

August 12, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Via website and by courier

Dear Ms. Walli:

**Re: Board File No. EB - 2010- 0379
Performance Measurement and Continuous Improvement for Electricity Distributors**

The Electricity Distributors Association (EDA) is the voice of Ontario's 75 local distribution companies (LDCs). The EDA would like to thank the Ontario Energy Board (OEB) for giving the opportunity to provide comments on this important initiative.

Too Many Metrics on Scorecard

While the measures proposed for the scorecard do demonstrate a distributor's performance, there are too many of them and all are not meaningful to consumers. There are a total of 29 measures proposed to be displayed on the scorecard which may be meaningful from the Board's perspective of its oversight of distributor obligations but may have limited value for consumers.

Providing too much information on the scorecard could lead to consumer confusion. The measures for the scorecard should be chosen based on the target audience, i.e., whether the scorecard should be tailored to the regulator, intervenors, distributors, or consumers. The OEB and the intervenors have complete access to the distributors' data and understand it well for the purpose of oversight. However, the average consumer does not understand the distributors' data well enough to draw meaningful conclusions. The scorecard should be simple to read and easy to understand if it is to be meaningful to the majority of consumers. Therefore, the measures for the scorecard should be chosen on the basis that they are easily understood by consumers first and then for the benefit of the OEB and the intervenors second.

We recommend that, for the four outcomes, there should be no more than seven to eight measures that clearly indicate the performance and continuous improvement of the distributor.

Assessing performance outcomes -Customer Focus

There are seven customer-focused measures being proposed on the scorecard that indicate a distributor's performance. We understand and support the continued need for distributors to report to the OEB on the electricity service quality requirements (ESQRs). However, in the context of the above recommendation to reduce the number of scorecard metrics, the EDA submits the following:

- The measure "Appointments Scheduled" eventually gets captured in "Appointments Met". Therefore the EDA proposes to eliminate the "Appointments Scheduled" measure from the scorecard as the subtle difference between these metrics would not be appreciated by customers.
- The measure "Telephone Accessibility" reports if a distributor's customer care telephone number is answered within the 30 second time period or not. We believe the 30 second metric should not be the focus as distributors report "Telephone Calls Abandoned", calls answered versus coming into the queue, etc. Therefore, we recommend dropping this measure from the score card.

With respect to ESQR performance standards set by the OEB, we believe they continue to be appropriate for the present and may be reviewed at some point in the future as the quality of reported data improves.

Customer Satisfaction Survey

Whether such a survey is to be undertaken locally by each distributor, or is to be undertaken centrally by the OEB, would depend on the use of the results of such a survey. If the results of the survey are intended to compare distributors, then a centrally administered survey by the OEB would be useful. On the other hand, if the results of the survey are expected to be used for measuring continuous improvement of distributors in addressing local consumer concerns, distributor-conducted surveys would be useful. However, the results of locally-administered surveys would not be comparable across distributors.

Therefore, we recommend that the OEB conduct a centralized survey annually across the province if it determines that the results of the survey are to be comparable across distributors. In this event, distributors will continue to have the discretion to conduct their own surveys, if desired, for the purpose of understanding and addressing local customer satisfaction and concerns.

However, if the OEB determines that the results of the survey need not be comparable but are to be used to address customer concerns locally, we recommend that the distributors be given the discretion to conduct surveys locally.

We support the staff recommendation that the survey should canvass customer satisfaction in the key areas of: power quality and reliability; price; billing and payment; communications; and the customer service experience. Further, we believe that some form of standardization of survey questions would be helpful in establishing a common framework for the survey. The EDA would like to offer the assistance of its Councils (Regulatory and Communicators Councils) to work with OEB staff in designing standardized questions for each component of the survey. We also suggest that the Board establish a minimum sample size and a minimum statistical confidence level for evaluating the results of the survey.

Assessing performance outcomes -Operational Effectiveness

There are a total of eleven measures being proposed in the category of "Overall cost performance" under three separate sub categories, namely Total Cost Benchmarking, OM&A Cost, and Net Plant Cost. Since the OEB is moving away from benchmarking of OM&A costs towards total cost bench marking, it makes sense to use only total cost measures to track distributors' performance rather than including separate cost measures of OM&A and Net Plant costs on the scorecard. Net plant cost metrics are also not useful for comparing distributors across the sector as distributor capitalization policies may vary.

Further, measures such as adjustments made to total costs for high voltage and low voltage service; efficiency assessment metric of PEG-recommended cohort ranking; econometric benchmarking; and unit cost/peer group bench marking are not easily comprehensible for consumers. Therefore, we recommend using simple measures such as total distributor costs per consumer; per KWh delivered; and per circuit km of line.

Assessing performance outcomes -Financial Performance

Displaying financial ratios such as current ratio or debt equity ratio on the scorecard is not meaningful for consumers. Similarly, the regulatory return on equity is also not an easy metric to comprehend and such data would not be easily understood by consumers. Consumers care about whether their distributor is financially viable or not. Therefore, we recommend that the distributor simply state "yes" or "no" to indicate whether or not the company is financially viable based on the current off-ramp trigger mechanism of ± 300 basis points relative to the Regulatory Return on Equity. Distributors currently report their regulated ROE on the annual RRR filing. If the achieved regulatory return is less than 300 basis points of the ROE built into base rates, then the company could be deemed to be financially not viable.

In view of the above, we recommend removing the following measures from the proposed scorecard:

- Appointments Scheduled
- Total Costs - Adjustment to Costs for High Voltage Service
- Total Costs - Adjustment to Costs for Low Voltage Service
- Total Costs - Efficiency Assessment (Cohort Ranking I through V)
- Total Costs - Econometric Benchmarking (Cost performance significantly superior, average, or significantly inferior)
- Total Costs - Unit cost/peer group benchmarking (Quintile Ranking 1 through 5)
- OM&A cost - per Customer
- OM&A cost - per kWh Delivered
- OM&A cost - per Circuit Km of Line
- Net Plant Cost - per Customer
- Net Plant Cost - per kWh Delivered
- Net Plant Cost - per Circuit Km of Line
- Profitability - Regulatory Return on Equity

The EDA looks forward to working with the OEB in this regard.

Yours sincerely,



Teresa Sarkesian
Vice President, Policy and Government Affairs

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