



Key Performance Indicators

2017 - 2018

Purpose and Objectives

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 2017-2020 PEC Strategic Plan as approved by the Board of Directors.

PEC uses the J.D. Power satisfaction rating survey as the primary metric in evaluating member satisfaction. The survey provides results that include a comparative analysis to other utilities surveyed. The 2017-2018 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.

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, annual work plan process, and standard industry reporting. A biannual KPI distribution of equal periods provides greater focus on cooperative performance throughout the year. The first measurement period (KPI-P1) is Jan. 1 to June 30, and the second measurement period (KPI-P2) is July 1 to Dec. 31. Each performance distribution will be paid based on the achievement of each measurement period.

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;
- received an individual overall performance rating of meets expectations or above during the most recent evaluation;
- be employed by PEC on the day the KPI is distributed.

KPI Payout

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

KPI Communication

The KPI data is updated no later than the 20th of every month. Employees will have access to all the data through the intranet and other communication channels. The board will receive quarterly updates.

Methodology

The 2017-2018 KPI plan is designed to align with categories found in the J.D. Power survey, to ensure the highest member satisfaction. The primary categories are weighted according to their overall impact to member satisfaction. In addition to the J.D. Power categories, PEC holds high a culture of safety and security, which is a category included in the metrics, as shown on table 1 below:

Table 1: KPI Categories

Power Quality and Reliability	20%
Cost and Price	20%
Billing and Payment	10%
Corporate Citizenship	10%
Communications	10%
Customer Service	15%
Safety and Security	15%

Each primary category consists of subcategories with specific performance targets within each area defined. Some subcategories define performance targets for P1 and P2, based on year-to-date accumulation. Each period goal is identified where applicable, separated with a slash (/).

Weighting

After the final results are calculated for each period, the KPI distribution will then be waited based on the following calculation:

Measurement Distribution = Performance Level Percentage × Measurement Weight

Performance level is defined in table 2 below:

Table 2: Performance Level Payout Structure

PERFORMANCE LEVEL	KPI-P1	KPI-P2
Silver	5%	5%
Gold	7%	7%
Platinum	10%	10%

In addition to the measurement distribution, if PEC is among the top 10 overall utilities in the J.D. Power Syndicated report released mid-July, there will be a two percent adder to the KPI payout.

Power Quality and Reliability

Power Quality and Reliability (PQR) covers areas such as length of outages, prompt restoration of power after an outage, providing quality electric power, avoiding brief interruptions, supplying electricity during extreme temperatures and keeping members informed about outages, including switching and tagging. PEC will use the following metrics in PQR as a measure of success:

- System Average Interruption Duration Index (SAIDI)
- ARCOS Availability (percent of time crews available for outages)
- Percent of Outages where Estimated Time of Restoration is provided

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

$$\frac{(\text{Sum of All Member Interruption Durations})}{(\text{Total Number of Meters Served})} \times 60 \text{ minutes}$$

ARCOS Availability (percent of time crews available for outages) indicates the availability of on-call crews for outage response. This index is a key factor in member perception of reliability and responsiveness to power interruptions. The metric is calculated as follows for data on a rolling 12 month basis:

$$\frac{(\text{Total Call Outs Worked})}{(\text{Total Number of Call Outs Worked} + \text{Total Number of Call Outs Not Worked})} \times 100$$

Percentage of Outages in which Estimated Time of Restoration is provided

reinforces the importance of communicating outage information to the membership. This index measures how frequently estimated time of restoration is provided from the field for a power interruption. The metric is calculated as follows for data on a rolling 12 month basis:

$$\frac{(\text{Total Outages Where an Estimated Time of Restoration is Provided})}{(\text{Total Outages from Protective Line Devices})} \times 100$$

Table 3 below shows the goals set for this category:

Table 3: Power Quality and Reliability Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
System Average Interruption Duration Index (SAIDI)	66 minutes	60 minutes	54 minutes	50%
ARCOS Availability	70%	75%	80%	25%
Percentage of Outages where Estimated Time of Restoration is provided	90%	95%	100%	25%

Cost and Price

Cost and Price covers areas such as total monthly cost of electric service, fairness of pricing, availability of pricing, ease of understanding pricing and efforts of the utility to help manage monthly usage. PEC will use the following metrics in cost and price as a measure of success:

- Low Cost Provider - Percent Lower Than State Average
- Total Controllable Costs Per Meter
- Average Consumers per Employee
- Overtime Hours as a Percent of Total Hours Worked
- Transmission and Peak Power Reduction

Low Cost Provider - Percent Lower Than State Average will be based on the average monthly price paid by PEC members for residential service measured at 1,000 kWh compared to the overall Texas state residential average.

Total Controllable Expenses Per Consumer monitors those expenses over which the Cooperative has the most discretionary control. Controllable expense categories include distribution operations, distribution maintenance, consumer accounts, consumer service and information, economic development, and administrative and general costs. The metric is calculated as follows:

$$\frac{(Total\ Controllable\ Expenses)}{(Average\ Number\ of\ Consumers)}$$

Average Consumers per Employee measures the average number of consumers/ meters in relation to the cooperative's full-time employee count to encourage process efficiencies and proper management of employee resources. The metric is calculated as follows:

$$\frac{(Average\ Number\ of\ Consumers)}{(Total\ Full-Time\ Equivalent\ Employees)}$$

Overtime Hours as a Percentage of Total Hours Worked compares the total amount of overtime hours to the total hours charged by all employees, not including double time (call out). The metric is calculated as follows:

$$\frac{(Total\ Overtime\ Hours)}{(Total\ Hours\ Charged)}$$

Transmission and Peak Power Reduction will be based on the calculated annual, average percentage 4CP (Four Coincidental Peaks for June, July, August, and September) reduction as determined by PEC's active and passive demand-side management programs and incentives, and the ERCOT 4CP Transmission Cost of Service allocation methodology. Each year during the 4CP months, PEC will determine the demand savings by summing the total of actual active demand reductions and the calculated demand reductions realized through passive programs. The measured score will be determined in the fall of each year and remain in effect for two sixth-month periods and recorded in December and June.

Table 4 below shows the goals set for this category:

Table 4: Cost and Price Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Low Cost Provider - % Lower Than State Average	≥ 5 %	≥ 7%	≥ 8%	40%
Total Controllable Costs Per Consumer	≤ \$186 / ≤ \$372	≤ \$185 / ≤ \$369	≤ \$183 / ≤ \$366	20%
Average Consumers per Employee	≥ 382 / ≥ 385	≥ 387 / ≥ 390	≥ 392 / ≥ 395	15%
Overtime Hours as a % of Total Hours Worked	≤ 4.5%	≤ 4.0%	≤ 3.5%	15%
Transmission and Peak Power Reduction	≥ 2.0%	≥ 2.5%	≥ 3.0%	10%

¹ Average 4-CP is defined as "the average Settlement Interval coincidental MW peak occurring during the months of June, July, August, and September."

Billing and Payment

Billing and Payment covers areas such as variety of methods to pay, amount of time given to pay, ease of paying, and usefulness of information on the bill. PEC will use the following metrics in billing and payment as a measure of success:

- Uncollectible Accounts Written off as Percentage of Operating Revenue
- Percentage of Accounts Enrolled in Autopay
- Percentage of Account Utilization of Non-Conventional Rate Options

Uncollectible Accounts Written off as Percentage of Operating Revenue

measures the percentage of the cooperative's total electric billings that corresponds to member accounts that cannot be collected and is commonly known as "bad debt." This metric is calculated on a 12-month rolling basis using the following calculation:

$$\frac{(Amount\ Written\ Off\ (12\ month\ rolling))}{(Operating\ Revenue\ (12\ month\ rolling))}$$

Percentage of Accounts Enrolled in Autopay measures the utilization of the option for automatic recurring credit card or bank draft payments. Automatic payments reduce payment processing costs as well as account aging. This metric is calculated as follows:

$$\frac{(Total\ Accounts\ Enrolled\ in\ Autopay)}{(Total\ Active\ Accounts)} \times 100$$

Percentage of Account Utilization of Non-Conventional Rate Options measures the participation of members in alternate rate options. Higher participation indicates which rate options are favored by the membership. This metric is calculated as follows:

$$\frac{(Total\ Accounts\ Enrolled\ in\ Alternate\ Rate\ Options)}{(Total\ Active\ Accounts)} \times 100$$

Table 5 below shows the goals set for this category:

Table 5: Billing and Payment Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Uncollectible Accounts Written off as Percentage of Operating Revenue	≤ 0.20%	≤ 0.15%	≤ 0.10%	50%
Percentage of Accounts Enrolled in Autopay	≥ 40%	≥ 45%	≥ 50%	30%
Percentage of Account Utilization of Non-Conventional Rate Options	≥ 30%	≥ 40%	≥ 50%	20%

Corporate Citizenship

Corporate Citizenship covers areas such as variety of energy efficiency programs, efforts to develop energy supply plans for the future, actions to take care of the environment and involvement in the community. PEC will use the following metrics in corporate citizenship as a measure of success:

- Number of Energy Audits Performed
- Completed Empower Loans
- Increase in Power of Change Enrollments
- PEC-Sponsored Volunteer Activities

Number of Energy Audits Performed demonstrates the cooperative's commitment to helping members reduce their monthly electric bill.

Completed Empower Loans tracks the number of members approved to participate in the Empower Loan program. As part of PEC's commitment to providing the membership options to participate in renewable energy, Empower Loans allow qualified members financing at a low interest rate to install solar power systems and energy storage at their locations.

Increase in Power of Change Enrollments measures the number of members who sign up 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.

PEC-Sponsored Volunteer Activities allow the cooperative to show its commitment to giving back to our communities by sponsoring volunteer opportunities.

Table 6 below shows the goals set for this category:

Table 6: Corporate Citizenship Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Number of Energy Audits Performed	125 / 250	150 / 300	175 / 350	30%
Completed Empower Loans	8 / 15	15 / 30	25 / 50	20%
Increase in Power of Change Enrollments	900 / 1,800	1,250 / 2,500	1,600 / 3,200	20%
PEC-Sponsored Volunteer Activities	1 / 4	2 / 5	3 / 6	30%

Communications

Communications covers areas such as messaging that gets attention, education on how to keep costs low, communicating change, useful suggestions on ways to reduce energy and communicating how to be safe around electricity. PEC will use the following metrics in communications as a measure of success:

- J.D. Power Communications Category Score
- Increase in Social Media Subscriptions
- Community Engagement Events
- Key Account Meetings

J.D. Power Communications Category Score measures the overall scoring in the area of communications in the J.D. Power survey.

Increase in Social Media Subscriptions measures the effectiveness of PEC at engaging members through social media. Increasing member subscriptions to social media provides an opportunity to reach out to more members with important cooperative information.

Community Engagement Events measures engagement through the number of youth programs, chamber activities, local government meetings, economic development organization meetings, and public events attended. The number reflects only formal meetings/events. General interactions will not be tracked/reported for this metric.

Key Accounts Meetings will be tracked to ensure PEC continues to focus on relationship building and maintenance with key accounts. The cooperative is committed to providing personalized member engagement with the high revenue producing members who also have unique and in some cases challenging energy needs.

Table 7 below shows the goals set for this category:

Table 7: Communications Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	25%
Increase in Social Media Subscriptions	250 / 500	375 / 750	500 / 1,000	25%
Community Engagement Events	60 / 110	70 / 125	80 / 140	20%
Key Account Meetings	85 / 170	100 / 200	110 / 220	30%

Customer Service

Customer Service covers areas such as timeliness of resolving problems, clarity of information provided, courtesy, concern and knowledge of representatives, ease of understanding and navigating the phone menu, and promptness in speaking to a person. PEC will use the following metrics in customer service as a measure of success:

- J.D. Power Customer Service Category Score
- Service Level
- Percentage of Problems Solved on First Call Contact

J.D. Power Customer Service Category Score measures the overall scoring in the area of customer service in the J.D. Power survey.

Service Level is a direct indicator of the responsiveness of contact center representatives, evaluating the percentage of member calls answered within 20 seconds or less. Service Level is measured daily, and an average is calculated over the given measurement period.

Percentage of Problems Solved on First Call Contact is measured to identify the effectiveness of resolving member concerns.

Table 8 below shows the goals set for this category:

Table 8: Customer Service Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
J.D. Power Customer Service Category Score	≥ 770	≥ 780	≥ 790	20%
Service Level	≥ 75%	≥ 80%	≥ 85%	40%
Percentage of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	40%

Safety and Security

Safety and Security covers areas such as recordable injuries and illnesses, days away from restricted duty due to injuries, physical and cybersecurity incidents and overall safety and security culture and training. PEC will use the following metrics in safety and security as a measure of success:

- Total Case Incident Rate (TCIR)
- Days Away Restricted Duty (DART)
- Preventable Vehicle Accidents
- Percentage of Physical Security Incidents Reported within 48 Hours of Occurrence
- Completion of Security Awareness Training Hours per Employee
- Percentage of Employees Who Complete the Cybersecurity Training

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 the applicable KPI measurement period. This metric is calculated as follows:

$$\frac{(Total\ Number\ of\ OSHA\ Recordable\ Incidents \times 200,000)}{(Total\ Hours\ Worked)}$$

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 the measurement period. This metric is calculated as follows:

$$\frac{(Total\ Number\ of\ Lost\ Time\ or\ Restricted\ Duty\ Injuries\ or\ Illnesses \times 200,000)}{(Total\ Hours\ Worked)}$$

Preventable Vehicle Accidents focuses on the safety performance of each PEC driver in avoiding preventable vehicle accidents. This index will be measured as a cumulative total of vehicle accidents involving PEC where it is determined that the accident may have been prevented by PEC. Injuries resulting from preventable vehicle accidents may also impact DART and TCIR.

Percentage of Physical Security Incidents Reported within 48 Hours of Occurrence is an indicator of employee responsiveness and accountability for the physical security of PEC employees, property and facilities. Timely reporting of all incidents allows for increased effectiveness of security controls and protocols, resulting in increased safety and security. This metric is calculated as follows:

$$\frac{(Total\ Security\ Incidents\ Reported\ Within\ 48\ Hours\ of\ Occurrence)}{(Total\ Security\ Incidents\ Reported)} \times 100$$

Completion of Security Awareness Training Hours per Employee measures the effectiveness with which PEC provides employees with security training. This training will include topics on personal, facilities and asset protection. This metric is calculated as follows:

$$\frac{(Total\ Hours\ of\ Security\ Training\ Completed)}{(Total\ Number\ of\ Full-Time\ Equivalent\ Employees)}$$

Percentage of Employees Who Complete the Cybersecurity Training evaluates the effectiveness of delivering cybersecurity training to all employees. This index reinforces the importance of maintaining the security and integrity of PEC's network infrastructure through training, awareness and best practices. This metric is calculated as follows:

$$\frac{(Total\ Number\ of\ Employees\ Who\ Have\ Completed\ the\ Cybersecurity\ Training)}{(Total\ Number\ of\ Employees)} \times 100$$

Table 9 below shows the goals set for this category:

Table 9: Safety and Security Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Total Case Incident Rate (TCIR)	≤ 3.0 / ≤ 1.5	≤ 2.4 / ≤ 1.2	≤ 2.0 / ≤ 1.0	20%
Days Away Restricted Duty (DART)	≤ 1.8 / ≤ 0.9	≤ 1.2 / ≤ 0.6	≤ 0.6 / ≤ 0.3	20%
Preventable Vehicle Accidents	≤ 3 / ≤ 6	≤ 2 / ≤ 3	0	15%
Percentage of Physical Security Incidents Reported within 48 Hours of Occurrence	65%	75%	85%	20%
Completion of Security Awareness Training Hours per Employee	≥ 2 / ≥ 4	≥ 3 / ≥ 6	≥ 4 / ≥ 8	10%
Percentage of Employees Who Complete the Cybersecurity Training	90%	95%	100%	15%

Summary of Measures, Targets and Weights for 2017-2018 KPI Plan

Table 10 below is a summary of all the measures, targets and weights for the 2017-2018 Key Performance Indicators plan.

Table 10: Summary of KPI Categories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Power Quality and Reliability (20%)				
System Average Interruption Duration Index (SAIDI)	≤ 66 minutes	≤ 60 minutes	≤ 54 minutes	50%
ARCOS Availability	70%	75%	80%	25%
Percentage of Outages where Estimated Time of Restoration is provided	90%	95%	100%	25%

	SILVER	GOLD	PLATINUM	WEIGHTING
Cost and Price (20%)				
Low Cost Provider - % Lower Than State Average	≥ 5%	≥ 7%	≥ 8%	40%
Total Controllable Costs Per Consumer	≤ \$186 / ≤ \$372	≤ \$185 / ≤ \$369	≤ \$183 / ≤ \$366	20%
Average Consumers per Employee	≥ 382 / ≥ 385	≥ 387 / ≥ 390	≥ 392 / ≥ 395	15%
Overtime Hours as a % of Total Hours Worked	≤ 4.5%	≤ 4.0%	≤ 3.5%	15%
Transmission and Peak Power Reduction	≥ 2.0%	≥ 2.5%	≥ 3.0%	10%

	SILVER	GOLD	PLATINUM	WEIGHTING
Billing and Payment (10%)				
Uncollectible Accounts Written off as Percentage of Operating Revenue	≤ 0.20%	≤ 0.15%	≤ 0.10%	50%
Percentage of Accounts Enrolled in Autopay	≥ 40%	≥ 45%	≥ 50%	30%
Percentage of Account Utilization of Non-Conventional Rate Options	≥ 30%	≥ 40%	≥ 50%	20%

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Corporate Citizenship (10%)				
Number of Energy Audits Performed	125 / 250	150 / 300	175 / 350	30%
Completed Empower Loans	8 / 15	15 / 30	25 / 50	20%
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PEC-Sponsored Volunteer Activities	1 / 4	2 / 5	3 / 6	30%

	SILVER	GOLD	PLATINUM	WEIGHTING
Communications (10%)				
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	25%
Increase in Social Media Subscriptions	250 / 500	375 / 750	500 / 1,000	25%
Community Engagement Events	60 / 110	70 / 125	80 / 140	20%
Key Account Meetings	85 / 170	100 / 200	110 / 220	30%

	SILVER	GOLD	PLATINUM	WEIGHTING
Customer Service (15%)				
J.D. Power Customer Service Category Score	≤ 770	≤ 780	≤ 790	20%
Service Level	≥ 75%	≥ 80%	≥ 85%	40%
Percentage of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	40%

	SILVER	GOLD	PLATINUM	WEIGHTING
Safety and Security (15%)				
Total Case Incident Rate (TCIR)	≤ 3.0 / ≤ 1.5	≤ 2.4 / ≤ 1.2	≤ 2.0 / ≤ 1.0	20%
Days Away Restricted Duty (DART)	≤ 1.8 / ≤ 0.9	≤ 1.2 / ≤ 0.6	≤ 0.6 / ≤ 0.3	20%
Preventable Vehicle Accidents	≤ 3 / ≤ 6	≤ 2 / ≤ 3	0	15%
Percentage of Physical Security Incidents Reported within 48 Hours of Occurrence	65%	75%	85%	20%
Completion of Security Awareness Training Hours per Employee	≥ 2 / ≥ 4	≥ 3 / ≥ 6	≥ 4 / ≥ 8	10%
Percentage of Employees Who Complete the Cybersecurity Training	90%	95%	100%	15%