



Key Performance Indicators

2019 Plan

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 2019 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;
- 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 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 the intranet.

Methodology

The 2019 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	10%
Safety and Compliance	20%

Each primary category consists of subcategories with specific performance targets defined in the text below.

Weighting

After the final results are calculated for each period, the KPI distribution is weighted 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	PAYOUT
Silver	5%
Gold	7%
Platinum	10%

In addition to the measurement distribution, if PEC is among the top 10 overall utilities in the J.D. Power Syndicated Survey released mid-July, there is a one percent adder to the KPI-P1 payout. If PEC can reach a SAIDI of 50 minutes or less for KPI-P2, there will be a one percent adder to the KPI-P2 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) 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:

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

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 goal of this program is to improve reliability to the members who experienced the highest outage times in 2018. The 2018 Top 10 Worst Performing Feeders List will be published December 31, 2018, with the circuits ranked by their contribution to the cooperative's overall system SAIDI. A rolling 12 month system SAIDI will be calculated and each feeder will be ranked for comparison against the 2018 Top 10 Worst Performing Feeders List for each reporting period. Repeat worst performing circuits will be identified, and the number of circuits removed from the Top 10 Worst Performing Feeders list will be counted and compared to the KPI goals.

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)	≤ 63 minutes	≤ 58 minutes	≤ 53 minutes	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

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:

Competitive Rates compares the cost of 1000 kWh paid by PEC residential members against the average Texas residential customer in competitive areas, based on PUCT provided data.

Expenses Per Meter monitors expenses over which the cooperative has the most discretionary control. 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:

$$\frac{(Total\ Expenses)}{(Average\ Number\ of\ Meters)} \times 100$$

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:

$$\frac{(Total\ Overtime\ Hours)}{(Total\ Hours\ Charged)} \times 100$$

4CP Avoidance – This metric measures only active demand reductions (voltage control), which PEC directly controls. The transmission cost reduction due to a decrease in peak demand will be based on the actual 4CP demand reduction from PEC's voltage control and internal demand management programs. The avoided 4CP MW will be calculated as the simple average of the estimated demand reduction achieved during the 4CP events, measured in MW.

Table 4 below shows the goals set for this category:

Table 4: Cost and Price Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Competitive Rates	≥ 5 %	≥ 7%	≥ 8%	40%
Expenses Per Meter	P1: ≤ \$186 P2: ≤ \$372	P1: ≤ \$185 P2: ≤ \$369	P1: ≤ \$183 P2: ≤ \$366	35%
Overtime Hours as a % of Total Hours Worked	≤ 4.5%	≤ 4.0%	≤ 3.5%	15%
4CP Avoidance	Up to 13 MW	13 to 17 MW	> 17 MW	10%

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 uses the following metrics in billing and payment as a measure of success:

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:

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

Percentage of Accounts Enrolled in Autopay measures member participation in automatic payments, which directly impacts cost savings and is an added convenience for the membership. This metric is calculated on a 12-month rolling basis using the following calculation:

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

Percentage of Accounts Enrolled in Electronic Billing captures all accounts enrolled in electronic billing, which is a direct savings for the cooperative. This metric is calculated on a 12-month rolling basis using the following calculation:

$$\frac{(\text{Total Accounts Enrolled in Electronic Billing})}{(\text{Total Active Accounts})} \times 100$$

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%	≥ 43%	≥ 45%	30%
Percentage of Accounts Enrolled in Electronic Billing	≥ 30%	≥ 33%	≥ 35%	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 demonstrates the cooperative's commitment to helping members reduce their monthly electric bill.

Participation in Public Events includes expos, workshops, events for Community Grants, Youth Tour, Scholarships, etc. Focuses on events that involve participants from across the cooperative.

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. This metric is calculated on a 12-month rolling basis.

PEC-Sponsored Volunteer and Public Events allow the cooperative to show its commitment to giving back to our communities by sponsoring volunteer opportunities and participation in events.

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	150	175	25%
Participation in Public Events	10	12	14	25%
Increase in Power of Change Enrollments	1,900	2,000	2,100	25%
PEC-Sponsored Volunteer Activities	1	2	3	25%

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

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

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	50%
Increase in Social Media Followers	750	1,000	1,250	50%

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 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 on a rolling 12 month basis to capture the seasonality of call volume.

Percentage of Problems Solved on First Call Contact is measured to identify the effectiveness of resolving member concerns. This metric is calculated using an average of First Call Contact scores from the JD Power Customer Satisfaction Survey as well as the TSE Member Satisfaction Survey.

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 Compliance

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

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 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 others as required.

Table 9 below shows the goals set for this category:

Table 9: Safety and Compliance Subcategories and Weighting

	SILVER	GOLD	PLATINUM	WEIGHTING
Total Case Incident Rate (TCIR)	≤ 3.0	≤ 2.4	≤ 2.0	25%
Days Away Restricted Duty (DART)	≤ 1.8	≤ 1.2	≤ 0.6	25%
Preventable Vehicle Accidents	≤ 8	≤ 5	0	25%
Percentage of Employees Who Complete the Compliance Training	90%	95%	100%	25%

Summary of Measures, Targets and Weights for 2019 KPI Plan

Table 10 below is a summary of all the measures, targets and weights for the 2019 Key Performance Indicators plan.

Table 10: Summary of KPI Categories and Weighting

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
Power Quality and Reliability					20%
System Average Interruption Duration Index (SAIDI)	≤ 63 minutes	≤ 58 minutes	≤ 53 minutes	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%

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
Cost and Price					20%
Competitive Rates	≥ 5%	≥ 7%	≥ 8%	40%	8%
Expenses Per Meter	P1: ≤ \$186 P2: ≤ \$372	P1: ≤ \$185 P2: ≤ \$369	P1: ≤ \$183 P2: ≤ \$366	35%	7%
Overtime Hours as a % of Total Hours Worked	≤ 4.5%	≤ 4.0%	≤ 3.5%	15%	3%
4CP Avoidance	Up to 13 MW	13 to 17 MW	>17 MW	10%	2%

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
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	≥ 40%	≥ 43%	≥ 45%	30%	3%
Percentage of Accounts Enrolled in Electronic Billing	≥ 30%	≥ 33%	≥ 35%	20%	2%

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
Corporate Citizenship					10%
Number of Energy Audits Performed	125	150	175	25%	2.5%
Participation in Public Events	10	12	14	25%	2.5%
Increase in Power of Change Enrollments	1,900	2,000	2,100	25%	2.5%
PEC-Sponsored Volunteer and Public Activities	1	2	3	25%	2.5%

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
Communications					10%
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	50%	5%
Increase in Social Media Subscriptions	750	1,000	1,250	50%	5%

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
Customer Service					10%
J.D. Power Customer Service Category Score	≥ 770	≥ 780	≥ 790	20%	2%
Service Level	≥ 75%	≥ 80%	≥ 85%	40%	4%
Percentage of Problems Solved on First Call Contact	≥ 65%	≥ 70%	≥ 75%	40%	4%

	SILVER	GOLD	PLATINUM	CATEGORY WEIGHT	OVERALL KPI WEIGHT
Safety and Compliance					20%
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%
Preventable Vehicle Accidents	≤ 8	≤ 5	0	25%	5%
Percentage of Employees Who Complete Required Compliance Training	90%	95%	100%	25%	5%