

News Release

Contact:

Paul Alvarez

303-997-0317

palvarez@wiredgroup.net

Wired Group

PO Box 150963

Lakewood, Colorado 80215

www.wiredgroup.net

www.utilityevaluator.com

FOR IMMEDIATE RELEASE: April 20, 2017

First Annual Electric Investor-Owned Utility Customer Value Ranking Released

Utility Evaluator™ software ushers in new era in utility performance benchmarking and accountability

DENVER – April 20, 2017 -- The Wired Group, a leading distribution utility performance consultancy, today released its first annual electric investor-owned utility (IOU) Customer Value Ranking, ushering in a new era in utility performance benchmarking and accountability. The Customer Value Ranking measures “customer value” by comparing the IOU inputs for which customers pay (capital investment and operations spending per customer; lower is better) to the benefits customers receive (reliability and overall satisfaction). The Wired Group’s Internet-based **Utility Evaluator™** performance benchmarking software was used to calculate the Customer Value Ranking.

Reactions to the **Utility Evaluator™** and its potential applications have been positive. “There is nothing like it on the market,” said one consumer advocate who utilized the application to support his organization’s position in a utility rate case. “This software will revolutionize how we hold utility companies accountable for rates, performance and reliability. Consumers and utility companies will be most interested in the data and findings.”

The **Utility Evaluator™** synthesizes IOU performance data from multiple public sources, including the Federal Energy Regulatory Commission (FERC) Form 1, the EIA Form 861, JD Powers and Associates’ annual customer satisfaction surveys, SEC 10-K, and state regulatory filings. Of the 136 US electric IOUs serving customers in 2016, 95 had data in all four determinants; 41 IOUs missing one or more were not ranked. “We have worked long and hard to make this data available, and to make sure it is accurate, valid, and relevant” explained Wired Group President and author Paul Alvarez. “We are very excited to usher in a new era of utility performance benchmarking and accountability, and encourage utilities, their suppliers, regulators, consumer and environmental advocates, and Wall Street analysts to take notice.”

The full 2016 Customer Value Ranking is attached. Top decile electric IOUs (those ranked higher than 90% of IOUs) in 2016:

1. Florida Power & Light
2. MidAmerican Energy
3. Toledo Edison
4. Northern States Power - Wisconsin
5. Indianapolis Power & Light
6. Central Maine Power
7. PPL Electric Utilities
8. Gulf Power
9. Northern States Power - Minnesota
10. Ohio Edison

Consumer advocates are particularly interested in the software developed to synthesize, analyze, and present the publicly-available IOU performance data, "I believe the **Utility Evaluator™** is a valuable tool for NASUCA members and for regulators looking to deliver customer value," observed David Springe, Executive Director of the National Association of State Utility Consumer Advocates (NASUCA). "Using the **Utility Evaluator™** to benchmark performance against peer utilities offers insight into how effectively customer dollars are being spent and will help us hold utilities accountable."

IOUs with low rankings are likely to question the validity of the Customer Value Ranking, citing business characteristics and customer demographics they claim invalidate comparisons to other utilities. For example, utilities serving regions with relatively lower population densities claim justification for higher distribution costs per customer; smaller utilities claim higher overhead costs per customer than larger utilities; and utilities with high air conditioning loads claim justification for higher distribution capital needs. But the **Utility Evaluator™** accounts for these differences, and those capabilities are applied to the Customer Value Ranking. "We've run regression analyses comparing characteristics to performance for the issues typically cited by utilities, and tested dozens of others not typically cited. We've adjusted the rankings for each of the four determinants by the statistically appropriate correlations found in the performance data across all utilities over the last six years," added Alvarez.

"As an indication of the lack of bias in our ranking methodology, you'll notice that IOUs of all sizes, from all regions, serving all types of customer mixes and geographies, are distributed relatively evenly throughout the rankings," Alvarez continued. "We'll continue to adjust rankings based on the correlations found in the data via econometric analyses in future years' Customer Value Rankings."

The full 2016 Electric IOU Customer Value Ranking follows Wired Group and **Utility Evaluator™** descriptions. Rankings for each of the four individual determinants are available at www.utilityevaluator.com.

The Wired Group

The Wired Group helps clients unleash latent value in distribution utility businesses. Consumer and environmental advocates, regulatory staff, non-profit utilities, utility suppliers, and industry associations ask the Wired Group to provide them with objective information and decision support regarding vision, strategy, execution, stakeholder engagement, and performance measurement for critical distribution business issues including grid modernization, demand response, and distributed energy. To learn more about the Wired Group, its team, and its contributions to the distribution utility industry, please visit www.wiredgroup.net.

The *Utility Evaluator*[™]

The *Utility Evaluator*[™] simplifies utility performance benchmarking, and makes it credible. Developed by the Wired Group and available via the internet on a subscription basis, the application combines publicly-available utility performance data from a variety of reputable sources into a single data repository. Aided by an intuitive interface, users access pre-defined performance queries to identify strong or weak utility performance on more than 20 metrics, from reliability to spending. Significantly, users can define peer groups for benchmarking purposes, using utility characteristics such as size, customer density, aggregate customer load profiles, regulatory constructs, and many more to deliver credible analyses that control for factors which could impact a specific utility's performance. To learn more about the *Utility Evaluator*, please visit www.utilityevaluator.com.

Paul Alvarez

Paul Alvarez is the founder and president of The Wired Group, a consultancy that helps clients uncover the latent value in distribution utility business. Active in the utility industry for almost two decades, Alvarez has testified before state utility regulators in California, Colorado, Kansas, Kentucky, Maryland, Massachusetts, and Ohio. His research and his book, ***Smart Grid Hype & Reality***, identify missed opportunities to deliver customer benefits from massive grid investment. The book documents the dramatic differences between customer and community needs and IOU motivations as driven by existing compensation models for regulated monopolies. Mr. Alvarez is an adjunct professor at the University of Colorado's Global Energy Management program, and at Michigan State University's Institute for Public Utilities. He has a bachelor's degree in Business Administration from Indiana University and a master's degree in management from the Kellogg School at Northwestern University.

2016 Electric IOU Customer Value Ranking by the Utility Evaluator™

The Customer Value Ranking compares the rates customers pay (measured by capital and operations spending) to the benefits customers receive (measured by reliability and JCPA Overall Customer Satisfaction scores). Overall rankings are an average of each utility's rank in each determinant. Regression analyses are used to adjust rankings for utility-specific characteristics to the extent indicated as appropriate and statistically significant in the data. Characteristics used to adjust 2016 determinant rankings include customer counts, customer density, system load shapes, and business characteristics. For more information please see the rankings by determinant at www.utilityevaluator.com.

1	Florida Power & Light	33	Consumers Energy	65	Indiana-Michigan Power
2	MidAmerican Energy	34	Arizona Public Service	65	Massachusetts Electric
3	Toledo Edison	35	PECO	65	Duke Energy Indiana
4	Northern States Power - WI	36	Entergy Texas	68	Ameren Illinois
5	Indianapolis Power & Light	37	Duke Energy Ohio	69	Madison Gas & Electric
6	Central Maine Power	38	Entergy Mississippi	70	South Carolina Electric & Gas
7	PPL Electric Utilities	38	Potomac Edison	71	Kansas Gas & Electric
8	Gulf Power	40	West Penn Power	72	Mississippi Power
8	Northern States Power - MN	41	Idaho Power	73	Atlantic City Electric
10	Ohio Edison	42	Alabama Power	73	Public Service New Hampshire
11	PSE&G	42	Puget Sound Energy	75	PEPCO
12	Penn Power	44	Met-Ed	76	Pacific Gas & Electric
12	Wisconsin Electric	45	Interstate Power & Light	77	KCP&L of Greater Missouri
14	Duquesne Light	46	Duke Energy Florida	77	Wheeling Power
15	Otter Tail Power	47	Green Mountain Power	79	Narragansett Electric
16	Public Service Oklahoma	48	Baltimore Gas & Electric	79	Southern California Edison
17	Kentucky Utilities	49	Duke Energy Progress	81	Ohio Power
17	Public Service Colorado	49	Eversource	82	San Diego Gas & Electric
17	PacifiCorp	51	Delmarva	83	Entergy Arkansas
20	CLECO	52	Northwestern Energy	84	Niagara Mohawk
20	Portland General Electric	52	NYSEG	85	Vectren
22	Cleveland Illuminating	54	El Paso Electric	86	Kansas City Power & Light
22	Louisville Gas & Electric	55	ComEd	87	Westar Energy
24	Wisconsin Power & Light	55	SWEPSCO	88	MonPower
25	Wisconsin Public Service	55	Duke Energy Carolinas	89	Pike County Light & Power
26	Southwestern Public Svc.	58	Jersey Central P & L	90	Western Mass Electric
27	Minnesota Power	59	TECO	91	Entergy New Orleans
28	Dominion	59	Appalachian Power	92	United Illuminating
29	Rochester Gas & Electric	61	Penelec	93	Connecticut Light & Power
30	Oklahoma Gas & Electric	62	DTE Energy	94	Orange & Rockland Electric
31	Duke Energy Kentucky	63	ConEd	95	Kentucky Power
32	Dayton Power & Light	64	Emera Maine		