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September 30, 2019

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: 2017 General Rate Application - Key Account Management Framework Implementation Update Report in compliance with Board Order No. P.U. 16(2019)

The Board of Commissioners of Public Utilities ("Board") in Board Order No. P.U. 16(2019), directed Newfoundland and Labrador Hydro ("Hydro") to provide an update on the implementation of its Account Management Framework by September 30, 2019. Please find attached the original and 13 copies of Hydro's Key Account Management Framework Implementation Update Report.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/las

Encl.

cc: Gerard M. Hayes, Newfoundland Power
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Key Account Management Framework Implementation Update Report

September 30, 2019

A report to the Board of Commissioners of Public Utilities



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1 **1.0 Introduction**

2 This report is in response to Board Order No. P.U. 16(2019), wherein the Board of Commissioners of
3 Public Utilities (“Board”) directed Newfoundland and Labrador Hydro (“Hydro”) to file a report by
4 September 30, 2019, updating the status of its account management framework, including the
5 implementation of the Key Account Manager for Industrial Customers.
6

7 The development of Hydro’s key account management framework began in 2015. Hydro’s first Key
8 Account Manager started in May 2016. The framework is intended to be reviewed and refreshed to
9 ensure it continues to meet the needs of both key account customers and Hydro.

10 **2.0 Key Account Management Framework**

11 Key account management is a systematic approach to managing a set of customers to maximize value
12 and achieve mutually beneficial goals. For Hydro, this involves developing annual key account plans for
13 managing the relationships with identified customers to ensure that expectations, needs, and plans are
14 documented, well understood, and actioned. Key account management is intended to ensure alignment
15 between the utility and the customer.
16

17 Hydro continues to be dedicated to its key account customers and is committed to providing quality
18 customer service and satisfaction that reflects and is responsive to the unique needs of these
19 customers. The current framework is shown in Figure 1.

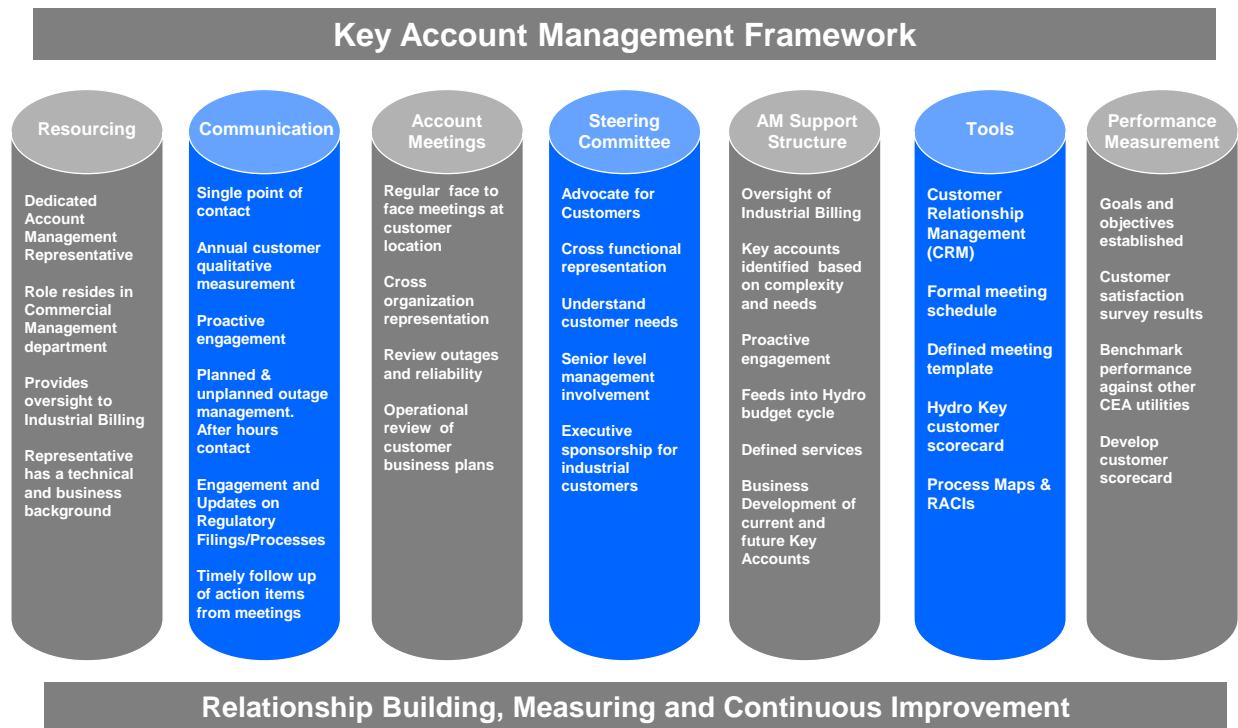


Figure 1: Hydro’s Account Management Framework

1 The account framework has been updated since last reported to reflect recent changes in the areas of
 2 Communication and Resourcing.¹ The Resourcing pillar reflects an organizational change whereby the
 3 Key Account Manager reports into Hydro’s Commercial Management department, with a matrix
 4 reporting to the Customer Services Department.

5
 6 The Communication pillar has been updated to reflect Hydro’s commitment to engaging and working
 7 with the Industrial Customers on Regulatory matters. Hydro’s aim is to have a more collaborative
 8 approach on regulatory matters which affect the business of its key accounts.

10 **3.0 Key Account Manager**

11 The Key Account Manager has been in place since the second quarter of 2016. The position now resides
 12 in the Commercial Management Department with a matrix reporting structure to the Vice-President,
 13 Corporate and Customer Service.

¹ Customer Services Account Management Framework January 13, 2017.

1 The Key Account Manager is focused on engagement related to commercial matters, outage planning,
2 unplanned outage response and follow-up, future power requirements, business development,
3 regulatory matters, capital planning, and continuous improvement.

4
5 Figure 3 outlines the key services that the Key Account Manager provides to Hydro’s customers. Acting
6 as a single point of contact between the customers and Hydro provides for a direct channel through
7 which customer concerns are managed efficiently. The Key Account Manager’s responsibility is to
8 advocate on behalf of the customers within Hydro and pursue a resolution, if possible, which is
9 beneficial to both parties.

Defined Key Account Services

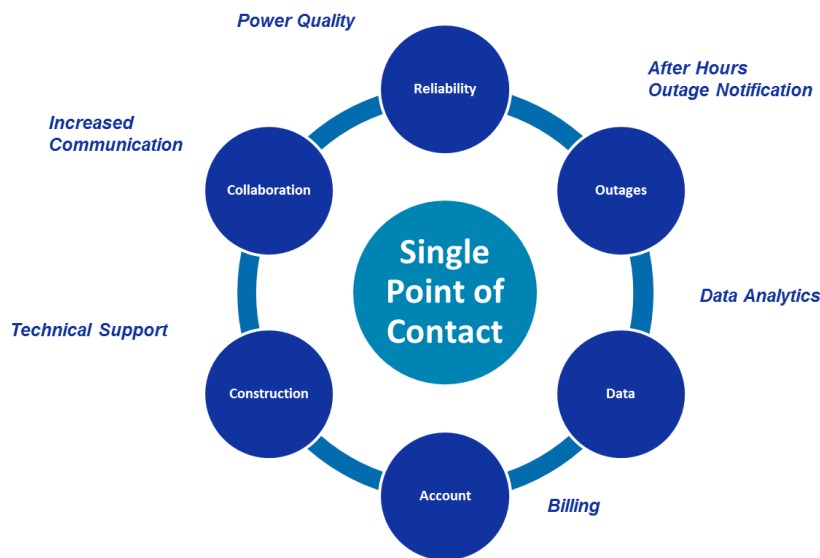


Figure 3: Services provided by the Key Account Manager

10 **4.0 Identification of Key Accounts**

11 Hydro has developed the criteria for designating a customer as a key account, as committed to in the
12 2017 Customer Services Account Management Framework Report. Hydro targets key account customers
13 using the following guidelines:

- 14 • Industrial Customers (as per the approved Schedule of Rates, Rules and Regulations);
- 15 • Customers with multiple service connections (> 500 kVA);

- 1 • Customers with a total demand of greater than 2000 kVA;
- 2 • Customers with challenging requirements (e.g. mining of natural resources);
- 3 • Greatest sales revenue;
- 4 • Business Development; and
- 5 • Data Centres

6 Business Development is integrated into this role as a single point of contact for new potential key
7 account customers wishing to connect to Hydro's systems. The business development scope is limited to
8 customers who will transition to a key account customer post-service connection.

9
10 The Key Account Manager has been given the temporary responsibility of managing Hydro's data centre
11 applications and communications to potential new customers. Data centres have presented unique
12 challenges for Hydro, particularly in Labrador. As such, Hydro determined the management of these
13 customers should reside with the Key Account Manager as Hydro and the Board continue the review
14 processes of the Network Additions Policy and the Labrador Interconnected System Transmission
15 Expansion Study.

16 **5.0 2018 Key Account Management Highlights**

17 In 2018, the following activities were completed:

- 18 • Individual key account management plans were developed in consultation with each customer
19 and executed for areas such as: touch point meetings, outage planning, engagement on
20 regulatory applications, unplanned outage management, reliability tracking and concerns, sales
21 reports, and future needs and development;
- 22 • Site visits were completed to 80% of the customers' business locations;
- 23 • Planned service interruptions were managed and coordinated by the Key Account Manager
24 between Hydro departments and the customers. The Key Account Manager advocated on behalf
25 of the customer to minimize the customer outage impacts;
- 26 • Unplanned service interruptions were communicated to the Key Account Manager when they
27 occurred and the Key Account Manager communicated information to the impacted customer.
28 Post-outage root cause(s) and mitigating action(s), where appropriate, were provided to the

1 customers. The Key Account Manager continued to track the mitigating actions until they were
2 completed with updates communicated to the customer;

- 3 • Three capacity assistance contracts with two customers were renegotiated and processed;
- 4 • Specifically Assigned Asset equipment and associated charges were reviewed with Industrial
5 Customers as required, along with Hydro’s change in methodology for calculating the charges.
6 Discussions were also held around possible future changes to the methodology;
- 7 • Interconnection process documentation was instituted for industrial and larger commercial
8 customers;
- 9 • A new Power Service Agreement was negotiated and implemented with new key account
10 customer, Tacora Resources;
- 11 • The sale of Hydro’s frequency converter asset to Kruger and associated changes to the Power
12 Service Agreement between both parties were completed; and
- 13 • Ongoing requests for service from data centre companies were analyzed and managed.

14 **6.0 Measurement**

15 Customers have provided feedback to Hydro, both formally and informally, that the implementation of
16 the Key Account Manager role has improved their relationship with Hydro. Hydro plans to continue to
17 survey its key accounts via a third-party to obtain feedback on key account customers’ experience. The
18 first survey was conducted in 2018 by MQO Research. The results can be found in Appendix A (“Key
19 Information Interviews – Key Findings”). Some feedback that was provided included improvements in
20 communication and reliability seen since the Key Account Manager was assigned. Customers also noted
21 the benefits of having a single point of contact for their concerns. Having a familiar contact who
22 understands their background and future plans eases their burden and increases their comfort level.

23 **7.0 2019 Key Account Management Objectives**

24 The objectives and subsequent key performance indicators associated with key account customers are
25 embedded into each customer’s key account management plan. As described in Section 5.0 “2018 Key
26 Account Management Highlights” these include: touch point meetings, outage planning, engagement on
27 regulatory applications, unplanned outage management, reliability tracking and concerns, sales reports,
28 and future needs and development. The Key Account Manager has the responsibility for completion of

1 each aspect of the customer’s key account management plan throughout the year. Objectives and key
2 performance indicators associated with the program have been developed in the areas of program and
3 business development. The indicators and objectives for 2019 include:

- 4 • Completing actions in each key account plan;
- 5 • Aligning interconnection process documentation with the NLSO;
- 6 • Researching provincial industrial developments and their potential power requirements;
- 7 • Progress checks with external stakeholders as required (such as the Government of
8 Newfoundland and Labrador);
- 9 • Actively informing and responding to customer issues (e.g. data centres, Network Additions
10 Policy, Labrador Interconnected System Transmission Expansion Study).

11 **8.0 Conclusion**

12 Hydro has received feedback from customers and stakeholders to indicate the key account management
13 program is successful and adds value for more complex customers. Hydro’s goal is to continue to
14 enhance the program and adjust as required based on customer feedback.

Appendix A

Key Information Interviews – Key Findings



Newfoundland and Labrador Hydro Key Information Interviews – Key Findings

Provided below is a summary highlighting the key findings from the key informant depth interviews conducted with key commercial customers and Newfoundland Power representatives. A total of 12 commercial customers responded across the list of 13 key contacts provided while 7 of the 9 Newfoundland Power contacts participated in the depth interview. Depth interviews were started in December 2018 and follow-up attempts were made with all outstanding contacts throughout the month of January 2019 to maximize the number of contacts that participated.

Benchmark Ratings

The table below provides a snapshot of the ratings across both commercial customers and Newfoundland Power. Given the small sample size for each element, mean ratings are reported for each. Overall mean ratings ranged from a high of 8.3 for the “ease of understanding your bills” to a low of 6.6 for “energy efficiency programs available for your business”. In general, Newfoundland Power contacts tended to rate each element slightly lower compared to other key commercial customers.

Element	Commercial Customer Mean	NF Power Mean	Overall Mean
Overall Satisfaction	8.1	7.4	7.8
Overall Reputation	7.2	-	7.2
The ease of understanding your bills	-	8.3	8.3
The billing process	8.4	7.3	8.2
Response time of your Account Manager	8.0	-	8.0
Hydro’s ability to meet your needs	8.2	7.4	7.9
The customer service you receive from Hydro	8.2	7.3	7.8
Doing everything they can to ensure availability	-	7.8	7.8
Doing everything they can to ensure reliability	-	7.7	7.7
Communications you receive from Hydro	7.6	7.3	7.5
Energy efficiency programs available	6.6	-	6.6

Overall Impressions

- Overall, impressions of Hydro were generally positive among both Newfoundland Power contacts and other key commercial customers. There was a sense across both groups that there have been significant improvements seen over the past 2-3 years on a number of fronts from reliability to communication and account management.
- In general, the vast majority of commercial customers interviewed felt that Hydro was meeting their needs overall.



Key Strengths

- Strong communication was seen as a big strength across many of the commercial customers surveyed. Key aspects of communication that were regularly brought up included improvements seen since an Account Manager was assigned as well as good communication by Hydro during outages.
- Reliability was also another strength mentioned by a number of respondents. While some did complain about power bumps experienced there was a consistent theme that reliability has improved significantly in recent years and has become a strength rather than a weakness.
- Hydro is also viewed to be very “strong” on the technical side of the business. The knowledge of technical staff as well as the work of the linesman in the area was praised by multiple commercial customers interviewed.

Areas for Improvement

- While reliability was seen as a strength, it was also seen as an area of improvement by some. While they acknowledged the gains that have been made, there was some concern about the age of the infrastructure and the frequency and impact of power bumps that they have experienced.
- Price was another area for improvement. There was some concern about the potential for rising rates with Muskrat Falls coming online over the next couple years and the impact that this would have on their business. There was also some concern from Newfoundland Power representatives around Hydro needing to be more “cost-conscious”.
- Improved communication with NF Power was seen as an area for improvement among those who operate in areas close to Newfoundland Power service areas. Examples were given where there was some miscommunication or confusion regarding the length of delays when Newfoundland Power was responsible for a planned outage which impacted Hydro’s service in the area. Internally, there’s a desire for more dialogue from Newfoundland Power contacts as well.
- The last area of improvement mentioned was related to concerns over the lack of redundancy in the system once Muskrat Falls comes online. This was echoed strongly by Newfoundland Power contacts who were concerned about the reliability of the new system/transmission lines and what impact that would have on their customers given the current lack of a “back-up” system on the island.

Customer Service

- The addition of the Account Manager Program has had a positive impact on overall perceptions towards customer service. Commercial customers feel that having a single point of contact has had a positive impact on their relationship with Hydro.

- Overall, Hydro's customer service is viewed as very responsive and currently meeting the expectations of commercial customers. Most expect a follow up within approximately 30 minutes for an outage while other less urgent requests for information are expected to take 24 to 48 hours.
- There was very little familiarity with Hydro's maintenance program which may be an area for improved communication with commercial customers.

Account Management

- The Account Manager program has been a big success based on feedback from commercial customers and they seem content with the current interactions they have and were unable to identify any areas they'd like to see their Account Manager focus on.
- Customers were mixed in terms of their need for regular communication with their Account Manager. As long as they are reachable when an issue arises that seems to suffice for most. Some did recommend a regular meeting (quarterly at most) just to stay on top of things.

Billing

- There were no issues reporting with the bills or billing process among commercial customers.

Energy Efficiency

- There was very little awareness and usage of energy efficiency programs among key commercial customers. This was an area that many expressed a desire for Hydro to follow-up and be more proactive in terms of what programs commercial customers could avail of.

Communications

- Commercial customers have seen great strides in the level of communication from Hydro over the past two years which is encouraging. There was very little that customers could suggest to improve communications in general. One suggestion was to engage commercial customers earlier when there are scheduled outages being planned.
- During an outage, commercial customers want to be contacted immediately so they know the nature of the issue and the expectations for service to be restored. After that initial contact, most would like to receive updates every hour or so depending on the nature/duration of the outage.
- Communication was seen as more of an issue among Newfoundland Power contacts. A number of contacts felt that Hydro could do a better job of getting back to them in a timely manner.

- Another issue cited by Newfoundland Power contacts was concerns around transparency. Some felt that Hydro isn't as forthcoming as they should be and that at times, Newfoundland Power finds out things via the PUB or through other means that they should be made aware of earlier. There was also some skepticism expressed by Newfoundland Power based on differences in the information provided by different stakeholders (i.e. Hydro, PUB). This again points to the desire for more open and transparent dialogue between the two companies.