



August 12, 2013

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

Re: Performance Measurement and Continuous Improvement for Electricity  
Distributors  
Board File No. EB-2010-0379  
AMPCO's Comments on Staff Report to the Board

Dear Ms. Walli:

On October 18, 2012, the Board released its "Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach" (the "RRFE Report") and announced the four key consultation activities that would be undertaken for the purposes of implementing the policies set out in the RRFE Report.

The Board Report sets out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that will benefit existing and future customers; will align customer and distributor interests; will continue to support the achievement of important public policy objectives; and will place a greater focus on delivering value for money. Under this approach, a distributor will be expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

A Performance Benchmarking working group commenced in October 2012 to assist Board Staff on the performance-related matters identified in the RRFE Report. AMPCO appreciated the opportunity to participate on the Working Group and contribute to Board Staff's recommendations. On July 4, 2013 the Board released a Staff Report on Performance Measurement and Continuous Improvement for Electricity Distributors and invited written comments on all of Board Staff's recommendations in the report. Below please find AMPCO's comments on Board Staff's Report.

### **AMPCO's Comments**

To facilitate performance monitoring and distributor benchmarking the Board stated in the RRFE Report that it will use a Scorecard approach to link directly to the performance outcomes and distributors will be required to report their progress against the Scorecard on an annual basis. The proposed measures put forward on the Scorecard for comment were selected to reflect a distributor's effectiveness and /or continuous improvement in achieving the four performance outcomes as set out in the RRFE Report: Customer Focus, Operational Effectiveness, Public Policy Responsiveness and Financial Performance.

### **Customer Focus**

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Board Staff recommends seven customer focus measures on the Scorecard (four service quality measures & three customer satisfaction measures).

#### Existing Service Quality Requirements

The Board currently monitors customer satisfaction through a number of existing quantitative measures. AMPCO supports Board Staff's recommendation that the Board's existing four quantitative service quality measures and standards for Connection of New Services; Appointments Scheduled; Appointments Met; and Telephone Accessibility be included on the Scorecard. AMPCO also supports Board Staff's position that in addition to quantitative measures, a qualitative customer satisfaction measure (i.e. a customer survey) should be on the Scorecard to capture the customer's voice and reflect the customer's satisfaction with the distributor's services.

#### Customer Satisfaction

In the Staff Report, Board staff recommends that all distributors survey customer satisfaction and that distributor customer satisfaction surveys be centrally guided by the Board and undertaken by the distributors. Board Staff also recommends that distributors be expected to follow good survey practices.

AMPCO agrees that the Board should not conduct market research on behalf of distributors as it is logical and appropriate that it should be the responsibility of each distributor to obtain distributor-specific information on customer preferences and local concerns in order to understand what their customers value. However, AMPCO supports a common framework for the surveys that would be centrally guided by the Board. To this end AMPCO submits that the Customer Satisfaction Survey measure requires further development. AMPCO submits a formal definition and consistent understanding of "good survey practices" should be developed by the Board to guide distributors in developing and undertaking customer satisfaction surveys to enable this measure to be implemented appropriately and reported consistently across distributors to achieve meaningful results in order to facilitate comparability. AMPCO agrees distributors should retain discretion on how to conduct their customer satisfaction surveys but that the Board should provide guidance on consistent quantitative and qualitative questions/inquiries to canvass customer satisfaction in the areas of power quality and reliability, price, billing and payment, communications and the customer service experience.

AMPCO submits that as a starting point, the sharing of information amongst distributors should be facilitated through existing channels first before new ones are established and that the focus should be on improving these existing information sharing mechanisms and processes as needed. Currently there are many industry information sharing mechanisms such as the EDA and OEA and other distributor associations such as the CLD and CHEC that should be utilized first.

In addition to customer satisfaction surveys, AMPCO supports Board Staff's recommendation that measures of 1<sup>st</sup> contact resolution and billing accuracy be reported on the Scorecard as these two measures have been identified as key concerns for customers.

##### *1st Contact Resolution*

Distributor input to be provided.

##### *Billing Accuracy*

Distributor input to be provided.

#### **Operational Effectiveness**

Board Staff recommends eight Operational Effectiveness measures. AMPCO provides comments below on System Reliability.

#### System Reliability



AMPCO supports having SAIDI (System Average Interruption Duration Index-Loss of Supply) and SAIFI (System Average Interruption Frequency Index-Loss of Supply) on the Scorecard. Board Staff recommends that MAIFI (Momentary Average Interruption Frequency Index) not be on the Scorecard as MAIFI is very costly and complicated to measure.

AMPCO submits that momentary outages pose significant and costly operational issues for large use customers and continuous improvement in this area is critical. In AMPCO's view, MAIFI should be on the Scorecard now as a measure to be reported by those distributors that track MAIFI, recognizing that many distributors do not.

AMPCO acknowledges that in the Board's June 13, 2013 Notice of Amendments to section 2.1.4.2, distributors are no longer required to report their MAIFI results under RRR effective January 2014. AMPCO also acknowledges that a distributor's management of momentary outages will be an issue considered as part of the Board's upcoming review of customer specific reliability measures. AMPCO supports this review and recommends that adding a measure to the Scorecard to report on momentary outages should be considered as part of the Board's review.

### **Regulatory Return on Equity**

Board Staff recommends that a distributor's achieved Regulatory Return on Equity (ROE) be reported on the Scorecard; however, Board Staff does not recommend that a "target" for the ROE be displayed on the Scorecard.

On an annual basis, for rates effective January 1st and May 1st, the Board updates the cost of capital parameters: Return on Equity (ROE), Deemed Long Term (LT) Debt Rate and Deemed Short Term (ST) Debt Rate based on the methodologies provided in the Board's Report of the Board on the Cost of Capital for Ontario's Regulated Utilities (the "Report"), issued December 11, 2009. The latest values updated by the Board are calculated based on market conditions at the time and these values are used in electricity distributor cost of service rate applications.

AMPCO agrees that the Distributor's achieved Regulatory Return on Equity should be included on the Scorecard. AMPCO supports Board Staff's rationale that it be included since the achieved ROE is central to the Board's off-ramp policy.

In AMPCO's view it is not appropriate for an ROE target to be included on the Scorecard. The value of the ROE determined by the Board is the allowed ROE derived using the Board's formulaic methodology and does not represent a goal or target and accordingly should not be depicted as such.

If the Board's allowed ROE were included on the Scorecard, AMPCO submits the appropriate value is the value of ROE that is embedded in the distributor's base rates, as this value provides the best comparative distributor information. The recent value determined by the Board in its annual Cost of Capital Parameter Update provides meaningless information in the context of the Scorecard.

### **The Scorecard**

A Scorecard measures performance against goals. Typically, a Scorecard displays graphic indicators that visually convey the overall success or failure of an organization in its efforts to achieve a particular goal. Thus,

AMPCO suggests that the "Target" column on the proposed Scorecard be positioned before the "Trend" column. AMPCO also suggests that the "Trend" column be highlighted so that the graphic indicators can be easily located on the Scorecard.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Adam White". The signature is stylized and cursive, with a long horizontal stroke extending to the right.

Adam White  
President  
Association of Major Power Consumers in Ontario