

**VERMONT ELECTRIC COOPERATIVE, INC.
SERVICE QUALITY & RELIABILITY
PERFORMANCE, MONITORING & REPORTING PLAN**

Section I: General Provisions

1. The purpose of this plan is to establish performance standards, and performance monitoring and reporting for electric service provided by Vermont Electric Cooperative, Inc. ("VEC" or "the Cooperative") in all its Vermont territories. The plan shall be referred to throughout this document as the "Plan."
2. The parties to this plan are VEC and the Vermont Department of Public Service ("DPS").
3. Section II establishes the measurement and reporting protocols for the performance standards and Section III of the plan establishes performance areas and minimum performance standards.
4. The Plan shall remain in effect for two years its commencement date as provided in Paragraph II.1. Upon conclusion of the two years, the parties agree to adopt a successor plan, which shall include financial penalties, and/or incentives tied to performance.
5. Nothing in this Plan shall preclude the use of other remedies available under law for addressing substandard performance.
6. In the event that VEC expands its Vermont customer base by more than 20 percent through the acquisition of another utility's franchise territory or through growth, the parties shall negotiate such changes to the performance measures or monitoring and reporting protocols as may be required by the changed size of VEC. Modifications to the Plan under this paragraph shall be submitted to the PSB for approval.
7. In the event that VEC opens its territory to retail choice during the life of this Plan, the parties acknowledge additional and/or different standards may be necessary to monitor service delivery changes attendant to restructured service delivery. VEC shall negotiate with the DPS additional standards should the need arise. Modifications to the Plan under this paragraph shall be submitted to the PSB for approval.
8. Section IV of the Plan consists of service guarantees to be offered by VEC. The Cooperative shall within 30 days of PSB approval of the plan, file such tariff amendments as are necessary to implement the service guarantees. Such guarantees shall not be effective unless the PSB grants tariff approval.
9. In addition to the performance standards and measurements set forth in this document, VEC agrees to the following time frames for response to consumer and regulatory complaints:
 - a. VEC shall provide a substantive response to consumer complaints expressed directly to the company within 14 calendar days of receipt by any method of contact.

- b. VEC shall provide a substantive response to consumer complaints from DPS within 14 calendar days.
- c. If VEC needs additional time to respond fully to a complaint from a consumer or from the DPS, the Cooperative shall within the initial 14-day period request a specific additional time for response and shall provide a full resolution within the requested additional time.

Section II: Measurement and Reporting Protocol

- 10. VEC shall continue to monitor performance in areas in which it has an established data collection method and reporting protocol. All other performance monitoring will commence, in accordance with this plan, on July 1, 2003. If the performance monitoring commences before the final Board Order is issued, the parties agree to modify as necessary the performance monitoring plan in order to bring it into full compliance with the final Board Order. Reporting periods shall be calendar quarters, with quarterly reports submitted to DPS by the last day of the month following the end of each quarter, except for the standards detailed in Section IV, Numbers 5, 6, and 7, which shall be reported annually on a calendar year basis by January 31 of the following year.
- 11. Except as otherwise provided in Section III, performance results shall be aggregated monthly and quarterly, and shall be reported quarterly to the DPS. The parties shall jointly develop an electronic reporting format.
- 12. Quarterly reports shall include both monthly and quarterly averages. Quarterly averages shall be derived from raw data, not by averaging monthly averages. Achievement of minimum standards shall be determined on the basis of a 12-month rolling average updated quarterly. A minimum performance standard shall be considered met if, in each quarter's reporting, the 12-month rolling average met or exceeded the standard.
- 13. Notwithstanding Paragraph II.3, where quarterly performance falls more than ten percent below any standard, or where performance does not meet any standard for two consecutive quarters, VEC shall within 30 days of the end of the quarter in which this provision is triggered, submit a corrective action plan indicating how it will remedy the failed standard.
- 14. Performance shall be evaluated and reported to one decimal place for all performance areas unless otherwise specified. Actual performance shall be rounded up when the applicable decimal place is 5 or more. VEC shall retain all of its reports that support the results for each of the performance areas for a period of not less than 24 months after the results are reported. VEC shall provide these reports upon request to DPS.
- 15. VEC shall review with the DPS any change to VEC's measurement protocol or to the internal reporting methods that are used to obtain the data measured prior to VEC's implementation of such changes. If the DPS and VEC are unable to agree on the changes requested, nothing in this Plan shall preclude DPS from seeking appropriate relief from the PSB. VEC shall have an

affirmative duty to report missing data or other events that could reasonably affect the quality of the data at the time the Cooperative becomes aware of such events. Any data related to the Final Plan reported to DPS that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between VEC and DPS shall be subject to challenge and potential exclusion from results.

16. VEC may seek a waiver of any applicable performance standard from the PSB. A waiver may only be granted based upon exceptional circumstances. The burden shall be on VEC to demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure.

17. Definitions:

- a. Disconnect/Reconnect: Electric power in a location must temporarily be disconnected and reconnected at the customer's request. The physical disconnection of the electric service cable is usually to ensure safety during work being completed at the location.
- b. New Line Extensions: Any installation for the purposes of servicing new customer(s) that triggers the Cooperative's Line Extension Tariff and there is a payment by the customer for "Contribution in Aid of Construction."
- c. Membership Changes: Any customer request to either establish or discontinue service at the meter.
- d. New Service: A primary circuit exists and only a transformer and/or a secondary cable are needed to be installed and the installation does not trigger the Cooperative's Line Extension Tariff and there is no customer payment.
- e. Normal Business Hours: "Normal business hours" are 7:30 a.m. to 4:30 p.m. Monday through Friday excluding days on which legal holidays are observed and VEC is closed to routine business operations.
- f. After Normal Business Hours: "After Hours" are Weekends, Holidays and 4:30 p.m. to 7:30 a.m. Monday through Friday.
- g. Street Light Maintenance: VEC makes repairs to VEC-owned outdoor lights (rental units on private property) or municipal lights.
- h. Street Light New Installation: VEC installs VEC-owned outdoor lighting at the request of a customer.
- i. Temporary service: A secondary service is installed for a customer-specified period of time. Primary conductor exists to the site.
- j. Weather-related delays: These are the delays that are included in the "not ready" exclusions described in the work completion performance measure (Paragraph III.4

and Service Guarantee description Paragraph IV.3). Weather related delays shall be defined by the section of the Cooperative's union contract (Working Agreement between the Vermont Electric Cooperative, Inc. and I.B.E.W. Local #300, November 1, 2002 through October 31, 2004) that states:

Except in emergency, the Cooperative will not require employees to do construction or maintenance work in exposed locations out of doors during heavy or continuous storms or excessively cold or excessively hot weather, unless such work is necessary to protect life, property or continuity of essential service. In maintaining continuity of employment, the Cooperative reserves the right to determine the type and location of all duties to be performed by outside hourly employees during inclement weather. Such duties will include inside work as is available and which the employee is capable of performing or, when practicable, the time may be devoted to safety, first aid or other instruction.

Section III. Performance Standards

1. **Call answer performance measures.** The source of data for all measures in this section is the Nortel Networks Call Center Reporting System.

a. **Call Answering Service Level:** Percentage of customers (outage and business calls) not reaching a company representative within 20 seconds during normal business hours. Performance shall be calculated as follows:

$$\frac{\text{Number of all calls not reaching a company rep within 20 seconds}}{\text{Number of attempts to reach a company rep}}$$

Performance standard: VEC has no historic data on which to establish this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

b. **Abandon Rate During Normal Business Hours:** Percentage of calls (outage and business) during normal business hours abandoned before being answered by the Call Center. Performance shall be calculated as follows:

$$\frac{\text{Number of all calls abandoned}}{\text{Number of attempts to reach a company rep}}$$

Performance standard: VEC has no historic data on which to establish this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- c. **Abandon Rate Outside of Normal Business Hours:** Percentage of all attempted calls (outage and business) to reach a company representative after normal business hours that are abandoned before being answered by the Call Center. Performance shall be calculated as follows:

$$\frac{\text{Number of all calls abandoned}}{\text{Number of attempts to reach a company rep}}$$

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- d. **Blocked Calls to the Cooperative during normal business hours:** Percentage of time one or more customer calls reach a busy signal thus preventing the customer from reaching VEC's Company Representative during normal business hours. Performance shall be calculated as follows:

$$\frac{\text{Length of time a customer's call receives a busy signal}}{\text{Total available normal business hours}}$$

Source of data: A busy signal condition only exists if all trunks into the VEC telephone system are being utilized.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- e. **Blocked Calls to Call Center outside of normal business hours:** Percentage of calls (outage and business) outside of normal business hours prevented from accessing the Call Center due to the Call Center being full. Performance shall be calculated as follows:

$$\frac{\text{Length of time a customer's call receives a busy signal}}{\text{Total available after normal business hours}}$$

Source of data: A busy signal condition only exists if all trunks into the VEC telephone system are being utilized.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

2. **Billing performance measures:** The data for these measurements shall be obtained from the VEC's National Information Solutions Cooperative (NISC). The reports from this system are obtained on a weekly basis using Access. Additional data sources are described in each measure below.

- a. **Percentage of bills not rendered monthly:** Percentage of bills not rendered within 7 days of the scheduled billing date. The measurement will exclude accounts that were activated within 10 days prior to the normal billing cycle; accounts that are scheduled to receive a final bill within 7 days after the final reading. This standard shall be reported to the third decimal place. Performance shall be calculated as follows:

$$\frac{\text{Number of bills not rendered within 7 days of the scheduled billing date}}{\text{Total number of bills scheduled to be rendered}}$$

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- b. **Bills found inaccurate:** Percentage of bills sent to customers found to be inaccurate either by the Cooperative or as result of customer complaints to the Cooperative. This standard does not include bills found to be inaccurate strictly as result of estimation. Performance shall be calculated as follows:

$$\frac{\text{Number of bills rendered inaccurately for the month}}{\text{Total number of bills rendered for the billing month}}$$

Source of data: The complaint tracking system currently includes a complaint type for billing. The current process includes assigning a complaint code and a resolution note after the complaint has been resolved. The Cooperative will add a new resolution code called "adjusted as a result of an inaccurate bill" in order to track the bill complaints that are the result of an inaccurate bill. A separate code will be used to track errors found through internal audits conducted by VEC. Data on the total number of bills rendered for a billing month will be obtained from the Cooperative's NISC system.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- c. **Satisfaction with payment posting:** A combined rate of complaints regarding current payment posting process made directly to the Cooperative or to the DPS. This standard shall be expressed on a per-1000-customer basis. Performance shall be calculated as follows:

$$\frac{\text{Number of customers complaining about payment posting}}{\text{Total number of customers}} \times 1000$$

Total number of customers/1000

Source of data: This Standard shall be measured by using data obtained from the Cooperative's NISC System, and the DPS's Consumer Affairs Tracking System. Complaints regarding payment options will be excluded from this measurement.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

3. **Meter reading performance measure.**

- a. **Schedule meter readings not performed:** Percentage of meters not read each month in relation to the number that were scheduled to be read. Performance shall be calculated as follows:

$$\frac{\text{Number of meters not read}}{\text{Number of meter readings scheduled}}$$

Source of data: The data for these measurements shall be obtained from the VEC's National Information Solutions Cooperative (NISC) and the Itron Meter Reading System. The reports from this system are obtained on a weekly basis using Access. Additional data sources are described in each measure below.

Performance standard: Actual performance shall be less than or equal to 5 percent.

4. **Work completion performance measures:**

- a. **Customer requested work not completed on or before promised delivery date:** Percentage of jobs resulting from customer requests for meter related or other customer requested work that are not completed on or before the promised completion date. This standard includes "move-ins," "move-outs," "seal-outs" and "check readings" completed by the end of the promised day. Additionally, it includes the following line work: line extensions, new service, disconnect/reconnect, new street/security light installation, street/security light maintenance and temporary service connection. Performance shall be calculated as follows:

$$\frac{\text{Number of jobs completed on or before promised delivery date}}{\text{Total number of jobs promised complete in the reporting month}}$$

Source of data: Data shall be derived from the NISC's Task Management and Customer Information Systems.

Exclusions and their treatment: When an event outside of VEC's control occurs resulting in the work not being completed as promised, VEC will renegotiate the

promised delivery date with the customer. These events include but are not limited to the following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; customer underground conduit/trenching not completed; weather-related delays and delays created as result of the telephone company not completing their prerequisite work (i.e., pole setting) in a reasonable time frame. Renegotiated jobs will be reported as 'completed on or before' based on the new renegotiated date not the original date.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- b. **Delay days for missed delivery:** Average number of days after the missed delivery date on which VEC was to complete a meter related or other customer requested work. This standard includes "move-ins," "move-outs," "seal-outs" and "check readings" completed by the end of the promised day. Additionally, it includes the following line work new service, line extension, disconnect/reconnect, new street/security light installation, street/security light maintenance and temporary service connection. Performance shall be calculated as follows:

$$\frac{\text{Total days of delay}}{\text{Total number of delayed jobs in the reporting month}}$$

Exclusions and their treatment: When an event outside of VEC's control occurs resulting in the work not being completed as promised, VEC will renegotiate the promised delivery date with the customer. These events include but are not limited to the following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; customer underground conduit/trenching not completed; weather-related delays and delays created as result of the telephone company not completing their prerequisite work (i.e., pole setting) in a reasonable time frame. Renegotiated jobs will be reported as 'completed on or before' based on the new renegotiated date not the original date.

Source of data: Days of delay will be calculated from the day after the missed date to the day of the promised delivery date.

Performance standard: Actual performance shall be less than or equal to 5 days.

5. **Customer satisfaction measures**

- a. **Transactional customer satisfaction:** Percentage of customers not satisfied following customer-initiated contact with the Cooperative (report, request, inquiry, customer requested work and complaint resolution).

Source of data: VEC shall on a quarterly basis survey by mail a statistically reliable sample of customers who have had customer-initiated contact with the Cooperative

within the quarter to assess level of satisfaction with the transaction or work performed. Specific methods of surveying and survey instruments shall be negotiated with DPS.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

- b. **Overall customer satisfaction:** Percentage of customers not satisfied with the Cooperative.

Source of data: VEC shall on an annual basis conduct a telephone survey of a statistically reliable sample of all customers. The survey shall be performed by an independent, third-party contractor and shall assess general customer satisfaction in the following areas: reliability, service restoration, customer inquiry, meter reading and billing. The sampling method and survey design shall be negotiated with DPS. Achievement of the standard shall be determined by averaging the five areas measured.

Performance standard: VEC has no historic data on this standard. VEC will begin monitoring and measuring this standard July 1, 2003. The Parties agree to review historical data and submit to the Board for approval a recommended standard no later than January 1, 2004.

6. **Worker safety performance measures**

- a. **Lost Time Incident Rate:** The number of lost time cases experienced by the Cooperative in a calendar year, multiplied by 200,000 and divided by the total hours worked by Company employees.

$$\frac{\text{Number of lost time cases} \times 200,000}{\text{Total hours worked by VEC employees}}$$

Source of data: Lost time cases are the total number of incidents that cause an injury that results in the employee missing work as a result of an injury sustained while performing work for the Cooperative. Lost time cases are recorded in the Cooperative's VOSHA Accident Log that is maintained by the Cooperative's Safety Department.

Performance standard: During the first year of this plan, the baseline measure for Lost Time Incident Rate shall be 3.5 or less. During the second year of this plan, the baseline measure from Lost Time Incident Rate shall be 3.0 or less.

- b. **Lost Time Severity Rate:** The number of employee lost days experienced by the

Cooperative for a calendar year, multiplied by 200,000 and divided by the total hours worked by Company employees.

$$\frac{\text{Number of employee lost days} \times 200,000}{\text{Total hours worked by VEC employees}}$$

Source of data: Employee lost days are the total number of work days missed by employees as a result of an injury sustained while performing work for the Cooperative. Employees lost days are recorded in the Cooperative's VOSHA Accident Log that is maintained by the Cooperative's Safety Department.

Performance standard: During the first year of this plan, the baseline measure for Lost Time Severity Rate shall be 51.0 or less. During the second year of this plan, the baseline measure for Lost Time Severity Rate shall be 46.0 or less.

7. **Reliability Performance Measures**

- a. **System average interruption frequency ("SAIFI"):** This standard is defined in Public Service Board Rule 4.901 and shall be established for the system as a whole.

Performance measure: During the first year of this plan, the baseline measure SAIFI shall be 2.9 or less. During the second year of this plan, the baseline measure for SAIFI shall be 2.5 or less.

- b. **Customer average interruption duration ("CAIDI"):** This standard is defined in Public Service Board Rule 4.901 and shall be established for the system as a whole.

Performance measure: During the first year of this plan, the baseline measure CAIDI shall be 2.5 or less. During the second year of this plan, the baseline measure for CAIDI shall be 2.2 or less.

- c. **Worst Performing Areas:** For each calendar year, VEC shall identify the ten worst performing circuits on its system identify the factors underlying the performance of these circuits, and institute economically feasible measures to improve the reliability of these circuits. All circuits that have been identified shall be monitored each year, over a five-year period, to determine the effectiveness of the improvement measures and to identify other measures that may be required.

- d. **Major Storms:** Calculation of all SAIFI and CAIDI indices shall be net of outages caused by major storms. A major storm is defined as a severe weather event that satisfies all three of the following criteria:

- i. Extensive mechanical damage to the utility infrastructure has occurred;
- ii. More than 10% of the customers in a service territory are out of service due to the storm or the storm's effects; and,
- iii. At least 1% of the customers in the service territory are out of service for at

least 24 hours.

Section V. Service Guarantees

8. VEC shall offer the following service guarantees subject to Board approval of necessary tariff amendments:
 - a. Line Crew Appointments: In the case of where an appointment for a line crew is made to do work at a customer premise, VEC shall provide a credit of \$10 if the crew does not show up within a 2 hour window of the time the work was scheduled.
 - b. Member/Customer Changes: VEC shall provide a credit of \$10 to any customer whose member/customer change order is not completed within 3 days of the promised delivery date on the service order.
 - c. Bill Accuracy: VEC shall provide a credit of \$10 if a retail customer's bill is determined to be inaccurate as result of a customer complaint or found to be inaccurate by the Cooperative after the bill has been sent to the customer.
9. In the event a customer who is due a credit no longer has an account with VEC at the time the Cooperative determines a credit is due, the Cooperative shall mail a check for the credit amount to the customer's last known address.
10. Service guarantees that are not met as a result of weather-related delays, defined in Section II.17.j, will not be eligible for this program.