

August 12, 2013

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

Re: Staff Report to the Board on Performance Measurement and Continuous Improvement for Electricity Distributors (EB-2010-0379)

Dear Ms. Walli,

Entegrus Powerlines Inc. (“Entegrus”) is appreciative of the opportunity to provide stakeholder comments in relation to the Board Staff’s recommendations with respect to the development of an electricity distributor Scorecard, along with the associated performance standards and measures.

Entegrus supports the implementation of electricity distributor Scorecards, while recognizing that there are many legitimate reasons why a comparison of distributors can never be absolutely precise. Examples of key variations amongst distributions include: system design, service territory size, weather and urban/rural distribution. Normalization may never completely adjust for these variations. However, the fact that any specific benchmarking methodology will be inherently imperfect should not preclude usage as a tool for continuous improvement.

In its letter of July 4, 2013, the Board indicated that it would be assisted by comments in response to specific questions. Entegrus has included its comments to these specific questions herein.

- 1. The existing service quality requirements (whether as mandatory requirements or as reported indicators) have been in place for a number of years. Do the prescribed performance standards set by the Board for distributors continue to be appropriate? Why? Why not?**

Response:

Entegrus believes that the current performance standards remain appropriate and can be complimented by further measures. The historic standards continue to measure vital areas of service quality and provide a valuable baseline period of accumulated information history for the industry.

2. **If Board Staff's recommended approach were implemented:**
- a. **How might the sharing of information amongst distributors be facilitated to encourage "good survey practices"?**
 - b. **How would the Board know that a distributor's survey has been designed and implemented following "good survey practices"?**

Response:

- a. Entegrus proposes that "good survey practices" would be best shared amongst distributors in the context of a comprehensive Customer Service best practices conference. It is suggested that this conference and its content could be developed by the Board in concert with the Electrical Distributors' Association ("EDA").
 - b. Entegrus proposes that the Board provide a one page checklist detailing the minimum requirements for "good survey practices". This checklist of practices could be designed by a Working Group, or leveraged from existing material from other industries. Where a third party survey provider is engaged by a distributor, the completed checklist could be complimented by a letter from the survey provider further outlining the steps and process undertaken.
3. **The Staff Report notes that the results of locally undertaken customer satisfaction surveys may not be readily comparable across distributors. What are the implications, if any, of customer satisfaction surveys not being comparable across distributors?**

Response:

Entegrus agrees that under the approach outlined in the Board Staff report, customer satisfaction surveys will not be comparable. This will result in variations between distributors in terms of survey timing, delivery, scoring and sampling. Accordingly, Entegrus recommends that customer satisfaction metric results initially appear on the Scorecard as "memo items" for monitoring purposes. These items could remain under memo (or monitoring) status until such time as it is determined whether sufficient baseline data and experience is available to develop a standardized survey methodology and targets.

It is recognized that there will be a natural tendency for stakeholders to want to make comparisons across distributors despite the denotation of customer satisfaction as memo status. Therefore it is recommended that the Board add disclosure on the Scorecard specific to the customer satisfaction measure, cautioning that there are variations in measurement methodologies amongst distributors and that results may not be suitable for comparative purposes.

- 4. To help the Board understand distributors' existing practices, the Board asks all distributors to provide with their written comments an overview of how they conduct their customer satisfaction surveys.**

Response:

In 2008, Entegrus conducted a telephone-based survey of a random sample of customers across its entire customer base, as administered by Simul/UtilityPULSE. Interviewers contacted a random stratified sample of 1,852 households and businesses. A total of 632 customers completed the survey interview, representing respondents who paid or looked after electricity bills. Measures included overall customer satisfaction, corporate image as well as satisfaction in a number of key service delivery areas.

In the fall of 2011, Entegrus conducted a predominantly on-line survey of a random sample of all customers as administered by Sentiens Research. Entegrus' customers were invited, through an insert in their monthly bill, to participate in a 10-minute online questionnaire. Further, where email addresses were available, email invitations were sent, and a link to the survey was also posted on the Entegrus website. Customers could also participate by filling out a hard-copy survey which was available by visiting or calling the Entegrus offices. A total of 1,954 completed valid surveys were received, yielding a participation rate of slightly under 5%. Measures included overall customer satisfaction, specific attributes valued by customers in an electricity distributor, as well as satisfaction in a number of key service delivery areas.

Entegrus plans to launch transactional surveys shortly and is currently in the process of engaging a service provider. Measures will include overall customer satisfaction, 1st Contact Resolution and satisfaction in a number of key service delivery areas.

- 5. If Board Staff's recommended approach were implemented, how might the sharing of information amongst distributors be facilitated to encourage the pursuit of "best practices" in relation to 1st Contact Resolution?**

Response:

As noted above under 2(a), Entegrus proposes that "best practices" sharing would be best accomplished in the context of a comprehensive Customer Service best practices conference. It is suggested that the content for this conference could be developed by the Board in conjunction with the Electrical Distributors' Association ("EDA").

- 6. To help the Board understand distributors' existing practices, the Board asks distributors that currently measure 1st Contact Resolution to provide an overview of their approach in their written comments.**

Response:

Currently, Entegrus does not measure 1st Contact Resolution. Entegrus plans to launch transactional surveys and is currently in the process of engaging a service provider. Measures will include overall customer satisfaction, 1st Contact Resolution and satisfaction in a number of key service delivery areas.

- 7. To help the Board understand distributors' existing practices, the Board asks distributors that currently measure Billing Accuracy to provide an overview of their approach in their written comments.**

Response:

Entegrus currently measures Billing Accuracy using the metric “% of Bills Cancelled and Re-Issued”. The numerator for this metric is the number of electricity bills re-issued in a month and the denominator is the number of electricity bills issued in the month.

While there is the capacity within Entegrus' Northstar CIS system to measure re-issuances using reason codes, at the current time this metric is tracked manually using spreadsheets. This method is primarily used in order to be able to segregate electricity bill re-issuance from water bill re-issuance.

- 8. Should the Board's allowed ROE be included as a “target” on the Scorecard? Why?**
- a. If the Board's allowed ROE were included on the Scorecard, which value would be appropriate: the recent value determined by the Board in its annual Cost of Capital Parameter Update (e.g. in the illustration of Board Staff's recommended Scorecard, this would be the value for 2011); or the value of the ROE that is embedded in the distributor's base rates? Please provide a rationale for your response.**

Response:

Entegrus believes that there is value in stakeholder visibility to the allowed return rate embedded in a distributor's base rates, and the fact that allowed return can vary dependent upon capital parameters at the time of re-basing. Accordingly, Entegrus recommends that ROE that is embedded in a distributor's base rates be include as a memo item (rather than as a target item) on the Scorecard with cautionary disclosure, similar to the customer service satisfaction measure is described above under #3.

- 9. The Scorecard has to be relevant and meaningful to all, including consumers. How might the results presented on Board Staff's recommended Scorecard be summarized in a manner that might be most easily understood by consumers?**

Response:

Entegrus believes that a Scorecard is inherently a summary, and therefore no further summarization should be needed for consumers. Rather, an accompanying detailed reference page could be added to provide additional context for consumers.

While supportive of this initiative, it is noted that the current draft Scorecard contains 29 measures (or data points). Entegrus submits that this represents too many measures. In creating the Balanced Scorecard, Kaplan and Norton advocated four perspectives (here shown as Customer Focus, Operational Effectiveness, Public Policy Responsiveness and Financial Performance) with a small number of measures spread across them. Performance measures should focus on those outcomes that are most critical to achieving the goals of the Renewed Regulatory Framework. As noted in a recent Certified Management Accountants (“CMA”) of Canada publication: “The prevalence of a great many and detailed measures often runs the risk of dysfunction. The measures prompt behavior that is actually inconsistent with the overall objectives...”¹

Entegrus believes that the Scorecard design could be strengthened by reducing the number of measures, particularly by collapsing or reducing some of the current 14 Overall Cost Performance measures shown under the Operational Effectiveness section of the Scorecard. These specific measures tend to replicate one another, which may magnify the results on the overall picture.

Lastly, Entegrus submits that a distributor’s trend results on the Scorecard would be complimented by a column showing the relevant industry trend. This would serve to demonstrate whether there was a common factor that was causing a majority of the distributors to trend upward or downward. It is suggested that there may be benefit to basing the industry trend indicator on peer groups, recognizing comparable between distributors with similar inherent circumstances.

Entegrus re-iterates its support for this initiative. If you have any questions, please do not hesitate to contact me.

All of which is respectfully submitted,

[Original Signed By]

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¹ “Designing and Implementing a Performance Measurement System”, Maurice Gosselin, 2010, page 36