The MEARIE Group

2013 Utility Performance Management Survey

Management Report

Report on 2012 Data

UPM Survey

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Introduction

2012 was not a great improvement for the Ontario economy over 2011. The government of Ontario, in its Economic Outlook 2012, has indicated that the economy and jobs (jobs are back at pre-recession levels in Ontario) were at least growing, although in a steady non-aggressive manner. Influenced by manufacturing and export potential for the most part, growth in 2012 GDP followed the 2011 pattern of around 2%. Evidence of fiscal restraint in 2012 included the priority set on controlling public service compensation. Of particular interest in the electricity industry is that one of the five key economic fundamentals is "strengthening Ontario's electricity system" (Page 6, Ontario Economic Outlook and Fiscal Review; Queen's Printer for Ontario, 2012; ISSN 1496-2829). It is apparent though that apart from investments in the province's Hydro One Inc. transmission and distribution assets, a large proportion of this policy direction was inputs to the generation sector. Part of the policy direction for 2012 was to invest in public infrastructure in order to keep the jobs available and to improve assets for new development, which in the long term can have impact on distribution utility revenues. Housing and consumer debt continue to be of concern for economic policy makers and have influenced the availability of commercial loans while creating potential issues of debt repayment for retailers and service companies such as distribution utilities. All sectors of the economy including energy are influenced to a high degree by a continual weakening in global economic performance.

On the municipal side, infrastructure costs for new development (and in particular housing starts) need the support of provincial funding. New development in housing is based on new population growth, of which a significant component is immigration. Pressure on some municipalities to accommodate such population growth has been high in certain regions such as the GTA. This influences the revenues and performance of electric utilities associated with these areas. Municipal shareholders look to their assets to deliver fiscal relief for constrained budgets. Distribution utilities remain a primary source of non-tax dollars for use by municipal shareholders and maintaining the balance of fiscal value and efficient and effective delivery of electricity continues to challenge distribution utility managers. Where new development is evident, relief of fiscal pressures can be obtained as new revenue begins to stream to distribution utilities. Where such growth is not evident and where economic recovery is slower, new revenues are longer in coming and may not recover, making adjustments by utility managers a necessity.

It is apparent that utilities in general are trying to maintain high performance despite economic and fiscal challenges. Not only is this important in the context of their municipal owners/shareholders, it is also important on a regulatory basis. The Ontario Energy Board has in the past few months held stakeholder discussions regarding performance and continuous improvement in the distribution utilities, and have released a staff discussion paper in July 2013 as a result of these discussions. These regulatory initiatives, and the resultant exposure to changed standards of performance, make utility operations subject to scrutiny and create the need to maintain performance at levels that illustrate efficiency and value to shareholders, to customers, and to the public. It is likely that utilities may expect no relief for management teams and owners in maintaining constraint in spending. Compensation issues may become more relevant in the sector's regulatory proceedings associated with rates, as will costs per unit to manage the infrastructure and delivery of the product to the customer. The work of reviewing and managing continuous improvement is often considered somewhat threatening to all staff levels. Efforts to ensure these actions are taken will need to

utilize new strategies to ensure they are even more integrated into the day to day. The results of this survey contain a significant amount of data of high value to this endeavour.

Executive Summary

The MEARIE Group's 2013 Utility Performance Management Survey (UPM) Survey is the 24th year of this survey's production. The UPM Survey provides ongoing information to utility managers and their shareholders about the operation of their utility. As well, it provides an assessment of the capabilities and challenges that are apparent in their utility operations. These assessments inform management teams about the principle parameters they may need to consider when undertaking strategic planning and budget preparation. In addition, the survey reports are valuable tools that offer comprehensive commentary about utility performance through the use of ratios that examine financial performance, customer relations and system reliability, human resources and management of demand. These ratios were developed using the more than 300 metrics collected in the survey. The results of these metrics associated with the survey are aggregated by size classes of the utilities - small, medium and large - to allow for comparison among survey participants relative to their own size class and relative to the utilities outside of their own size class. Commentary on performance by individual utilities is unique to each utility and subjective in terms of their specific results.

The survey is analysed and two reports are produced as a result of the analysis: Volume I, the "Management Report", and Volume II the "Statistics and Ratios Report". Volume I is comprised of three elements. The first is an "Introduction" about the reporting year (2012) and describes observations that influence the activities of utilities during that year. The second is an "Executive Summary" with overviews of the composite results, general comments about the survey, and an analysis of "Industry Trends". The third element is the "Performance Scorecard" which graphically represents the results of the utility across some key metrics selected to provide comparisons. Volume I is confidential and unique to the specific utility participant – it and the performance profile within it are not available to any other utility participating in the survey.

Volume II, "Statistics and Ratios Report" contains a number of the supporting documents used in the survey process: the data input form in blank; the "Instructions and Guidelines" supplied to support the survey (including addendums if supplied); all of the data aggregated by statistic and in order as shown on the survey; and finally the computed ratios also aggregated by participant size. Volume I and Volume II are both provided electronically and are "click and find" style to enable easy use by any participant. The Project Team presents these to you and trusts that you will find them useful in developing your strategic planning priorities. Thanks to each of the participating utilities' staff who contributed information for the completion of the survey and did so as expeditiously as possible.

1. Confidentiality Protocol for UPMS 2013

The MEARIE Group recognizes the importance of maintaining the security of your information and has developed the following policy that applies to all participants (and their delegates) in the Utility Management Performance Survey, as well as G.C.B.L. Environmental (survey administrators) and The MEARIE Group.

An individual LDC will provide its authorization for the sharing of information identified as being information of that LDC by completing the Survey Data Submission. This will result in the LDC's data being identified by name in the listing of participants. This enables participants to be aware of the names of the other participants in the survey to determine the relevance of survey data cuts (e.g. by geography or size).

Survey results will be reported only to those LDCs who participate in the survey and provide comprehensive data. Comprehensive participation means that each LDC is expected to match as many of the survey benchmark positions as they are able, and provide data for all incumbents of matched positions. **All participants must consider this information as strictly confidential.**

The results of the Utility Performance Management Survey will not be disclosed/sold to or shared with organizations that have not participated in the survey, whether by MEARIE Group or G.C.B.L. Environmental or survey participants. **Participants may not share the survey report/results with non-participant LDCs or any entity under any circumstances.**

Information in the G.C.B.L. Environmental database is maintained with the highest standards of confidentiality. Should you have any questions or for further information, please contact Bryan Boyce, President at G.C.B.L. Environmental at (905) 886-2927 or gcblenv@sympatico.ca.

The obligations of confidentiality set out in this policy are subject to the requirements of applicable law. However, LDCs may not disclose the existence or results of the Utility Performance Management Survey to any regulatory body (or other person) unless compelled by law to do so, and if an LDC is compelled by law to make such a disclosure, it will give The MEARIE Group as much notice in advance as possible of the disclosure and the reasons the disclosure is legally required. In such circumstances, the LDC will take such steps as The MEARIE Group reasonably requests, or will co-operate with respect to any steps The MEARIE Group reasonably wishes to take, to contest or limit the scope of the disclosure.

The MEARIE Group will not be liable for breaches by participating LDCs of this disclosure policy.

2. Survey Overview

28 utilities participated in the 2013 survey, as follows:

Size	No. of Customers	No. of Participants
Large	40,000 and above	14
Medium	9,000 to 39,999	12
Small	8,999 and below	2

The MEARIE Group's 2013 Survey includes 328 data points organized by categories as follows: Utility Characteristics; Customers, Customer Service, Service Reliability; Base Rates, Customer Demand and Revenues; Human Resources; Financial Information, Assets, Liabilities and Equity, Revenues, Expenses, Other; and Smart Meters.

The input provided allows the computation of a total of 88 ratios in the areas of: Financial Performance, Customer Service, Efficiency, System Reliability, and Resource Management.

Volume I – The Management Report provides each participating utility with information from other utilities that can be used for comparison purposes, ideally promoting the sharing of information that will result in performance improvements. It is important that the following considerations be clearly understood by participants:

- Ratio results can vary significantly from one utility to the next due to differences in policies, procedures or strategic direction and need not be indicative of differences in performance. Many utility policies and procedures that affect these ratios have long-term impacts; a decision made by the utility may result in an apparent year over year decline in a ratio, with the longer term result being an improvement in utility operations.
- Factors such as utility size, customer mix and density, or the number of contract employees used by a utility also have bearing on the results.
- Municipal organization, employment and business conditions, and geographic characteristics of the utility may have bearing on the results.
- Weather conditions and unusual weather events will have an effect on yearly results, as may emergency situations, or uncontrollable natural disasters.
- Many of the ratios are inter-related. For example: increases in operating and maintenance expenditure levels may have an apparent negative effect on Operating and Maintenance per Customer ratios, but a positive effect on the reliability ratios.

Readers are cautioned neither to use these ratio values as the sole means of evaluating utility performance, nor to conclude there is an optimal value for the ratios.

Also, readers are cautioned against making general assumptions where the means are derived from a relatively small number of responses.

The survey results should be used as a starting point in the evaluation of utility performance. Further exchange of information between utilities is recommended as a performance management strategy.

Volume II – The Statistics and Ratios Report provides all data arranged according to the sections associated with the data input form. It is possible to conveniently view and compare all participant results in one metric at the same time. As well, grouped as they are according to sections, review of all metrics within one particular topic is possible (e.g., "utility characteristics" metrics are found in the first pages of the Volume similar to the data input form).

3. Composite Results

The tables of composite results of ratios have been developed **using data from all participants** in the 2013 UPM Survey compared against results from all participants in previous years' surveys. Based on the historical data from previous years, the results are provided for 2012, 2011, 2010, and 2009.

The "Mean" or average is calculated for each measure. The number of responses is indicated for each calculation (count of responses).

Because the "Mean" can be skewed by "outliers" or extreme results, the data is also organized and presented by quartiles that show the distribution among the number of respondents. The first quartile is the value which has 25% of the data below it and 75% of the data above it. The third quartile has 75% of the data below it and 25% of the data above it.

Composite Results: Financial Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Financial Ratios																
FR010 Net Income as a % of Total Revenue	36	30	29	28	3.1	2.9	2.9	3.2	2.4	2.4	2.4	2.5	3.6	3.6	3.8	3.9
FR020 Debt/Equity Ratio	36	30	29	28	0.99	1.02	1.01	1.02	0.67	0.77	0.78	0.73	1.35	1.30	1.39	1.31
FR030 Current Ratio	36	30	29	28	1.9	1.6	1.4	1.5	1.0	1.0	0.9	1.1	1.7	1.7	1.8	1.9
FR040 Number of Days Cash Reserve	36	30	29	28	26.3	22.4	15.3	19.0	2.5	4.4	0.6	1.4	32.8	31.2	27.1	32.8
FR050 Number of Days Sales Outstanding	36	30	29	28	26.1	26.4	24.8	25.1	20.1	22.2	21.2	21.9	29.9	30.0	28.8	27.9
FR060 Average Number of Days Sales Outstanding	35	29	28	27	26.8	26.0	25.5	25.1	23.1	22.0	21.5	22.3	30.3	30.1	28.7	28.2
FR070 Number of Days of Unbilled Revenue	36	30	29	28	41.3	38.5	37.8	35.6	38.0	37.3	35.6	32.1	44.4	43.3	42.4	38.1
FR080 Average Number of Days of Unbilled Revenue	30	26	29	27	38.2	35.5	36.0	34.4	32.8	32.7	30.7	29.8	42.5	38.0	39.8	37.4
FR090 Write-offs as a % of Total Electricity Service Revenue	36	30	29	28	0.27	0.18	0.17	0.18	0.13	0.11	0.11	0.11	0.36	0.24	0.23	0.25
FR100 Bad Debt as a % of Total Electricity Service Revenue	36	30	29	28	0.2257	0.1592	0.1636	0.1394	0.1090	0.0925	0.0882	0.0846	0.2876	0.2109	0.2195	0.1734

Composite Results: Financial Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
FR120 Times Interest Earned	34	28	29	28	2.71	2.89	2.77	3.21	2.07	2.18	2.10	2.55	2.81	3.00	2.91	3.80
FR130 Debt Service Coverage (EBITDA Interest Coverage)	33	27	28	28	4.72	5.25	5.06	5.39	3.94	4.39	3.93	3.91	5.88	5.79	5.53	5.39
FR140 Operating Ratio (%)	36	30	29	28	4.40	3.93	3.81	3.92	3.25	2.65	2.45	3.08	5.15	4.34	4.45	4.70
FR150 Distribution Revenue per Residential Customer ($)	36	30	29	28	291	294	322	346	259	267	270	300	301	306	335	360
FR160 Distribution Revenue per General Service Customer ($)	36	30	29	28	1,588	1,603	1,724	1,776	1,231	1,325	1,462	1,502	1,737	1,821	2,064	2,202
FR170 Distribution Revenue per Large Customer ($)	15	13	15	14	307,977	289,280	366,355	401,985	172,908	173,459	146,133	149,604	435,286	402,907	464,503	571,815
FR190 Return on Total Assets Less Depreciation (%)	36	30	29	28	3.717	3.907	3.218	3.369	2.376	2.724	2.517	2.813	3.849	3.958	3.976	4.214
FR200 Percent Debt (%)	36	30	29	28	46.4	47.5	48.3	48.7	40.2	43.5	43.8	42.3	57.5	56.6	58.1	56.7
FR210 Fixed Charge Coverage (EBIT Interest Coverage)	34	29	28	28	2.77	3.26	2.99	3.25	2.37	2.62	2.37	2.39	3.41	3.48	3.15	4.04
FR220 Cash Flow/Debt	35	29	29	28	0.28	0.22	0.24	0.23	0.17	0.18	0.17	0.17	0.30	0.24	0.28	0.25

Composite Results: Financial Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
FR230 Net Income as a % of Distribution Revenue	36	30	29	28	15.19	15.49	15.92	16.98	12.81	13.26	13.03	13.37	18.62	20.17	20.29	20.20
FR240 Profitability	36	30	29	28	0.27	0.32	0.31	0.31	0.26	0.29	0.25	0.26	0.37	0.38	0.38	0.37
FR250 Return on Equity (%)	36	30	29	28	7.59	7.61	7.74	8.70	6.05	6.13	6.43	6.58	9.01	9.51	9.92	10.75
FR260 Free Operating Cash Flow Plus Interest Over Interest	34	28	29	28	0.35	-0.25	-0.38	-1.78	-1.30	-1.45	-1.12	-2.57	0.70	1.25	0.88	0.27
FR270 Debt Over EBIT	36	30	29	28	7.21	10.64	7.42	6.80	4.13	5.19	4.90	5.04	7.55	6.73	7.46	8.34
FR280 Return on Assets (%)	35	30	29	28	2.48	2.50	2.35	2.96	1.69	1.85	2.11	2.04	2.79	3.18	2.80	3.75
FR290 Return on Capital Employed (%)	36	30	29	28	4.08	4.02	4.18	4.85	3.17	3.25	3.76	3.80	4.64	4.89	5.22	5.44
FR300 Operating Margin (%)	36	30	29	28	6.68	6.42	5.79	6.03	5.66	5.70	5.16	5.38	7.69	7.54	6.57	7.15
FR310 Net Margin (%)	36	30	29	28	3.18	2.94	2.97	3.22	2.44	2.43	2.45	2.55	3.67	3.70	3.89	4.07
FR320 Interest Coverage Ratio	34	29	28	28	3.12	3.45	3.02	3.40	2.52	2.68	2.50	2.65	3.41	3.64	3.14	4.17

Composite Results: Customer Service Ratios

All Utilities		Count of Responses				Mean				1st Quartile				3rd Quartile			
		2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Customer Service Ratios																	
CR010	Percent of Requests for New Low Voltage Service Met Within Min. Standard	36	30	29	28	98.52	98.82	98.59	98.36	97.85	97.80	97.76	97.81	100.00	100.00	100.00	100.00
CR020	Percent of Requests for New High Voltage Service Met Within Min. Standard	16	15	14	12	100.00	93.33	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CR040	Percent of General Inquiry Telephone Calls Answered Within Min. Standard	35	29	27	28	85.32	84.14	83.28	83.28	77.86	74.27	76.83	77.39	96.00	92.68	92.69	91.04
CR050	Percent of Appointments at a Customer's Premises/Work Site Within Min. Standard	33	29	28	28	98.56	98.52	99.06	98.96	98.03	97.44	98.32	98.59	100.00	100.00	100.00	100.00
CR060	Percent of Requests for Written Responses Met Within Min. Standard	36	30	29	28	98.96	99.14	99.31	99.81	99.16	99.18	99.48	99.96	100.00	100.00	100.00	100.00
CR070	Percent of Emergency Calls for Urban Customers Met Within 60 Minutes	34	29	29	28	97.20	97.10	92.46	97.45	95.37	95.40	90.79	96.99	100.00	100.00	100.00	100.00
CR080	Percent of Emergency Calls for Rural Customers Met Within 120 Minutes	14	10	9	10	98.32	98.69	98.38	98.05	96.59	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CR090	Percent of Calls Resolved by First Point of Contact	26	25	26	25	36.90	29.43	36.41	38.34	0.00	0.00	0.00	0.00	95.16	87.66	95.50	95.99
CR100	Percent of Bills Cancelled and Re-issued	33	27	27	26	0.72	0.77	0.64	0.26	0.11	0.11	0.10	0.01	0.63	0.44	0.50	0.22
CR110	Percent of Customers with a Retailer	36	30	28	28	14.08	12.79	9.77	8.21	11.87	10.83	7.83	6.51	16.12	14.96	11.51	9.84

Composite Results: Efficiency Ratios

All Utilities		Count of Responses				Mean				1st Quartile				3rd Quartile			
		2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Efficiency Ratios																	
ER010	System Unit Cost of Power ($)	36	30	29	28	0.069	0.077	0.083	0.086	0.061	0.076	0.082	0.086	0.077	0.082	0.087	0.092
ER020	Controllable Expense per Customer ($)	36	29	29	28	204.52	223.53	224.65	249.48	174.73	176.25	181.67	208.91	231.79	254.46	253.73	269.38
ER030	Controllable Expense per MWh Sold ($)	36	29	29	28	8.89	9.70	9.60	10.94	6.76	6.93	7.27	8.77	10.99	12.55	10.80	11.16
ER040	Operating & Maintenance Expense per Customer ($)	36	30	29	28	94.00	92.13	96.35	105.49	70.62	66.37	71.45	80.19	109.36	98.04	107.85	112.85
ER050	Operating & Maintenance Expense per MWh Sold ($)	36	30	29	28	4.17	4.00	4.09	4.59	3.09	2.69	2.86	3.68	5.24	4.46	4.40	5.00
ER060	Billing and Collection Expense per Customer ($)	36	30	29	28	49.42	46.67	46.64	52.95	36.56	35.71	34.99	37.98	61.29	54.12	53.39	61.57
ER070	Billing and Collection Expense per MWh Sold ($)	36	30	29	28	2.21	2.03	2.00	2.34	1.46	1.44	1.47	1.68	2.85	2.68	2.45	2.88
ER080	Administration Expense per Customer ($)	36	30	29	28	82.26	84.70	91.52	95.52	64.89	65.34	70.87	69.53	95.99	97.16	115.00	111.66
ER090	Administration Expense per MWh Sold ($)	36	30	29	28	3.60	3.63	3.88	4.19	2.50	2.93	2.83	2.91	3.89	4.11	4.93	4.85
ER110	Customer Density (Per Square Kilometer)	36	30	29	28	299.4	318.0	320.7	336.4	121.6	134.2	150.8	178.0	462.1	473.5	502.3	480.8

Composite Results: Efficiency Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
ER120 Cost per Customer Read for Meters	33	25	26	23	0.96	1.19	1.48	1.49	0.66	0.68	0.63	0.63	1.12	1.16	1.50	1.79
ER140 Inventory Turnover Ratio	34	29	28	28	1.98	2.42	2.20	2.51	1.27	1.18	1.14	1.13	2.25	3.16	2.74	2.76
ER150 Controllable Cost per Circuit km of Line	36	29	29	28	9,021.48	10,021.87	10,116.03	11,661.35	6,810.25	7,513.24	7,526.07	8,738.42	12,172.84	13,060.08	13,331.75	14,716.89
ER160 Asset Efficiency	36	30	29	28	0.99	1.02	1.04	1.06	0.86	0.93	0.92	0.96	1.13	1.11	1.12	1.14

Composite Results: Resource Management Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Resource Management																
MR010 Short Term Absences per FTE	32	24	24	25	2.42	2.86	2.76	2.83	1.59	1.64	1.80	1.67	2.97	3.26	3.22	3.32
MR020 Short Term Absenteeism: Days per FTE	33	25	26	27	3.47	3.72	3.71	3.86	2.34	2.37	3.22	3.33	4.63	4.33	4.55	4.58
MR030 Overtime Hours as a % of Regular Hours	34	25	26	27	3.62	3.37	3.56	3.15	2.16	1.85	2.04	1.87	5.18	4.66	4.72	4.45
MR040 Accidents: Frequency per 200,000 hours	34	25	25	27	0.86	0.92	1.37	1.10	0.00	0.00	0.00	0.00	0.77	1.20	2.66	1.80
MR050 Accidents: Severity Rate per 200,000 Hours	34	24	25	27	44.87	12.87	34.18	22.72	0.00	0.00	0.00	0.00	3.64	5.56	15.01	15.46
MR070 Staff Development Expenses per FTE	35	23	27	27	1,695	2,254	1,719	1,610	534	1,468	610	709	2,562	3,112	2,639	2,445
MR090 Cost of Safety Training per FTE	30	23	25	25	1,210	1,078	1,362	1,171	581	708	723	622	1,657	1,353	2,120	1,748
MR100 Number of Hours of Safe Work Practices Training per FTE	31	23	23	24	30.6	29.8	28.4	22.8	17.3	19.8	21.2	18.0	35.6	35.5	36.3	29.5
MR110 Employee Turnover Ratio	31	25	26	27	0.04	0.05	0.05	0.05	0.02	0.02	0.01	0.03	0.06	0.07	0.07	0.07
MR120 Percent of Total Staff in Executive Positions	33	27	26	27	5.72	5.73	6.69	5.98	2.02	1.97	2.14	2.29	8.16	8.31	9.40	8.53

Composite Results: Resource Management Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
MR130 Percent of Total Staff in Management Positions	35	28	27	27	20.60	19.23	17.86	19.11	14.38	15.50	14.59	15.02	25.21	21.31	21.01	20.31
MR140 Percent of Total Staff in Front Line Positions	35	28	27	27	72.36	72.64	75.58	73.25	70.66	69.13	72.20	71.15	78.64	80.29	80.59	79.47
MR150 Total Compensation per FTE	32	25	25	26	74,808	80,617	86,192	84,265	73,515	73,905	81,016	78,917	83,751	85,750	89,278	93,166
MR160 Overtime Hours as a % of Total Hours Worked	34	25	26	27	3.45	3.23	3.40	3.03	2.11	1.82	1.99	1.83	4.93	4.45	4.50	4.26
MR170 Percent of Total Staff in Union Positions	34	28	27	27	65.48	67.52	65.82	66.00	60.63	63.72	60.64	62.70	74.78	74.40	73.08	71.34
MR180 Percent of Total Front Line Staff in Union Positions	33	28	27	27	88.29	91.23	87.64	93.51	89.03	86.63	81.68	85.33	100.00	100.00	100.00	98.53

Composite Results: System Reliability Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
System Reliability Ratios																
SR010 System Average Interruption Duration Index (SAIDI)	36	30	29	28	2.03	1.73	3.48	1.57	0.82	0.76	1.46	0.87	2.52	2.07	5.46	1.97
SR020 SAIDI: Loss of Supply	36	30	28	28	0.87	0.63	0.74	0.48	0.03	0.00	0.03	0.02	0.99	0.30	0.58	0.43
SR030 SAIDI: LDC Distribution System	36	30	29	28	1.18	1.10	2.58	1.09	0.54	0.55	0.99	0.79	1.57	1.31	2.41	1.23
SR040 (CAIDI) Customer Average Interruption Duration Index	36	30	29	28	1.24	1.08	1.40	1.04	0.83	0.65	0.91	0.63	1.36	1.32	1.68	1.01
SR050 CAIDI: Loss of Supply	36	30	28	28	0.46	0.28	0.36	0.35	0.03	0.00	0.01	0.01	0.55	0.19	0.34	0.23
SR060 CAIDI: LDC Distribution System	36	30	29	28	0.78	0.81	1.01	0.69	0.49	0.55	0.63	0.57	0.92	0.81	1.20	0.76
SR070 System Average Interruption Frequency Index (SAIFI)	36	30	29	28	1.68	1.81	2.27	1.58	1.14	0.91	1.34	1.16	1.81	1.81	2.83	1.91
SR080 SAIFI: Loss of Supply	35	30	28	28	0.59	0.40	0.39	0.39	0.15	0.00	0.06	0.09	0.65	0.54	0.65	0.60
SR090 SAIFI: LDC Distribution System	36	30	29	28	1.10	1.42	1.86	1.19	0.69	0.70	0.99	0.89	1.33	1.52	2.02	1.47
SR100 Index of Reliability	36	30	29	28	0.99977	0.99980	0.99960	0.99982	0.99971	0.99976	0.99938	0.99977	0.99991	0.99991	0.99983	0.99990

Composite Results: System Reliability Ratios

All Utilities	Count of Responses				Mean				1st Quartile				3rd Quartile			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
SR110 Index of Reliability: Loss of Supply	36	30	28	28	0.999901	0.999928	0.999916	0.999945	0.999887	0.999966	0.999933	0.999951	0.999996	1.000000	0.999997	0.999998
SR120 Index of Reliability: LDC Distribution System	36	30	29	28	0.999865	0.999875	0.999706	0.999876	0.999821	0.999850	0.999724	0.999860	0.999938	0.999938	0.999887	0.999910
SR130 System Average Automatic Reclosure Index (SAARI)	18	17	15	16	2.96	2.62	3.68	3.16	0.00	0.63	0.95	1.24	4.98	3.61	5.05	4.22
SR140 SAARI: Loss of Supply	17	15	10	11	0.37	0.30	0.33	0.20	0.00	0.00	0.00	0.00	0.02	0.20	0.35	0.21
SR150 SAARI: LDC Distribution System	17	13	12	13	2.75	2.47	2.83	2.81	0.00	0.00	0.00	0.01	5.06	3.61	4.25	4.05
SR160 Percent of Customers Experiencing Multiple Outages	10	9	8	8	14.24	22.38	19.57	3.65	0.03	0.00	0.33	0.00	12.23	17.63	22.18	3.64
SR170 Percent of Customers With Long Duration Outages	20	16	14	16	9.99	2.13	13.99	1.66	0.04	0.13	1.58	0.28	9.88	2.24	12.37	1.84
SR180 Total Outage Minutes per Customer	36	30	29	28	121.83	103.51	208.81	93.98	48.98	45.43	87.64	52.42	151.38	124.38	327.58	118.31

4. General Observations

The 2012 Average Annual Peak Load continued to decline below the 2011 result. However, between 2008 and 2012, Average Annual Peak Load advanced 5%. Notably, the 2012 result is similar to the 2008 and 2009 Average Annual Peak Load. Despite these declines, distribution revenue from all classes over the period 2008 to 2012 has increased by 31%, with the largest increase year over year between 2011 and 2012 for which rate adjustments may be a contributing factor. Again there were consistent returns from each of the customer classes in each of the years of the period. Average Distribution revenue from residential customers peaked in 2012 and was 18% higher over the five year period. Average Net Income as a % of distribution revenue has been between 15% and 17% since 2008 with a slight rise in both 2010 and 2012.

Average cost of Operations and Maintenance sharply increased in 2012. Some changes in accounting for metering, increased work to improve infrastructure, and new facilities appear to have influenced some of this increase. Administration, and Billing and Collection Expenses per Customer have continued a steady upward trend over the period. Increases in staff salaries have occurred to influence these costs and the heavy workload of the regulatory and reporting requirements continues to have an incremental effect on financial results, possibly due in some part to the constant need to adapt to new initiatives by regulatory and legislative agencies. Again it is not yet apparent whether new technology is contributing to reduction in costs to customers. Customer density remained relatively consistent on average over the period of 2008 to 2012.

Average costs for Operations and Maintenance also have notably increased in 2012 per MWh sold. Although Administration, and Billing and Collection expenses per MWh did not increase as sharply, both of these categories increased to highs on average for the period 2008 to 2012.

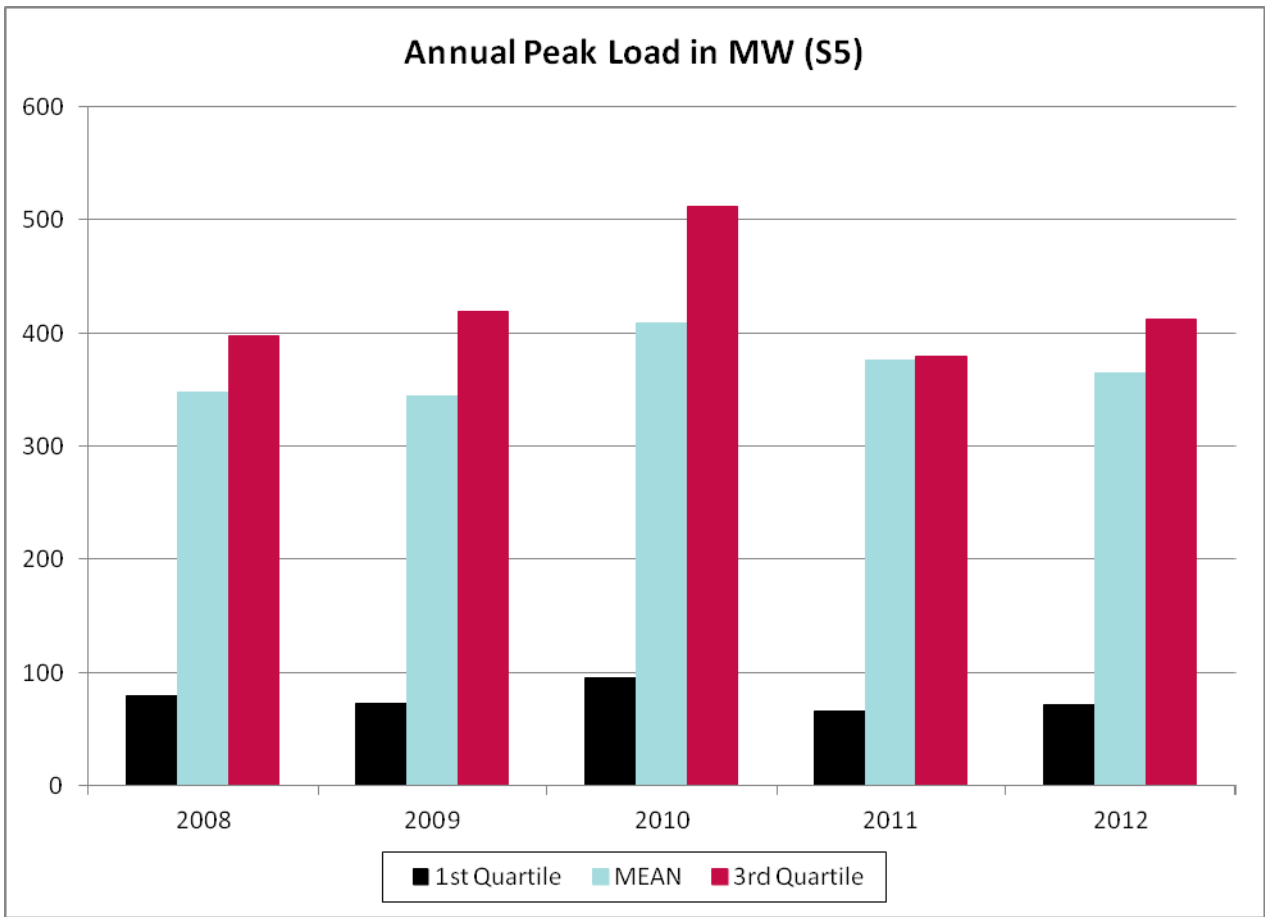
The basic distribution utility business remains one of service to customers. The services available to customers are expanding and both create new costs and new business. The new business aspects of the electricity utility include innovations in renewable generation and smart technologies. In addition, municipal energy planning has created opportunities for influencing the efficiency and effectiveness of energy usage in the franchise area. However, this too brings new responsibilities for staff that may need training or intelligent equipment support to maintain and grow with these new initiatives. Municipalities may use their own staff under the initiative; however, reliance on the utility staff to help provide expertise in the planning is evident. Smart metering is now integrated with standard operations and offers opportunities in energy planning. Most of the utilities in the survey have completed their legislated requirements associated with this metering and are probably exploring new business aspects of this technology. There is a decrease in the number of customers able to be served per FTE. This is perhaps a direct result of workload increases per FTE due to the new business activities of the utility.

Staff development expenses were down 8% on average in 2012 over the last five years. Again there is a cyclic nature to this statistic. However, given the increased pressure to maintain a high level of expertise in utility staff, it is likely an area where increasing cost trends may occur. The alternative is to access the expertise from new hires which may involve incremental costs. Safety results were improved over 2011 in 2012 among participants, although the lowest accident frequency for the period was in 2009.

Average return on equity (ROE) has improved slightly over 2011 by 1.3% in 2012 and is 8.7%. 2012 also marks the high for the period, exceeding 2010. Average return on assets (ROA) increased by 12% to the highest level since 2008. Perhaps this is an indication of technological improvements.

5. Industry Trends

Annual Peak Load in MW (S5)

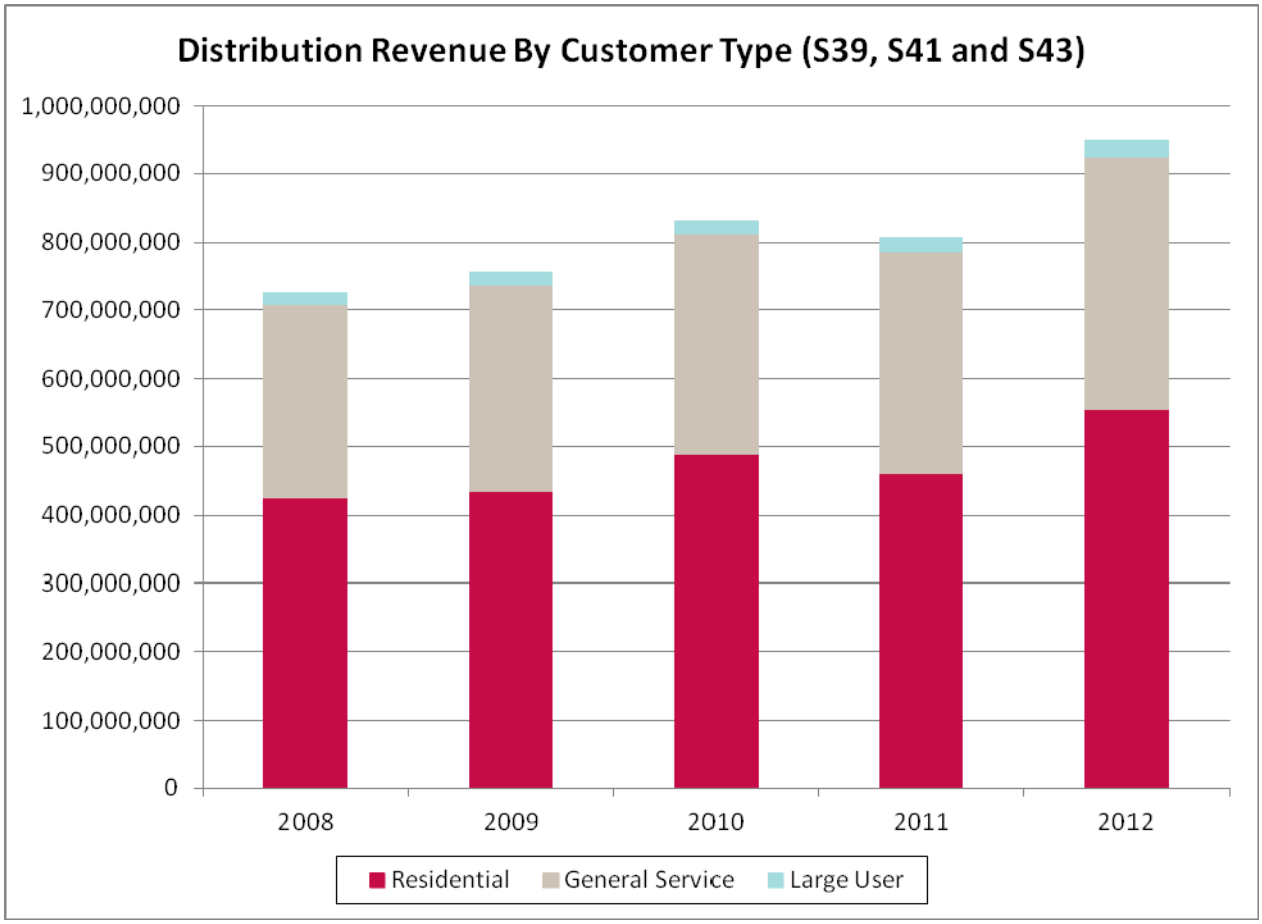


The results of the current survey participants show that between 2008 and 2012:

- The average Annual Peak Load in MW increased by 5% from 348MW in 2008 to 365MW in 2012.
- That average has decreased by 11% since 2010.
- The 1st and 3rd quartiles as well as the mean were at their highest in 2010 at 96MW, 410MW, and 512MW respectively.
- Both global economic conditions and conservation and efficiency efforts may have had a partial impact on this result.

Distribution Revenue by Customer Type (S39, S41, and S43)

This graph shows total distribution revenue for Residential, General Service and Large User customers and compares each group to the total distribution revenue of all three together.

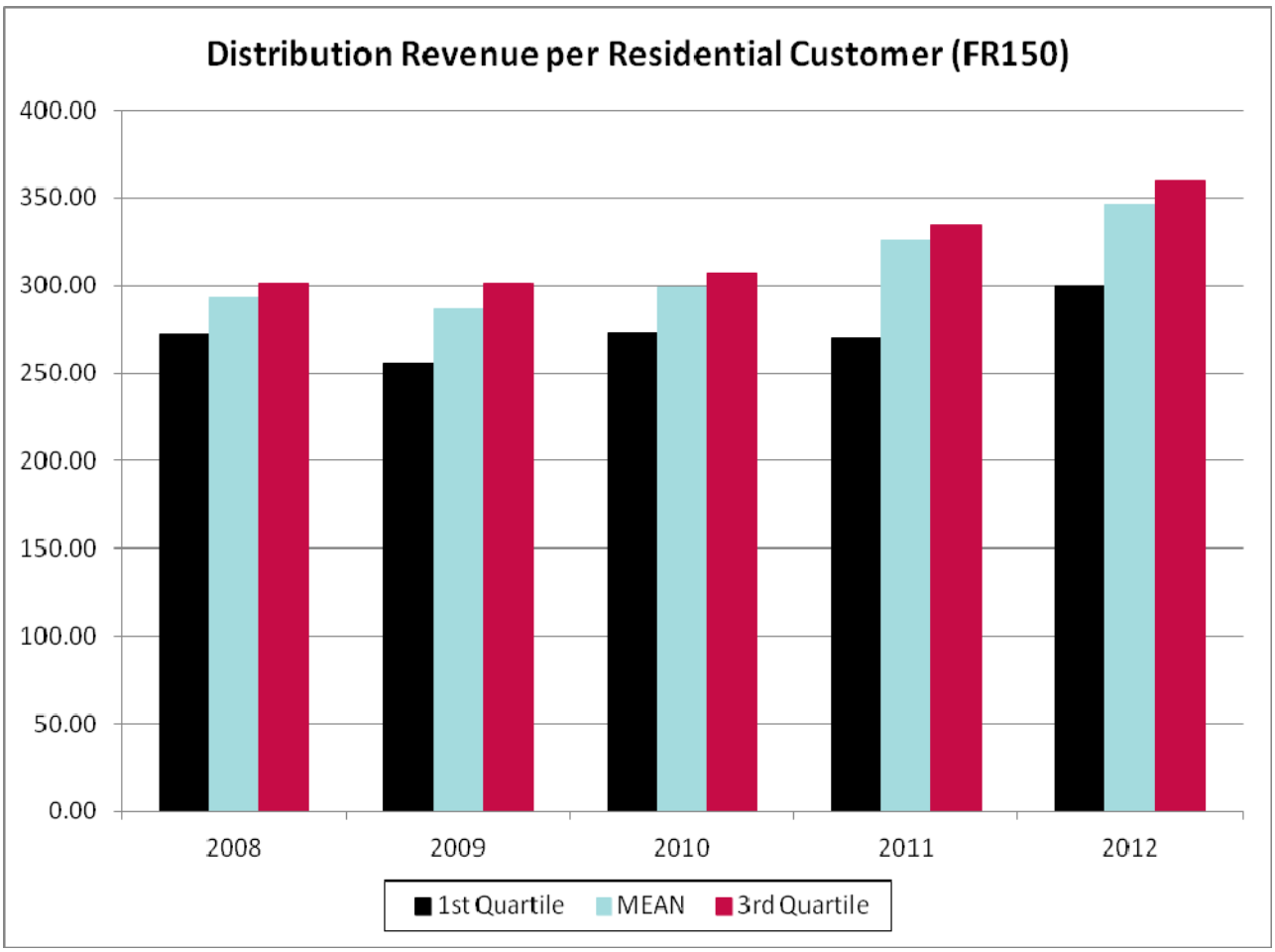


In the period covered (2008 to 2012), among the participating utilities:

- In total, distribution revenue from the three sources has increased by 31%.
- When comparing consecutive years, the largest year over year increase happened between 2011 and 2012 at 18%.
- Rate adjustments may have affected these increases in some cases.
- Large User Distribution Revenue has maintained about a 2.5% share of the total.
- Residential Distribution Revenue has maintained about a 58% share of the total.
- General Service Distribution Revenue has maintained about a 39% share of the total.

Distribution Revenue per Residential Customer (FR150)

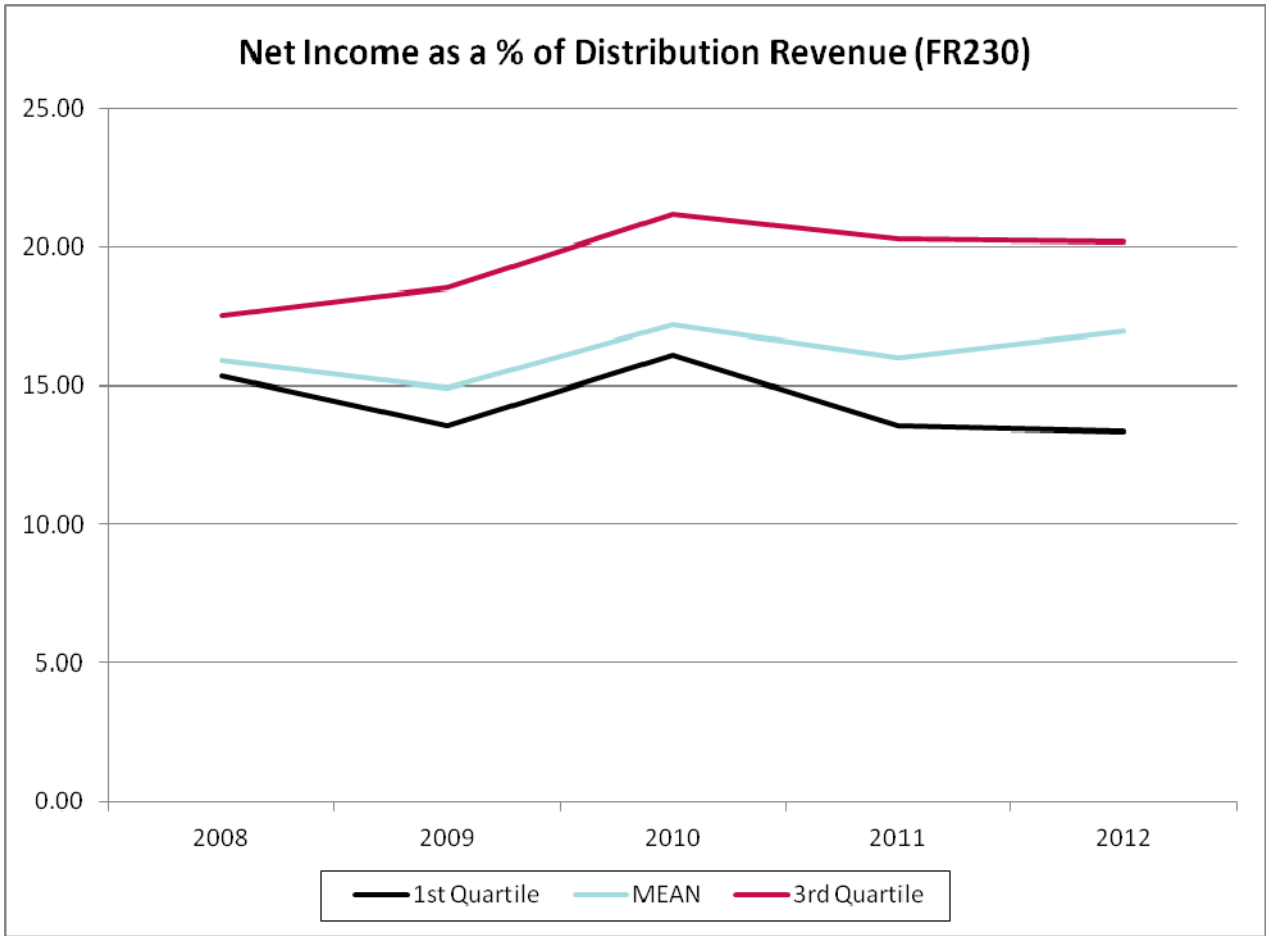
This ratio indicates average revenue from each residential customer. This rate should be used with FR160 and FR170 to gain an accurate picture of the customer base



Between 2008 and 2012, survey results indicate that:

- The average Distribution Revenue per Residential Customer has increased 18%, from $293 to $346.
- In 2012, the mean ($346), 1st quartile ($300) and 3rd quartile ($360) peaked.
- The average Distribution Revenue per General Service Customer (FR160) increased by 12% and the average Distribution Revenue per Large Customer (FR170) increased by 57%.

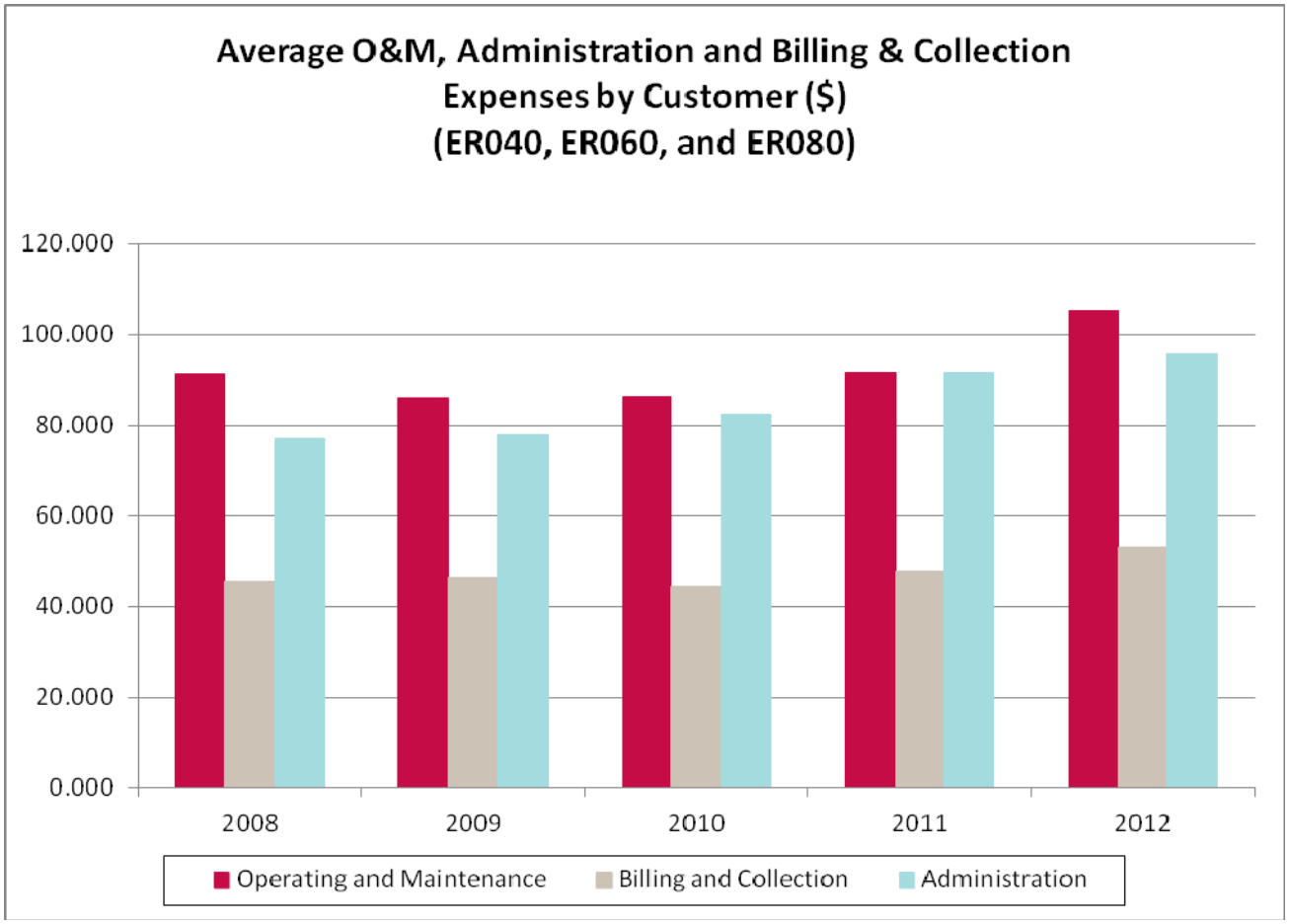
Net Income as a % of Distribution Revenue (FR230)



Over the last five years, among the participating utilities:

- The average Net Income as % of Distribution Revenue has fluctuated between 15% and 17%, with highs in 2010 and 2012.
- The 1st and 3rd quartiles and the mean had the highest Net Income as a % of Distribution Revenue in 2010 with 16%, 21% and 17% respectively.
- The results for this metric have been consistent over the last two years.

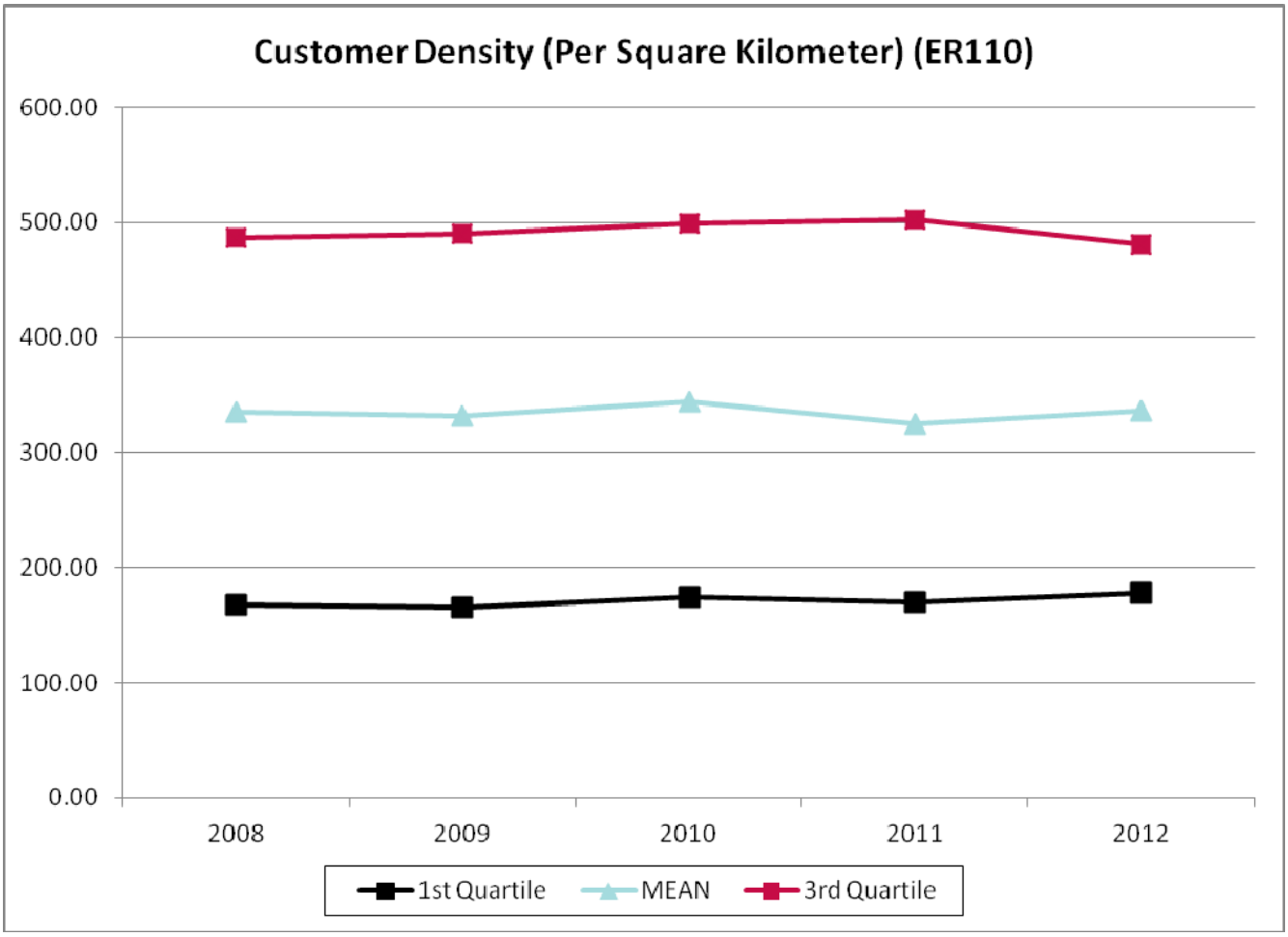
Average O&M, Administration and Billing and Collection Expenses per Customer ($) (ER040) (ER060) (ER080)



Survey results for current participants show that from 2008 to 2012:

- Average O&M Expenses have increased by 15%, average Billing and Collection Expenses have increased by 16%, and average Administration Expenses have increased by 24%.
- All three types of expenses have been highest in 2012.
- Pressures on utility operations in terms of regulatory reporting and new regulatory responsibility may be contributing to maintaining administration expenses at this level while billing and collection expenses show little impact of smarter technologies. With respect to O&M, aging plant, the need for skilled labour, and upgraded equipment affect the expenses incurred.

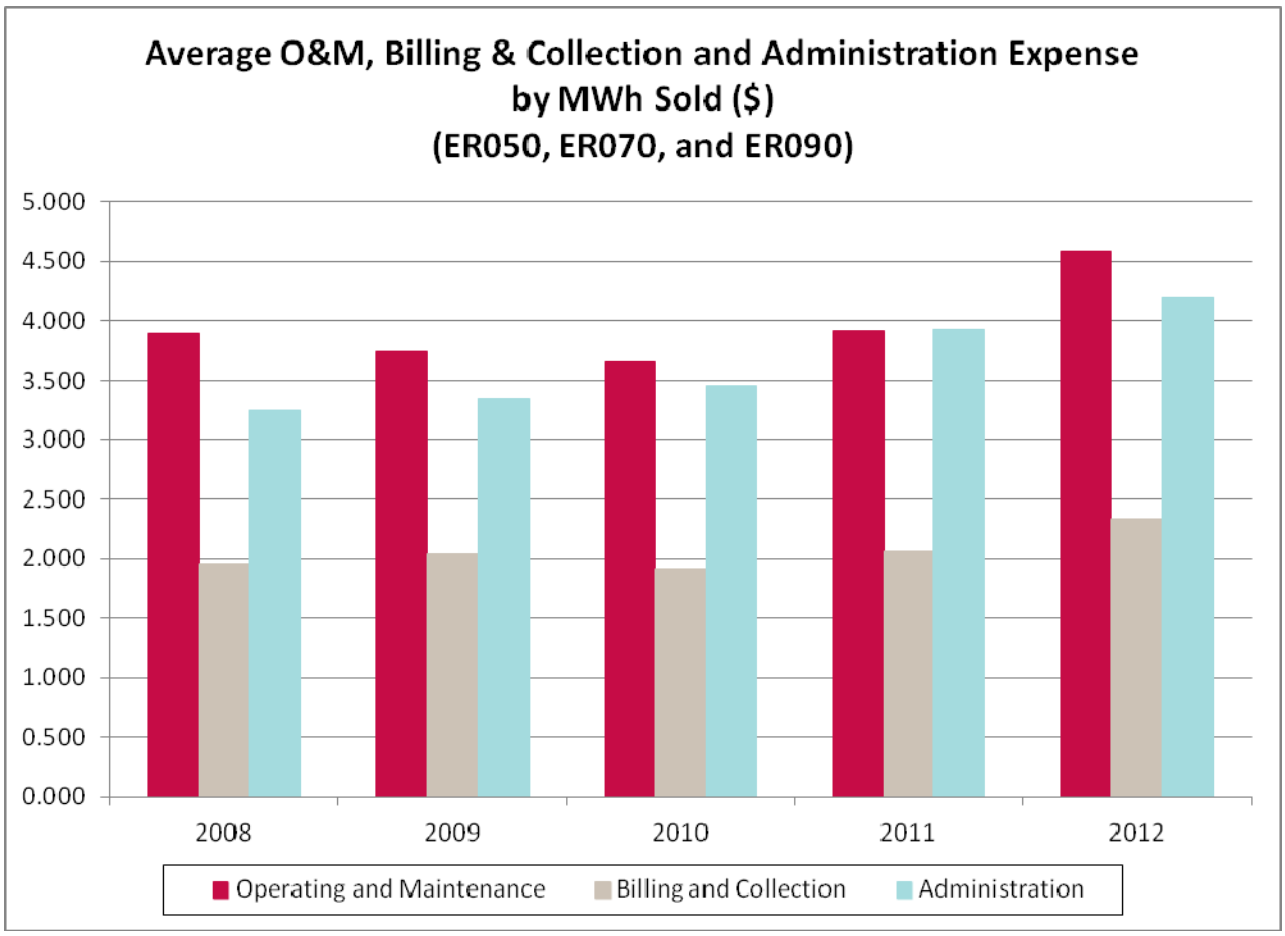
Customer Density (Per Square Kilometer) (ER110)



In the five year period covered, among survey participants:

- The average number of customers per square kilometer of total service area has remained somewhat consistent with a high in 2010 of 344.
- LDCs with the lowest customer density showed an increase, moving from 168 customers per square kilometer in 2008 to 178 customers in 2012.
- LDCs with the highest customer density have had a decrease for this metric over the last year, bringing their average down to its lowest over the last five years at 480.8 customers per square kilometer.

Average O&M, Billing and Collection and Administration Expenses per MWh Sold ($) (ER050) (ER070) (ER090)

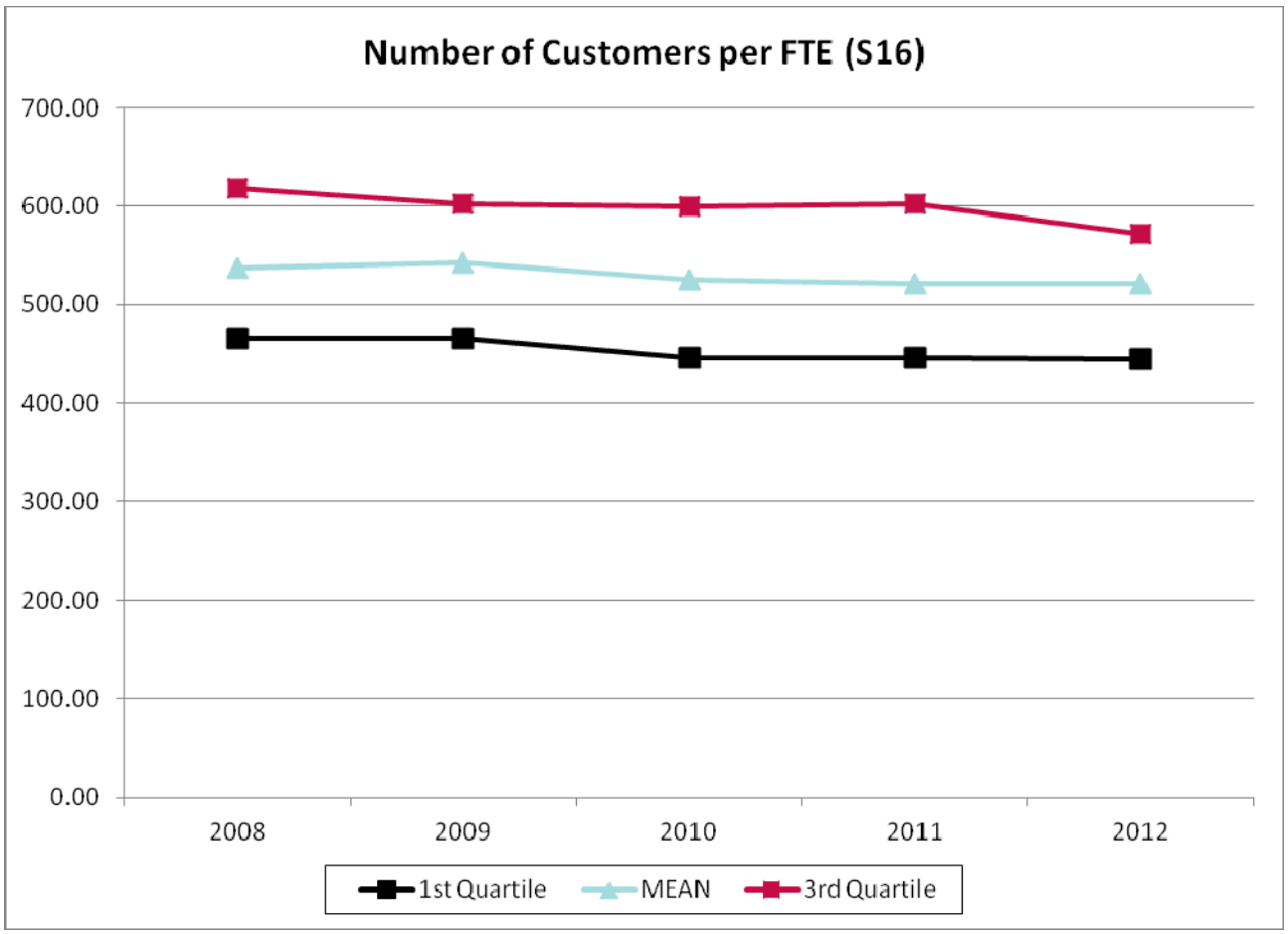


For the participating utilities in the period covered (2008 to 2012):

- The average O&M Expense per MWh sold increased by 18%, the average Billing & Collection Expense increased by 20% and the average Administration Expense increased by 29%.
- Expenses per MWh Sold have increased more than the Expenses per Customer.
- In 2012, all three types of expenses were at their highest.
- Fewer MWh sold because of efficiency and self-generation by renewables may influence this trend.

Number of Customers per FTE (S16)

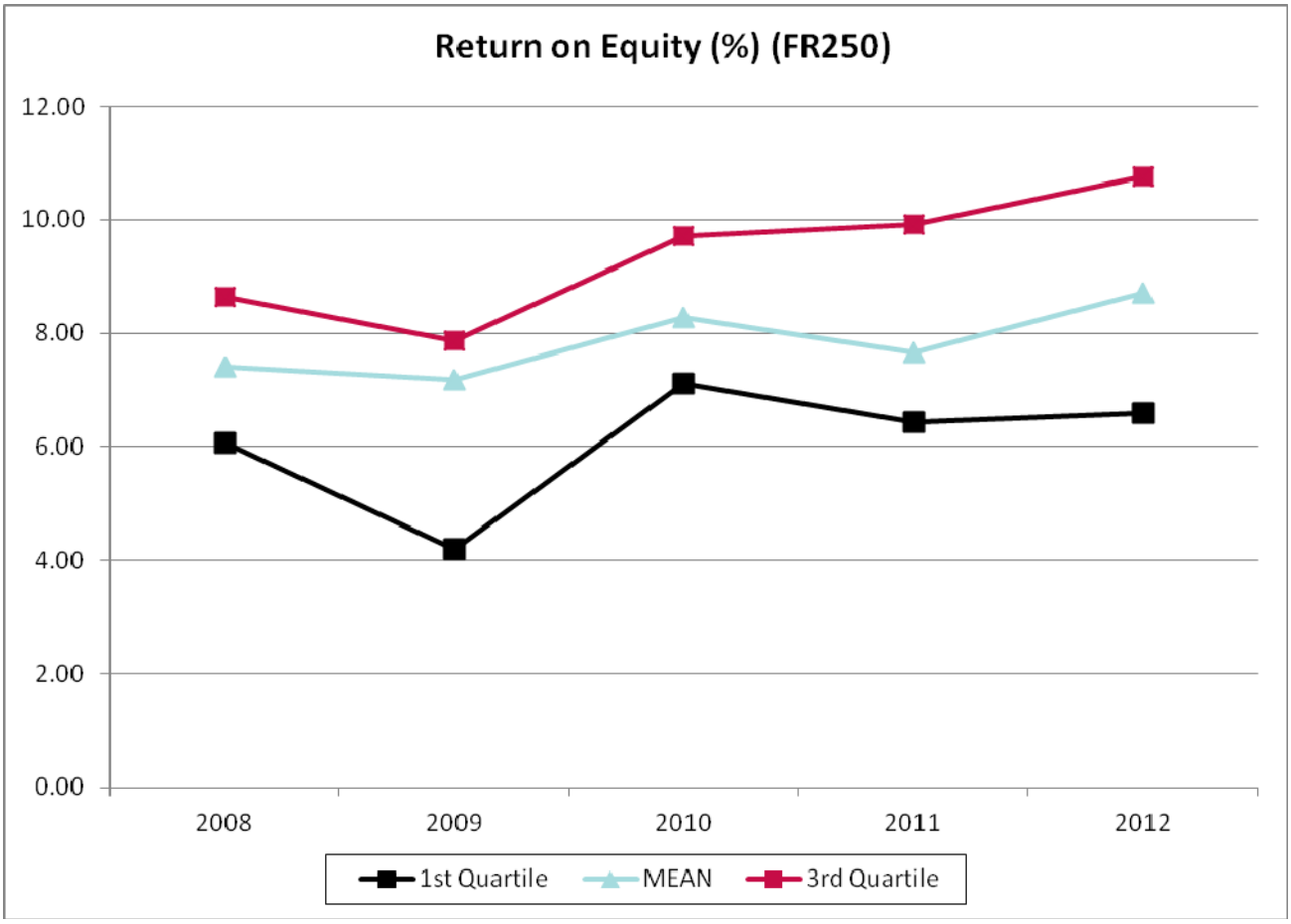
Note: The calculation for this has remained S2/S3 for all years; however, 2008 was the first year that both LDC and affiliate FTEs were included in S3 for some LDCs.



Over the five-year period 2008 to 2012, the following can be noted with respect to Number of Customers per FTE (S16) for participating utilities:

- On average, the Number of Customers per FTE has decreased by 3% from 538 to 521 over this period.
- The average has stayed constant at 521 customers per FTE over the last two years.
- The 3rd quartile has seen the largest decrease of 8% from between 2008 and 2011.
- Factors influencing this result include efforts by staff to manage new connections, renewables, and new business activities by utilities. However, the trend has not been significantly altered.
- As well, more work is being done on behalf of customers in all areas creating a change in this metric.

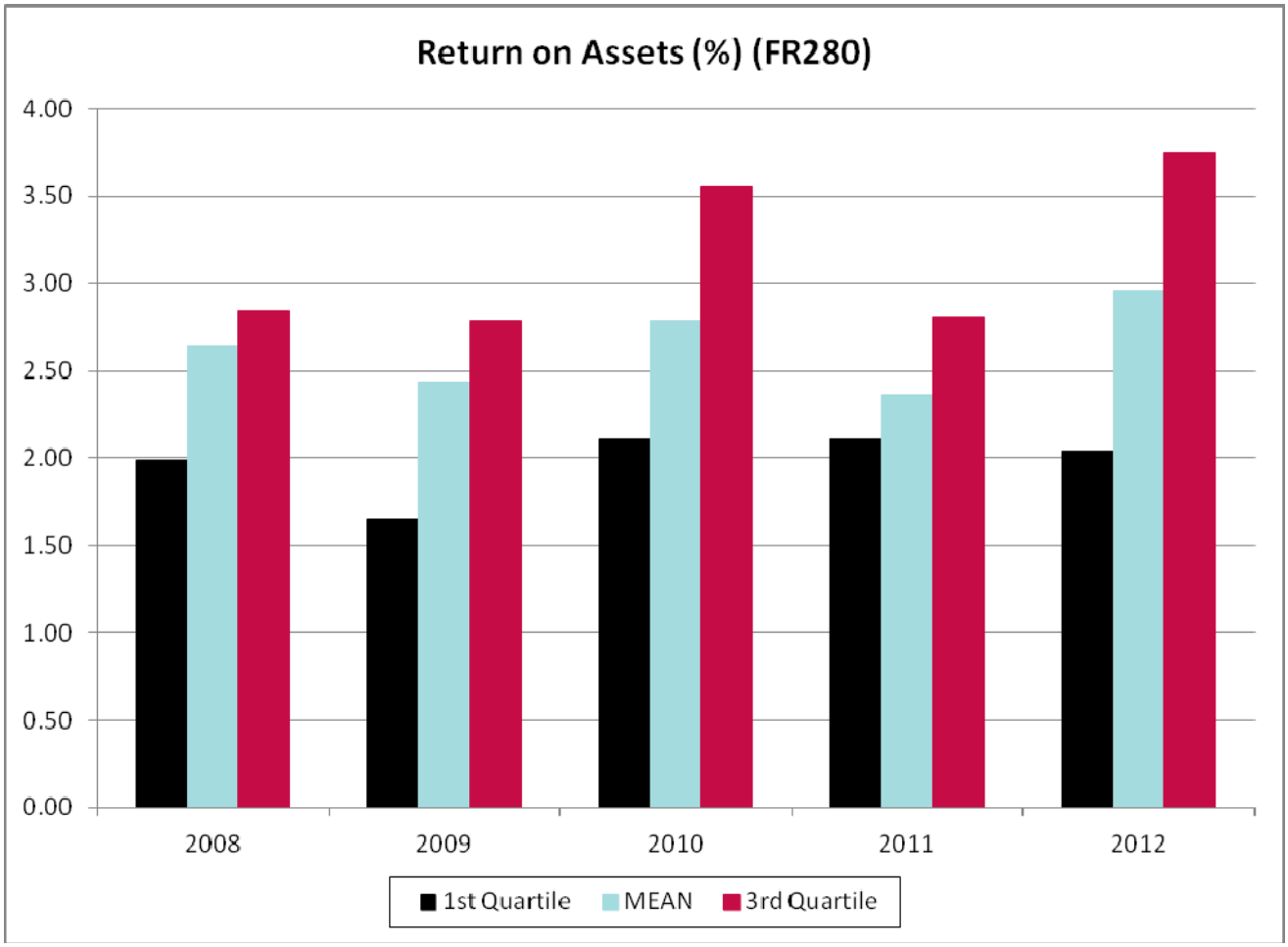
Return on Equity (%) (FR250)



Between 2008 and 2012, among the participating utilities:

- The average Return on Equity has increased from 7.40% to 8.70%.
- Over this five year period, the mean and 3rd quartile ROE hit a high point in 2012 and the 1st quartile hit it's high in 2010.
- The 3rd quartile ROE increased by 24%..
- The values for this metric were lowest in 2009 and have remained above those levels over the last three years.

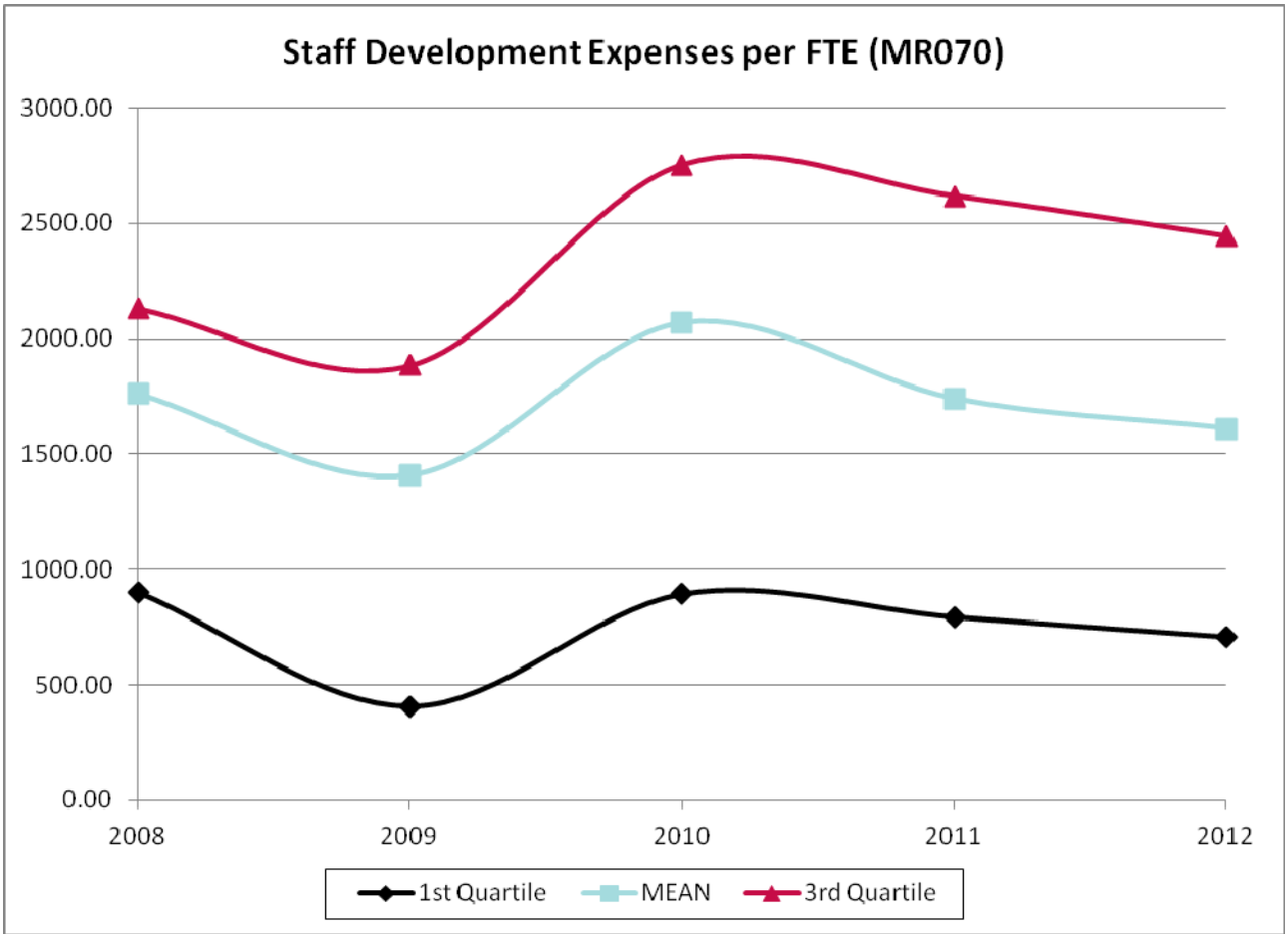
Return on Assets (%) (FR280)



The results of the current survey participants show that between 2008 and 2012:

- The average Return on Assets has increased by 12%, going from 2.64% to 2.96%.
- Both the 3rd quartile and mean realized the highest ROA in 2012, at 3.75% and 2.96% respectively.
- The 1st quartile ROA was highest in both 2010 and 2011 at 2.11%.
- The 3rd quartile has seen the largest increase in ROA over the last five years with an increase of 32%.

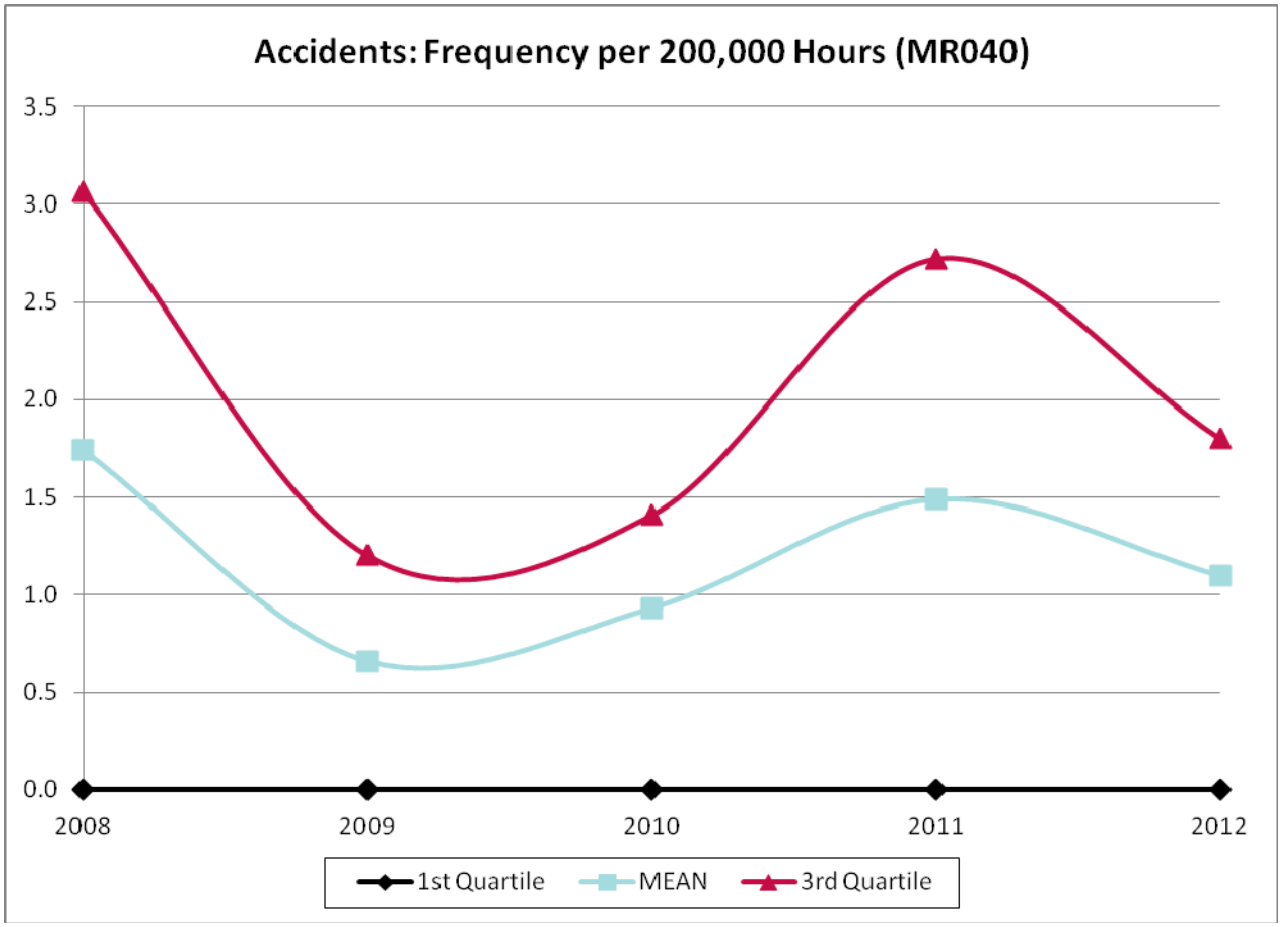
Staff Development Expenses per FTE (MR070)



In the five year period covered, the following can be noted among the participating utilities:

- The average LDC spent 8% less on Staff Development in 2012 than in 2008.
- Survey participants spent the least on Staff Development in 2009, with an average of $1,406 per FTE.
- There was a 47% increase in average expenses between 2009 and 2010 and a 22% decrease between 2010 and 2012 reflecting management response to training needs versus budget/economic considerations. (This follows a pattern consistent with industries in Canada – economic stress leads to less training.) There is a cyclic nature to the amount spent on staff development year over year.
- The 1st quartile group has decreased spending by 22% since 2008, while the 3rd quartile group has increased spending by 15% over the same period.

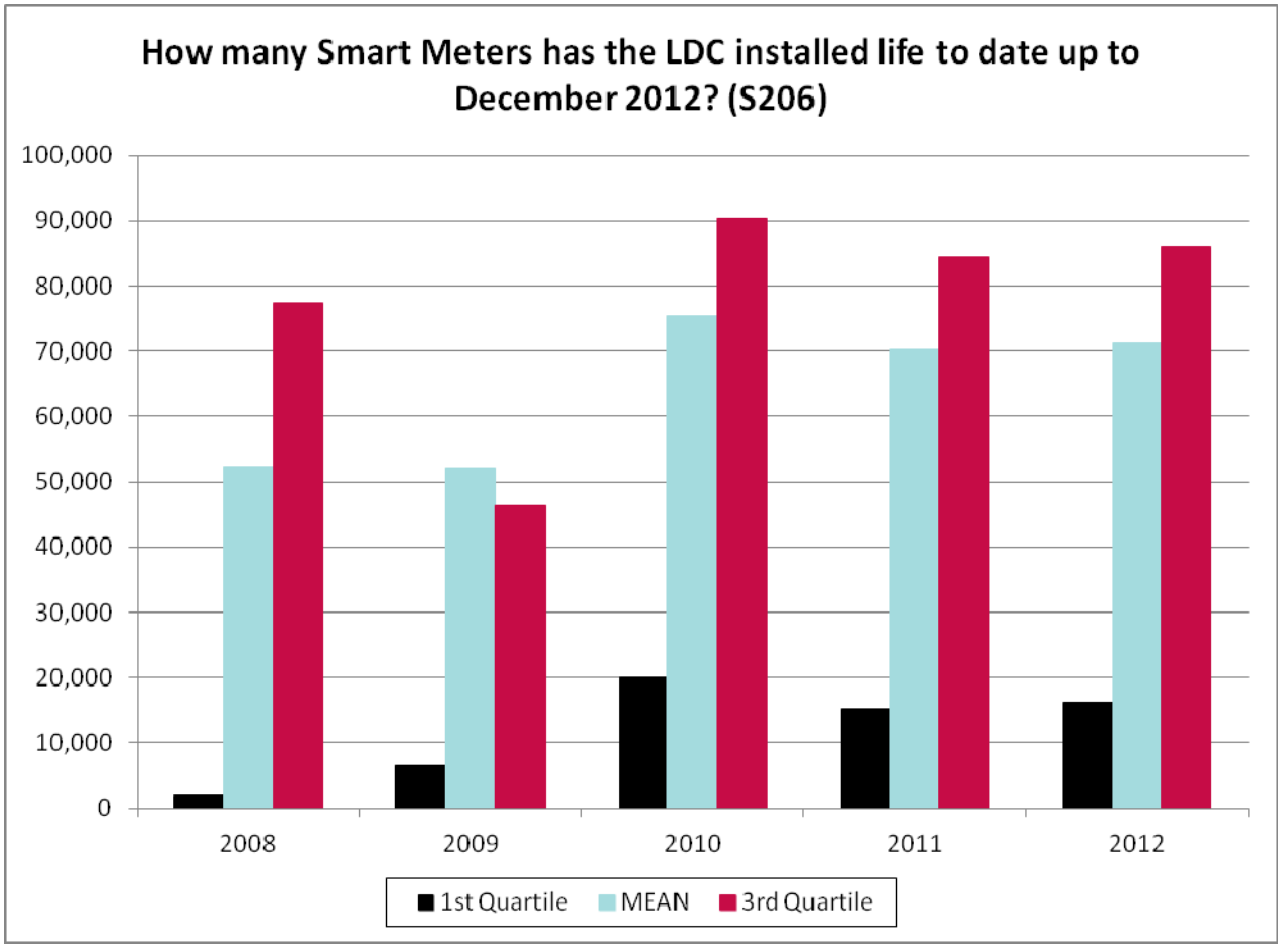
Accidents: Frequency per 200,000 Hours (MR040)



Since 2008:

- On average, there has been a 37% decrease in the number of accidents, reflecting efforts by utilities and safety advocacy promoting zero accident tolerance levels. This decrease also reflects the effects of increased staff awareness.
- Among participants, the lowest average frequency was in 2009 at 0.66 accidents per 200,000 Hours Worked, and the highest frequency was 1.74 accidents per 200,000 Hours Worked in 2008.
- The 1st quartile remained at 0 accidents over the last five years.
- The 3rd quartile reached its peak in 2008 with 3.1 accidents per 200,000 Hours Worked; however, the period between 2009 and 2011 showed increases year over year. 2012 saw a decrease of 34%.
- It is notable that the graph is showing characteristics of a cyclic nature.

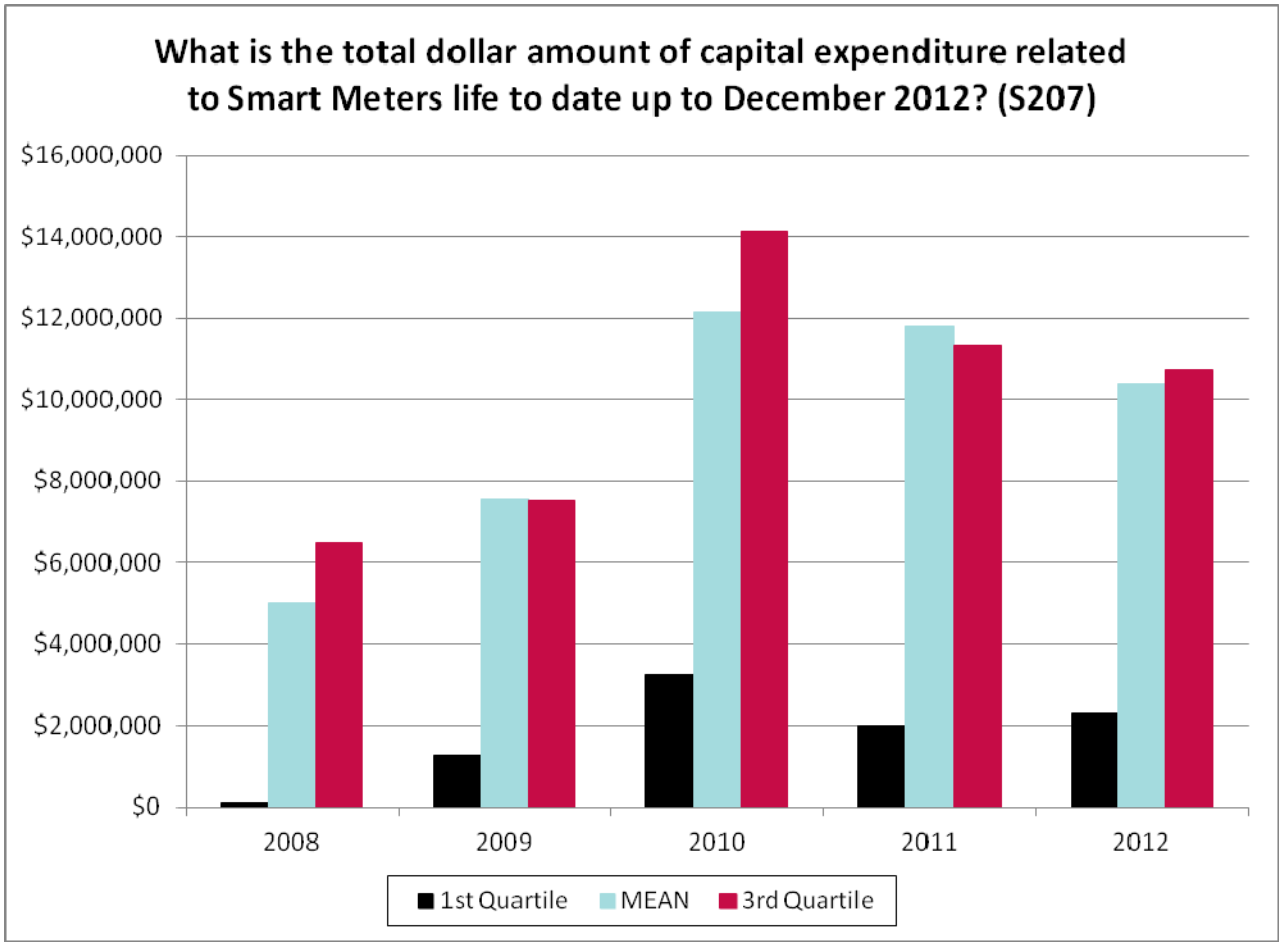
How many Smart Meters has the LDC installed life to date up to December 2012? (S206)



Survey results show the following:

- To date, 1,995,954 Smart Meters have been installed by the 28 surveyed utilities.
- 100% of the LDCs participating in the survey have installed Smart Meters.
- 26 of the 28 survey participants have already reached their installation targets.
- In the first two years of the program significant installations occurred in large utilities, with medium and small utilities reaching their installation targets more recently.
- Metering costs are reflecting changes relative to the methods employed to obtain meter data.

What is the total dollar amount of capital expenditure related to Smart Meters life to date up to December 2012? (S207)



Since 2008 to the end of 2012, among the participating utilities:

- The average LDC has spent $10,390,517 in capital expenditure related to Smart Meters.
- In total, $280,543,950 of capital has been invested in Smart Meters.
- The program's range of expenditure by LDCs is $728,250 to $57,920,870.
- Accounting treatments for smart meters are changing as the regulatory processes start to move costs out of capital and into operations and maintenance.

The MEARIE Group

2013 Utility Performance Management Survey

Performance Scorecard

Burlington Hydro Inc.

UPM Survey

Burlington Hydro

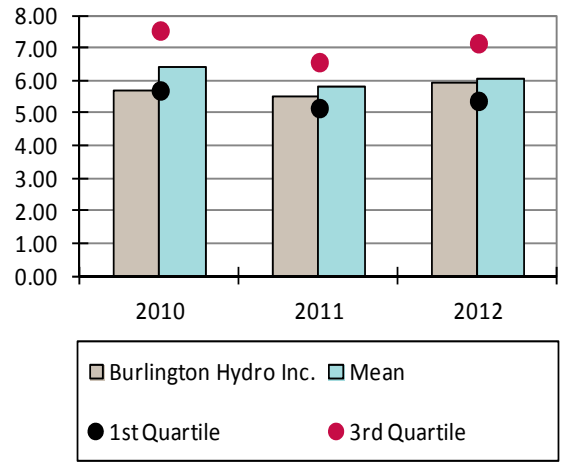
City of Burlington

Burlington Hydro is a large sized utility located on the north shore of Lake Ontario in the Region of Halton. It bills its customers for water under contract with the Region, and electricity usage. The utility rebased in 2010. It is up to date on the smart metering program. In addition, it has ownership of renewable energy generation units in the form of solar panels and is selling to the provincial Grid. It is a progressive utility in a community that is a thriving business centre and a community that is striving to move further forward as an attractive location for business.

Burlington Hydro services the electricity distribution needs of the City of Burlington over a total service area of 188 square km of which 98 square km are urban and 90 square km are rural. With both rural and urban customers within a service area population of 175,779 and an annual peak load of approximately 373 MW, it is currently providing service to 65,380 customers. The total kWh billed in 2012 was 1,706,481,677 kWh. It has a total work force of 93 with an average age of 47. The utility is a community resource and asset contributing to the ongoing economic development by providing effective and efficient electrical energy services. It is delivering a commitment of smart service to a community that is forward thinking both in developing a new economic strategy and also planning for a sustainable future. The utility is contributing to the sustainability objectives of the community not only with renewable energy initiatives, but also by participating and co-sponsoring the City of Burlington Community Energy Plan.

1. Profitability

FR300: Operating Margin (%)

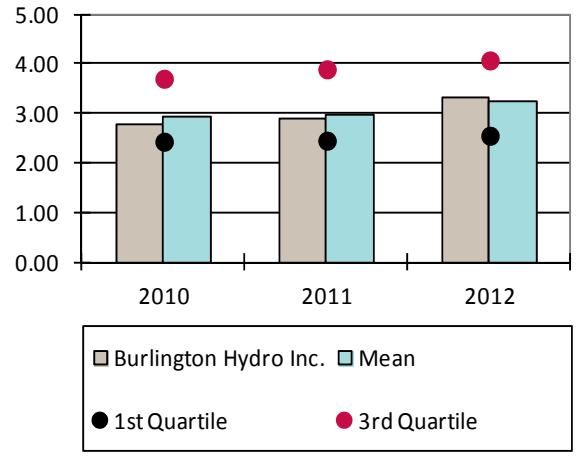


Operating Margin is defined as:

$$\frac{\text{EBIT}}{\text{Total Electricity Revenue}}$$

Operating margin reflects the profitability of the company as influenced by management decisions (interest and taxes are excluded). The higher the operating margin, the more profitable is the company's core business. This ratio indicates that your LDC is at about the average for 2012 in terms of effectively managing your costs and contributing to the profitability of your business.

FR310: Net Margin (%)

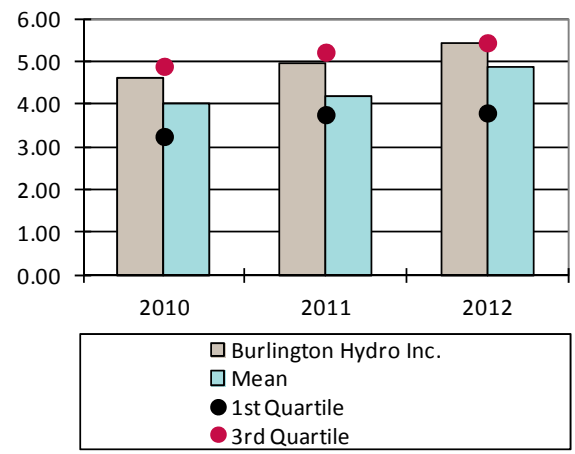


Net Margin is defined as:

$$\frac{\text{Net Income}}{\text{Total Electricity Revenue}}$$

Net margin is a measure of corporate profitability and a good way of comparing companies in the same industry, since such companies are generally subject to similar business conditions.
Your LDC has had a steady increase for this ratio over the last three years. In 2012 you were just above the average, indicating that you are generating more than sufficient income to cover financial and operating expenses.

FR290: Return on Capital Employed (%)

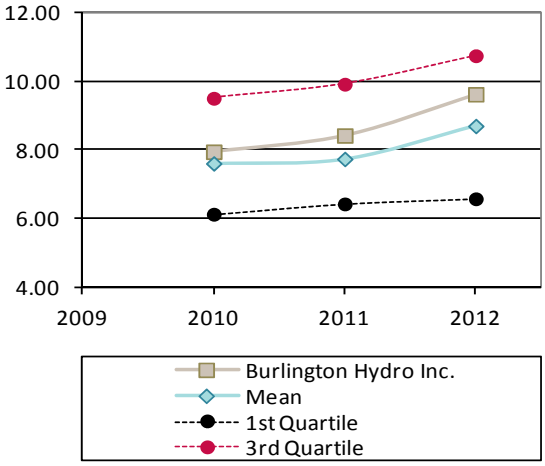


ROCE is defined as:

$$\frac{\text{Net Income}}{\text{Equity + Debt– (Cash+ Short Term Investments)}}$$

This ratio measures profit per dollar of capital employed. It is similar to Return on Assets but takes into account the sources of financing. It is commonly used as a measure for assessing whether a business generates enough returns to pay for its cost of capital. In 2012 and over the last three years your LDC has realized larger returns from capital employed than most participants.

FR250: Return on Equity (%)



ROE is defined as:

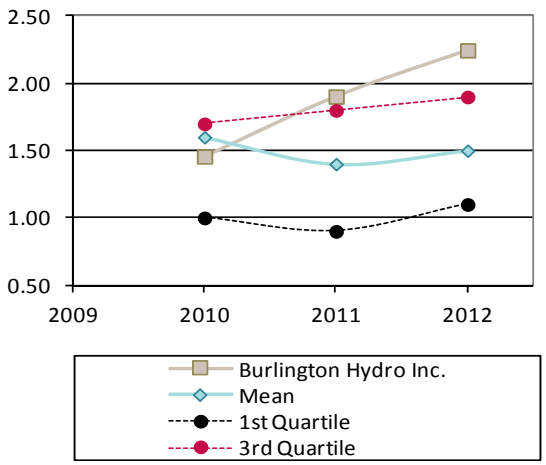
$$\frac{\text{Net Income}}{\text{Total Equity}}$$

(Including share capital and retained earnings)

This ratio measures profit per dollar of equity. Your LDC has been just above the current mean for participants since 2010, and your results for this ratio continue to trend upwards in 2012.

2. Financial Strength

FR030: Current Ratio



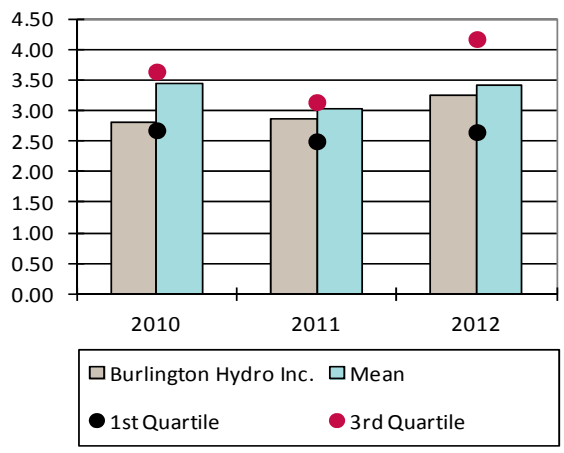
Current ratio is defined as:

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

It is a measure of the utility's liquidity. You have been in the 3rd quartile for this metric over the last two years, and continue to trend upward in 2012, meaning that you may be better able to meet your short term financial obligations than many of the other LDCs.

It should be noted however that a very high current ratio may reflect a less than optimum use of current assets.

FR320: Interest Coverage Ratio



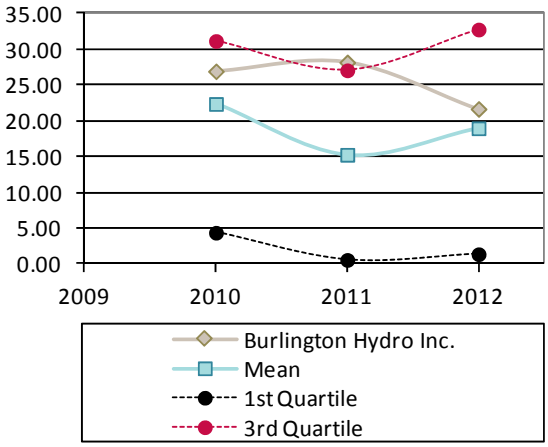
The Interest Coverage Ratio is calculated as:

$$\frac{\text{EBIT}}{\text{Expenses – Financial}}$$

It is a measure of a company's ability to honour its debt payments.

Your LDC has a slightly lower than average value for this ratio in 2012, indicating that you may be less able to honour debt payments than many other participants.

FR040: Number of Days Cash Reserve



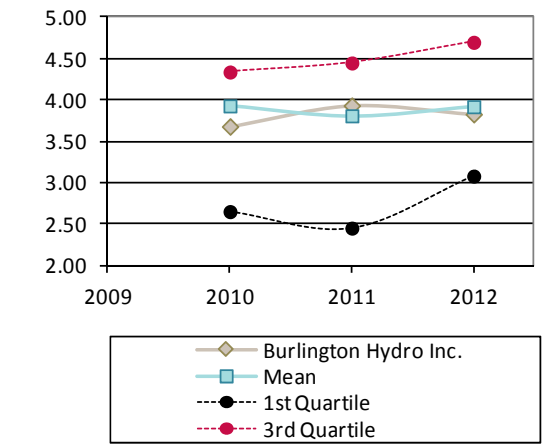
This ratio is defined as:

Cash + Short Term Investments
(Cost of Power, Operations, Maintenance, Admin., Financing charges, and Capital Expenditures) / 365

This ratio measures the utility's ability to meet its short term cash requirements. Although your value for this metric has decreased over 2012, your results indicate that you have an adequate level of cash and short term investments.

Because your number of days reserve is greater than the mean, you may be better able to meet your short term cash requirements than the average survey participant.

FR140: Operating Ratio (%)



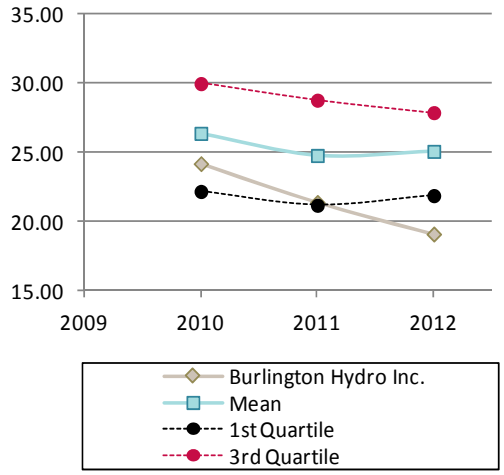
Operating Ratio is defined as

Total O & M Expenses
Total Revenue

This ratio provides an indication of the utility's effectiveness in managing operation and maintenance costs as a percent of its total electricity revenue. Your results in 2012 indicate an average level of O&M costs per revenue. Your results have been consistent over the period. Influences include the age of the plant and the amount of plant replacement carried out by the utility.

3. Asset Utilization

FR050: Number of Days Sales Outstanding



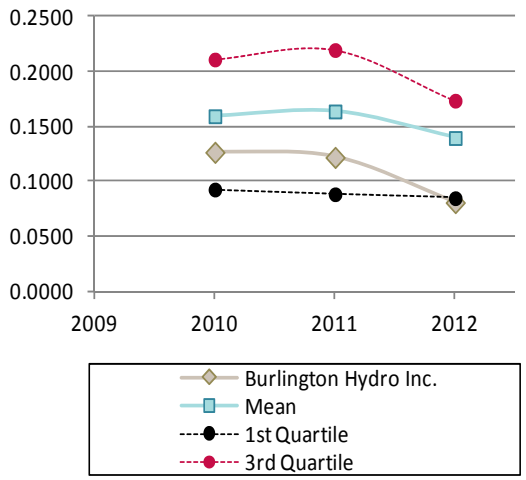
This ratio is defined as:

Accounts Receivable: Electrical Energy at year end
(Total Service Revenue **/ 365**)

This ratio relates to the utility's ability to expedite the collection of its accounts receivable related to the sale of energy. It is influenced by utility collection practices and, together with the ratio Number of Days of Unbilled Revenue (FR070), will provide an indication of the utility's ability to manage its major accounts receivable balances.

You are below average for 2012, meaning your collections practices are more effective than other participating LDCs.

FR100: Bad Debt as % of Revenue



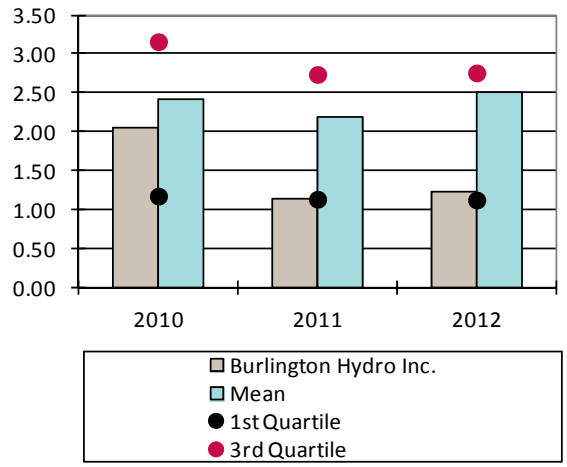
This ratio is defined as:

Bad Debt
Total Revenue

It indicates how effectively a utility is collecting revenue - the lower the percentage, the more effective the utility is at collecting service revenue. Major variances from year to year may result from economic conditions, or from large customers becoming insolvent.

You have remained below the average since 2010 and, in 2012, dropped to the 1st quartile for this ratio. Your results indicate that you are more effective in managing bad debt than the average LDC.

ER140: Inventory Turnover Ratio

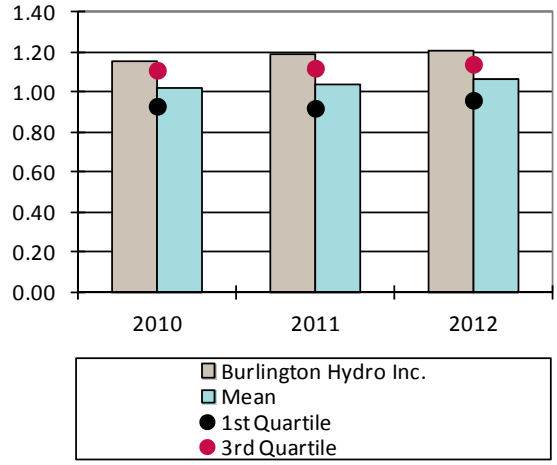


This ratio is defined as:

$$\frac{\text{Full Year of Cost of Materials Used}}{\text{Average Inventory}}$$

This ratio indicates how effectively a utility is managing its inventory. Your results indicate that you have a rate of inventory turnover during a typical operating cycle that is below the average. Too low of a value in this ratio may suggest some inefficiency because inventory has zero rate of return. It may also suggest excess inventory or planned inventory build-up. Your results in 2012 are consistent with 2011 and significantly less than 2010.

ER160: Asset Efficiency



Asset Efficiency is defined as:

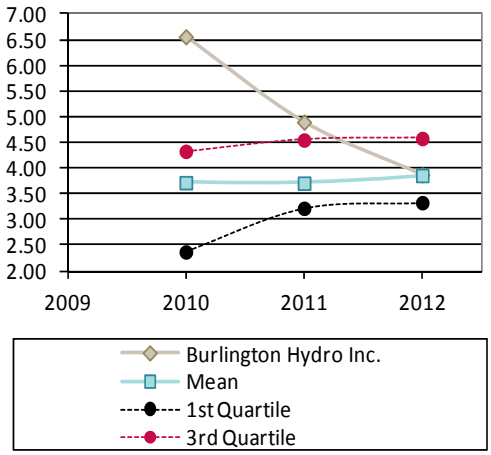
$$\frac{\text{Total Electricity Service Revenue}}{\text{Net Assets}}$$

The higher this ratio, the greater the revenue generated from existing assets.

Your LDC has remained in the 3rd quartile for this measure of efficiency in 2012 and over the last three years, indicating a more effective use of assets to generate revenue than most survey participants.

4. Employees

MR020: Short Term Absenteeism: Days per FTE

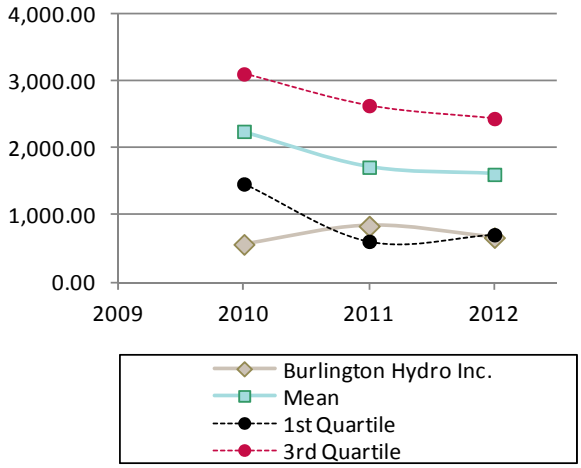


This ratio is defined as:

$$\frac{\text{Number of Short Term Absences}}{\text{Number of FTEs}}$$

This ratio calculates the number of work days lost due to short term absenteeism (5 days or less) per FTE. Absenteeism may be an indicator of employee satisfaction and/or health or safety or environmental conditions at the utility. In 2010, your employees were absent more often than most survey participants, but in 2012, you were at the average for this ratio - an improvement over the past years.

MR070: Staff Development Expenses per FTE



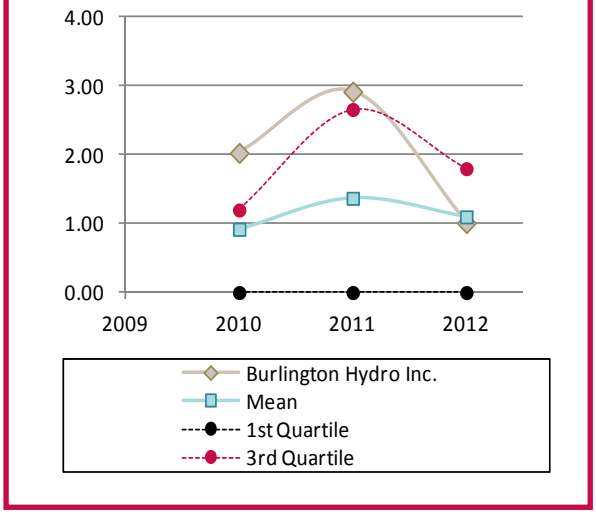
This ratio is defined as:

$$\frac{\text{Total Costs of Staff Development}}{\text{Number of FTEs}}$$

This ratio indicates the average cost spent per employee on staff development.

Over the last three years and in 2012, you have been spending less than most survey participants on staff development expenses, with a low in 2010 of $565 and a high in 2011 of $838 per FTE.

MR040: Accidents: Frequency per 200,000 hours



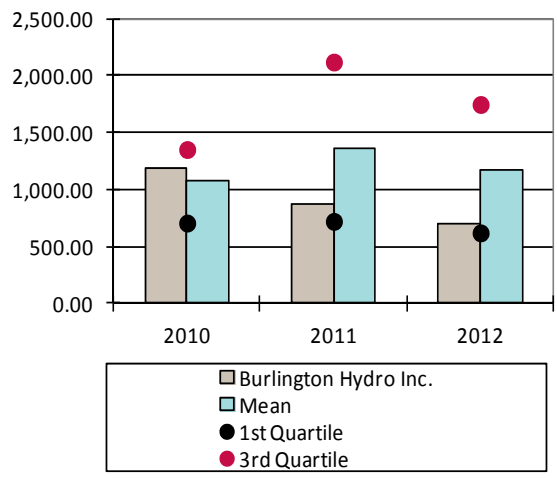
This ratio is defined as:

Number of Compensable Injuries **x 200,000**
Number of Employee Hours Worked

It demonstrates the trend in frequency of on-the-job accidents. Only injuries where compensation is paid are included in this figure. A high accident frequency may indicate that more safety training is needed.

After two years in the 3rd quartile, in 2012, compensable injuries were no more frequent at your location than at the locations of the other participants. You were at the mean in 2012.

MR090: Cost of Safety Training per FTE

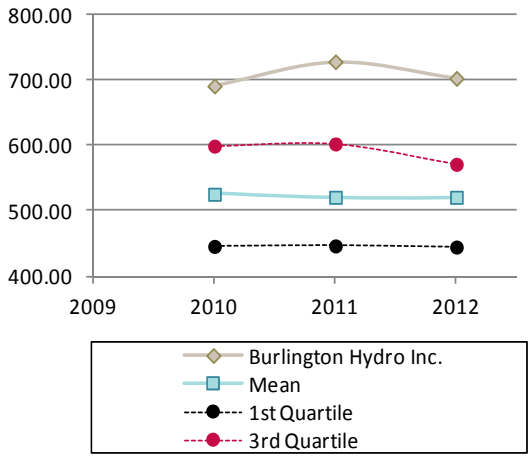


This ratio is defined as:

Cost of Training on Safe Work Practices
Number of FTEs

This ratio indicates the average cost spent per employee on safety training. It can be looked at in conjunction with MR040: Accidents: Frequency per 200,000 hours.
A high accident frequency may indicate that more safety training is needed.
You are spending less than most LDCs on safety training in 2012.

S16: Number of Customers Per FTE



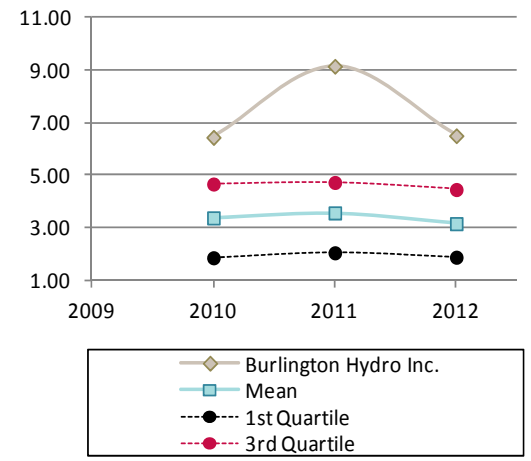
This ratio is defined as:

$$\frac{\text{Total Customers}}{\text{Total FTEs}}$$

This ratio is a traditional indicator of corporate performance; the greater the number of customers per employee, generally the more productive and efficient the organization. Your 2012 results indicate a significantly higher than average ratio.

This ratio should not however be looked at in isolation. A high number, such as yours, could indicate industry growth if the total number of customers has increased year over year. However, an increase in customers per FTE alone could reflect a policy of downsizing within the company.

MR030: Overtime Hours as a % of Regular Hours



This ratio is defined as:

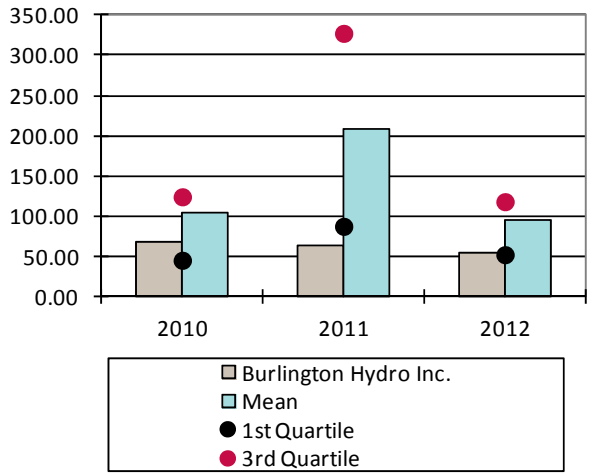
$$\frac{\text{Overtime Hours Worked}}{\text{Total Regular Hours}}$$

Although your employees have worked less overtime in the last year (2012), they have worked more overtime as compared with the employees of other participating LDCs over the last three years. This measure provides an indication of how utilities manage their workload.

MR030 can be looked at with S16: Number of Customers per FTE. High values for both ratios could indicate that you are understaffed.

5. Customers

SR180: Total Outage Minutes per Customer

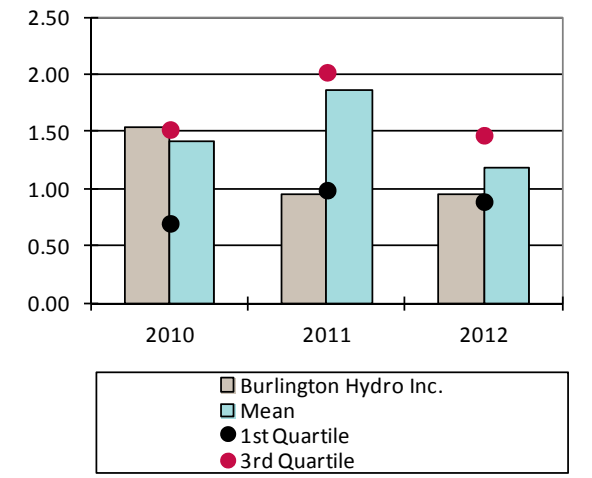


This ratio is defined as:

$$\frac{\text{Customer minutes of Interruption}}{\text{Number of Customers}}$$

This ratio takes into account total outage minutes per customer, including those caused by supply (Code 2). A higher ratio can be caused by such things as severe weather or by lack of adequate responsiveness on the part of the LDC. Since 2010, you have had a smaller number of outage minutes per customer than many participating LDCs. In 2012 the result is somewhat lower than the previous two years.

SR090: SAIFI: LDC Distribution System

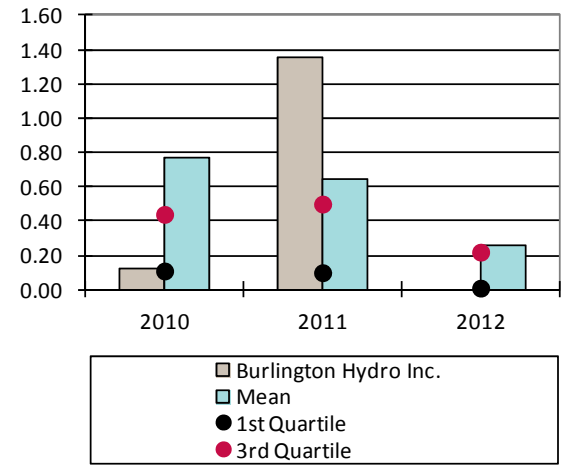


SAIFI is defined as:

$$\frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers}}$$

SAIFI is commonly used as a reliability indicator because it calculates the average number of interruptions that a customer would experience in a year. It is measured in units of interruptions per customer and it looks at the interruptions caused by the distribution system only. According to IEEE Standard 1366, the median value for North American utilities is approximately 1.10 interruptions per customer.
Your 2011 and 2012 results indicate that your customers are experiencing fewer interruptions than the customers of most participants.

CR100: Percent of Bills Cancelled and Re-issued



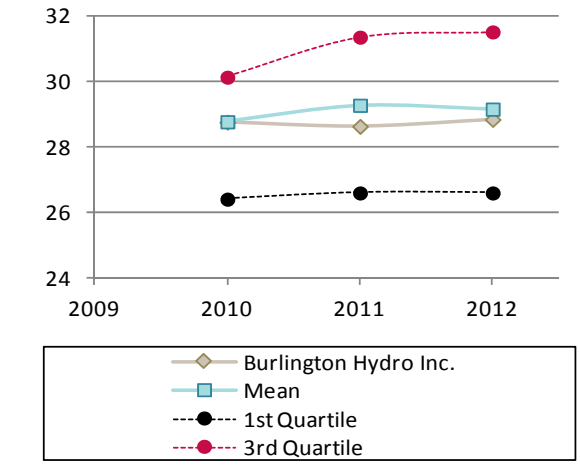
The calculation for this ratio is:

$$\frac{\text{Number of bills cancelled \& reissued}}{\text{Total number of bills issued}}$$

After a high of 1.35% in 2011, in 2012 you are now in the 1st quartile with regards to rate of bill cancellation and re-issue with a 2012 value of 0.

This reflects good quality control on bill preparation and issue.

S172: Monthly Bill for 1000kWh Residential Customers

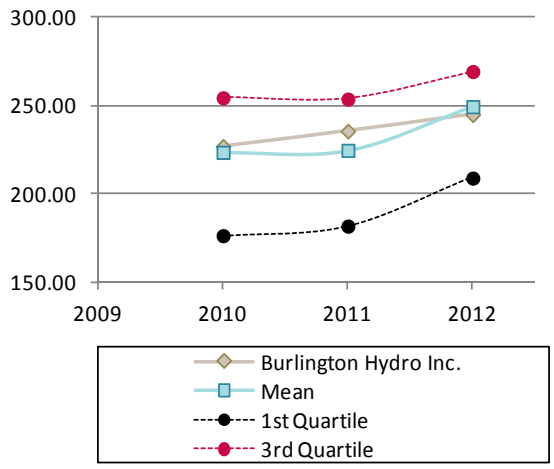


This figure includes both customer and distribution charges.

Your customers are paying the same per month in 2012 as those of the average participating LDC.

6. Efficiency

ER020: Controllable Expense per Customer ($)

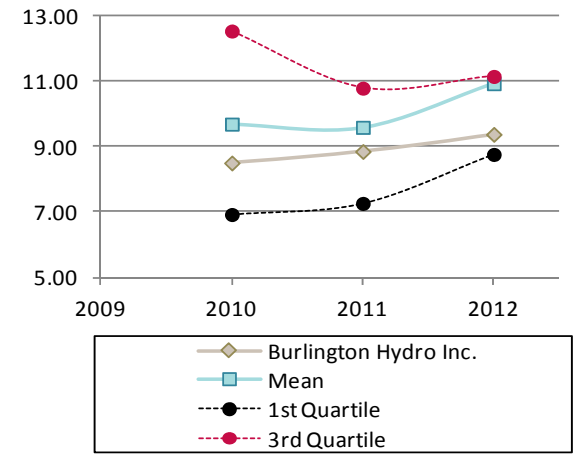


This ratio is defined as:

$$\frac{\text{Controllable Costs}}{\text{Total customers}}$$

This measure provides an indication of the utility's effectiveness in managing controllable costs. Your LDC has average controllable expenses per customer in 2012.
This ratio can be influenced by the degree to which a utility provides various customer services. It can also be influenced by the age of the plant.

ER030: Controllable Expense per MWh Sold ($)

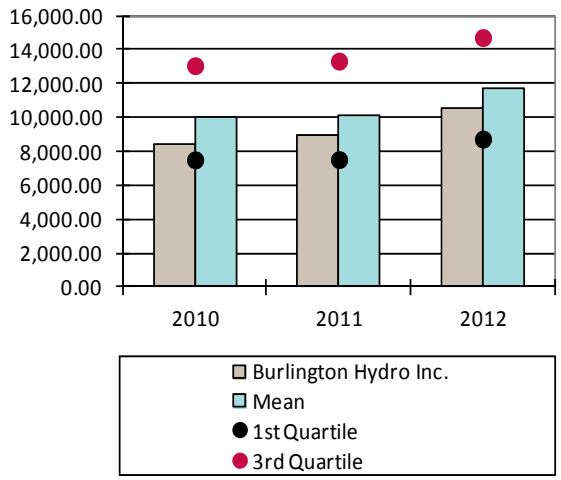


This ratio is defined as:

$$\frac{\text{Controllable Costs}}{\text{Total MWh Billed}}$$

This measure provides an indication of the utility's effectiveness in managing controllable costs. Your LDC has had slightly lower levels of controllable expenses per MWh Billed than many participating LDCs since 2010, and it is the same in 2012. As with ER020, this ratio can be influenced by the degree to which a utility provides various customer services. It can also influenced be by the age of the plant.

ER150: Controllable Cost per Circuit km of Line

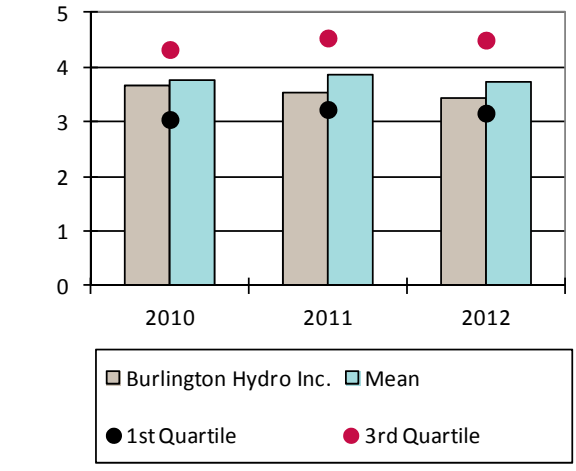


This ratio is defined as:

$$\frac{\text{Controllable Costs}}{\text{Total Circuit km of line}}$$

This measure provides an indication of the utility's effectiveness in managing controllable costs. In 2012, your LDC has maintained a lower ratio of controllable costs per circuit km of line than most participants. This ratio may be impacted by customer density and by the age of the plant.

S238: Distribution System Losses (%)



This metric identifies the losses associated with providing electricity from generators to end-users.

Losses can be the result of technical deficiencies or theft of power.

Your LDC is reporting a smaller percent of losses in 2012 than most of your counterparts, and this ratio has decreased for you over the last three years.

2013 Utility Performance Management Survey

UPM Survey

The MEARIE Group

3700 Steeles Avenue West, Suite 1100
Vaughan, Ontario L4L 8K8
905.265.5300
1.800.668.9979
mearie.ca