2023 Key Performance Indicators
Pedernales Electric Cooperative

January 2023

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. A performance-based financial distribution is calculated for eligible employees who contribute to the advancement of the goals and initiatives outlined in the approved PEC Strategic Plan as approved by the Board of Directors.

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.

Employee Eligibility Requirements

The KPI distribution percentage will be applied to total wages, which includes base pay, overtime and double time that were paid for each of the equal measurement periods (KPI-P1 and KPI-P2). To be eligible for a KPI distribution for a particular measurement period, an employee must meet each of the following requirements:

- Have worked any time during the KPI measurement period;
- Be employed by PEC on the day the KPI is distributed.

KPI Distribution Payout

The KPI distribution will be issued on the Friday that is not a pay-period following the July board meeting for KPI-P1 and the February board meeting for KPI-P2.

KPI Communication

KPI data is updated on the 26th of each month, with performance through the end of the previous month. Employees may view the performance dashboard through the KPI link on PEC's intranet.

Methodology

The KPI plan is designed to align with Board Goals and Objectives identified in PEC's Strategic Plan that is drafted by the Board of Directors every five years. The primary categories are weighted evenly as shown on Table 1 below:

Table 1: KPI Categories

KPI Categories	Weight
Maximize Value to Our Members	20%
Operational Excellence	20%
Financial Health	20%
Workforce Optimization	20%
Safety & Security	20%

Performance Calculation

Each category contains individual performance metrics that apply to the Strategic Plan Objectives provided by the Board of Directors. Specific goals are set each year for each metric, and as goals are met, the performance calculation will apply a measurement distribution percentage for each metric using the following calculation:

Measurement Distribution = Performance Level Percentage × Measurement Weight

Performance Level Percentage is defined in Table 2 below:

Table 2: Performance Level Payout Structure

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 category distributions, there is an opportunity for an additional 1%, or "adder," to the distribution payout if PEC reaches the following conditions:

- 2023 P1 & P2 Adder: 1% adder, per period, if PEC staff meets Platinum-level goals for each of the Pursue Workforce Optimization KPI metrics.

PEC Strategic Plan Objectives and 2023 KPI Metric Definitions

Board of Directors' Goal #1: Maximize Value to Our Membership

- **Objective 1 – Member Engagement:** Develop a three-year member engagement campaign by 2022 to promote the benefits of cooperative membership.

- **Objective 2 – Community Partnerships:** Establish a plan by 2022 to foster healthy and communicative relationships with state and local officials and authorities to benefit our membership.

- **Objective 3 – Customer Service:** Establish member engagement and satisfaction programs by 2022 to maintain or surpass the American Customer Satisfaction Index (ACSI) benchmark.

Table 3 below shows the metrics and goals set for this category:

- *Table 3: Maximize Value to Our Membership Metrics and Weighting*

Obj. #	Metric	Silver	Gold	Platinum	Weight
(1)	Increase in Social Media Followers	≥ 750	≥ 1,000	≥ 1,250	15%
(1)	Increase in Power of Change Enrollments	≥ 2,000	≥ 3,000	≥ 4,000	15%
(2)	Community Outreach	≥ 8	≥ 12	≥ 16	15%
(3)	Customer Satisfaction Score - Coop Insight Survey	≥ 8.5	≥ 8.6	≥ 8.7	20%
(3)	Percentage of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	15%
(3)	Accounts Enrolled in Electronic Billing	≥ 8,000	≥ 9,000	≥ 10,000	20%

Increase in Social Media Followers measures the additional member enrollment of members following PEC's social media. Increasing the number of followers provides an opportunity to reach out to more members with important cooperative information. This metric is a total of new enrollments through each KPI period.

Increase in Power of Change Enrollments measures the additional member enrollment for the Power of Change Program. This program is part of the cooperative's commitment to serving the community by providing funding for grants and other resources. This metric is calculated on a 12-month rolling basis to capture seasonality.

Community Outreach measures all virtual and in-person PEC events and outreach programs, participation in community events, town halls, and workshops that include member outreach or member/community engagement. This metric is calculated through each KPI period.

Customer Service Category Score measures the overall scoring of customer service in the Coop Insights Survey. This metric is calculated on a 12-month rolling basis to capture seasonality.

Percentage of Problems Solved on First Call Contact is measured to identify the effectiveness of resolving member concerns. This metric is recorded through the Coop Insights Survey and calculated on a 12-month rolling basis to capture seasonality:

Accounts Enrolled in Electronic Billing is measured to identify the effectiveness of enrolling accounts in electronic (paperless) billing. Paperless enrollments offer financial savings for the cooperative and the membership.

Board of Directors' Goal #2: Achieve Operational Excellence

- **Objective 1 – System Maintenance:** Establish a systematic and responsive system maintenance program targeting the 35 feeders with the highest SAIDI to improve reliability and lower SAIDI by 2025.

- **Objective 2 – SCADA, Control Center, & Related Technology Systems:** Design and construct operational control centers by 2025 that meet applicable federal and state standards for system stability, and improved operations.
- **Objective 3 – Engineering Design Standards:** Complete a detailed Engineering Standards guide by 2023 for all training, planning, and purchasing purposes across all districts.

- **Objective 4 – Facilities and Real Estate Planning:** Create a data-driven framework for the acquisition and disposition of real estate for facilities and system expansion by 2021.

Table 4 below shows the metrics and goals set for this category:

- *Table 4: Achieve Operational Excellence Metrics and Weighting*

Obj. #	Metric	Silver	Gold	Platinum	Weight
(1)	Feeders with Highest SAIDI Impact Addressed	≥ 3	≥ 5	≥ 7	40%
(2)	System Average Interruption Duration Index (SAIDI)	≤ 60 min.	≤ 55 min.	≤ 50 min.	40%
(3)	District Planning and Design Training Completions	≥ 4	≥ 5	≥ 6	20%

Feeders with Highest SAIDI Impact Improved is a program to identify and improve the reliability of the cooperative's worst-performing feeders by focusing maintenance, vegetation, and power restoration programs on these circuits. The Top 10 Worst Performing Feeders List ranks each feeder by their contribution to the cooperative's overall SAIDI and the metric is calculated by publishing and comparing the list at the end of each KPI period.

System Average Interruption Duration Index (SAIDI) is an indicator of the Cooperative's service reliability as measured by its average outage time during the applicable KPI measurement period. This index excludes planned, transmission, and major weather outages and the metric is calculated on a rolling 12-month basis to capture seasonality.

District Planning and Design Training measures internal or external training programs provided to district distribution design and planning personnel to improve engineering standards guides and practices across the cooperative.

Board of Directors' Goal #3: Protect the Financial Health of the Cooperative

- **Objective 1 – Financial Management:** Develop processes by 2022 to increase individual employee awareness of and participation in the Cooperative's financial health.

- **Objective 2 – Rate Stability:** Implement debt and capital restructuring best practices for rate stability, including the defeasance of 2002 bonds and the implementation of a commercial paper program, by 2022.

- **Objective 3 – Capital Spending:** Create and fully implement a capital allocation model to support long-term capital spending by 2022.

Table 5 below shows the metrics and goals set for this category:

- *Table 5: Protect the Financial Health of the Cooperative Metrics and Weighting*

Obj. #	Metric	Silver	Gold	Platinum	Weight
(1)	Operating Expense as a % of Budget	≤ 100%	≤ 99%	≤ 98%	25%
(1)	Competitively Sourced Spend	≥ 92%	≥ 94%	≥ 96%	25%
(1)	Uncollectible Accounts Written off as % of Revenue	≤ 0.20%	≤ 0.15%	≤ 0.10%	25%
(2)	Competitive Rates	≥ 5%	≥ 7%	≥ 8%	25%

Operating Expense as a Percentage of Budget represents actual operating expenses, net of depreciation, taxes, donations, and KPI payouts, in total dollars as compared to budgeted dollars. Metric captures YTD expenses for seasonal purchasing purposes.

Competitively Sourced Spend measures the percentage of cooperative spend that is competitively sourced for all applicable spend categories. The calculation includes the total spend less sole-sourced spend as a percentage of total spend per KPI period.

Uncollectible Accounts Written off as Percentage of Operating Revenue measures the percentage of the cooperative's total electric billings that correspond to accounts that cannot be collected (commonly known as "bad debt") as a percentage of the total operating revenue. This metric is calculated on a 12-month rolling basis.

Competitive Rates compares the cost of 1,000 kWh paid by PEC residential members against the average Texas residential customer in competitive areas based on Board-approved data sources, per KPI period.

Board of Directors' Goal #4: Pursue Workforce Optimization

- **Objective 1 – Technical Training:** Train 80% of employees requiring technical or electrical skills utilizing the new PEC training facility by 2024.

- **Objective 2 – Workforce Development:** Attract, retain, and develop our workforce by increasing employee skills, training, and external recruitment outreach by 20% each by 2023.

Table 6 below shows the metrics and goals set for this category:

- *Table 6: Pursue Workforce Optimization*

Obj. #	Metric	Silver	Gold	Platinum	Weight
(1)	% of Employees Completing Technical Training	≥ 80%	≥ 85%	≥ 90%	30%
(2)	% of Employees Completing Compliance Training	≥ 90%	≥ 95%	≥ 99%	40%
(2)	% of Employees Completing Professional Development Training	≥ 70%	≥ 75%	≥ 80%	30%

Percentage of Employee Completion of Technical Training represents the percentage of all employees who require technical or electrical skills that complete assigned training utilizing the PEC training facility. This metric is calculated through each KPI period.

Percentage of Employees Who Complete Required Compliance Training measures employee engagement through completion of required compliance training. Compliance training may be assigned through Human Resources, cybersecurity, Legal, or other areas as required. This metric is calculated through each KPI period.

Percentage of Employee Completion of Professional Development Training represents the percentage of all employees that complete at least 30 minutes of professional development training relevant to their individual career or training necessary to maintain professional certifications. This metric is calculated through each KPI period.

Board of Directors' Goal #5: Advance Safety and Security

- **Objective 1 – Safety and Security Culture:** Develop a plan to promote a shared culture of safety, security, and privacy across the cooperative with full compliance by 2024.

- **Objective 2 – Cyber Security:** Enhance systems and practices through 2025 to prevent and mitigate a cyber-incident to ensure business continuity.

- **Objective 3 – Work Environments:** Improve the security of our work environments through completing the implementation of the Security Vulnerability Master Plan by 2024.

Table 6 below shows the metrics and goals set for this category:

- *Table 6: Advance Safety and Security Metrics and Weighting*

Obj. #	Metric	Silver	Gold	Platinum	Weight
(1)	Total Case Incident Rate (TCIR)	≤ 3.0	≤ 2.4	≤ 2.0	20%
(1)	Days Away Restricted Duty (DART)	≤ 1.8	≤ 1.2	≤ 0.6	20%
(1)	Vehicle Accident Rate	≤ 3.5	≤ 2.5	≤ 1.0	20%
(2)	Phishing Simulation Avoidance	≥ 96.5%	≥ 97.0%	≥ 97.5%	20%
(3)	Access Control Efficiency	≥ 97%	≥ 98%	≥ 99%	20%

Total Case Incident Rate (TCIR) is defined as the total number of OSHA-recordable injuries/illnesses (collectively called "incidents") that occurred throughout the cooperative during each KPI period. The metric is calculated by applying a factor of 200,000 work hours per each incident as a percentage of total hours worked.

Days Away Restricted Duty (DART) is defined as the total number of recordable injuries and illnesses that required an employee to miss work or perform restricted work during each KPI period. The metric is calculated by applying a factor of 200,000 work hours per each incident as a percentage of total hours worked.

Vehicle Accident Rate captures the vehicle incidents and miles traveled by PEC vehicles as a ratio per KPI period. The calculation applies a factor of 1,000,000 miles per each incident as a percentage of total miles.

Phishing Simulation Avoidance represents the percentage of employees that succeed in avoiding phishing simulation held by PEC by not clicking on phishing emails. This metric is calculated through each KPI period by subtracting the click-thru rate from 100% of employees tested.

Access Control Efficiency measures PEC's responsiveness to the timely removal of access to PEC facilities for employees and contract workers leaving the cooperative's system. Specifically, it measures the effectiveness of access terminations being performed within the requested timeframe, per each KPI period.

Summary of Measures, Targets and Weights for 2023 KPI Plan

Table 7: Summary of KPI Categories, Metrics, Targets, and Weighting

Metric	Silver	Gold	Platinum	Metric Weight	Overall KPI Weight
1. BOD Goal: Maximize Value to Our Membership					**20%**
Increase in Social Media Followers	≥ 750	≥ 1,000	≥ 1,250	15%	3.0%
Increase in Power of Change Enrollments	≥ 2,000	≥ 3,000	≥ 4,000	15%	3.0%
Community Outreach	≥ 8	≥ 12	≥ 16	15%	3.0%
Customer Satisfaction Score - Coop Insight Survey	≥ 8.5	≥ 8.6	≥ 8.7	20%	4.0%
% of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	15%	3.0%
Accounts Enrolled in Electronic Billing	≥ 8,000	≥ 9,000	≥ 10,000	20%	4.0%
2. BOD Goal: Achieve Operational Excellence					**20%**
Feeders with Highest SAIDI Impact Addressed	≥ 3	≥ 5	≥ 7	40%	8.0%
System Average Interruption Duration Index (SAIDI)	≤ 60 min.	≤ 55 min.	≤ 50 min.	40%	8.0%
District Planning and Design Training Completions	≥ 4	≥ 5	≥ 6	20%	4.0%
3. BOD Goal: Protect the Financial Health of the Cooperative					**20%**
Operating Expense as a % of Budget	≤ 100%	≤ 99%	≤ 98%	25%	5.0%
Competitively Sourced Spend	≥ 92%	≥ 94%	≥ 96%	25%	5.0%
Uncollectible Accounts Written off as % of Revenue	≤ 0.20%	≤ 0.15%	≤ 0.10%	25%	5.0%
Competitive Rates	≥ 5%	≥ 7%	≥ 8%	25%	5.0%
4. BOD Goal: Pursue Workforce Optimization					**20%**
% of Employees Completing Technical Training	≥ 80%	≥ 85%	≥ 90%	30%	6.0%
% of Employees Completing Compliance Training	≥ 90%	≥ 95%	≥ 99%	40%	8.0%
% of Employees Completing Professional Development Training	≥ 70%	≥ 75%	≥ 80%	30%	6.0%
5. BOD Goal: Advance Safety and Security					**20%**
Total Case Incident Rate (TCIR)	≤ 3.0	≤ 2.4	≤ 2.0	20%	4.0%
Days Away Restricted Duty (DART)	≤ 1.8	≤ 1.2	≤ 0.6	20%	4.0%
Vehicle Accident Rate	≤ 3.5	≤ 2.5	≤ 1.0	20%	4.0%
Phishing Simulation Avoidance	≥ 96.5%	≥ 97.0%	≥ 97.5%	20%	4.0%
Access Control Efficiency	≥ 97%	≥ 98%	≥ 99%	20%	4.0%