

USING BENCHMARKS TO IMPROVE REGULATORY OUTCOMES

The *Utility Evaluator*™ assembles descriptive and performance data on 138 investor-owned electric distribution utilities, enabling standard and custom comparisons on costs, reliability, capital effectiveness, and more against user-defined peer groups.

IOUs want to know: how can we improve the outcome of our next rate case or program application?

IOUs have always been interested in delivering value to customers. Logically, documenting strong performance in key areas – spending, reliability, customer satisfaction, demand-side management programs, and others – can improve the outcomes of rate cases and other regulatory proceedings.

Historically, IOUs have relied on anecdotes and past performance comparisons to document customer value in rate cases and other regulatory filings. The *Utility Evaluator* offers a more compelling option: benchmarks against groups of utilities with similar characteristics.

Despite the availability of publicly-available data on IOU performance, benchmarking has suffered from two primary obstacles:

- Performance data exists in multiple, disparate repositories, making retrieval and analysis a time-consuming proposition.
- Each utility's situation is somewhat different, with differences in climate, geography, load shapes, regulatory structures, ancillary businesses, and other characteristics which challenge benchmarking credibility.

The *Utility Evaluator* solves the challenges of utility performance data access and comparability

The *Utility Evaluator* offers IOUs the opportunity to conveniently identify and present strong performance results to regulators in support of rate increases, authorized rate of return requests, DSM incentive awards, and other regulatory filings. Favorable results comparing an IOU's performance in any of several areas to other IOUs with similar characteristics could be valuable in such efforts:

- O&M spending
- Capital Effectiveness
- Reliability
- Customer Satisfaction

The Opportunity

With the *Utility Evaluator*, IOUs can better identify and document strong historical performance data in the context of "like" utility peer group performance in a convenient, low-cost manner. Easily navigated with any web browser, the *Utility Evaluator* helps managers analyze publicly available utility performance data to obtain insights into costs, reliability, program effectiveness, customer satisfaction, and capital investment performance.

(Using benchmarks to improve regulatory outcomes, continued)

Perhaps most importantly, descriptive utility characteristics allow IOUs to create custom peer sets for credible benchmarking. A partial list of defining characteristics includes:

- Customer density (per line mile/square mile)
- System capacity factor
- Peak demand (kW per customer)
- Energy intensity (MWh sales/customer/year)
- Scale (peak MW, customer count, MWh/year)
- Capacity of installed DG (percent of peak)
- Utility/public benefit program policy types
- Others

How It Works

The **Utility Evaluator** aggregates and synthesizes descriptive and performance data on hundreds of distribution utilities from multiple publicly-available sources to create a database that can be used to benchmark a utility's performance against customized, relevant peer groups. Data sources include:

- FERC Form 1
- Energy Information Administration Form 861
- Securities & Exchange Commission 10-Ks
- State regulatory filings
- JCPA customer satisfaction survey results
- ACEEE's state program scorecard ratings
- Other reputable data sources

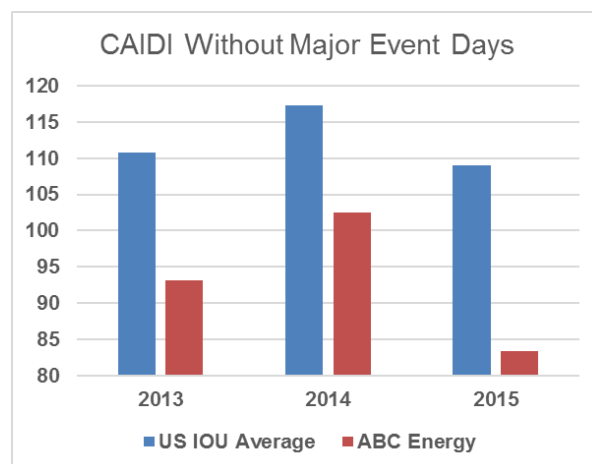
Deliverables

Subscribers can query utility characteristic, demographic, and performance data to generate valuable and insightful analyses without limitation.

Questions subscribers can answer using the application – always in the context of relevant, customizable peer groups – include (for hypothetical utility “ABC Energy”):

- How does ABC Energy compare on CAIDI?
- What is the trend of ABC Energy's O&M cost per customer over the past 5 years?
- What percent of ABC Energy's peak demand can be called when needed? At what cost/MW?
- How does ABC Energy's grid investment per customer compare with that of other utilities?
- How has ABC Energy's realized Return on Equity trended over the last 5 years?

A chart generated by the **Utility Evaluator** is shown below, indicating one utility's strong reliability performance vs. all 138 US IOUs.



About the Utility Evaluator

The **Utility Evaluator** was developed by the Wired Group, a leading utility performance consultancy. Contact President Paul Alvarez to request a demonstration or complimentary trial at palvarez@wiredgroup.net.