

WASHINGTON ELECTRIC COOPERATIVE, INC.
SUCCESSOR SERVICE QUALITY & RELIABILITY
PERFORMANCE, MONITORING & REPORTING PLAN

Section I: General Provisions

- 1) The purpose of this Plan is to establish performance standards, and performance monitoring and reporting for electric service provided by Washington Electric Cooperative, Inc. ("WEC" or "the Cooperative"). The Plan shall be referred to throughout this document as the "Plan."
- 2) The parties to this Plan are WEC and the Vermont Department of Public Service ("DPS").
- 3) Section II of the Plan establishes the measurement and reporting protocols for the performance standards, as well as definitions. Section III of the Plan establishes minimum performance standards in each performance area. Section IV of the Plan establishes service guarantees. Section V establishes the service quality reporting and compensation mechanism.
- 4) The Plan shall remain in effect from the beginning of the first quarter following approval by the Vermont Public Service Board ("PSB") until modified by subsequent Board order. The parties agree that they will review the Plan after it has been in effect for one year and every two years thereafter to determine the need for any modifications of measurements or performance levels. Either party may petition the Board for modifications of measurements or performance levels at any time during the life of the Plan.
- 5) Nothing in this Plan shall preclude the use of any other remedies available under law for addressing substandard performance to the degree that such performance has not already been addressed under the provisions of this Plan.
- 6) In the event that the Cooperative opens its territory to retail choice during the life of this Plan, the parties acknowledge additional and/or different standards may be necessary to monitor service delivery changes attendant to restructured service delivery. The Cooperative shall negotiate with the DPS additional standards should the need arise. Modifications to the Plan under this paragraph shall be submitted to the PSB for approval.
- 7) Section IV of the Plan consists of service guarantees to be offered by the Cooperative. WEC shall within 30 days of PSB approval of the Plan, file such tariff amendments as are necessary to implement the service guarantees. Such guarantees shall not be effective unless the PSB grants tariff approval.

- 8) In addition to the performance standards and measurements set forth in this document, WEC agrees to the following time frames for response to consumer and regulatory complaints:
- a) WEC shall provide a substantive response to consumer complaints expressed directly to the company within 14 calendar days of receipt by any method of contact.
 - b) WEC shall provide a substantive response to consumer complaints from DPS within 14 calendar days.
 - c) If WEC needs additional time to respond fully to a complaint from a consumer or from DPS, the Cooperative shall within the initial 14-day period request a specific additional time for response and shall provide a full resolution within the requested additional time.

Section II: Measurement, Reporting Protocol, and Definitions

- 1) The Cooperative shall continue to monitor performance under the initial Plan until the effective date of this Plan as provided in Paragraph I.7.
- 2) Reporting periods shall be calendar quarters, with quarterly reports submitted to the DPS and the Board by the last day of the month following the end of each quarter, except for the standards in Paragraph III.6, and III.7, which shall be reported annually on a calendar year basis by January 31 of the following year, and Paragraph III.5a, which shall be reported once every five years by January 31 following the year in which surveying called for by the standard is conducted.
- 3) Except as provided in Paragraph II.2, performance results shall be aggregated monthly and quarterly, and shall be reported quarterly to the DPS and the PSB. The parties shall jointly develop an electronic reporting format.
- 4) Quarterly reports shall include both monthly and quarterly averages. Quarterly averages shall be derived from raw data, not by averaging monthly averages.
- 5) Achievement of minimum standards for purposes of calculating service quality compensation shall be determined on the basis of a 12-month average. Service quality compensation shall be calculated annually in the month following the anniversary of the effective date of the Plan. A minimum performance standard shall be considered met if the 12-month average upon the anniversary of the effective date of the Plan met or was below the standard.
- 6) Notwithstanding Paragraph 5, where quarterly performance falls more than ten percent above any standard, or where performance does not meet any standard for two consecutive quarters,

the Cooperative shall within 30 days of the end of the quarter in which this provision is triggered, submit a corrective action Plan indicating how it will remedy the failed standard.

- 7) Performance shall be evaluated and reported to one decimal place for all performance areas unless otherwise specified. Actual performance shall be rounded up when the second decimal place is 5 or more. WEC shall retain all of its reports that support the results for each of the performance areas for a period of not less than 24 months after the results are reported. WEC shall provide these reports upon request to DPS.
- 8) WEC shall review with the DPS any change to WEC's measurement protocol or to the internal reporting methods that are used to obtain the data measured prior to WEC's implementation of such changes. If the DPS and WEC are unable to agree on the changes requested, nothing in this Plan shall preclude DPS or WEC from seeking appropriate relief from the PSB. WEC shall have an affirmative duty to report missing data or other events that could reasonably affect the quality of the data at the time the Cooperative becomes aware of such events. Any data related to the Plan reported to DPS that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between WEC and DPS shall be subject to challenge and potential exclusion from results.
- 9) WEC may seek a waiver of any applicable performance standard from the PSB. A waiver may only be granted where the circumstances causing the failure were beyond WEC's control, and the Cooperative can demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure.
- 10) Definitions:
 - a) Disconnect/Reconnect: Electric power in a location must temporarily be disconnected and reconnected at the customer's request. The physical disconnection of the electric service cable is usually to ensure safety during work being completed at the location.
 - b) Escalation: An escalation is a complaint to the utility or to DPS in which, following investigation, it is determined there is something the utility reasonably could or should have done to satisfy the consumer and thereby prevent the complaint from arising. Each party's discretion shall determine whether or not a complaint to it is classified as an escalation.
 - c) New Line Extensions: Any installation for the purposes of servicing new customer(s) that triggers the Cooperative's line extension tariff and there is a payment by the customer for "Contributions in Aid of Construction."
 - d) New Service: A primary circuit exists and only a transformer and/or a secondary cable are needed to be installed and the installation does not trigger the Cooperative's line extension tariff.

- e) Normal Business Hours: “Normal business hours” are 7:30 a.m. to 4:00 p.m. Monday through Friday excluding days on which legal holidays are observed and the Cooperative is closed to routine business operations.
- f) Street Light Maintenance: WEC makes repairs to WEC-owned street and security lights.
- g) Street Light New Installation: WEC installs WEC-owned street and security lighting at the request of a member.
- h) Temporary Service: A secondary service is installed for a customer-specified period of time. Primary conductors exist to the site.
- i) Weather-related delays: These are the delays that are included in the “not ready” exclusions described in the work completion performance measure (Section III, Paragraph 4) and Service Guarantees, Section IV, paragraph c. Weather-related delays shall be defined as provided by the relevant section of the Cooperative’s union contract concerning restrictions on outside work during inclement weather. Weather-related delays shall also include: periods when roads are impassable to company vehicles following heavy rain, snow or spring thaw conditions; and unavailability of company personnel as a result of service restoration efforts due to storms.

Section III: Performance Standards

- 1) **Call answer performance**¹: All data required for call answer performance measures shall be obtained from the Cooperative’s NEC i-Series phone switch (also referred to as the main switchboard). The system reports both real time and historical call system activity to WEC’s four (4) business service numbers 24 hours a day.

Call answering service level: Percentage of customers not reaching a Cooperative representative within 20 seconds during normal business hours. Performance shall be calculated as follows:

$$\frac{\text{Number of calls not reaching a company rep within 20 seconds}}{\text{Number of attempts to reach a company rep}}$$

¹ Note that the Plan measures only call answering during normal business hours. WEC’s after hours calls are handled by a private answering service. WEC is unable to measure abandons and blockage. Should WEC become capable of measuring any or all of these three measures in the future, it will inform DPS of the capability and negotiate the addition of relevant standards.

Performance measure: $\leq 15\%$

Source of data: The standard shall be measured by using data that is provided by the Cooperative's NEC i-series phone system. The data will include all calls (including outage calls) answered by the main switchboard during normal business hours.

- 2) **Billing performance measures:** The data for these measurements shall be obtained from the Cooperative's Customer Information System (CIS) which is supported by National Information Solutions Cooperative.

- a. **Percentage of bills not rendered monthly:** Percentage of bills not rendered within seven days of the scheduled billing date. Performance shall be calculated as follows:

$$\frac{\text{Number of bills not rendered within seven days of the scheduled billing date}}{\text{Total number of bills scheduled to be rendered}}$$

Exclusions: The measurement will exclude accounts that were activated within 10 days prior to the normal billing cycle; accounts that are scheduled to receive a final bill within 10 days after the normal billing cycle; company use accounts.

Performance measure: $\leq 10\%$

Source of data: This standard shall be measured by using data obtained from the Cooperative's Customer Information System. Results shall be reported to the second place.

- b. **Bills found inaccurate:** Percentage of bills found inaccurate after being sent to customers, brought to Cooperative's attention either as a result of customer complaints and/or by the company's own efforts. Performance shall be calculated as follows:

$$\frac{\text{Number of bills rendered inaccurately for the month}}{\text{Total number of bills rendered for the billing month}}$$

Exclusions: This standard does not include bills found to be inaccurate strictly as a result of estimation, bills where the inaccuracy does not effect the calculation of the bill, or where the fault does not lie with the company (i.e. mixed meters due to erroneous customer third-party install). Multiple bills for a customer that are caused by the same error shall be counted as one incident.

Performance measure: $\leq 10\%$

Source of data: This standard shall be measured by using data obtained from the Cooperative's Customer Information System.

- c. **Payment posting complaints:** Percentage of customers filing complaints ultimately classified as escalations to the Cooperative or to DPS concerning the posting of their payments to their accounts. Performance shall be calculated as follows:

$$\frac{\text{Number of customers complaining about payment posting}}{\text{Total number of customers}}$$

Performance measure: $\leq .05\%$

Source of data: This standard shall be measured by using data obtained from the Cooperative's Customer Information System.

3) **Meter reading performance measures:**

- a) **Percent of actual meter readings per month:** Percentage of meters not read each month in relation to the number that were scheduled to be read. Performance shall be calculated as follows:

$$\frac{\text{Number of meter readings not read}}{\text{Number of meter readings scheduled}}$$

Performance measure: $\leq 5\%$

Source of data: Data shall be obtained from the Cooperative's Customer Information System. Standard shall be measured and reported to the first decimal place.

4) **Work completion performance measures:**

- a. **Percentage of customer requested work not completed on or before promised delivery date:** The percentage of jobs resulting from customer requests for meter related or other customer requested work that are completed on or before the promised completion date. Performance shall be calculated as follows:

$$\frac{\text{Number of jobs not completed on or before promised delivery date}}{\text{Total number of jobs promised complete in reporting month}}$$

Exclusions: When an event outside of the Cooperative's control occurs resulting in the work not being completed as promised, WEC will renegotiate the promised delivery date with the customer. These events include but are not limited to the following: meter

socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; customer underground conduit/trenching not completed; and weather-related delays. Renegotiated jobs will be reported as “completed on or before” based on the new renegotiated date, not the original date.

Inclusions: “Seal-outs” and “check readings” completed by the end of the promised day; line extensions; new service; disconnect/reconnect; new street/security light installation; street/security light maintenance; and temporary service connections.

Performance measure: $\leq 5\%$

Source of data: Appointments made for member requested work shall be tracked by a manual work order management system.

- b. **Average number of days after the missed delivery date:** Average number of days after the missed delivery date in which the Cooperative was to complete meter related or other customer-requested work. Performance shall be calculated as follows:

$$\frac{\text{Total days of delay}}{\text{Total number of delayed jobs in the reporting month}}$$

Exclusions: When an event outside of the Cooperative’s control occurs resulting in the work not being completed as promised, WEC will renegotiate the promised delivery date with the customer. These events include but are not limited to the following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; customer underground conduit/trenching not completed; and weather-related delays. Renegotiated jobs will be reported as “completed on or before” based on the new renegotiated date, not the original date.

Inclusions: “Seal-outs” and “check readings” completed by the end of the promised day; line extensions; new service; disconnect/reconnect; new street/security light installation; street/security light maintenance; and temporary service connections.

Performance measure: ≤ 5 days

Source of data: Appointments made for member requested work shall be tracked by a manual work order management system.

5) **Customer satisfaction measures:**

- a. **Overall customer satisfaction:** Percentage of customers satisfied or completely satisfied with the Company.

Performance measure: 80% Deviation from the baseline for this measure shall be calculated by dividing the number of points of deviation from the baseline by 20 rather than 80 in order to convert the measure to its inverse.

Exclusions: The performance standard shall be considered met if performance falls within the survey margin of error.

Source of data: The survey shall be conducted by an independent, third-party contractor performing a survey of a statistically reliable sample of WEC's customers. The survey shall assess the general customer satisfaction in the following areas: reliability, service restoration, customer inquiry, meter reading and billing. WEC shall negotiate with DPS the survey procedures, protocol and interpretation of results. Any unresolved dispute shall be submitted to the Board for resolution. The first such survey shall be conducted in 2005, and every five years thereafter.

b. Rate of complaints to DPS/Consumer Affairs: Percentage of customers who file complaints with DPS that are ultimately classified as escalations following investigation. Performance shall be calculated as follows:

$$\frac{\text{Number of escalations}}{\text{Total number of customers}}$$

Performance measure: $\leq .07\%$

6) **Worker safety performance measures:**

a) **Lost-time incident rate:** Lost time incidents are the total number of incidents experienced by WEC in a calendar year that : (1) cause an injury to an employee; and (2) occur while the employee is performing work for WEC; and (3) result in the employee missing work beyond the day of the injury.

Source of data: Lost time cases as reported in the Cooperative's VOSHA Accident Log.

Performance measure: ≤ 6

b) **Lost-time severity rate:** Lost time severity shall be the cumulative number of work days missed by WEC employees in a calendar year as a result of injuries sustained by the employees while performing work for WEC.

Source of data: Employees lost days are recorded in the Cooperative's VOSHA Accident Log.

Performance measure: ≤ 39

7) **Reliability performance measures:**

- a) **System average interruption frequency (SAIFI):** This standard is defined in Public Service Board Rule 4.901 and shall be established for the system as a whole.

Performance measure: 3.8

- b) **Customer average interruption duration ("CAIDI"):** This standard is defined in Public Service Board Rule 4.901 and shall be established for the system as a whole.

Performance measure: 2.7

- c) **Worst-Performing Areas:** For each calendar year, WEC shall identify the areas on its system where most outages occur, assess the underlying causes for the outage, and institute economically feasible action plans or activities to improve the reliability of these areas in accordance with Public Service Board Rule 4.903. All areas where action plans or activities have been instituted shall be monitored each year, over a five-year period, to determine the effectiveness of the improvement measures and to identify further measures that may be required.

- d) **Major Storms:** Calculation of all SAIFI and CAIDI indices shall be net of outages caused by major storms. A major storm is defined as a severe weather event that satisfies all three of the following criteria:
1. Extensive mechanical damage to the utility infrastructure has occurred;
 2. More than 10% of the customers in a service territory are out of service due to the storm or the storm's effects; and
 3. At least 1% of the customers in the service territory are out of service for at least 24 hours.

Section IV: Service Guarantees

WEC shall offer the following service guarantees subject to Board approval of necessary tariff amendments:

- a. Bills not rendered. The Cooperative shall provide a credit of \$5.00 to any customer whose bill is not rendered within 7 days of the customer's scheduled billing cycle. In the event of systemic errors that affect in excess of 1000 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$5,000 per incident. The \$5,000 shall be divided equally among all affected customers.

- b. Bills found inaccurate: The Cooperative shall provide a \$5.00 credit if a customer's bill is determined to be inaccurate (see above III.2.B) as a result of a customer complaint or found to be inaccurate by WEC after the bill has been sent to the customer. In the event of systemic errors that affect in excess of 1000 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$5,000 per incident. The \$5,000 shall be divided equally among all affected customers. Bills that are inaccurate in the customer's favor where the Cooperative chooses not to collect are excluded.
 - c. Line Crew Appointments: In the case where an appointment for a line crew is made to do work at a customer premise, the Cooperative shall provide a credit of \$5.00 if the crew does not show up within a 2-hour window of the time the work was scheduled, or by the end of the agreed day if no appointment time was scheduled.
 - d. Meter work: The Cooperative shall provide a credit of \$5.00 to any customer whose meter work order is not completed within 2 business days of the promised delivery date on the service order.
 - e. Delay days: The Cooperative shall provide a credit of \$5.00 to any customer whose line work is not completed within 5 business days of the promised delivery date assuming the customer has met his or her requirements and is ready. This includes: line extensions; new service; disconnect/reconnects; new street/security light installations; street/security light maintenance; and temporary service connections. Any work that is compensated under paragraph c or d above shall not be eligible for this credit.
2. All credits owed to members as a result of the Cooperative's failure to meet the time lines described above in paragraph 1 will automatically be credited without the customer having to notify WEC. In the event a customer who is due a credit no longer has an account with WEC at the time the Cooperative determines a credit is due, the Cooperative shall mail a check for the credit amount to the customer's last known address. All unclaimed funds will follow legal requirements regarding abandoned property.
 3. Service guarantees that are not met as a result of weather-related delays, defined in Section II.10.i., will not be eligible for this program.

Section V. Service Quality Compensation

1. Failure to meet the standards in performance areas III.1., III.3, III.5a, and III.7.a-b shall result in the calculation of service quality points.
2. Attachment A sets forth which performance measures are subject to calculation of service quality compensation points. Points are assigned for areas subject to service quality

compensation based on actual performance during the 12-month reporting period. Actual performance shall be compared to the performance measure. The deviation of the actual performance compared to the performance measure is expressed as a percent deviation from the performance measure. This percent deviation shall be expressed as points by multiplying the percent (as expressed as a decimal) by 100 so that each point equals one percent deviation from the baseline. No points are assigned if the Cooperative achieves results equal to or better than the performance measure. When the Cooperative performs worse than the performance measure, the applicable points are calculated for each performance measure and totaled. The total of these points is referred to as “service quality compensation points.”

3. A dollar amount will be assigned to service quality compensation points as shown in Attachment B. Service quality compensation dollars are assessed on a sliding scale up to a maximum one year total of .1% of the Cooperative’s annual revenues for the 12-month reporting period. For 2004, the estimated amount at risk would be \$10,400 for a maximum of 150 service quality compensation points. The actual amount at risk shall be calculated each year and reported as a part of reporting described in paragraph V.6 below.
4. Service quality compensation points are divided into two categories. Sixty percent, or 90 points, are allocated to the reliability measures (III.7.a-b). The remaining 60 points are allocated to the remaining measures for which points are assessed (III.1, III.3, and III.5a).
5. A dollar amount is assigned to each service quality compensation point within a range in its category. The service quality compensation dollars are calculated incrementally, that is, service quality compensation dollars are calculated first at the bottom tier for the applicable service quality compensation points. The next range of points is multiplied by the next highest dollar amount. The first 15 points in the reliability category are worth nothing per point.
6. Service quality compensation dollars shall be paid to the WARMTH program. The Cooperative shall propose at the time of its quarterly filing in the month following the anniversary date of the Plan a calculation for the amount of service quality compensation points to be paid. WEC shall also propose at the time of its annual service quality filing the manner of communication to its customers concerning its service performance for the prior 12 month period. The manner of communication shall include a report of results and an explanation of service quality compensation to be paid, if any. In the event service quality compensation is due, communication shall include a stand-alone letter or notice which may be stuffed in bills or mailed separately.
7. The service quality compensation dollars paid shall be offset by any monies paid to customers through the service guarantees in Section IV.

8. The DPS shall file any objection to the service quality compensation calculation and manner of customer communication within 30 days after the Cooperative files its proposal. If the Department files no objection within 30 days, and the Board takes no action within 60 days, the filing will be deemed accepted and approved. If the DPS files a timely written objection, the Board will proceed to resolve the dispute.

9. If in any year the Company meets all baselines and produces results 10 percent better than each of performance measures III.1, III.4.a, III.5.a, III.5.b, III.7.a and III.7.b requires, the Cooperative may carry over a balance of -25 service quality compensation points that may be deducted from any points earned in the following year.

Attachment A: Performance Areas and Associated Baseline Standards
for Calculation of Service Quality Compensation Points
Washington Electric Cooperative Successor Service Quality & Reliability Plan

<u>Call Answer Performance</u>	<u>Performance Measure</u>	<u>Service Quality Compensation Points</u>	<u>Service Guarantees</u>
1a	Calls not reaching a company rep within 20 seconds Calls not reaching a company rep within 20 seconds	<= 15.0%	Yes No
<u>Billing performance</u>			
2a	Bills not rendered monthly	<= 0.10%	No Yes
2b	Bills found inaccurate	<= 0.10%	No Yes
2c	Payment posting complaints	<= 0.05%	No No
<u>Meter Reading Performance</u>			
3	Meters not read	<= 5.0%	Yes No
<u>Work Completion Performance</u>			
4a	Work not completed by promised date	<= 5.0%	No Yes
4b	Average delay days	<= 5.0	No Yes
<u>Customer Satisfaction Measures</u>			
5a	Customers satisfied (company)	>= 80%	Yes No
5b	Complaints to DPS	<= 0.07%	No No
<u>Worker Safety Measures</u>			
6a	Lost time incident	<= 6.0	No No
6b	Lost time severity	<= 39	No No
<u>System Reliability</u>			
7a	System average interruption frequency (SAIFI)	<= 3.8	Yes No
7b	Customer average interruption duration (CAIDI)	<= 2.7	Yes No

Attachment B: Washington Electric Cooperative, Inc.
Service Quality Compensation Cap and Points

Maximum annual service quality compensation

<u>Maximum compensation</u>	<u>Avg cost/point (300 pt cap)</u>
\$ 5,200	\$ 17

Allocation of points between plan components

Reliability	50%
All other points based measures	50%

Sliding point scale based on cap of \$5,200 and \$17 avg cost/point

Max at risk for reliability	\$ 2,600
Max at risk for all other points based measures	\$ 2,600

RELIABILITY CALCULATION

<u>Point ranges</u>	<u>Pts in range</u>	<u>Weighting</u>	<u>Per point</u>	<u>Max/level</u>	<u>Cumulative</u>
116 to 150	35	1.393	\$ 24	\$ 845	\$ 2,600
81 to 115	35	1.500	\$ 26	\$ 910	\$ 1,755
51 to 80	30	1.000	\$ 17	\$ 520	\$ 845
26 to 50	25	0.750	\$ 13	\$ 325	\$ 325
0 to 25	<u>25</u>	0.000	\$ -	\$ -	\$ -
Total	150			\$ 2,600	

OTHER MEASURES CALCULATION

<u>Point ranges</u>	<u>Pts in range</u>	<u>Weighting</u>	<u>Per point</u>	<u>Max/level</u>	<u>Cumulative</u>
116 to 150	35	1.821	\$ 32	\$ 1,105	\$ 2,600
81 to 115	35	1.250	\$ 22	\$ 758	\$ 1,495
51 to 80	30	1.000	\$ 17	\$ 520	\$ 737
26 to 50	25	0.500	\$ 9	\$ 217	\$ 217
0 to 25	<u>25</u>	0.000	\$ -	\$ -	\$ -
Total	150			\$ 2,600	