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March 31, 2015

Phil Marley
President & CEO
Midland Power Utility Corporation
16984 Highway #12
P.O. Box 820
Midland, ON, L4R 4P4

Dear Mr. Marley:

Re: Performance Audit of 2009 – 2013 Select Scorecard Measures

As you are aware from the engagement letter issued to Midland Power Utility Corporation (Midland PUC) dated October 24, 2014, the Ontario Energy Board (the OEB) authorized an audit of Midland PUC scorecard performance measures of New Residential/Small Business Services Connected on Time, Scheduled Appointments Met on Time and Telephone Calls Answered on Time. This audit was conducted by the OEB's Audit and Performance Assessment group (the Audit).

The objective of the Audit was to assess the accuracy and quality of the performance data that was reported to the OEB and to examine Midland PUC's data collection, measurement, and reporting processes and systems with respect to select scorecard performance measures.

A final audit report based on Audit's work (the Report) has now been completed. The Report outlines the audit objective, scope, criteria, procedures used, findings including potential non-compliance and observations, basis of findings and observations, areas of potential non-compliance, areas of non-conformity requiring action, areas of concern, management responses, management action plans for Midland PUC.

To ensure that the audit findings and observations related to the scorecard measures as outlined in the Report are properly and consistently addressed and the required action plans are implemented by Midland PUC, Audit will be conducting a follow-up audit in 2015-2016.

Audit provides no assurances that addressing the areas of non-conformity requiring action alone will resolve the issues identified in the audit.

The findings and observations in the Report represent the views of Audit and are not necessarily the views of the OEB as a whole.

We thank the staff of Midland PUC for the assistance and support provided to Audit during this audit.

Yours truly,

A handwritten signature in black ink that reads "D. Babaie". The signature is written in a cursive style with a large, looped initial "D" and a long, sweeping underline.

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cc: Rob Holsgrove, Chair, Midland PUC
Christine Bell, Chief Financial Officer, Midland PUC

ONTARIO ENERGY BOARD



AUDIT REPORT

Midland Power Utility Corporation

Performance Audit of Select Scorecard Measures

Audit and Performance Assessment

March 2015

1. Executive Summary

The Ontario Energy Board (the OEB) authorized an audit of Midland Power Utility Corporation (Midland PUC or the Company) scorecard performance measures of New Residential/Small Business Services Connected on Time, Scheduled Appointments Met on Time and Telephone Calls Answered on Time (collectively referred to as Select Scorecard Measures). The scope of the audit was limited to the assessment of quality¹ of the operational information and performance data filed with the OEB by Midland PUC. The audit was conducted by the OEB's Audit and Performance Assessment (Audit) from October to December 2014.

An engagement letter was sent to Midland PUC on October 24, 2014. The objective of the Audit was to assess the accuracy and quality of the performance data that was reported to the OEB. Audit conducted site visits on December 1, December 2, and December 3, 2014 to better understand Midland PUC's data collection, measurement, and reporting processes with respect to the scorecard performance for the three scorecard performance measures.

Audit relied on Midland PUC's management representation, where appropriate, as audit evidence in performing the audit and arriving at its conclusions, findings and observations.

In the Report of the Board, Performance Measurement for Electricity Distributors: A Scorecard Approach, EB-2010-0379 dated March 5, 2014, the OEB stated that:

The Scorecard will use data that in many cases distributors already report to the Board through the Board's Electricity Reporting and Record Keeping Requirements (the "RRR"), or the Board's filing requirements.

The quality of the scorecard data and Electricity Reporting and Record Keeping Requirements (the RRR) filings is of an important consideration for the OEB given the scorecard performance results will be used ultimately by the OEB for performance monitoring, distributor benchmarking, and eventually for performance-based regulation and rate setting purposes.

Audit has completed the audit and concluded that Midland PUC may not have adequate business practices and processes with regards to certain service quality requirements, set out in the Distribution System Code (DSC), and certain reporting and recording requirements, as set out in the RRR and Midland PUC's licence for the Select Scorecard Measures.

¹ Quality is defined as the accuracy, reliability, consistency, validity, and integrity of the information.

Section 14.1 of Midland PUC's licence states that "The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time." It appears that certain records related to the Select Scorecard Measures have not been maintained and provided in a manner consistent with the OEB's requirements.

Audit notes that Section 5.1 of Midland PUC's licence ED-2003-0541 issued on November 26, 2003, Obligation to Comply with Codes states that "Section 5.1 of Midland PUC's electricity distribution licence requires Midland PUC to comply with certain codes issued by the Board, including the DSC." Conditions of licence are an "enforceable provision" as defined by the Act, and are therefore subject to compliance action.

In the December 3, 2014 site visit, Midland PUC acknowledged that it may be in potential non-compliance with the DSC for the three scorecard measures being audited.

Furthermore, Audit notes that in a letter dated March 16, 2015, Midland PUC confirmed that Audit conducted a site visit in Midland on December 1 to December 3, 2014 to examine Midland PUC's data collection, measurement and reporting processing with respect to the three scorecard performance measures. In the same letter, Midland PUC acknowledged that during the audit, Midland PUC became aware of areas where processes did not provide documented evidence of compliance with the DSC. Midland PUC acknowledged that it will make the required changes to its processes and procedures to be in compliance with DSC. Please refer to Appendix A for details.

The following findings and observations of this audit are found in section 9 and section 10 of the report:

Summary of Findings

Scorecard Measure of Scheduled Appointments Met on Time

Finding 1 - Midland PUC did not offer to schedule appointments with its customers within a 4 hour window of time (i.e., morning, afternoon or, if available, evening) during its normal business hours. As a result, Audit cannot verify if the distributor arrived for the appointment within the scheduled timeframe as required by DSC section 7.4.1. Midland PUC may be in potential non-compliance with DSC sections 7.4.1 and 7.4.3.

Finding 2 - Midland PUC did not consistently have supporting documents for tracking the appointment arrival time for the Scheduled Appointments on Time Measure. As a result, the performance reported by Midland PUC for the Scheduled Appointments Met on Time Measure cannot be substantiated. Midland PUC may be in potential non-compliance with Midland PUC's licence section 14.1 and DSC sections 7.4.1 and 7.4.3.

Finding 3 - Midland PUC included appointments where the customer presence was not required for the periods of 2009 to 2011, which does not meet the definition of

appointments. As a result, although there may not be any impact on the performance reported for Scheduled Appointments on Time Measure, the total numbers of appointments reported in the RRR for the periods of 2009 to 2011 were misstated. Midland PUC may be in potential non-compliance with DSC sections 7.3.1, 7.3.2, and 7.4.1.

Scorecard Measure of New Residential/Small Business Service Connected on Time

Finding 4 - Midland PUC did not properly and consistently record the date on which all service conditions were met during the reporting periods of 2009 to 2013. As a result, Audit is unclear when all the service conditions were met and if the 5 business day requirements were met or not. Midland PUC may be in potential areas of non-compliance with DSC sections 7.1 and 7.2.1.

Finding 5 - All New Residential/Small Business Service Connections reported by Midland PUC were reported as met as Midland PUC reported the performance of New Residential/Small Business Service Connected on Time Measure for 100% in 2010. However, there was one sample service connection noted by Audit that was not met. As a result, Midland PUC reported incorrect New Residential/Small Business Service Connected on Time Measure in the RRR. Midland PUC may be in potential areas of non-conformity with RRR section 2.1.4.1.1.

Scorecard Measure of Telephone Calls Answered on Time

Finding 6 - Midland PUC incorrectly included the calls that were received outside of Midland PUC's regular hours of operation for the reporting periods of 2009 to 2013. As a result, the RRR figures reported in Midland PUC's filing and the scorecard performance measure for the periods of 2009 to 2013 for the Telephone Calls Answered on Time Measure may not be accurate. Midland PUC may be in potential areas of non-compliance with DSC sections 7.1 and 7.6.1.

Summary of Observations

Observation 1 - It is not clear if the time stamps for actual calls received in 2009 and some months of 2010 were accurate. However, it appears that the duration of actual calls received and processed within 30 seconds were not impacted by this inaccurate information.

Observation 2 - There is a lack of formal management review and analysis of customer service quality measures including status of completion, performance and trend analysis etc.

2. Background

The Corporation of the Town of Midland owns 100 % of Midland PUC.

As at December 31, 2013, Midland PUC has a total customer base of 7,025 of which 6,152 are residential, 861 are general services (<50 and > 50 kW) and 1 for unmetered scattered loan connections. It is servicing the Town of Midland as designated at December 31, 1997.

Midland PUC is embedded to Hydro One and Midland PUC does not have any affiliates.

Midland PUC's approved base revenue requirement was approximately \$3.4 million in its 2013 Cost of Service proceeding EB-2012-0147.

Midland PUC is a member of the Cornerstone Hydroelectric Concepts Inc. ("CHEC") group.²

3. Authority for Audit

The OEB's audit function is a regulatory instrument of the OEB to assist the OEB in carrying out its legislative mandate including the oversight and monitoring performance of the electricity distributors. Audit ensures that the data collected from regulated entities is reliable. This supports the OEB's decision making process with respect to financial and non-financial information.

Electricity distributor licence section 5.1 requires a licensee to comply at all times with the OEB Codes.

In the Electricity distributor licence section 14.1, a licensee is required to maintain its records and provide information in the manner and form determined by the OEB.

Under The Electricity RRR section 1.4, all licensed distributors, transmitters and retailers and the IESO are obligated to comply with the RRR filings as a condition of their licence.

Under the RRR Section 1.5, licensed transmitters, distributors and retailers and the IESO shall report and record information under these Electricity RRR in the manner and form prescribed by the OEB.

To the extent that this audit required the examination of documents, records or information, Audit acted under its powers from Part VII of the OEB Act, 1998.

² Centre Wellington Hydro, Collus Power, Midland PUC, Lakefront Utilities, Lakeland Power Distribution, Orangeville Hydro, Orillia Power, Rideau St. Lawrence Distribution, Wasaga Distribution, Wellington North Power, West Coast Huron Energy; Ottawa River Hydro, Niagara-on-the-Lake Hydro; Innisfil Hydro; Renfrew Hydro.

4. Reason for the Audit

The OEB requires electricity distributors to report certain information to the OEB at specific intervals throughout the year. The OEB relies on this information for industry monitoring, replying to stakeholders' requests, electricity distributors' scorecards, assisting in the review of applications and many other purposes. It is important that distributors file RRR information with the OEB that is complete, accurate and on time, as the information from certain RRR filings is used to create Midland PUC's scorecard.

In the Report of the Board, Performance Measurement for Electricity Distributors: A Scorecard Approach, EB-2010-0379 dated March 5, 2014, the OEB stated that:

To facilitate performance monitoring and eventually distributor benchmarking, the Board will use a scorecard approach to effectively translate the four outcomes into a coherent set of performance measures. This approach effectively organizes performance information in a manner that facilitates evaluations and meaningful comparisons.

The Scorecard will use data that in many cases distributors already report to the Board through the Board's Electricity Reporting and Record Keeping Requirements (the "RRR"), or the Board's filing requirements. Distributors will continue to be required to report their performance results on an annual basis. The Board will take the data reported by distributors on each measure and will create distributor Scorecards. While the Board will create consistent Scorecard reports for distributors, ownership of the data and Scorecard resides with the distributor.

5. Audit Objectives

The objectives of Midland PUC's audit were:

1. to review and evaluate the adequacy of Midland PUC's current practice and processes with regard to certain RRR filings and scorecard performance measures, including data collection, validation and review process, the mechanism for the Select Scorecard Measures; and
2. to assess the accuracy and quality of the performance data that was reported to the OEB for the Select Scorecard Measures.

6. Scope

The audit focused on Midland PUC's 2009 to 2013 Select Scorecard Measures.

7. Criteria

This audit relied on the following documents to establish the criteria to perform the audit testing:

- The requirements under the RRR relevant Sections: 2.1.4.1.1, 2.1.4.1.3, and 2.1.4.1.5
 - RRR 2.1.4.1.1 Connection of New Services
 - RRR 2.1.4.1.3 Appointments Met
 - RRR 2.1.4.1.5 Telephone Accessibility
- The requirements under the Distribution System Code Sections: 7.1, 7.2.1, 7.3.1, 7.3.2, 7.4.1-7.4.5, and 7.6.1
 - DSC Section 7.1: Service Conditions
 - DSC Section 7.2.1: A connection for a new service request for a low voltage (<750 volts) service
 - DSC Sections 7.3.1 and 7.3.2 Appointment Scheduling requirement and definition of the Appointments Met
 - DSC Sections 7.4.1 – 7.4.5: Specific Requirements for Appointments Met
 - DSC Section 7.6.1: Qualified incoming calls
- Midland PUC's licence ED -2003-0541
 - Section 4.1 Obligation to Comply with Legislation, Regulations and Market Rules
 - Section 5.1 Obligation to Comply with Codes
 - Section 14.1 Provision of Information to the Board

8. Procedures Used

Audit employed the following procedures as part of the Audit: enquiry, observation, interview, analytical procedures, review of information and materials provided Midland PUC's management or available to the OEB from filings made under the OEB's Electricity RRR filings and discussion with Midland PUC's management.

At the outset of the audit, Audit examined certain aspects of Midland PUC's business processes through interviews with process owners within the scope of the audit. Audit tested on a sample basis for the scorecard performance measures to the supporting documents or records for the reporting periods within the audit scope.

9. Audit Findings

Scorecard Performance Measure Scheduled Appointments Met on Time

9.1.1 Finding 1

Midland PUC did not offer to schedule appointments with its customers within a 4 hour window of time (i.e., morning, afternoon or, if available, evening) during its normal business hours. As a result, Audit cannot verify if the distributor arrived for the appointment within the scheduled timeframe as required by DSC section 7.4.1. Midland PUC may be in potential non-compliance with DSC sections 7.4.1 and 7.4.3.

9.1.2 Basis of the Finding

DSC section 7.4.1:

When an appointment is either:

- (a) requested by a customer or a representative of a customer with a distributor or
- (b) required by a distributor with a customer or representative of a customer,

the distributor must offer to schedule the appointment during the distributor's regular hours of operation within a window of time that is no greater than 4 hours (i.e., morning, afternoon or, if available, evening). The distributor must then arrive for the appointment within the scheduled timeframe.

DSC section 7.4.3:

Both of the actions set out in section 7.4.1 must be completed in order to fulfill this service quality requirement.

Upon inquiry and review of supporting documents provided by Midland PUC for the samples tested, Audit noted that there is a lack of supporting documents indicating whether or not Midland PUC offered to schedule appointments with its customers within a 4 hour window of time during its normal business hours. Audit also noted from the samples tested that Midland PUC did not track and record the scheduled appointment times. Midland PUC confirmed³ that there is a lack of supporting documents indicating whether or not it offers morning, afternoon or if available, evening appointments within a 4 hour window of time to its customers.

³ Per Midland PUC's email response dated December 3, 2014 and Midland PUC's letter to Audit dated December 11, 2014.

9.1.3 Area of Potential Non-compliance

DSC section 7.4.1 requires Midland PUC to schedule the appointments within a window of time that is no greater than 4 hours. Midland PUC did not offer to schedule the appointments during its regular hours of operation within a window of time that is no greater than 4 hours (i.e., morning, afternoon or, if available, evening) per DSC section 7.4.1. Midland PUC should have offered appointments to its customers within the 4 hour window.

Moving forward, Midland PUC should offer its customer a window of time for scheduled appointments that is no greater than 4 hours.

9.1.4 Management Responses

Midland PUC agrees with the finding a four hour window of time was not offered to its customers. When setting up an appointment with the customer, Midland PUC would arrange a mutually convenient appointment with the customer. However, Midland PUC acknowledges documentation does not include whether the 4 hour window of time was offered. As well, the work order did not include whether the appointment required customer presence. As a result, the information reported to the Board may not be accurate for some of the years audited.

Midland PUC acknowledges the information reported to the Board for the years 2009 through to 2013 may be non-compliant with the Distribution System Code as the four hour window was not adhered to. In addition, the information pertaining to 2014 follows the same process as 2009 through to 2013.

9.1.5 Management Action Plan

Midland PUC Process/Procedure: Midland PUC will change the work order system to include information pertaining to the 4 hour window of time and whether a customer will be in attendance. In addition, Midland PUC selects a random sample of customer appointments each month. Each sample customer is contacted by telephone to confirm the 4 hour window was offered and the scheduled appointment was met. This change in process will be in effect April 1, 2015.

Midland PUC recognizes this information is reported on the scorecard. Midland PUC would respectfully ask that the scorecard information remain, however, a note indicating Midland PUC's process for recording Appointments Met on Time did not include a four hour window could be added to the management comments section of the scorecard.

9.2.1 Finding 2

Midland PUC did not consistently have supporting documents for tracking the appointment arrival time for the Scheduled Appointments on Time Measure. As a result, the performance reported by Midland PUC for the Scheduled

Appointments Met on Time Measure cannot be substantiated. Midland PUC may be in potential non-compliance with Midland PUC's licence section 14.1 and DSC sections 7.4.1 and 7.4.3.

9.2.2 Basis of the Finding

Midland PUC's license:

s. 14 Provision of Information to the

14.1 - The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.

DSC section 7.4.1:

When an appointment is either:

- (c) requested by a customer or a representative of a customer with a distributor or
- (d) required by a distributor with a customer or representative of a customer,

the distributor must offer to schedule the appointment during the distributor's regular hours of operation within a window of time that is no greater than 4 hours (i.e., morning, afternoon or, if available, evening). The distributor must then arrive for the appointment within the scheduled timeframe.

DSC section 7.4.3:

Both of the actions set out in section 7.4.1 must be completed in order to fulfill this service quality requirement.

Upon inquiry and review of supporting documents provided by Midland PUC for the samples tested, Audit noted that Midland PUC did not have the clear and sufficient supporting documents for the tracking of the appointment time arrival. Midland PUC stated that from 2009 to 2010, it did not record the arrival time of its staff on the work orders but from 2011, it recorded the arrival time on the work orders.⁴ Upon review of the work orders provided by Midland PUC for the samples tested for the periods of 2009 to 2013, Audit noted that Midland PUC did not clearly and consistently track and record the arrival time of its staffs to the scheduled appointments.

As a result, Audit cannot verify if the Midland PUC arrived for the appointment as required by DSC section 7.4.1 and Midland PUC's licence section 14.1.

⁴ Per Midland PUC's Response to Request for Information dated November 3, 2014.

9.2.3 Area of Potential Non-Compliance

DSC section 7.4.1 requires Midland PUC to arrive for the appointment within the scheduled timeframe. Midland PUC did not have the clear and sufficient supporting documents for tracking the appointment arrival time. Midland PUC should have clear and sufficient supporting documents to track the appointment arrival time.

Moving forward, Midland PUC should ensure that it maintains clear and sufficient supporting documents regarding to the appointment arrival time for the Scheduled Appointments Met on Time measure.

9.2.4 Management Response

Midland PUC agrees with the finding that supporting documentation did not consistently track the appointment arrival time of staff to the scheduled appointments. As a result, the information reported to the Board may not be accurate for some of the years audited.

9.2.5 Management Action Plan

Midland PUC Process/Procedure: Midland PUC will change the work order system to include information pertaining to the arrival time for scheduled appointments. In addition, Midland PUC selects a random sample of customer appointments each month. Each sample customer is contacted by telephone to confirm the scheduled appointment was met. This change in process will be in effect April 1, 2015.

Midland PUC recognizes this information is reported on the scorecard. Midland PUC would respectfully ask that the scorecard information remain, however, a note indicating Midland PUC's process for recording Appointments Met on Time did not include an appointment arrival time could be added to the management comments section of the scorecard.

9.3.1 Finding 3

Midland PUC included appointments where the customer presence was not required for the periods of 2009 to 2011, which does not meet the definition of appointments. As a result, although there may not be any impact on the performance reported for Scheduled Appointments on Time Measure, the total numbers of appointments reported in the RRR for the periods of 2009 to 2011 were misstated. Midland PUC may be in potential non-compliance with DSC sections 7.3.1, 7.3.2, and 7.4.1.

9.3.2 Basis of the Finding

DSC section 7.3.1:

When a customer or a representative of a customer requests an appointment with a distributor, the distributor shall schedule the appointment to take place within 5 business days of the day on which all applicable service conditions are satisfied or on such later date as may be agreed upon by the customer and distributor.

DSC section 7.3.2:

Where the appointment in section 7.3.1 requires the presence of the customer or the customer's representative, the distributor shall fulfil the requirements set out in section 7.4.1.

DSC section 7.4.1:

When an appointment is either:

- (e) requested by a customer or a representative of a customer with a distributor or
- (f) required by a distributor with a customer or representative of a customer,

the distributor must offer to schedule the appointment during the distributor's regular hours of operation within a window of time that is no greater than 4 hours (i.e., morning, afternoon or, if available, evening). The distributor must then arrive for the appointment within the scheduled timeframe.

Midland PUC indicated that Scheduled Appointments Met on Time Measure included appointments where customer presence was not required. Midland PUC stated that⁵

In 2009, Midland PUC recorded layout appointments (34) and metering maintenance appointments (134), for a total of 168 appointments. Due to inadvertence, Midland PUC incorrectly included attendance at customer premises where no appointments were scheduled under the metering maintenance appointments. These unscheduled appointments (134) were attendances by our Metering Tech to inspect and provide maintenance to metering equipment. Midland PUC records do not indicate whether a customer attended at these specific dates, however, these appointments may or may not have required customer presence.

In 2010, layout information was not included in this measure, however, metering maintenance appointment information was included. Again, these appointments may or may not have required customer presence.

In 2011, metering maintenance appointment information was not included in this measure, however, layout information was reported. Although Midland PUC's work orders were modified to include appointments scheduled and met

⁵ Per Midland PUC's response to Request for Information dated November 3, 2014.

information, due to inadvertence, Midland PUC's documentation supporting this calculation is unavailable at the time of submission to these questions.

Midland PUC confirmed⁶ that it incorrectly included appointments where customer presence was not required and as a result, the information reported to the OBE is not accurate.

9.3.3 Area of Potential Non-compliance

DSC section 7.3.2 requires Midland PUC to fulfil the requirements set out in section 7.4.1 where the appointment requires the presence of the customer or the customer's representative. Midland PUC incorrectly included appointments which did not meet the definition of appointment. Midland PUC should have included only those appointments required by DSC sections 7.3.1 and 7.3.2. Midland should make adjustments to appointments reported in RRR and re-file the RRR for the periods of 2009 to 2011.

Moving forward, Midland PUC should ensure that it does not include appointments that do not require the presence of the customer in the calculation of the Scheduled Appointments Met on Time Measure.

9.3.4 Management Responses

Midland PUC agrees with the finding that Midland PUC incorrectly included appointments where the customer presence was not required.

9.3.5 Management Action Plan

Midland PUC Process/Procedure: Midland PUC will change the work order system to include whether a customer will be in attendance at the scheduled appointment. This change in process will be in effect April 1, 2015.

Midland PUC recognizes this information is reported on the scorecard. Midland PUC would respectfully ask that the scorecard information remain, however, a note indicating Midland PUC's process for measuring the Scheduled Appointments Met on Time did not include whether customer presence was required.

Scorecard Performance Measure New Residential/Small Business Service Connected on Time

9.4.1 Finding 4

Midland PUC did not properly and consistently record the date on which all service conditions were met during the reporting periods of 2009 to 2013. As a

⁶ Per Midland PUC's email response dated December 3, 2014 and Midland PUC's letter to Audit dated December 11, 2014.

result, Audit is unclear when all the service conditions were met and if the 5 business day requirements were met or not. Midland PUC may be in potential areas of non-compliance with DSC sections 7.1 and 7.2.1.

9.4.2 Basis of the Finding

DSC section 7.1:

"service conditions" means any condition that must be satisfied before the service will be provided and may include the payment of connection fees, the signing of an offer to connect, the completion of a distribution system expansion, the delivery of any necessary equipment and the receipt of an electrical safety inspection certificate.

DSC section 7.2.1:

A connection for a new service request for a low voltage (<750 volts) service must be completed within 5 business days from the day on which all applicable service conditions are satisfied, or at such later date as agreed to by the customer and distributor.

Upon inquiry and review of supporting documents provided by Midland PUC for the samples tested,⁷ Audit noted that Midland PUC:

- Did not record the dates for the reporting periods of 2009 to 2013 on which all service conditions were met. These dates are required for proper calculation of connection days.
- Did not record the start dates on the work orders for service connection in 2009, 2010, 2011, and 2012.
- Removed the field for the start date on the work orders regarding service connection in 2013.
- Connected a meter a day before the date Midland PUC recorded as completion date on the work order.
- Did not provide supporting documents regarding the actual start dates for a number of service connections offered in 2013.

Because of insufficient supporting documents regarding the dates on which the conditions for customer service connection were met by Midland PUC, Audit cannot determine if the 5 business day requirement has been met per DSC sections 7.1 and

⁷ Per Midland PUC's Response to Request for Information dated November 3, 2014.

7.2.1. As a result, Audit is unclear of the accuracy and reliability of the customer connection data reported to the OEB.

9.4.3 Area of Potential Non-compliance

DSC sections 7.1 and 7.2.1 require Midland PUC to complete a connection for a new service request within 5 business days from the day on which all applicable service conditions are satisfied. Midland PUC did not properly and consistently record the date on which all service conditions were met during the reporting periods of 2009 to 2013. Midland PUC should have recorded the dates on which all applicable service conditions are met and provided sufficient supporting documents to support and substantiate the data reported to the OEB for the New Residential/Small Business Service Connected on Time Measure.

Moving forward, Midland PUC should ensure that it records the dates on which all applicable service conditions are met and maintains sufficient supporting documents for the data reported to the OEB regarding the New Residential/Small Business Service Connected on Time Measure.

9.4.4 Management Responses

Midland PUC agrees with the finding. Upon review of the work order system employed at Midland PUC, it was clear that some of the start dates for service connections were inconsistently recorded. In addition, in discussions with OEB Staff it became evident that in one occasion, the calculation of the number of days was off resulting in Midland PUC not meeting the requirement.

9.4.5 Management Action Plan

Midland PUC Process/Procedure: Midland PUC will change the work order system to include a conditions met date, date work started and a date work was completed on all work orders. This will alleviate any inconsistencies in the recording of dates and provide clear identification of the time frame for meeting the requirement. Midland PUC has developed a new connections checklist to provide tracking of when the service conditions have been met. In addition, Midland PUC selects a random sample of new connections each month. Each sample customer is contacted by telephone to confirm the new connection was completed within 5 days of meeting all service requirements. This change in process will be in effect April 1, 2015.

9.5.1 Finding 5

All New Residential/Small Business Service Connections reported by Midland PUC were reported as met as Midland PUC reported the performance of New Residential/Small Business Service Connected on Time Measure for 100% in 2010. However, there was one sample service connection noted by Audit that was not met. As a result, Midland PUC reported incorrect New Residential/Small

Business Service Connected on Time Measure in the RRR. Midland PUC may be in potential areas of non-conformity with RRR section 2.1.4.1.1.

9.5.2 Basis of the Finding

RRR section 2.1.4.1.1:

In respect of the service quality requirement for the “Connection of New Services” referred to in section 7.2 of the Distribution System Code:

- a) Total number of new low voltage services connected in each month;
- b) Number of new low voltage services connected in each month for which the service quality requirement set out in section 7.2 of the Distribution System Code was met;
- c) Percentage of (b) with respect to (a);
- d) Total number of new high voltage services connected in each month;
- e) Number of new high voltage services connected in each month for which the service quality requirement set out in section 7.2 of the Distribution System Code was met; and
- f) Percentage of (e) with respect to (d).

DSC section 7.2.1:

A connection for a new service request for a low voltage (<750 volts) service must be completed within 5 business days from the day on which all applicable service conditions are satisfied, or at such later date as agreed to by the customer and distributor.

Upon review of the supporting documents provided by Midland PUC for the samples tested, Audit noted that one connection by Midland PUC started on September 29, 2010 and was completed on October 8, 2010 resulting in a total of 8 business days and not within the 5 business day requirement. Audit noted from the samples provided by Midland PUC that there was one connection not met in 2010. Midland PUC incorrectly reported the New Residential/Small Business Service Connections Measure as 100%.

9.5.3 Area of Potential Non-conformity

RRR section 2.1.4.1.1 part e) requires Midland PUC to include number of new connections in the calculation of the measure for each month for which the service quality requirements, as set out in the DSC, were met. Midland PUC included one connection in 2010 for which the service quality requirement was not met into the calculation for its performance in the 2010 RRR filing and reported the performance to the OEB as 100% as met. Midland PUC should have reported correct information as required by RRR section 2.1.4.1.1.

Moving forward, Midland PUC should ensure that it includes the correct performance figures of the new connections as met in the reporting period in the calculation of the New Residential/Small Business Service Connected on Time Measure.

9.5.4 Management Responses

Midland PUC agrees with the finding. Upon review of the sample data provided it became evident that on one occasion, the calculation of the number of days was off resulting in Midland PUC incorrectly recording the service quality measure at 100%.

9.5.5 Management Action Plan

Midland PUC Process/Procedure: Midland PUC has developed a new connections checklist to provide tracking of when all service conditions have been met. This checklist will aid in providing the dates when all service quality requirements have been met and will help to ensure the correct figures for new connections are accurately reported in the RRR filings. In addition, Midland PUC selects a random sample of new connections each month. Each sample customer is contacted by telephone to confirm the new connection was completed within 5 days of meeting all service requirements. This change in process will be in effect April 1, 2015.

Scorecard Performance Measure Telephone Calls Answered on Time

9.6.1 Finding 6

Midland PUC incorrectly included the calls that were received outside of Midland PUC's regular hours of operation for the reporting periods of 2009 to 2013. As a result, the RRR figures reported in Midland PUC's filing and the scorecard performance measure for the periods of 2009 to 2013 for the Telephone Calls Answered on Time Measure may not be accurate. Midland PUC may be in potential areas of non-compliance with DSC sections 7.1 and 7.6.1.

9.6.2 Basis of the Finding

DSC section 7.1:

“qualified incoming calls” means calls that are received during the regular hours of operation of a distributor's customer call centre.

DSC section 7.6.1:

Qualified incoming calls to the distributor's customer care telephone number must be answered within the 30 second time period established under section 7.6.3.

Upon inquiry and review of the spreadsheet outlining the monthly calls reports provided by Midland PUC⁸, Audit noted that Midland PUC counted calls received outside its regular hours of operation for the reporting periods of 2009 to 2013. Audit confirmed that Midland PUC recorded and reported calls outside Midland PUC's regular hours of operation for the reporting periods of 2009 to 2013 when reporting data to the OEB.⁹

9.6.3 Area of Potential Non-compliance

DSC section 7.1 defines qualified incoming calls as calls that are received during the regular hours of operation of a distributor's customer call centre. Midland PUC included calls received outside its regular hours of operation for the reporting periods of 2009 to 2013. Midland PUC should have not reported the calls received outside of its regular hours of operation for the Telephone Calls Answered on Time Measure.

Moving forward, Midland PUC should only include the calls received during the regular hours of operation of Midland PUC's customer call centre for the calculation of the Telephone Calls Answered on Time Measure.

9.6.4 Management Responses

Midland PUC agrees with the audit finding. During the course of the audit, it became clear that Midland PUC's telephone accessibility process incorrectly included calls received outside regular hours of operation. In addition, some of the time stamps in 2009 and 2010 appeared to be out of sync with the office hours. It was evident however, that the duration of the calls still fell within the time limit requirement.

9.6.5 Management Action Plan

Midland PUC Process/Procedure: Midland PUC will ensure future reporting will not include calls received outside regular hours of operation. A filter will be used when running the monthly query to exclude calls outside of regular office hours.

10 Observations

10.1.1 Observation 1

It is not clear if the time stamps for actual calls received in 2009 and some months of 2010 were accurate. However, it appears that the duration of actual calls received and processed within 30 seconds were not impacted by this inaccurate information.

⁸ Per Midland PUC's Response to Request for Information dated November 3, 2014.

⁹ Per Midland PUC's emails response dated December 2, 2014, 5:42 pm

10.1.2 Basis of the Observation

Midland PUC stated that the time stamps for the calls included for 12 months in 2009 and a number of months of 2010 to reporting data may not have been properly captured by call system software. In addition, Midland PUC inconsistently added 3 or 5 seconds to the ring time (the time between the first ring of the telephone to the time it is answered by a customer care representative) to some of the samples tested. This did not materially affect the number of telephone accessibility numbers reported. However, upon careful examination of the evidence for the telephone accessibility data, Audit noted that the duration of actual calls received and processed within 30 seconds were not impacted by inaccurate time stamps. Midland PUC further stated its staff did answer the calls received after regular hours when staffs were working with customers beyond their regular work hours to ensure customer service was maintained.

10.1.3 Area of Concern

Audit is of the view that the integrity of regulatory records is an important consideration for record keeping and decision making by rate regulated distributors. Midland PUC should have had correct time stamps for actual calls received.

10.1.4 Management Responses

Midland PUC agrees with the observation.

10.1.5 Management Action Plan

Midland PUC will review the monthly time stamps to ensure the time has not been altered.

10.2.1 Observation 2

There is a lack of formal management review and analysis of customer service quality measures including status of completion, performance, and trend analysis etc.

10.2.2 Basis of the Observation

Audit noted that there is a lack of management review for the work orders generated and executed by utility staff. Audit found evidence of a lack of review to validate the accuracy of the information recorded in the system and the completion of work orders. There was no evidence provided by Midland PUC that could indicate that management provided the necessary oversight or if they checked if the service was rendered and work was successfully completed as per the work order. The lack of review and management internal control were also noted in the input errors made to Midland PUC's

2009 to 2011 RRR filings to the OEB for the service quality requirement.¹⁰ Midland PUC inputted the incorrect number of appointments scheduled and number of appointments completed as required.

According to Midland PUC, although there is not a formal review process on a monthly or quarterly basis, it reviews the statistics at year end when the filing is completed. Management reviews the statistics when it prepares the RRR filing. However, Midland PUC does not do this on a regular basis but agrees that it should be doing the management review for work orders.

10.2.3 Area of Concern

Audit is of the view that implementing formal management reviews can improve various aspects of Midland PUC's processes. These reviews can strengthen the integrity of the information recorded in its systems and reported to the OEB. As the appointments require customer presence, these reviews can also enable Midland PUC to improve its customer focus outcome on its scorecard under the OEB's renewed regulatory framework. Analyses of work orders can also help Midland PUC to improve its own internal processes in managing the work orders.

10.2.4 Management Responses

Midland PUC agrees with the observation.

In discussions with OEB Staff, Midland PUC agreed that a more formal management analysis of the scorecard statistics should be undertaken by Midland PUC.

10.2.5 Management Action Plan

Going forward, Midland PUC will review the scorecard measures on a quarterly basis during a monthly management meeting. In addition, Midland PUC will review the scorecard measures with our Board of Directors on a yearly basis.

¹⁰ Per Response to Request for Information dated November 3, 2014.

Appendix A



16984 Highway#12 P.O. Box 820
Midland Ontario L4R 4P4

March 16, 2015

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

Attention: Daria Babaie, P.Eng., CPA, CMA

Dear Sirs:

Re: Audit of Select Scorecard Performance Measures

This is further to your attendance at Midland Power Utility Corporation (Midland PUC) to perform an audit for the years 2009 through to 2013 on the following scorecard measures:

1. Low Voltage New Residential/Small Business Services Connected on Time;
2. Scheduled Appointments Met on Time; and
3. Telephone Calls Answered on Time.

Midland PUC would confirm OEB Staff, Mr. Daria Babaie and Ms. Bendimia Castellanes attended at Midland PUC offices on December 1, 2014 through to December 3, 2014 to examine Midland PUC's data collection, measurement and reporting processes with respect to the above-noted measures.

During the course of the audit, Midland PUC became aware of areas where our processes did not provide documented evidence of compliance with the Distribution System Code. Upon completion of the audit, Midland PUC will make the appropriate corrections to its process/procedures to ensure the issues raised are resolved. Midland PUC is committed to this continuous improvement process and appreciates the feedback given by OEB Staff.

The following synopsis provides details of the areas where Midland PUC is proposing to enhance our processes/procedures:

1. Low Voltage New Residential/Small Business Services Connected on Time:

Upon review of the work order system employed at Midland PUC, it was clear that some of the start dates for service connections were inconsistently recorded. In addition, in discussions with OEB Staff it became evident that in one occasion, the calculation of the number of days was off resulting in Midland PUC not meeting the requirement.

2. Scheduled Appointments Met on Time:

When setting up an appointment with the customer, Midland PUC would arrange a mutually convenient appointment with the customer. However, Midland PUC acknowledges documentation does not include whether the 4 hour window of time was offered. As well, the work order did not include whether the appointment required a customer presence. As a result, the information reported to the Board may not be accurate for some of the years audited.

3. Telephone Calls Answered on Time:

During the course of the audit, it became clear that Midland PUC's telephone accessibility process incorrectly included calls received outside regular hours of operation. In addition, some of the time stamps in 2009 and 2010 appeared to be out of sync with the office hours. It was evident however, that the duration of the calls still fell within the time limit requirement.

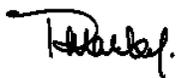
In addition to the above-noted issues, in discussions with OEB Staff Midland PUC agreed that a more formal management analysis of the scorecard statistics should be undertaken by Midland PUC. Going forward, Midland PUC will review the scorecard measures on a quarterly basis during a monthly management meeting. As well, Midland PUC will review the scorecard measures with its Board of Directors on an annual basis.

Midland PUC acknowledges the above deficiencies in its record keeping. Midland PUC is committed to making the required changes to our processes and procedures in order that our documentation demonstrates our compliance with the Distribution System Code. Midland PUC would appreciate the Board's indulgence while these changes are being made to our systems. Midland PUC would commit to having these processes integrated into our systems no later than April 1, 2015.

At this time, I would like to thank the OEB Staff, Mr. Daria Babaie and Ms. Bendimia Castellanes for their time and expertise in providing Midland PUC with this feedback. Midland PUC prides itself on meeting all regulatory requirements and we thank the Board for their continued support in providing their guidance in this regard. We look forward to working with you to ensure MidlandPUC's processes and procedures achieve the level of compliance sought by the OEB as set out in the Distribution System Code.

Yours very truly,

Midland Power Utility Corporation



Phil Marley, CPA, CMA
President & CEO

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