

# FINDING NEW VALUE IN OUR BUSINESSES

Sustaining and boosting the performance of our businesses depends on our ability to continually improve the way we do things.



Bristol Water is implementing a systems modernization program that is saving money, making better use of resources, improving service to customers and lowering risk.

## \$843,000

Additional revenue generated by Whitecourt in 2012 through the sale of renewable energy credits.

It takes active management to turn good businesses into great ones that consistently deliver value to shareholders.

Every year, we undertake a rigorous strategic planning process and work side by side with the management teams at our businesses to identify new ways to increase value, whether it is finding a different revenue stream or achieving new efficiencies.

In 2012, Whitecourt sold renewable energy credits and recorded an additional \$843,000 in revenue as a result. Whitecourt's green attributes offer the potential for revenue growth in the future as companies increasingly seek to manage and reduce their carbon footprints. We continually assess opportunities for similar initiatives at our other renewable power facilities.

Comprehensive maintenance is another component of value creation because it helps to ensure that our power facilities consistently perform at a high level. In 2012, Cardinal, which runs on a six-year maintenance cycle, achieved a milestone for its Siemens gas turbine, which is a fleet leader globally: 150,000 hours of operations. This accomplishment reflects the reliable design of the turbine as well as the positive effect of regular preventative maintenance. Cardinal's active approach to maintenance has also bettered the facility's heat rate, which enhances efficiency.

For any business, continuous improvement and cost management are key drivers of performance and returns to shareholders.

At Erie Shores, in 2012 the team completed a gear box oil exchange program to introduce a new product that provides superior lubrication and wear protection, resulting in a significantly longer service life and reducing the total number of oil changes — and related costs — expected to be required over the life of the facility.

At Bristol Water, the team is currently executing an enterprise-wide program to modernize systems, achieve new operating efficiencies and deliver customer service improvements. The project has resulted in more robust capital expenditure, project and asset management processes, and includes a new information technology system that streamlines and enhances various operational and back-office functions. As a result, Bristol Water is saving money, making better use of resources, responding more effectively to customers and lowering risk as it strengthens its platform for continuing growth.

At Capstone, we believe that managing value for shareholders requires broad thinking about our company's resources and how they can be used to create value — for today and tomorrow.

**“CAPSTONE WORKS SIDE BY SIDE WITH THE MANAGEMENT TEAMS AT OUR BUSINESSES TO FIND NEW WAYS TO INCREASE VALUE.”**