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Proposed Amendments to Service Quality Adjustments resulting from Docket 22-49-EL

Docket No. 3628 Technical Session 4/17/2024

Current proposal informed by prior proceedings



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History



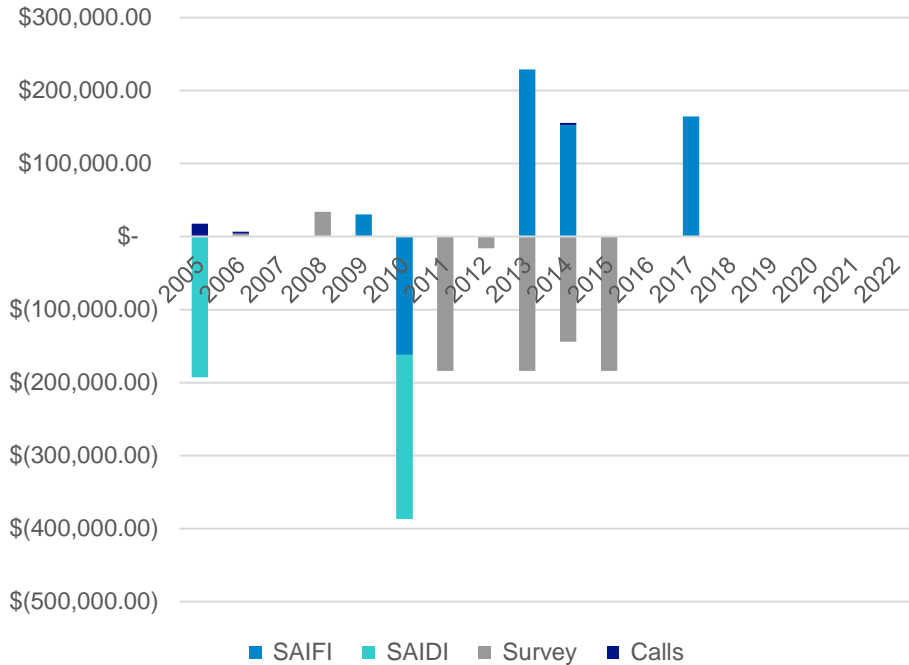
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Year	Docket	Change(s)	Notes
2000	2930	Initial service quality plan a part of Settlement regarding rate case and merger	SAIDI-Coastal, SAIDI-Capital, SAIFI-Coastal, SAIFI-Capital, customer contact center satisfaction, calls answered within 20 seconds \$2.4M max penalty, \$1.8M max offset
2004	3628	Modifications to service quality plan; Commission approved settlement between Company and Division	Changes to methods and targets, changes to penalty/offset mechanics, \$2.2 max penalty, \$550k max offset
2007	3628	Modifications to reliability; Commission approved settlement between Company and Division	Adopted IEEE Standard 1366-2003 for calculation of service quality performance for reliability, transitions from Extraordinary Event criteria to Major Event Day, and updated benchmark period
2016	3628	Modifications to customer satisfaction; Commission approved settlement between Company and Division	Replaced survey conducted by independent survey vendor with two survey questions from an existing internal contactor survey; updated historical performance benchmark period and related targets; clarifying changes to language of service quality plan
2023	3628	Commission ordered addition or update of five performance metrics associated with advanced metering deployment (Docket 22-49-EL)	Add: meter reading & billing, trouble non-outage, network speed, faster outage notification Update: customer satisfaction

History of Penalties/Offsets



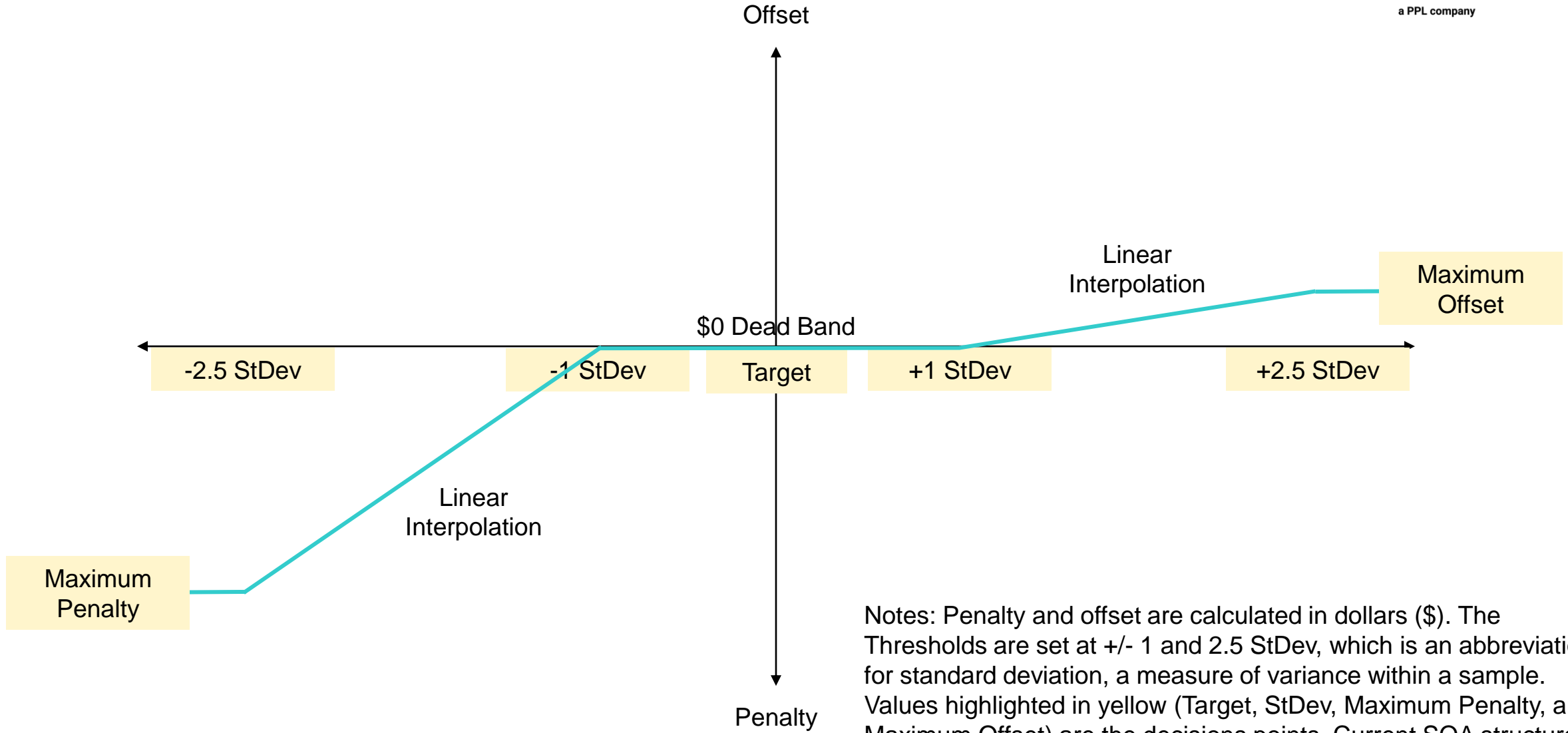
Service Quality History



Year	SAIFI	SAIDI	Survey	Calls	Net	Net Assessed
2005	\$ -	\$ (192,535.00)	\$ -	\$ 17,577.00	\$ (174,958.00)	\$ (174,958.00)
2006	\$ -	\$ -	\$ 4,000.00	\$ 2,992.00	\$ 6,992.00	0
2007	\$ -	\$ -	\$ -	\$ -	\$ -	0
2008	\$ -	\$ -	\$ 34,000.00	\$ -	\$ 34,000.00	0
2009	\$ 30,533.00	\$ -	\$ -	\$ -	\$ 30,533.00	0
2010	\$ (162,062.00)	\$ (224,929.00)	\$ -	\$ -	\$ (386,991.00)	\$ (386,991.00)
2011	\$ -	\$ -	\$ (184,000.00)	\$ -	\$ (184,000.00)	\$ (184,000.00)
2012	\$ -	\$ -	\$ (16,000.00)	\$ -	\$ (16,000.00)	\$ (16,000.00)
2013	\$ 229,000.00	\$ -	\$ (184,000.00)	\$ -	\$ 45,000.00	0
2014	\$ 152,667.00	\$ -	\$ (144,000.00)	\$ 3,366.00	\$ 12,033.00	0
2015	\$ -	\$ -	\$ (184,000.00)	\$ -	\$ (184,000.00)	\$ (184,000.00)
2016	\$ -	\$ -	\$ -	\$ -	\$ -	0
2017	\$ 164,695.00	\$ -	\$ -	\$ -	\$ 164,695.00	0
2018	\$ -	\$ -	\$ -	\$ -	\$ -	0
2019	\$ -	\$ -	\$ -	\$ -	\$ -	0
2020	\$ -	\$ -	\$ -	\$ -	\$ -	0
2021	\$ -	\$ -	\$ -	\$ -	\$ -	0
2022	\$ -	\$ -	\$ -	\$ -	\$ -	0

Notes: The Company is assessed \$0 in years with net offsets, not reflected in above graph.

Current Common SQA Structure



Notes: Penalty and offset are calculated in dollars (\$). The Thresholds are set at +/- 1 and 2.5 StDev, which is an abbreviation for standard deviation, a measure of variance within a sample. Values highlighted in yellow (Target, StDev, Maximum Penalty, and Maximum Offset) are the decisions points. Current SQA structure sets Maximum Offset at one-quarter Maximum Penalty.

Meter Reading and Billing



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Meter reading & billing:

- a. Monthly percent of meters read is an existing reporting requirement in the service quality plan in Docket 3628.
- b. The Company will be subject to a meter reading & billing service quality mechanism at the end of the TSA period.
- c. The service quality mechanism should establish a threshold that represents appropriate performance (e.g. the average of the past three years).
- d. The maximum penalty will be imposed for performance 2.5 standard deviations below the threshold.
- e. The maximum penalty should be generally consistent with existing potential penalties in Docket 3628 (i.e. between \$200,000-\$1,000,000), or show why a higher maximum penalty was determined.
- f. The design may or may not be linear, and it may include a dead band.
- g. Following the meter installation period, the Company and Division may propose an update to this service quality mechanism in Docket 3628.

Proposed Meter Reading & Billing SQA

Update to existing reporting metric

Method

- Data are monthly percent meters read (no change to current data collection processes)
- Average data across 12-months of calendar year (excludes months with Major Event Days)

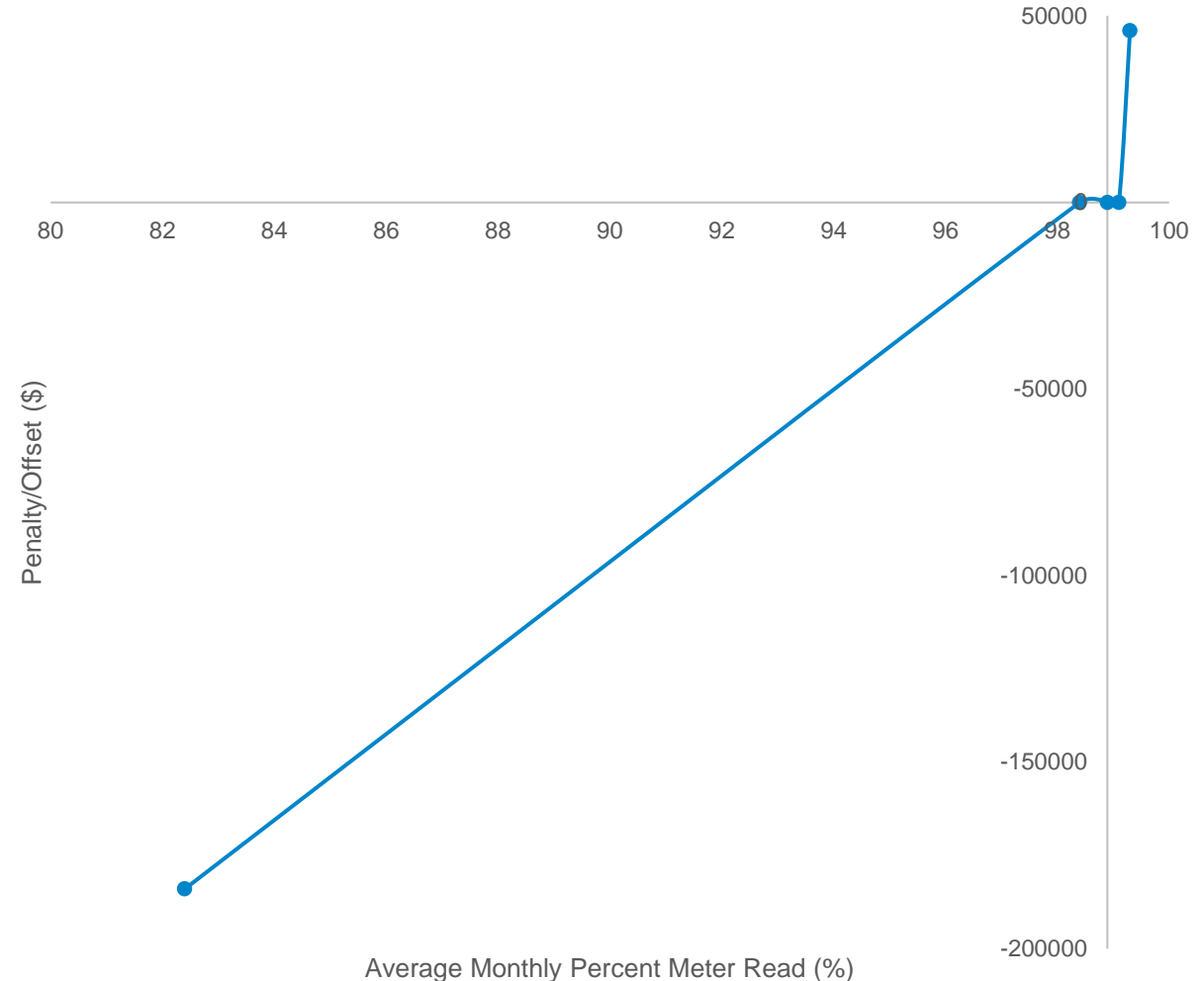
Ongoing metric, assessed annually

Target/Thresholds

- Target based on 50th percentile using data from 2002-2022
- Thresholds based on percentiles of data corresponding to percent of data within 1 and 2.5 standard deviations

PERFORMANCE STANDARD – Meter Reading & Billing

Average Percent Meters Read per Month	(Penalty)/Offset
Less than 82.4%%	(\$184,000)
82.4% - 98.4%	Linear interpolation
98.4% - 99.1%	\$0
99.1% - 99.3%	Linear interpolation
More than 99.3%	\$46,000



Trouble Non-Outage



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Trouble, non-outage:

- a. Trouble, non-outage calls are an existing reporting requirement in the service quality plan in Docket 3628.
- b. Within twelve months after meter installation starts, the Company will be subject to a service quality mechanism for trouble, non-outage calls.
- c. The service quality adjustment should impose scaled penalties for increased trouble, non-outage calls, compared to a baseline. The metric, baseline, minimum, and maximum should be defined and justified.
- d. The maximum penalty should be generally consistent with existing potential penalties in Docket 3628 (i.e. between \$200,000-\$1,000,000), or show why a higher maximum was chosen.

Proposed Trouble Non-Outage SQA



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Update to existing reporting metric

Method

- Data are number of customer calls classified as “trouble non-outage” (referred to as monthly call volume)
- No change to current data collection processes
- Average data across 12-months of calendar year

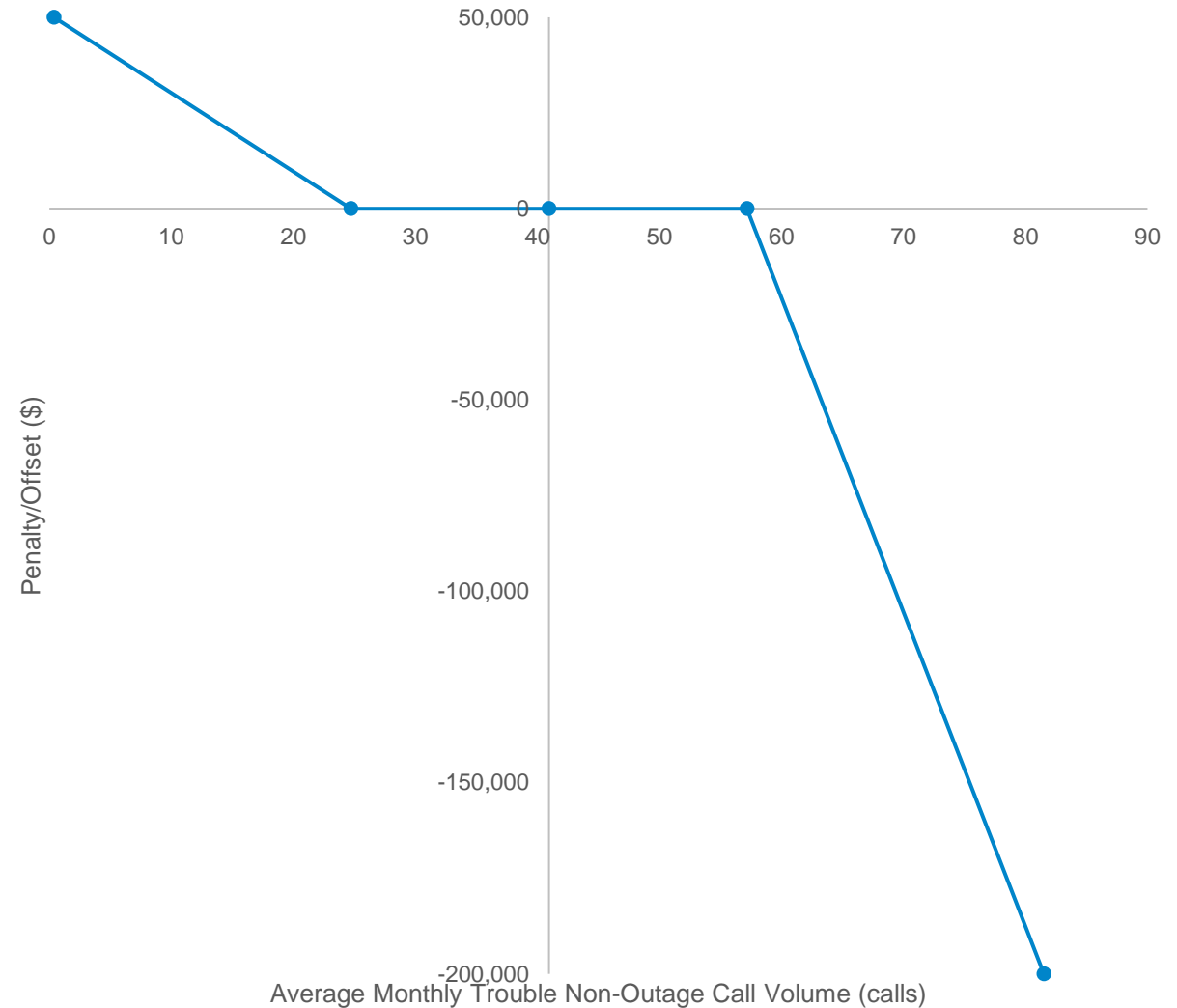
Ongoing metric, assessed annually

Target/Thresholds

- Data used from June 2019-August 2023
- Target based on mean trouble non-outage call volume
- Thresholds based on 1 and 2.5 standard deviations

PERFORMANCE STANDARD – Trouble Non-Outage

Average Trouble Non-Outage Call Volume per Month	(Penalty)/Offset
More than 81.52 calls	(\$184,000)
57.19 – 81.52 calls	Linear interpolation
24.74 – 57.19 calls	\$0
0.40 – 24.74 calls	Linear interpolation
0 – 0.40 calls	\$46,000



Network Speed



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Network speed:

- a. The Company will be subject to a one-time or continuous network speed service quality mechanism 12 months after full project implementation.
- b. The service quality mechanism should establish a measurement of network speed. The measurement should capture the speed of information from the meter to the MDMS and back to the customer portal or explain why a different measurement was chosen. The service quality mechanism should establish the time period and scope of the measurement.
- c. The maximum penalty should be generally consistent with existing potential penalties in Docket 3628 (i.e. between \$200,000-\$1,000,000), or show why a higher maximum was chosen.
- d. The Company and parties should propose the maximum penalty and threshold. Intervals, bins, and dead bands may be considered.

Proposed Network Speed SQA



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New metric

Method

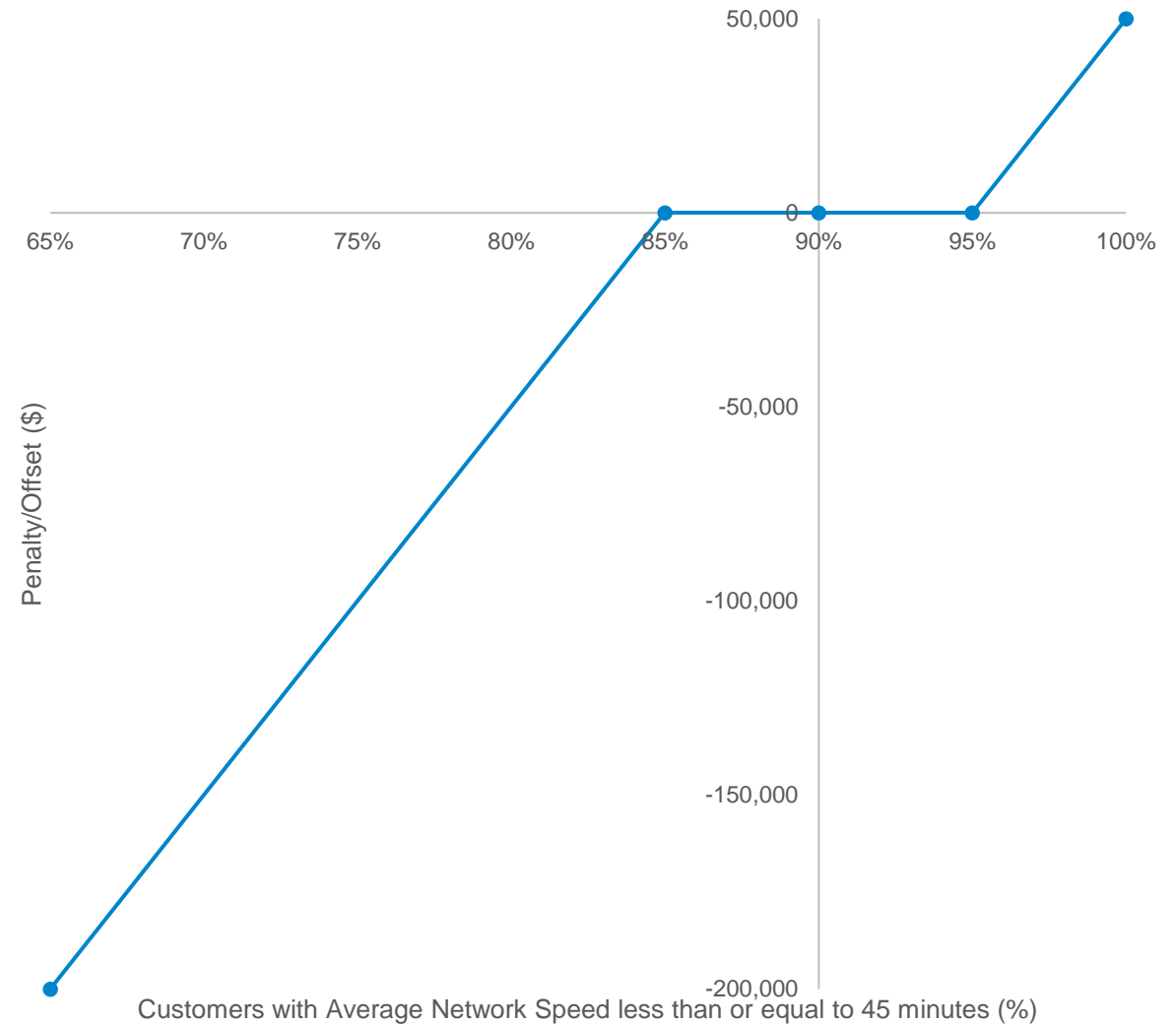
- Data are the average time per customer for that customer's raw electric 15-minute meter data (i.e., non-VEE data) to travel from their meter to the customer portal at the point where the information is viewable; applies only to customers with advanced meters

One-time assessment

- Test period will occur each day for a period of 1 month (30 calendar days) commencing 12 months following full project completion
- Target consistent with L&G technical specifications

PERFORMANCE STANDARD – Network Speed

Percent of Customers with Average Network Speed <= 45 minutes	(Penalty)/Offset
Less than 65%	(\$200,000)
65 – 85%	Linear interpolation
85 – 95 %	\$0
95 – 100%	Linear interpolation
100%	\$50,000



Faster Outage Notification



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Faster outage notification:

- a. The Company will be subject to a one-time faster outage notification service quality mechanism 12 months after full project implementation.
- b. The service quality mechanism should establish a baseline for outage notification.
- c. The maximum penalty will be imposed if evidence shows that the company is notified of outages 0 minutes faster than the baseline.
- d. No penalty will be imposed if evidence shows that the company is notified of outages 22 minutes faster than the baseline.
- e. The metric may be an annual average over all customers or explain why a different metric was chosen.
- f. The maximum penalty should be generally consistent with existing potential penalties in Docket 3628 (i.e. between \$200,000-\$1,000,000), or show why a higher maximum was chosen.
- g. The mechanism may or may not be linear. Intervals, bins, and dead-bands may be considered.
- h. The mechanism may (but is not required to) include a shared savings mechanism for evidence that that the company is notified of outages more than 23 minutes faster than the baseline.



Proposed Faster Outage Notification SQA

New metric

Method

- Data are timestamps of Last Gasp meter outage notifications and timestamps of customer-initiated notifications to the Company of an outage
- Metric calculated using the difference in these timestamps, measured in minutes, and then calculating a simple average across all outage instances (Last Gasp and notification)

One-time assessment

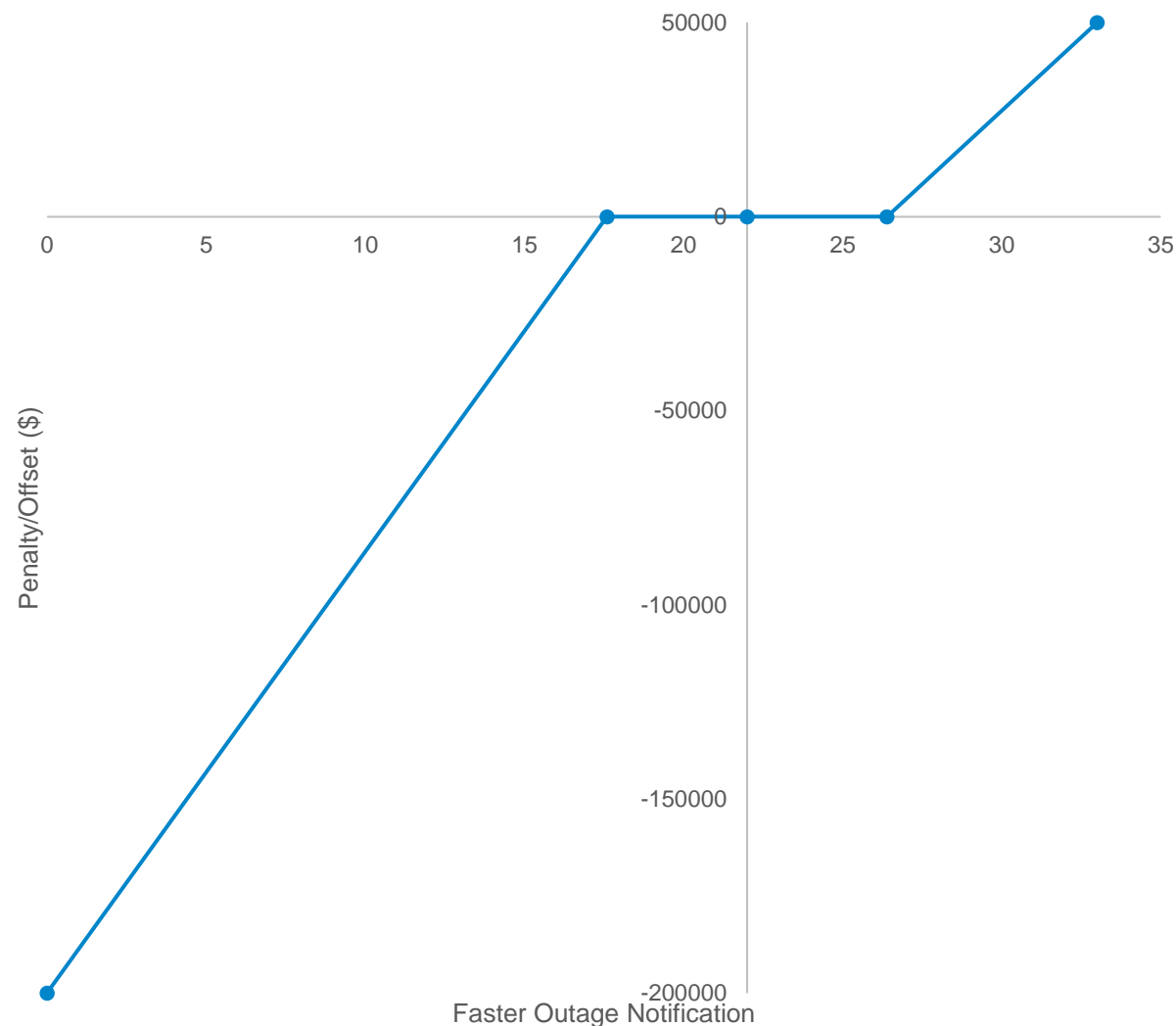
- To be measured in the 12-month span commencing following full project implementation

Target/Thresholds

- Target and max penalty threshold set by order; deadband based on customers who never call

PERFORMANCE STANDARD – Faster Outage Notification

Faster Outage Notification Metric	(Penalty)/Offset
0 minutes	(\$200,000)
0 – 17.6 minutes	Linear interpolation
17.6 – 26.4 minutes	\$0
26.4 – 33 minutes	Linear interpolation
Greater than 33 minutes	\$50,000



Customer Satisfaction



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Customer satisfaction:

- a. Customer satisfaction (customer contact survey) is an existing service quality mechanism in the service quality plan in Docket 3628.
- b. Within six months after meter installation starts, the Company will be subject to an updated customer contact standard that reflects the Company's expectations of higher customer satisfaction. Updates may include, but not be limited to, increasing the minimum percent satisfied threshold, increasing the value of the penalty, and narrowing the dead band.
- c. The maximum penalty should be generally consistent with existing potential penalties in Docket 3628 (i.e. between \$200,000-\$1,000,000), or show why a higher maximum was chosen.

Total Customer Satisfaction SQA



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Update to existing metric

- Existing metric is based on (1) + (2) below

Customer Contact Survey

- (1) Overall, on a scale from 1 to 10, where 1 means “dissatisfied” and 10 means “satisfied”, how satisfied are you with the services provided by Rhode Island Energy?
- (2) Overall, on a scale from 1 to 10, where 1 means “dissatisfied” and 10 means “satisfied”, how satisfied are you with the quality of the service provided by the telephone representative?
- (3) Using a 10-point scale, where 1 means unacceptable and 10 means outstanding, how would you rate the reliability of electric service delivered to your home (or business)?

Quarterly Customer Satisfaction Survey

- (4) Using a 10-point scale, where 1 means unacceptable and 10 means outstanding, how would you rate the reliability of electric service delivered to your home (or business)?

Method

For each question

Step 1: count number of responses 8, 9, and 10

Step 2: divide by total number of respondents

Result: Average percent of respondents satisfied

Combine

Step 3: sum result from step 2 across all questions

Step 4: divide by four

Result: Percent satisfied composite score

Targets

(1)-(2): Target same as current baseline

(3)-(4): Target/thresholds determined using mean and standard deviation derived from data January-December 2024; to be filed by March 2025

Implementation

- Compliance filing specifying Target and Thresholds filed ~March 2025
- Implement beginning 6 months following meter installation start (~August 2025)

Ongoing, assessed annually

Determining Maximum Penalties/Offsets



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Current SQA Penalties and Offsets



“In the topics of penalty amount and weighing of the penalty, the proposed SQP is nearly identical to the current SQP. The current and the proposed SQPs both weigh **83% of the penalty to the reliability service measures and the remaining 17% to the customer service measures.** This approach is appropriate because reliability is of the utmost concern to all ratepayers. Without reliable electric service, a modern society, economically and socially, would decline. Thus, placing 83% of a potential penalty upon reliability service measures demonstrates the importance of reliability to the Commission. As for the penalty amount, the proposed SQP allows for \$2.2 million which is approximately **1% of Narragansett Electric’s distribution revenues** and is very similar to the \$2.4 million or 1.1% of Narragansett Electric’s overall service quality during the rate freeze period of 2000 through 2004. A maximum annual penalty of \$2.2 million should be a **sufficient deterrent to Narragansett against declining service quality.**”

[Order 18294 (2005) Commission Findings, Page 11]

<u>Performance Standard</u>	<u>Potential Penalty</u> (a)	<u>Potential Offset</u> (b)
Reliability - Frequency	\$ 916,000	\$ 229,000
Reliability - Duration	\$ 916,000	\$ 229,000
Customer Service - Customer Contact Survey	\$ 184,000	\$ 46,000
Customer Service - Telephone Calls Answered	\$ 184,000	\$ 46,000
Total Penalty/Offset	\$ 2,200,000	\$ 550,000

Notes: In alignment with the Commission’s order in Docket No. 22-49-EL, the Company is not proposing any change to SQA metrics for Reliability Frequency or Duration or for Customer Service Telephone Calls Answered.



Determining Max Penalty/Offset

- Prior order (pre-Revenue Decoupling) indicated sufficiency of 1% electric distribution revenue
- Today’s equivalent of ‘distribution revenue’ (post-Revenue Decoupling) is our RDM
- In 2022, our RDM revenue was \$299M
- 1% of \$299M is \$2.99M – so the size of our total potential max penalty should be about \$2.99M
- Current penalties total \$2.2M, so we only have \$790k to add for new SQAs
- Assume we want to maintain close consistency with 83/17% split: ~\$2.48M reliability + ~\$510k customer satisfaction
- Accounting for current penalties, we have ~\$650k to add to reliability and ~\$140k to add to customer satisfaction

Customer Satisfaction SQAs

Survey	\$184,000 (update, no change to penalty)
Calls	\$184,000 (existing)
Meter Reads	\$184,000 (new)
Total	\$552,000 (18.5% of total potential max penalty)

Reliability SQAs

SAIFI	\$916,000 (existing)
SAIDI	\$916,000 (existing)
Trouble Non-Out.	\$200,000 (new)
Faster Out Notif.	\$200,000 (new)
Network Speed	\$200,000 (new)
Total	\$2,432,000 (81.5% of total potential max penalty)

GRAND TOTAL \$2,984,000 (~1% electric RDM revenues)

Implementation Timeline

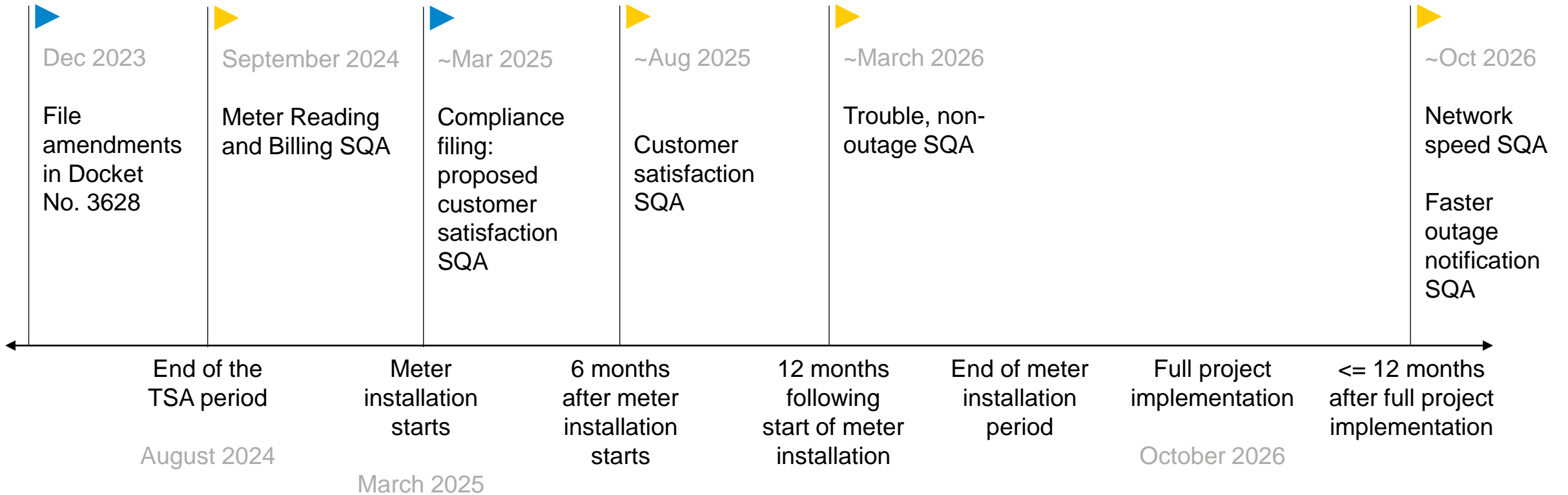


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Implementation of Amended SQAs (updated)



Notes: Not to scale.