

PEC 2021 KPI Plan - Summary of Updates

Changes highlighted in yellow.

Purpose and Structure

The purpose of Key Performance Indicators (KPIs) is to provide an objective method for evaluating the degree of success with which PEC achieves organizational performance targets. PEC's KPI Plan is designed to closely align with the J.D. Power categories by establishing individual performance targets within each category aimed at improving the overall score.

PEC's Board of Directors approves PEC's KPI Plan annually as well as the subsequent performance-based financial distribution for eligible employees.

KPI Plan Year

The KPI Plan year coincides with the calendar year (January 1 to December 31) to align with the cooperative's fiscal year. The KPI financial distribution occurs biannually with two equal periods of 6 months. The first measurement period (KPI-P1) is Jan. 1 to Jun. 30, and the second period (KPI-P2) is Jul. 1 to Dec. 31.

Category Weighting

The source of the weighting distribution is aligned with the JD Power survey for Overall Satisfaction.

KPI Categories	Category Weight
Power Quality and Reliability	20%
Cost and Price	15%
Billing and Payment	10%
Corporate Citizenship	10%
Communications	10%
Customer Service	10%
Safety and Compliance	25%

Performance Calculation

Each category contains multiple performance metrics with individual weights. Specific goals are set each year and as goals are met, the performance calculation will apply a measurement distribution percentage for each metric using the following calculation:

$$\text{Measurement Distribution} = \text{Performance Level Percentage} \times \text{Measurement Weight}$$

Performance level is defined in the below:

Performance Level	Payout
Silver	5%
Gold	7%
Platinum	10%

Through this methodology, the maximum possible KPI distribution payout percentage, based on category performance metrics, is 10%.

Distribution Adder

In addition to the measurement distribution, there is an opportunity for a 1% adder to the distribution payout for each period if PEC reaches additional goals. A change in the distribution adder goals has been made for the 2021 KPI Plan.

2020 Distribution Adders:

- KPI P1: 1% adder if PEC can reach a SAIDI of 50 minutes or less
- KPI P2: 1% adder if PEC is among the top 10 overall utilities in the J.D. Power Syndicated Survey

2021 Distribution Adders:

- **KPI P1**: 1% adder if PEC is among the top 10 overall utilities in the mid-point scoring of the J.D. Power Syndicated Survey
- KPI P2: 1% adder if PEC is among the top 10 overall utilities in the J.D. Power Syndicated Survey

Power Quality and Reliability

- **SAIDI** - Lowering target minutes to match current performance

Metric	Silver	Gold	Platinum	Weight
System Average Interruption Duration Index (SAIDI)	≤ 60 min.	≤ 55 min.	≤ 50 min.	50%
Feeders with Highest SAIDI Impact Removed	P1: ≥ 3 P2: ≥ 5	P1: ≥ 5 P2: ≥ 7	P1: ≥ 7 P2: ≥ 9	30%
Percentage of Outages where Estimated Time of Restoration is provided	≥ 90%	≥ 95%	≥ 99%	20%

Cost and Price

- **Operating Expense as a % of Budget** - Change in metric from Total Distribution Spend per Meter to represent operating expenses, net of depreciation, taxes, donations, and KPI payouts in total dollars as compared to budgeted dollars.
- **Competitively Sourced Spend** - A new procurement metric to measure the percentage of cooperative spend that is competitively sourced. This metric is more broadly impacted by staff cooperative-wide. Goals are based on historic performance.
- **Competitive Rates** - A small revision of the metric definition to clarify data sources for rate comparison.
- **Overtime as a % of Total Hours** - Removing this metric as it is captured in the cost metric and in some instances overtime hours may make more business-sense than utilizing contract workers.
- **4CP Avoidance** - Removing this metric as it is only provided annually and managed by a small set of staff.

Metric	Silver	Gold	Platinum	Weight
Operating Expense as a % of Budget	≤ 100%	≥ 99%	≥ 98%	40%
Competitively Sourced Spend	≥ 92%	≥ 94%	≥ 96%	40%
Competitive Rates	≥ 5%	≥ 7%	≥ 8%	20%
Total Distribution Spend per Meter	P1: ≤ \$358 P2: ≤ \$709	P1: ≤ \$351 P2: ≤ \$695	P1: ≤ \$344 P2: ≤ \$681	0%
Overtime as a % of Total Hours	≤ 4.5%	≤ 4.0%	≤ 3.5%	0%
4CP Avoidance	9 to 13 MW	13 to 17 MW	> 17 MW	0%

Billing and Payment

- **Accounts Enrolled in Autopay** - Increasing targets to match current performance.
- **Accounts Enrolled in Electronic Billing (paperless)** - Increasing targets to match current performance.

Metric	Silver	Gold	Platinum	Weight
Uncollectible Accounts Written off as Percentage of Operating Revenue	≤ 0.20%	≤ 0.15%	≤ 0.10%	50%
Percentage of Accounts Enrolled in Autopay	≥ 50%	≥ 53%	≥ 55%	30%
Percentage of Accounts Enrolled in Electronic Billing	≥ 33%	≥ 36%	≥ 38%	20%

Corporate Citizenship

- **Community Outreach** - In planning for a continued pandemic environment, will reduce targets and specifically broaden the definition of outreach efforts to include virtual and other non-in-person events.
- **Volunteer Activities** - In planning for a continued pandemic environment, removing this metric.

Metric	Silver	Gold	Platinum	Weight
Increase in Power of Change Enrollments	≥ 1,900	≥ 2,000	≥ 2,100	40%
Number of Energy Audits Performed	≥ 125	≥ 150	≥ 175	30%
Community Outreach	≥ 4	≥ 6	≥ 8	30%
PEC-Sponsored Volunteer Activities	≥ 2	≥ 3	≥ 4	0%

Communications

- **Internal Communications** - Adding this performance metric to capture the effectiveness of internal employee engagement by using the number of unique viewers to PEC's internal newsletter, *Wired*. Goals were set on the high-end of historical-use data.

Metric	Silver	Gold	Platinum	Weight
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	40%
Increase in Social Media Followers	≥ 750	≥ 1,000	≥ 1,250	40%
Internal Communications	≥ 60%	≥ 65%	≥ 70%	20%

Customer Service

- **Service Level** - Reducing targets due to the expected impacts from several cooperative initiatives in 2021, including; re-balancing the call utilization of an outside-party contact center, the AMI meter distribution, and the new member website. Each of these will pull staff away from standard call management.

Metric	Silver	Gold	Platinum	Weight
J.D. Power Customer Service Category Score	≥ 770	≥ 780	≥ 790	40%
Percentage of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	40%
Service Level	≥ 70%	≥ 75%	≥ 80%	20%

Safety and Compliance

- **Vehicle Accident Rate** - Adjusting the Preventable Vehicle Accidents metric for consideration of the large fleet and travel distances that PEC services require, this adjustment will capture miles traveled by PEC vehicles as a ratio of incidents. The industry calculation is similar to TCIR and DART. The set goals are based on the previous goals for number of incidents, for example, 2 incidents is equal to 0.85, a platinum score.

Metric	Silver	Gold	Platinum	Weight
Total Case Incident Rate (TCIR)	≤ 3.0	≤ 2.4	≤ 2.0	25%
Days Away Restricted Duty (DART)	≤ 1.8	≤ 1.2	≤ 0.6	25%
Vehicle Accident Rate	≤ 3.5	≤ 2.5	≤ 1.0	25%
Percentage of Employees Who Complete the Compliance Training	≥ 90%	≥ 95%	= 100%	25%

Summary of Measures, Targets and Weights for 2021 KPI Plan

Metric	Silver	Gold	Platinum	Category Weight	Overall KPI Weight
Power Quality and Reliability					20%
System Average Interruption Duration Index (SAIDI)	≤ 60 min.	≤ 55 min.	≤ 50 min.	50%	10%
Feeders With Highest SAIDI Impact Removed	P1: ≥ 3 P2: ≥ 5	P1: ≥ 5 P2: ≥ 7	P1: ≥ 7 P2: ≥ 9	30%	6%
Percentage of Outages Where Estimated Time of Restoration is Provided	≥ 90%	≥ 95%	≥ 99%	20%	4%
Cost and Price					15%
Operating Expense as a % of Budget	≤ 100%	≤ 99%	≤ 98%	40%	6%
Competitively Sourced Spend	≥ 92%	≥ 94%	≥ 96%	40%	6%
Competitive Rates	≥ 5%	≥ 7%	≥ 8%	20%	3%
Total Distribution Spend per Meter	P1: ≤ \$358 P2: ≤ \$709	P1: ≤ \$351 P2: ≤ \$695	P1: ≤ \$344 P2: ≤ \$681	0%	0%
Overtime Hours as a % of Total Hours	≤ 4.5%	≤ 4.0%	≤ 3.5%	0%	0%
4CP Avoidance	9 to 13 MW	13 to 17 MW	> 17 MW	0%	0%
Billing and Payment					10%
Uncollectible Accounts Written off as Percentage of Operating Revenue	≤ 0.20%	≤ 0.15%	≤ 0.10%	50%	5%
Percentage of Accounts Enrolled in Autopay	≥ 50%	≥ 53%	≥ 55%	30%	3%
Percentage of Accounts Enrolled in Electronic Billing	≥ 33%	≥ 36%	≥ 38%	20%	2%
Corporate Citizenship					10%
Increase in Power of Change Enrollments	≥ 1,900	≥ 2,000	≥ 2,100	40%	4%
Number of Energy Audits Performed	≥ 125	≥ 150	≥ 175	30%	3%
Community Outreach	≥ 4	≥ 6	≥ 8	30%	3%
PEC Sponsored Volunteer Activities	≥ 2	≥ 3	≥ 4	0%	0%
Communications					10%
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	40%	4%
Increase in Social Media Followers	≥ 750	≥ 1,000	≥ 1,250	40%	4%
Internal Communications	≥ 60%	≥ 65%	≥ 70%	20%	2%
Customer Service					10%
J.D. Power Customer Service Category Score	≥ 770	≥ 780	≥ 790	40%	4%
Percentage of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	40%	4%
Service Level	≥ 70%	≥ 75%	≥ 80%	20%	2%
Safety and Compliance					25%
Total Case Incident Rate (TCIR)	≤ 3.0	≤ 2.4	≤ 2.0	25%	5%
Days Away Restricted Duty (DART)	≤ 1.8	≤ 1.2	≤ 0.6	25%	5%
Vehicle Accident Rate	≤ 3.5	≤ 2.5	≤ 1.0	25%	5%
Percentage of Employees Who Complete the Compliance Training	≥ 90%	≥ 95%	= 100%	25%	5%