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VIA E-MAIL AND WEB POSTING

July 4, 2013

To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2010-0379
All Other Interested Stakeholders

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

Today, the Board posted on its website a Staff Report to the Board on Performance Measurement and Continuous Improvement for Electricity Distributors (the “Staff Report”). The Staff Report sets out Board staff’s recommendations in relation to performance standards, measures, and the development of an electricity distributor scorecard. Board staff’s recommendations have been informed by a stakeholder consultation process, as documented in the Staff Report.

Background

On October 18, 2012, the Board issued its “Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach” (the “Board Report”) and commenced implementation of the Renewed Regulatory Framework. 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.

On October 30, 2012, a stakeholder Working Group was established to assist Board staff by providing knowledge and experience needed to develop proposals in response to the performance-related matters identified in the Board’s Report.

On December 6, 2012, Board staff proposals were issued for discussion with stakeholders.

On January 10, 2013, a Stakeholder Meeting was held to provide all interested stakeholders with an opportunity to exchange ideas with Board staff and each other on the proposals issued in December. An outcome of that meeting was the identification of issues and areas of concern that could be considered by the Working Group.

Starting in January, the Working Group met several times over a period of three months.

All materials in relation to this consultation are available on the Board's website.

The Staff Report has been prepared to advise the Board on the performance-related matters identified in the Board Report.

Written Comments and Cost Awards

The Board invites comments on all of the recommendations set out in the Staff Report.

The Board would be assisted in particular by stakeholder comments in response to questions set out in **Attachment A**. Stakeholders are encouraged to address any other matters in relation to Board staff's recommendations in their comments that they feel are pertinent.

Stakeholder comments must be filed with the Board by **August 12, 2013**.

As stated in Attachment B to the Board's October 18, 2012 letter, cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* in respect of the consultation activities described in this letter, and will be recovered from electricity transmitters and distributors as also set out in the October 18, 2012 letter. Important information in relation to cost awards is provided in **Attachment B**.

All filings to the Board must be made in accordance with the filing instructions set out in **Attachment C**.

If you have any questions regarding this consultation, please contact Lisa Brickenden at 416-440-8113, or by e-mail at RRF@ontarioenergyboard.ca. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachment A – List of Questions for Written Comment

Attachment B – Cost Awards

Attachment C – Filing Instructions

ATTACHMENT A
To Letter Dated July 4, 2013

List of Questions for Written Comment

The Board would be assisted by stakeholder comments in response to the following questions.

Stakeholders are encouraged to address any other matters in relation to Board staff's recommendations in their comments that they feel are pertinent.

Existing Service Quality Requirements

Preamble:

The Board has implemented a "standards approach" to service quality requirements for electricity distributors. Distributors are currently required by the Distribution System Code to meet prescribed customer service performance standards in relation to the following:

- Connection of New Services;
- Appointment Scheduling;
- Appointments Met;
- Rescheduling a Missed Appointment;
- Telephone Accessibility;
- Telephone Call Abandon Rate;
- Written Response to Enquiries;
- Emergency Response; and
- Reconnection Standards.

Under the "standards approach", compliance with the performance standard is mandatory and can be enforced through the Board's compliance process.

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?

Customer Satisfaction Surveys

Preamble:

In the Staff Report, Board staff recommends that distributor customer satisfaction surveys be centrally guided by the Board and undertaken by the distributors. Board staff believes this approach will:

- build on existing surveys/practices (whether annual perception surveys, transaction surveys or other methods) that are already being conducted by distributors;
- avoid duplication of efforts (and therefore will be less costly in the long run); and
- encourage a distributor to "continuously improve its understanding of the needs and expectations of its customers and its delivery of services." Distributors across the Province do not have the same customers and therefore may not have the same priorities with respect to continuous improvement. A distributor's customer satisfaction results need to be internalized and operationalized by that distributor.

Board staff recommends that distributors retain the discretion on how to conduct their customer satisfaction surveys (e.g., annual perception, on-going transactional survey, focus group, telephone, “in-house”, outsourced, joint, etc.). However, Board staff recommends that distributors be expected to follow good survey practices, and recommends that distributors be asked to describe how they conduct their surveys in the management discussion and analysis section of the Scorecard. In addition to helping the Board understand the distributor’s results, the sharing of this information may be beneficial to other distributors pursuing continuous improvement in their own approaches to customer satisfaction.

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”?
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?
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.

1st Contact Resolution

Preamble:

In the Staff Report, Board staff recommends that a measure of 1st Contact Resolution be reported on the Scorecard. Board staff acknowledges that information to assess this measure may be gathered in different ways. Furthermore, Board staff does not believe it necessary for the Board to prescribe how 1st Contact Resolution information is gathered at this time. Rather, Board staff thinks that establishing a 1st Contact Resolution expectation will encourage distributors to focus on what they are expected to achieve, not a prescriptive “how” to achieve it. However, Board staff recommends that distributors be asked to describe how they are gathering 1st Contact Resolution information in the management discussion and analysis section of the Scorecard. In addition to helping the Board understand the distributor’s results, the sharing of this information may be beneficial to other distributors pursuing continuous improvement in their own approaches to 1st Contact Resolution.

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?
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.

Billing Accuracy

Preamble:

In the Staff Report, Board staff recommends that a measure of Billing Accuracy be reported on the Scorecard and notes that a measure would need to be developed.

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.

Regulatory Return on Equity

Preamble:

In the Staff Report, 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.

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.

The Scorecard

Preamble:

In the Board Report, the Board concludes that a Scorecard will be used to monitor individual distributor performance and to compare performance across the distribution sector. The Board Report further explains that "the Scorecard effectively organizes performance information in a manner that facilitates evaluations and meaningful comparisons [year-over-year and across the sector], which are critical to the Board's rate-setting approach under the Renewed Regulatory Framework."¹ The Board Report also states that distributors will be required to report their progress against the Scorecard on an annual basis.²

In the Staff Report, Board staff notes that it drafted its recommended Scorecard with this direction in mind.

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?

ATTACHMENT B

¹ Ontario Energy Board. "Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach." October 18, 2012. p. 57

² Ibid.

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Cost Awards

Eligible Participants

Subsequent to its October 18, 2012 letter, the Board determined that the following participants are eligible for cost awards in relation to this consultation process: Association of Major Power Consumers in Ontario ; Building Owners and Managers Association of the GTA ; Canadian Manufacturers & Exporters ; Consumers Council of Canada ; Energy Probe Research Foundation ; Federation of Rental-housing Providers of Ontario ; Low-Income Energy Network ; Northwatch; Retail Council of Canada ; School Energy Coalition ; and Vulnerable Energy Consumers Coalition .

Eligible Activities

Cost awards will be available to each eligible participant as follows.

Activity Eligible for Cost Awards	Maximum Number of Hours
For each eligible participant Written comments on Staff Report to the Board	20 hours

ATTACHMENT C
To Letter Dated July 4, 2013

Filing Instructions

Two (2) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

The Board requests that stakeholders make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, quoting the file number **EB-2010-0379**. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.ontarioenergyboard.ca, and fill out a user ID password request. Additionally, stakeholders are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@ontarioenergyboard.ca.

Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote the applicable file number (**EB-2010-0379**) and include your name, address, telephone number and, where available, your e-mail address and fax number.

All materials related to this consultation will be available for viewing at the Board's offices and on the Board's website (www.ontarioenergyboard.ca).

If the filing is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the filing available for viewing at the Board's offices or placing the filing on the Board's website, the Board will remove any personal (i.e., not business) contact information from the filing (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the filing will be available for viewing at the Board's offices and will be placed on the Board's website.