



2020 Key Performance Indicators

Pedernales Electric Cooperative

Date: February 2020

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 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. 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.

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 PEC's intranet.

Methodology

The 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

KPI Categories	Weight
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:

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

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, there is an opportunity for a 1% adder to the distribution payout if PEC reaches one of the following conditions:

- 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

NOTE: This change is to align the potential survey adder to JD Power's new calendar-year schedule for its Syndicated Survey

Power Quality and Reliability

The category of Power Quality and Reliability 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 power quality and reliability 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:

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

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 from the previous year. The Top 10 Worst Performing Feeders List will be published at the end of each year, on December 31, with the circuits ranked by their contribution to the cooperative's overall system SAIDI.

For each subsequent performance period, a rolling 12 month system SAIDI will be calculated and each feeder will be ranked for comparison against the Top 10 Worst Performing Feeders List from the previous year. 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 (ETR) 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:

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

Table 3 below shows the goals set for this category:

Table 3: Power Quality and Reliability Subcategories and Weighting

Metric	Silver	Gold	Platinum	Weight
System Average Interruption Duration Index (SAIDI)	≤ 63 min.	≤ 58 min.	≤ 53 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

The category of 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.

Total Distribution Spend monitors expenses over which the cooperative has the most discretionary control. The distribution spend metric includes year-to-date totals of Distribution O&M and Distribution CIP.

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:

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

4CP Avoidance 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

Metric	Silver	Gold	Platinum	Weight
Competitive Rates	≥ 5 %	≥ 7%	≥ 8%	40%
Total Distribution Spend	≤ \$245M	≤ \$240M	≤ \$235M	35%
Overtime Hours as a % of Total Hours Worked	≤ 4.5%	≤ 4.0%	≤ 3.5%	15%
4CP Avoidance	9 to 13 MW	13 to 17 MW	> 17 MW	10%

NOTES:

- Expenses per Meter changed to Total Distribution Spend and now includes Distribution CIP in addition to Distribution O&M. Removing the per meter factor avoids fluctuations due to +/- spikes in growth.
- The baseline performance for the 4CP Avoidance metric will be moved up to 9 MW for the Silver Goal.

Billing and Payment

The category of Billing and Payment covers areas such as variety of methods to pay, amount of time given to pay, ease of making payments, 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:

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

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 uses the following calculation:

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

Percentage of Accounts Enrolled in Electronic Billing captures all accounts enrolled in electronic billing (paperless billing), which is a direct savings for the cooperative. This metric uses the following calculation:

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

Table 5 below shows the goals set for this category:

Table 5: Billing and Payment Subcategories and Weighting

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	≥ 45%	≥ 48%	≥ 50%	30%
Percentage of Accounts Enrolled in Electronic Billing	≥ 30%	≥ 33%	≥ 35%	20%

NOTE: This change is to move the range of goals up 5% to match current performance.

Corporate Citizenship

The category of 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.

Community Outreach includes all PEC sponsored events, participation in community events, town halls, and workshops that include member outreach or member/community engagement.

Increase in Power of Change Enrollments measures the 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.

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

Metric	Silver	Gold	Platinum	Weight
Number of Energy Audits Performed	125	150	175	25%
Community Outreach	10	12	14	25%
Increase in Power of Change Enrollments	600	700	800	25%
PEC-Sponsored Volunteer Activities	2	3	4	25%

NOTES:

- **Community Outreach (formerly Participation in Public Events)** - This metric is currently capturing the efforts of a small group of Community Engagement staff with local gov't affairs. In 2020, changing the title to "Community Outreach" with a member-oriented focus and broadening coop-wide to include all PEC sponsored events in our service territory with member outreach or member/community engagement. For example, commercial line extension workshops, rate open houses, office re-openings, and town halls. The expected volume of these events are similar to previous goals with no change in number of events.
- **Power of Change** - The changing of goals is to align performance expectations with the removal of the enrollment option from the PEC election ballot.
- **Volunteer Activities** - The changing of goals is to better align with performance.

Communications

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

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

Metric	Silver	Gold	Platinum	Weight
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	50%
Increase in Social Media Followers	750	1,000	1,250	50%

Customer Service

The category of Customer Service covers areas such as timeliness of resolving problems, clarity of information provided, courtesy, knowledge of representatives, ease of 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. This metric is calculated on a 12-month rolling basis.

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. This metric 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 on a 12-month rolling basis using an average of member survey scores from the JD Power Customer Satisfaction Survey and the TSE Member Satisfaction Survey.

Table 8 below shows the goals set for this category:

Table 8: Customer Service Subcategories and Weighting

Metric	Silver	Gold	Platinum	Weight
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

The category of 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:

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

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:

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

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

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%
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 2020 KPI Plan

Table 10: Summary of KPI Categories and Weighting

Metric	Silver	Gold	Platinum	Category Weight	Overall KPI Weight
Power Quality and Reliability					20%
System Average Interruption Duration Index (SAIDI)	≤ 63 min.	≤ 58 min.	≤ 53 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					20%
Competitive Rates	≥ 5 %	≥ 7%	≥ 8%	40%	8%
Total Distribution Spend	\$245M	\$240M	\$235M	35%	7%
Overtime Hours as a % of Total Hours	≤ 4.5%	≤ 4.0%	≤ 3.5%	15%	3%
4CP Avoidance	9 to 13 MW	13 to 17 MW	> 17 MW	10%	2%
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	≥ 45%	≥ 48%	≥ 50%	30%	3%
Percentage of Accounts Enrolled in Electronic Billing	≥ 30%	≥ 33%	≥ 35%	20%	2%
Corporate Citizenship					10%
Number of Energy Audits Performed	125	150	175	25%	2.5%
Community Outreach	10	12	14	25%	2.5%
Increase in Power of Change Enrollments	600	700	800	25%	2.5%
PEC-Sponsored Volunteer Activities	1	2	3	25%	2.5%
Communications					10%
J.D. Power Communications Category Score	≥ 670	≥ 680	≥ 690	50%	5%
Increase in Social Media Followers	750	1,000	1,250	50%	5%
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%
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 the Compliance Training	90%	95%	100%	25%	5%