number of injuries and fatalities to the public involving company assets including legal judgments, settlements and pending legal cases of diseases.</p>			
<p>Answer: No fatalities;</p>			
<p>Personal Injury Claims, 2007-2008 – Horizon Utilities</p>			
Year	# Claims		
2008	2		
2007	2		
<p>Note: Figures are for claims settled or currently in litigation.</p>			
<p>PR3 - Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements</p>			
<p>Answer: Not applicable. For Horizon Utilities, the product (electricity) is distributed by Horizon only. This is the same for HESI, whose products (water heaters, sentinel lights) are distributed only. For discussion on steps taken to ensure the distribution of these products is safe for all involved (employees, public), please see PR1.</p>			
<p>PR4 - Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.</p>			
<p>Answer: HHI has not identified any non-compliance with regulations and voluntary codes from 2006-2008.</p>			
<p>PR5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</p>			
<p>Answer: Horizon Utilities conducts yearly customer satisfaction surveys, administered by an independent consulting firm. This is a company initiative, one that is not mandated by the Ontario Energy Board or the Ontario government. The methodology is to randomly select customers to complete a telephone interview of standard questions.</p>			
<p>The following two tables reflect key components of Horizon’s customer satisfaction results:</p>			
Satisfaction with local electricity utility that supplies the electricity you use	Horizon Utilities	National	Ontario
2008	89%	87%	86%
2007	86%	88%	84%
2006	84%	84%	82%
2005	82%	89%	79%
Attributes of a hydro utility’s image (Agree ‘strongly’ + ‘somewhat’) - 2008	Horizon Utilities	National	Ontario
Provides consistent, reliable energy	93%	92%	91%
Keeps customers well informed	84%	81%	82%
Customer-focused and treats customers as if they’re valued	73%	74%	70%
<p>Source: Simul Corporation – confidential reports.</p>			
<p>PR6 - Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.</p>			
<p>Answer: See Horizon Utilities’ Communications Policy, available on the Horizon Utilities website at www.horizonutilities.com</p>			
<p>Horizon has no codes or voluntary standards relating to marketing communications applied across the organization, with the exception of full adherence to the communications policy noted above. Compliance to the communications policy is not reviewed on a set basis – it is permanently enforced.</p>			
<p>PR7 - Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.</p>			
<p>Answer: Not applicable – see PR6 for explanation</p>			

<p>PR8 - Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</p>			
<p>Answer: No complaints noted between 2006 and 2008.</p>			
<p>PR9 - Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</p>			
<p>Answer: HHI has not identified any non-compliance with laws or regulations from 2006-2008.</p>			
<p>EU26 - Percentage of population unserved in licensed distribution or service areas</p>			
<p>Answer: Ontario is an advanced industrial economy and Horizon Utilities' service territory is largely urban and developed. Under Ontario Energy Board codes, distributors like Horizon have an obligation to connect customers. In this circumstance, all customers would have connections that want to have connections.</p>			
<p>EU27 – Number of residential disconnections for nonpayment, broken by duration of disconnection and by regulatory regime.</p>			
<p>Answer: Disconnections and Reconnections, Hamilton 2006-2008 – Horizon Utilities</p>			
Year	Disconnections		Reconnections
	Residential	Commercial	
2006	8246	353	7182
2007	7027	435	6791
2008	6612	271	6279
<p>Disconnections and Reconnections, St. Catharines 2006-2008</p>			
Year	Disconnections		Reconnections
	Residential	Commercial	
2006	1861	40	1804
2007	1982	24	1922
2008	1877 total		1758
<p>NB: There are a greater number of disconnects than reconnects shown because many of the people that fall into the categories above are tenants that tend to move following the disconnection of power. When/if the power is re-instated at a later date, it is no longer a reconnect – since it is a new customer, it is considered a new connect.</p>			
<p>EU28 - Power outage frequency</p>			
<p>EU29 - Average power outage duration</p>			
<p>Answer: See EU6</p>			
<p>EU30 - Average plant availability factor by energy source and by regulatory regime</p>			
<p>Answer: Not applicable – generation specific.</p>			

Appendix: Horizon Utilities Service Territory Maps



