

VERMONT PUBLIC POWER SUPPLY AUTHORITY

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February 17, 2009

Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, VT 05620-2701

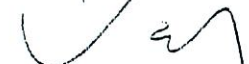
re: Service Quality Plans for certain municipal electric utilities:
Johnson (docket 7259)
Morrisville (docket 7216)
Hyde Park (docket 7264)
Hardwick (docket 7251)
Northfield (docket 7255)
Lyndonville (docket 7260)
✓ Ludlow (docket 7261)

Dear Mrs. Hudson:

Pursuant to the Board's orders of February 12, 2009 in each of the above dockets, enclosed please find an original and two copies of the revised Service Quality Plans for each of the listed utilities.

Thank you for the Board's assistance in these matters.

Very truly yours,



David John Mullett

cc: Department of Public Service
impacted municipal utilities

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VILLAGE OF LUDLOW
ELECTRIC LIGHT DEPARTMENT
SUCCESSOR 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 The Village of Ludlow Electric Light Department ("Ludlow"). The Plan shall be referred to throughout this document as the "Plan."
- 2) The parties to this Plan are Ludlow and the Vermont Department of Public Service ("DPS").
- 3) Section II of the Plan establishes the measurement and reporting protocols for the performance standards, as well as definitions. Section III of the Plan establishes minimum performance standards in each performance area. Section IV of the Plan establishes service guarantees. Section V establishes the service quality reporting and compensation mechanism.
- 4) The Plan shall remain in effect from the beginning of the first quarter following approval by the Vermont Public Service Board ("PSB") until modified by subsequent Board order. The parties agree that they will review the Plan after it has been in effect for one year and every two years thereafter to determine the need for any modifications of measurements or performance levels. Either party may petition the Board for modifications of measurements or performance levels at any time during the life of the Plan.
- 5) Nothing in this Plan shall preclude the use of any other remedies available under law for addressing substandard performance to the degree that such performance has not already been addressed under the provisions of this Plan.
- 6) In the event that Ludlow 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. Ludlow 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.
- 7) Section IV of the Plan consists of service guarantees to be offered by Ludlow. Ludlow 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.

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- 8) In addition to the performance standards and measurements set forth in this document, Ludlow agrees to the following time frames for response to consumer and regulatory complaints:
- a) Ludlow 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) Ludlow shall provide a substantive response to consumer complaints from DPS within 14 calendar days.
 - c) If Ludlow needs additional time to respond fully to a complaint from a consumer or from DPS, Ludlow 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, Reporting Protocol, and Definitions

- 1) Ludlow shall continue to monitor performance under the initial Plan until the effective date of this Plan as provided in Paragraph I.7.
- 2) Reporting periods shall be calendar quarters, with quarterly reports submitted to the DPS and the Board by the last day of the month following the end of each quarter, except for the standards in Paragraph III.6, and III.7, which shall be reported annually on a calendar year basis by January 31 of the following year, and Paragraph III.5a, which shall be reported once every five years by January 31 following the year in which surveying called for by the standard is conducted.
- 3) Except as provided in Paragraph II.2, performance results shall be aggregated monthly and quarterly, and shall be reported quarterly to the DPS and the PSB. The parties shall jointly develop an electronic reporting format.
- 4) Quarterly reports shall include both monthly and quarterly averages. Quarterly averages shall be derived from raw data, not by averaging monthly averages.
- 5) Achievement of minimum standards for purposes of calculating service quality compensation shall be determined on the basis of a 12-month average. Service quality compensation shall be calculated annually in the month following the anniversary of the effective date of the Plan. A minimum performance standard shall be considered met if the 12-month average upon the anniversary of the effective date of the Plan met or was below the standard.
- 6) Notwithstanding Paragraph 5, where quarterly performance falls more than ten percent above any standard, or where performance does not meet any standard for two consecutive quarters,

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Ludlow 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.

- 7) 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 second decimal place is 5 or more. Ludlow 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. Ludlow shall provide these reports upon request to DPS.
- 8) Ludlow shall review with the DPS any change to Ludlow's measurement protocol or to the internal reporting methods that are used to obtain the data measured prior to Ludlow's implementation of such changes. If the DPS and Ludlow are unable to agree on the changes requested, nothing in this Plan shall preclude DPS or Ludlow from seeking appropriate relief from the PSB. Ludlow 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 Ludlow becomes aware of such events. Any data related to the Plan reported to DPS that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between Ludlow and DPS shall be subject to challenge and potential exclusion from results.
- 9) Ludlow may seek a waiver of any applicable performance standard from the PSB. A waiver may only be granted where the circumstances causing the failure were beyond Ludlow's control, and Ludlow can demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure.
- 10) 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) Escalation: An escalation is a complaint to Ludlow or to DPS in which, following investigation, it is determined there is something the utility reasonably could or should have done to satisfy the consumer and thereby prevent the complaint from arising. Each party's discretion shall determine whether or not a complaint to it is classified as an escalation.
 - c) New Line Extensions: Any installation for the purposes of servicing new customer(s) that triggers Ludlow's line extension tariff and there is a payment by the customer for "Contributions in Aid of Construction."
 - 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 Ludlow's line extension tariff.

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- e) Normal Business Hours: "Normal business hours" are 8:00 a.m. to 4:30 p.m. Monday through Friday excluding days on which legal holidays are observed and Ludlow is closed to routine business operations.
- f) Street Light Maintenance: Ludlow makes repairs to Ludlow-owned street and security lights.
- g) Street Light New Installation: Ludlow installs Ludlow-owned street and security lighting at the request of a member.
- h) Temporary Service: A secondary service is installed for a customer-specified period of time. Primary conductors exist to the site.
- g) Weather-related delays: These are the delays that are included in the "not ready" exclusions described in the work completion performance measure (Section III, Paragraph 4) and Service Guarantees, Section IV, paragraph c. Weather-related delays shall be defined as provided by the relevant section of Ludlow's union contract concerning restrictions on outside work during inclement weather. Weather-related delays shall also include: periods when roads are impassable to company vehicles following heavy rain, snow or spring thaw conditions; and unavailability of company personnel as a result of service restoration efforts due to storms.

Section III: Performance Standards

Call answer performance: Since Ludlow does not have an automated call administration system (ACD and/or computerized call answering record keeping system, customer service call answering performance will be measured based on consumer complaints. Consumer complaints to DPS, determined after investigation to be "escalations," in which the consumer complains that he or she could not reach the utility shall not exceed one per year. Should Utility obtain an ACD or computerized call answering system, or should its customer base exceed 10,000 during the duration of this SQRP, Ludlow shall notify DPS of its change in status within 30 days of such change and shall adhere to a performance level of at least 75 percent of calls during business hours answered within 20 seconds.

1) Billing performance measures:

- a. Percentage of bills not rendered monthly: Percentage of bills not rendered within seven days of the scheduled billing date. Performance shall be calculated as follows:

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Number of bills not rendered within seven days of the scheduled billing date
Total number of bills scheduled to be rendered

Exclusions: 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 10 days after the normal billing cycle; company use accounts.

Performance measure: $\leq 1\%$

Source of data: Data compiled from Ludlow's Customer file

- b. **Bills found inaccurate:** Percentage of bills found inaccurate after being sent to customers, brought to Ludlow's attention either as a result of customer complaints and/or by the company's own efforts. Performance shall be calculated as follows:

Number of bills rendered inaccurately for the month
Total number of bills rendered for the billing month

Exclusions: This standard does not include bills found to be inaccurate strictly as a result of estimation, bills where the inaccuracy does not effect the calculation of the bill, or where the fault does not lie with the company (i.e. mixed meters due to erroneous customer third-party install). Multiple bills for a customer that are caused by the same error shall be counted as one incident.

Performance measure: $\leq 1.0\%$

Source of data: Data compiled from Ludlow's Customer file

- c. **Payment posting complaints:** Percentage of customers filing complaints ultimately classified as escalations to the Utility or to DPS concerning the posting of their payments to their accounts. Performance shall be calculated as follows:

Number of customers complaining about payment posting
Total number of customers

Performance measure: $\leq .05\%$

Source of data: Data compiled from Ludlow's Customer file

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2) Meter reading performance measures:

- a) Percent of actual meter readings per month: Percentage of meters not read each month in relation to the number that were scheduled to be read. Performance shall be calculated as follows:

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

Performance measure: $\leq 10\%$

Source of data: Data compiled from Ludlow's Customer file

4) Work completion performance measures:

- a) Percentage of customer requested work not completed on or before promised delivery date: The percentage of jobs resulting from customer requests for meter related or other customer requested work that are completed on or before the promised completion date. Performance shall be calculated as follows:

$$\frac{\text{Number of jobs not completed on or before promised delivery date}}{\text{Total number of jobs promised complete in reporting month}}$$

Exclusions: When an event outside of Ludlow's control occurs resulting in the work not being completed as promised, Ludlow 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; and weather-related delays. Renegotiated jobs will be reported as "completed on or before" based on the new renegotiated date, not the original date.

Inclusions: "Seal-outs" and "check readings" completed by the end of the promised day; line extensions; new service; disconnect/reconnect; new street/security light installation; street/security light maintenance; and temporary service connections.

Performance measure: $\leq 5\%$

Source of data: Data compiled from Ludlow's Customer file

- b) Average number of days after the missed delivery date: Average number of days after the missed delivery date in which Ludlow was to complete meter related or other customer-requested work. Performance shall be calculated as follows:

Total days of delay

Total number of delayed jobs in the reporting month

Exclusions: When an event outside of Ludlow's control occurs resulting in the work not being completed as promised, Ludlow 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; and weather-related delays. Renegotiated jobs will be reported as "completed on or before" based on the new renegotiated date, not the original date.

Inclusions: "Seal-outs" and "check readings" completed by the end of the promised day; line extensions; new service; disconnect/reconnect; new street/security light installation; street/security light maintenance; and temporary service connections.

Performance measure: ≤ 5 days

Source of data: Data compiled from Ludlow's Customer file

- 5) Rate of complaints to DPS/Consumer Affairs: Percentage of customers who file complaints with DPS that are ultimately classified as escalations following investigation. Performance shall be calculated as follows:

$$\frac{\text{Number of escalations}}{\text{Total number of customers}}$$

Performance measure: $\leq .07\%$

- 6) Worker safety performance measures:

- a) Lost-time incident rate: Lost time incidents are the total number of incidents experienced by Ludlow in a calendar year that : (1) cause an injury to an employee; and (2) occur while the employee is performing work for Ludlow; and (3) result in the employee missing work beyond the day of the injury.

Source of data: Lost time cases as reported in the Ludlow's VOSHA Accident Log.

Performance measure: ≤ 2 .

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- b) Lost-time severity rate: Lost time severity shall be the cumulative number of work days missed by Ludlow employees in a calendar year as a result of injuries sustained by the employees while performing work for Ludlow.

Source of data: Employees lost days are recorded in the Ludlow's VOSHA Accident Log.

Performance measure: ≤ 18 .

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: 3.0

- 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: 0.9

- c) Worst-Performing Areas: For each calendar year, Ludlow shall identify the areas on its system where most outages occur, assess the underlying causes for the outage, and institute economically feasible action plans or activities to improve the reliability of these areas in accordance with Public Service Board Rule 4.903. All areas where action plans or activities have been instituted shall be monitored each year, over a five-year period, to determine the effectiveness of the improvement measures and to identify further measures that may be required.

- c) 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:

1. Extensive mechanical damage to the utility infrastructure has occurred;
2. More than 10% of the customers in a service territory are out of service due to the storm or the storm's effects; and
3. At least 1% of the customers in the service territory are out of service for at least 24 hours.

Section IV: Service Guarantees

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Section IV Service Guarantees

1. Ludlow shall offer the following service guarantees subject to Board approval of necessary tariff amendments:
 - a. Bills not rendered: Ludlow shall provide a credit of \$5.00 to any customer whose bill is not rendered within 7 days of the customer's scheduled billing cycle. In the event of systemic errors that affect in excess of 400 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$2,000 per year. The \$2,000 shall be divided equally among all affected customers.
 - b. Bills found inaccurate: Ludlow shall provide a \$5.00 credit if a customer's bill is determined to be inaccurate (see above III.2.B) as a result of a customer complaint or found to be inaccurate by Ludlow after the bill has been sent to the customer. In the event of systemic errors that affect in excess of 400 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$2,000 per year. The \$2,000 shall be divided equally among all affected customers. Bills that are inaccurate in the customer's favor where Ludlow chooses not to collect are excluded.
 - c. Line Crew Appointments: In the case where an appointment for a line crew is made to do work at a customer premise, Ludlow shall provide a credit of \$5.00 if the crew does not show up within a 2-hour window of the time the work was scheduled, or by the end of the agreed day if no appointment time was scheduled.
 - d. Meter work: Ludlow shall provide a credit of \$5.00 to any customer whose meter work order is not completed within 2 business days of the promised delivery date on the service order.
 - e. Delay days: Ludlow shall provide a credit of \$5.00 to any customer whose line work is not completed within 5 business days of the promised delivery date assuming the customer has met his or her requirements and is ready. This includes: line extensions; new service; disconnect/reconnects; new street/security light installations; street/security light maintenance; and temporary service connections. Any work that is compensated under paragraph c or d above shall not be eligible for this credit.
2. All credits owed to members as a result of the Ludlow's failure to meet the time lines described above in paragraph 1 will automatically be credited without the customer having to notify Ludlow. In the event a customer who is due a credit no longer has an account with Ludlow at the time Ludlow determines a credit is due, Ludlow shall mail a check for the credit amount to the customer's last known address. All unclaimed funds will follow legal requirements regarding abandoned property.

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3. Service guarantees that are not met as a result of weather-related delays, defined in Section II.10.g., will not be eligible for this program.

Section V. Service Quality Compensation

Ludlow shall establish a "Service Quality Fund". Annually the entire fund balance as of December 31 shall be paid to Southern Vermont Community Action Agency (SEVCA) on or before March 31 of the ensuing year, based on attachment marked schedule A on page 11 of 12.

Section VI. Communication, Out Reach Program

In addition to the above Service Guarantees, Ludlow offers to implement its proposed amendment regarding the provision of service quality performance information to its customers and governing body as provided in item 4), 5) and 6) below.

- 4) Upon approval of the Plan by the Board, Ludlow will notify, in writing, all ratepayers in its service territory, that the municipal has a Service Quality and Reliability Plan. The notice will describe the purpose and general detail of the Plan.
- 5) During the first meeting of the Board of Commission that follows the quarterly filing of the SQRP report to the Department and the Board, the utility will present that report for review and discussion.
- 6) Ludlow's Annual Report will contain a section about Service Quality and Reliability where the annual SQRP report to the Department and the Board will be published.

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**Attachment A: Performance Areas and Associated Baseline Standards
 for Calculation of Service Quality Compensation Points
 Ludlow Electric Light Department Successor Service Quality & Reliability Plan**

	<u>Call Answer Performance</u>	<u>Performance Measure</u>	<u>Service Quality Compensation Points</u>	<u>Service Guarantees</u>
1a	No more than 1 complaint per year of difficulty reaching a rep	<= 1	No	No
<u>Billing performance</u>				
2a	Bills not rendered monthly	<= 1.00%	No	No
2b	Bills found inaccurate	<= 1.00%	No	No
2c	Payment posting complaints	<= 0.05%	No	No
<u>Meter Reading Performance</u>				
3	Meters not read	<= 10.0%	Yes	No
<u>Work Completion Performance</u>				
4a	Work not completed by promised date	<= 5.0%	No	Yes
4b	Average delay days	<= 5.0	No	Yes
<u>Customer Satisfaction Measures</u>				
5	Percent of ratepayers complaining to DPS	<= 0.07%	Yes	No
<u>Worker Safety Measures</u>				
6a	Lost time incident	<= 2	No	No
6b	Lost time severity	<= 18	No	No
<u>System Reliability</u>				
7a	System average interruption frequency (SAIFI)	<= 3.0	Yes	No
7b	Customer average interruption duration (CAIDI)	<= 0.9	Yes	No

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**Attachment B: Ludlow Electric Light Dept.
 Service Quality Compensation Cap and Points**

Maximum annual service quality compensation

<u>Dollars at risk*</u>	<u>2005 compensation</u>	<u>Avg cost/point (150 pt cap)</u>
.1% of total revenue	\$ 5,515	\$ 37

Allocation of points between plan components

Reliability	60%	90
All other points based measures	40%	60

Sliding point scale based on cap of \$5515 and \$37 avg cost/point

Max at risk for reliability	\$ 3,309
Max at risk for all other points based measures	\$ 2,206

RELIABILITY CALCULATION

<u>Point ranges</u>	<u>Pts in range</u>	<u>Weighting</u>	<u>Per point</u>	<u>Max/level</u>	<u>Cumulative</u>
71 to 90	20	2.188	\$.80	\$ 1,609	\$ 3,309
46 to 70	25	1.000	\$.37	\$ 919	\$ 1,701
21 to 45	25	0.850	\$.31	\$ 781	\$ 781
0 to 20	20	0.000	\$ -	\$ -	\$ -
Total	90			\$ 3,309	

OTHER MEASURES CALCULATION

<u>Point ranges</u>	<u>Pts in range</u>	<u>Weighting</u>	<u>Per point</u>	<u>Max/level</u>	<u>Cumulative</u>
45 to 60	15	1.350	\$.50	\$ 745	\$ 2,206
31 to 45	15	1.000	\$.37	\$ 552	\$ 1,462
16 to 30	15	0.900	\$.33	\$ 496	\$ 910
0 to 15	15	0.750	\$.28	\$ 414	\$ 414
Total	60			\$ 2,206	

* Maximum dollars at risk shall be calculated each year. Dollar amounts in this chart are an example based upon 2005 total revenue. From sale of electricity