



Ontario Energy Board

Commission de l'énergie de l'Ontario

Defining & Measuring Performance of Electricity Distributors (EB-2010-0379)

Board Staff Presentation

February 14, 2013

Draft Agenda

Monday, February 14, 2013

9:30 AM - 10:00 AM

Overview for Day &
Review of Action from Last Meeting (Board Staff)

Staff's Proposed Measures and Scorecard – Part Two

10:00 AM - 12:00 AM Staff Presentation & Continued Discussion (Started Feb 4th)

12:00 PM - 12:30 PM

Lunch

12:30 PM - 4:00 PM ... Continued Discussion on Measures and Scorecard

4:00 PM - 4:30 PM

Wrap-Up and Next Steps

4:30 PM

Adjournment



Proposed Scorecard

Performance Outcomes	Performance Categories	Measures (new in red)	2011	2012	2013	2014	2015	Trend	Target	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	Connection of New Services (DSC s7.2)							90%	
		Appointments: Scheduled (DSC s7.3)							90%	
		Appointments: Met (DSC s7.4)							90%	
		Telephone Accessibility (DSC s7.6)							65%	
	Customer Satisfaction	Complaints by consumers and market participants (RRR 2.3.1) Customer Survey Results								
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives.	System Reliability	System Average Interruption Duration Index - Code 2 Outages (RRR s2.1.4.2.2)								
		System Average Interruption Frequency Index - Code 2 Outages (RRR s2.1.4.2.4)								
	Overall cost performance	Efficiency ranking resulting from comparative cost analysis								
		OM&A Cost per Customer Net Plant Cost per Customer Capital Budget vs. Actual								
	Asset Management	<i>To be determined in consultations...</i>								
Public Policy Responsiveness Utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Government Policy Directive on CDM	2014 Net Annual Peak Demand Savings Target (MW) 2011-2014 Net Cumulative Energy Savings Target (GWh)								
	Connection of Renewable Generation	Average time to connect (DSC s6.2 and RRR s2.3.11)								
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio								
		Leverage: Total Debt to Equity Ratio								
		Profitability: Financial Statement Return on Equity								
		Profitability: Regulatory Return on Equity								



Proposed Customer Focus Measures

Customer Focus

Services are provided in a manner that responds to identified customer preferences.

Service Quality	Connection of New Services (DSC s7.2)
	Appointments: Scheduled (DSC s7.3)
	Appointments: Met (DSC s7.4)
	Telephone Accessibility (DSC s7.6)
Customer Satisfaction	Complaints by consumers and market participants (RRR 2.3.1)
	Customer Survey Results

- Thoughts on:
 - on staff's proposed measures?
 - ideas brought forward in stakeholder presentations made at our previous meetings?
 - new ideas?
- What are your preferred measures and why?
 - Align with, and reflect effectiveness in achieving, the outcome?
 - Customer-oriented?
 - Encourage improvement?
 - Trend analysis?
 - Measureable?
 - Considers business conditions?
 - Practical?



Proposed Operational Effectiveness Measures

Operational Effectiveness

Continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives.

System Reliability	SAIDI- Code 2 Outages (RRR s2.1.4.2.2)
	SAIFI- Code 2 Outages (RRR s2.1.4.2.4)
Overall cost performance	Efficiency ranking
	OM&A Cost per Customer
	Net Plant Cost per Customer
	Capital Budget vs. Actual
Asset Mgmt	<i>To be determined in consultations...</i>

- Thoughts on:
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Proposed Public Policy Responsiveness Measures

Public Policy Responsiveness

Utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).

Government Policy Directive
on Conservation & Demand
Management

2014 Net
Annual Peak
Demand
Savings Target
(MW)

2011-2014 Net
Cumulative
Energy Savings
Target (GWh)

Connection of
Renewable
Generation

Average time to
connect (DSC
s6.2 and RRR
s2.3.11)

- Thoughts on:
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Proposed Financial Performance Measures

Financial Performance

Financial viability is maintained; and savings from operational effectiveness are sustainable.

Financial Ratios

Liquidity: Current Ratio

Leverage: Total Debt to Equity Ratio

Profitability: Financial Statement Return on Equity

Profitability: Regulatory Return on Equity

- Thoughts on:
 - on staff's proposed measures?
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Proposed Scorecard

Thoughts on scorecard features:

- a. is five-years appropriate?
- b. is the trend line appropriate?
- c. should all measures have targets? If so, how should they be determined?
- d. are other features needed (e.g., graphics, averages, absolute values, etc.)?

Should “aggregate” performance be shown on the scorecard? Why/why not? For example:

- a. Should the performance categories be weighted to prioritize them in order of importance? If so, how and by whom?
- b. Should the measures be weighted? If so, how and by whom?





Appendix

December 6, 2012 Issues For Consultation on Proposed Measures & Scorecard



Issues for Consultation on the Proposed Measures

1. Do the proposed measures (on the proposed scorecard) align with, and reflect a distributor's effectiveness in achieving, the Board's performance outcomes?
2. Do the proposed measures meet the Board's criteria?

Criteria	Description in Board Report
Customer-oriented	be reflective of customer needs and expectations
Encourages Improvement	encourage year-over-year performance gains
Trend Analysis	reveal current performance and signal future performance
Measurable	be measurable by each distributor, and be aligned with their reporting for their own internal purposes to the extent possible
Considers Business Conditions	consider the characteristics of a distributor's service territory
Practical	be practical

3. What are your preferred measures and why?

Issues for Consultation on the Proposed Measures / 2

4. With respect to the financial ratios, staff proposes that ROE be calculated two ways: based on “regulatory” and “financial statement” assumptions. Is this appropriate?
5. Do existing consequences associated with the proposed measures (e.g., retention of achieved productivity gains, compliance process; stretch factor assignment; or case-by-case review) continue to be appropriate? Why/why not?
6. Are the **new** proposed measures appropriate?
 - a. What are the costs of tracking the **new** proposed measures that do not leverage existing Board requirements?
 - b. Are there other measures that should be considered (e.g., community involvement, employee safety, environmental impact)?

Issues for Consultation on the Proposed Scorecard

7. With respect to scorecard features:
 - a. is five-years appropriate?
 - b. is the trend line appropriate?
 - c. should all measures have targets? If so, how should they be determined?
 - d. are other features needed (e.g., graphics, averages, absolute values, etc.)?

8. Should “aggregate” performance be shown on the scorecard? Why/why not? For example:
 - a. Should the performance categories be weighted to prioritize them in order of importance? If so, how and by whom?
 - b. Should the measures be weighted? If so, how and by whom?