
September quarterly report
2006/07



31 October 2006

1 Introduction

This report has been prepared in accordance with Western Power's obligation to report to the Minister for Energy under Section 106 of the *Electricity Corporations Act 2005*. This is the first quarterly report by the Electricity Networks Corporation and reviews the Corporation's performance for the period from July 2006 to September 2006.

2 Performance Overview

Western Power's operational performance has progressed positively in the first three months of the year reflecting the organisation's focus on providing **safe, reliable** and **efficient** network services.

2.1 Safe

Western Power's Lost Time Injury Frequency Rate (LTIFR) continued to improve in the September 2006 quarter, with the stronger performance due to a corporation wide focus on improving health and safety. The All Medical Frequency Rate (AMFR) also reflected this improvement over the quarter.

To establish a culture where safety is our number one value, both for the organisation and for each individual staff member, a 100-Day Plan focussed on safety was launched in June 2006. Performance improvement projects that result from the 100-Day Plan will complement ongoing safety initiatives such as 'Switch On Mate', which is aimed primarily at line-based teams.

2.2 Reliable

The continued reliability improvement of the South West Interconnected System in the September 2006 quarter, indicated by System Average Interruption Duration Index (SAIDI), was aided by favorable weather conditions. However the SAIDI result also reflects the modest early impacts of performance improvement efforts, including initiatives such as the Rural Power Improvement Program (RPIP) and the 40 Worst Feeders Program, introduced to target particular areas of concern.

2.3 Efficient

Western Power's performance in customer service has progressed well with response to complaints and enquiries achieving, or very close to, target performance. Since June 2006, all subdivisions have been energised within the target performance level.

The September 2006 quarter Earnings Before Interest, Tax, Depreciation and Ammortisation (EBITDA) was \$94.7M, with performance impacted by lower network energy revenue resulting from the mild weather conditions. Operational cost pressures continue to be felt caused by the continued growth in the West Australian economy and associated challenging labour and material market.

The change program, known as One Step Ahead (OSA) continued during the first quarter of 2006/07. The program seeks efficiency benefits in both capital and operating expenditure, with recent improvements achieved in the areas of procurement services, resource planning and work scheduling, and customer complaints handling.

A total of 33 projects are progressing under the program with all reaching the implementation stage during the quarter. Western Power is on target to achieve the efficiency target of \$20 million for 2006/07.

Table 1 provides a summary of Western Power's performance for the September 2006 quarter against the Key Performance Indicators (KPIs) detailed in the *Western Power Statement of Corporate Intent 2006/07 (SCI)*.

Table 1 – KPI Performance¹

Indicator description	Strategic Outcome	September 2006 Quarter Actual	2006/07 Target
Lost Time Injury Frequency Rate (LTIFR) ²	Safety	4.8	<5
All Medical Frequency Rate (AMFR)	Safety	18.2	<20
System Average Interruption Duration Index (SAIDI)			
- SWIS	Reliable	244	277
- Urban	Reliable	211	242
- Rural	Reliable	455	509
Systems minutes interrupted (mins)	Reliable	2.6	7.8
Enquiries responded to within 10 days (%)	Reliable, Efficient	94	96
Complaints responded to within 20 days (%)	Reliable, Efficient	93	92
Subdivision Energisation rate (%)	Reliable, Efficient	100	>80
EBITDA (\$m)	Efficient	94.7	106.7

¹ Net Accruals to Government and Corporate Reputation KPIs that are provided in the Statement of Corporate Intent 2006/07 are reported annually.

² LTIFR data does not include statistics from Western Power contractors.