STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

Case 19-M-0307

In the Matter of Energy Utility Service Quality

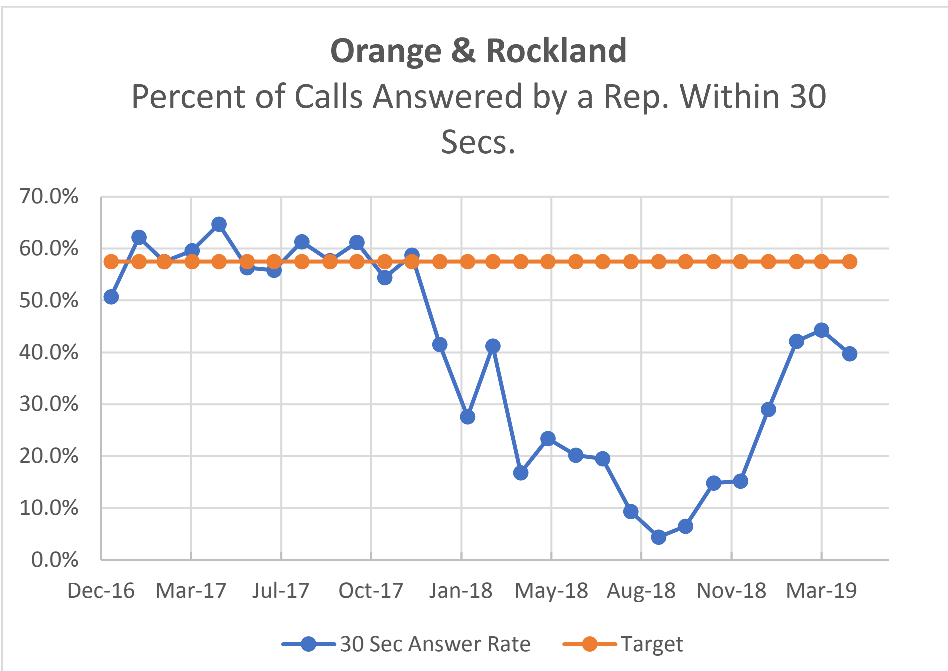
2018 UTILITY SERVICE QUALITY REPORT

June 2019

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

EXECUTIVE SUMMARY

This report summarizes the New York State electric and gas utilities' performance for calendar year 2018 on measures of customer service quality. There are two types of measures of customer service quality: (1) Customer Service Performance Indicators (CSPIs), which include a standardized set of measures of customer service performance reported by all major investor owned utilities; and, (2) Service Quality Performance Mechanisms (SQPMs), which include positive or negative revenue adjustments (PRAs/NRAs) for customer service performance on selected measures. Performance indicator data shows that New York State utilities generally provided a satisfactory level of service on performance indicator measures in 2018. The utilities also met or exceeded the standards for performance on the measures of customer service established within their individual SQPM metrics for 2018; except for Orange and Rockland Utilities, Inc. (Orange and Rockland), which failed to meet its target for the Calls Answered by a Representative within 30 seconds metric. More concerning is that Orange and Rockland's monthly performance continues to be below its target in 2019.



Staff is working with Orange and Rockland to determine the best means to remediate their performance in this performance area. Pursuant to Orange and Rockland's rate plan, negative revenue adjustments relating to performance deficits are automatically deferred for the benefit of customers and no Commission action is required at this time.

The CSPIs and SQPMs, with the exception of the PSC Complaint Rate which is compiled and issued monthly by the Office of Consumer Services (OCS), are self-reported by the utilities. Staff assembles the data provided by the utilities and audits this information to ensure the accuracy of the information provided. Staff contacts the utilities, requesting the raw data and confirming any changes that have been made to the reports during the year. If discrepancies are noted, Staff works with the utilities to determine the cause of the discrepancy and establish corrective measures to ensure similar errors do not happen in the future. During its audit of the 2018 data, Staff found several instances of discrepancies with the figures provided by the utilities. Corrective measures have been taken by the utilities, which include: updating their process and procedures; providing additional details not addressed in each utility's metrics manual; altering computer system programs; and, adding further internal audits of the data to ensure accuracy. Following the review and correspondences with the utilities, Staff is satisfied that these errors have been corrected and the utilities will maintain these changes on a forward-going basis. Appendix 1 to this report summarizes Staff's findings.

In addition to SQPMs, most of the utilities may be awarded or penalized for their performance in reducing the levels of residential customer terminations and uncollectible expenses each year. The following utilities achieved the targets for reductions in residential customer terminations and/or uncollectible expenses: Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc., (Con Edison), Corning Natural Gas Corporation (Corning), KeySpan Gas East Corporation d/b/a National Grid (KEDLI), The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY), Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), New York State Electric & Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RG&E),[1] and St. Lawrence Gas Company, Inc., (St. Lawrence). Positive revenue adjustments relating to those achievements are also automatically deferred under each utility's respective rate plan and no Commission action is required. Negative and positive revenue adjustments will be finalized and accounted for in each utility's next base rate case.[2]

BACKGROUND

As major investor owned utilities there is little direct financial pressure to provide quality customer service. Department of Public Service staff (Staff) performs a variety of activities throughout the year to monitor the quality of customer service provided by utilities and to help ensure the fair and appropriate treatment of utility customers. Since the early 1990s, utilities have been required to report their customer service levels on several key performance indicators on a uniform basis (a detailed listing is provided below).

Maintaining customer service performance became a vital concern after the move to multi-year rate plans in the early 1990s and the introduction of revenue decoupling mechanisms (RDMs). Under conventional ratemaking regimes, utilities can increase profits either by increasing sales or cutting costs; however, under RDMs, utilities can only enhance profits by cutting costs, because any increases in revenue resulting from increased sales are simply passed back to customers. Customer service operations have been easy targets for utility cost-cutting efforts, because such operations generally do not enhance revenues. SQPMs were developed and implemented as key performance-based

[1] NYSEG and RG&E's self-reported results indicate they would be awarded PRAs, however Staff has not completed its audit.

[2] When the utilities dispute Staff's audit findings they may file petitions with the Commission to challenge Staff's findings and the Commission responds to such requests on a case by case basis.

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ratemaking tools. Currently, SQPM metrics are in place for New York State's major energy utilities.

Under Governor Cuomo's Reforming the Energy Vision (REV), the Commission has shifted to a regulatory model that better aligns utility shareholder financial interest with consumer interest, by, among other things, providing utilities with a variety of earning opportunities based on outcome-based performance measures.[3] As a result of this approach, the Commission continues to place strong emphasis on performance based mechanisms, such as SQPMs.

CUSTOMER SERVICE PERFORMANCE INDICATORS

To ease the monitoring and analysis of gas, electric, and water utilities' customer service performance, in May 1991, Staff proposed the use of standard performance indicators. The Commission directed all major gas and electric utilities (e.g., those serving more than 25,000 customers) to collect and report monthly service data in accordance with the performance indicators, beginning in April 1992.[4] These performance indicators included, but were not limited to: Appointments Kept, Adjusted Bills, Telephone Answer Response, Non-Emergency Service Response, Estimated Bills, Customer Satisfaction Surveys, and PSC Complaint Rate. CSPIs are designed to be reported on a frequent and consistent basis, which facilitates a comparative analysis of customer service and allow Staff to identify trends in customer service and inform SQPM design.

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3 Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting A Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016).

4 Case 91-M-0500, Proceeding on Motion of the Commission as to the Desirability of Establishing Customer Service Standards Applicable to Gas, Electric, Water and Steam Corporations, Order Directing Utilities to Supply Service Data (issued January 16, 1992); Cases 96-E-0909, et al., In the Matter of Central Hudson Gas & Electric Corporation's plans for electric rate/restructuring pursuant to Opinion No. 96-12, Order Concerning Electric and Gas Utility Customer Service Performance (issued May 9, 2001).

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In August 2013, the Commission authorized a focused operational audit of the accuracy and effectiveness of customer service performance indicator data, as well as data reported to the Commission regarding electric service reliability and gas safety.[5] Overland Consulting submitted the completed audit report, entitled "Operations Audit of the Accuracy of the New York State Utilities' Self-Reported Data" (the Final Report) in April 2015. The Commission released the Final Report in April 2016.[6]

The Final Report acknowledged that the development of effective customer service metrics would be enhanced by Staff-led workshops. Such workshops were held, providing valuable information and feedback, which resulted in a revised Customer Service Metrics Manual (Metrics Manual).[7] Based on the Metrics Manual, the Commission adopted revised customer service reporting metrics, with modifications, superseding the metrics and calculation methodologies established in 1992.[8] The utilities were directed to begin reporting performance on the revised customer service measures as soon as practicable.

Analysis of Trends in Customer Service

The data provided by each utility in its performance indicator reports, along with the PSC Complaint Rate statistics, allows Staff to analyze and compare utility customer service performance throughout the year. The summary data from the Office of Consumer Services (OCS) Complaint Rate statistics and the utilities' SQPM reports for

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[5] Case 13-M-0314, Issue a Request for Proposal for an Independent Third-Party Consultant to Conduct a Review of the Accuracy and Effectiveness of Certain Reliability and Customer Service Systems at all Gas and Combination Gas and Electric Utilities in New York State that Provide Statistics to the Commission on the Services They Provide Customers, Letters (issued December 19, 2013).

[6] Case 13-M-0314, et al., *supra*, Order Releasing Report and Providing Guidance on Response (issued April 20, 2016).

[7] Case 15-M-0566, In the Matter of Revisions to Customer Service Performance Indicators Applicable to Gas and Electric Corporations, Order Adopting Revisions to Customer Service Reporting Metrics (issued August 4, 2017) (Metrics Order).

[8] Case 15-M-0566, *supra*.

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2018 show that New York electric and gas utilities appear to be providing satisfactory levels of service, as measured by these indicators.[9]

SERVICE QUALITY PERFORMANCE MECHANISMS

SQPMs have, typically, been negotiated within the context of individual utility rate cases, and the Commission has adopted the terms of such SQPMs, sometimes with modifications, in its rate orders. SQPMs help to align shareholder and ratepayer interests by providing potential earnings consequences to shareholders that reflect the quality of service to utility customers. Such performance-based ratemaking techniques are commonly used regulatory tools throughout the United States.

The Commission sets SQPMs for each utility in the context of utility rate proceedings and, therefore, each mechanism is different in scope, target level, and amount at risk for nonperformance. Generally, SQPMs place the utilities at risk of NRAs in the range of 20-65 basis points, depending on the complexity of the mechanism and past utility performance, if certain targets are not met. The Commission has departed from this range to address potential threats to service quality and, in some cases, has doubled or tripled amounts at risk (e.g., in the context of utility mergers and acquisitions, where there may be increased pressure on management to achieve synergy savings). In other cases, the amount at risk falls below this range, either due to the length of time since the SQPM was last reviewed or because the subject utility's performance has not presented any concerns with respect to service quality.

SQPM Components and Key Parameters

All SQPMs contain targets for PSC Complaint Rate and customer satisfaction surveys. By their nature, both PSC Complaint Rate and customer satisfaction surveys are broad measures of performance that reflect utility performance in every facet of its operations, from billing accuracy to repair promptness. The incentive mechanisms may also include targets for other more specific measures of utility performance, such as

[9] As previously noted and further discussed later, Orange and Rockland failed to achieve targets for Call Answer Rate within its SQPM.

telephone answer rate, estimated bills, or adjusted bills. In general, these specific measures of performance were added to individual utility incentive mechanisms in response to identified deficiencies.

More recently, the Commission has adopted positive shareholder incentives that provide positive revenue adjustments (PRAs) for utilities that can successfully reduce terminations and/or uncollectible expenses. These incentives encourage further progress toward the Commission's energy affordability policy goals, and improved treatment of low income customers, while avoiding increases in uncollectible expenses.

PSC Complaint Rates

PSC Complaint Rates are measured and reported by OCS in the same way for each major investor owned utility (e.g., the average monthly rate of complaints per 100,000 customers). In addition to providing a broad and uniform measure of utility performance, PSC Complaint Rates are calculated by Staff rather than self-reported by utilities, and are considered to accurately represent customer service levels. Therefore, the PSC Complaint Rate is considered an important and reliable indicator of overall utility customer service performance.

Customer Satisfaction Surveys

Each of the utilities conducts a customer satisfaction survey, generally administered by an independent survey contractor, which has been benchmarked to establish a target level. Over time, as SQPMs have been adopted, the Commission has approved the use of selected responses to these surveys as part of its measures of customer service performance. As with the PSC Complaint Rate, customer satisfaction surveys furnish macro-measures of customer service performance that capture all facets of utility operations. Moreover, surveys administered by a third-party contractor provide an additional measure of confidence, secured by the survey contractor's reputation, that the survey results accurately reflect customer satisfaction.

Unlike PSC Complaint Rates, customer satisfaction surveys are unique to each utility because they were developed by and for the utilities to gain customer feedback and identify process improvement opportunities. The Commission has used these surveys as indicators of customer satisfaction for purposes of applying SQPMs, primarily to minimize the costs that would be involved with developing and administering separate surveys for that purpose. Because they are unique to each utility, the surveys provide an independent and, after several years of results being collected, reliable measure of each utility's customer service performance as measured against itself. The current surveys, however, do not furnish a means for comparing a utility's performance to that of its peers. PSC Complaint Rates, and the performance indicators, are standardized and more readily provide for such comparative analysis.

The Metrics Order instructed Staff to convene a collaborative, to develop a statewide customer satisfaction survey or alternatives, and to issue a proposal for statewide measurement of customer satisfaction within 6 months thereafter.[10] In compliance with the Commission's directive, on May 14, 2018, Staff submitted a "Staff Report and Proposal on the Development of a Uniform Statewide Customer Satisfaction Survey." The report was issued for public comment on May 23, 2018, with a comment period that expired on August 6, 2018.[11] National Fuel Gas Distribution Corporation (National Fuel) disagreed with several features of the survey. Other commenting utilities had no objection to conducting the Statewide Customer Satisfaction Survey that resulted from the collaborative. The Commission issued an Order on October 18, 2018, that authorized implementation of the Statewide Customer Satisfaction Survey on a pilot basis commencing on January 1, 2019. By April 2020, Staff shall file a report on the pilot survey results, recommending whether the survey should be continued on a permanent basis, modified, or discontinued.

REVIEW OF CURRENT SERVICE QUALITY PERFORMANCE MECHANISMS

[10] Metrics Order, Ordering Clause 2 (p. 21).

[11] Case 15-M-0566, et al., In the Matter of Revisions to Customer Service Performance Indicators Applicable to Gas and Electric Corporations, Notice Soliciting Comments on the Staff Report and Proposal on the Uniform Statewide Customer Satisfaction Survey (issued May 23, 2018).

In the sections that follow, the customer service mechanisms in effect at the following utilities are described, and each utility's respective performance is reported: Central Hudson; Con Edison; Corning; KEDLI; KEDNY; National Fuel; Niagara Mohawk; NYSEG; Orange & Rockland; RG&E; and, St. Lawrence. In addition, Public Service Electric and Gas Long Island (PSEG-LI) provided performance results on its Operations Services Agreement Metrics for calendar year 2018.

Central Hudson

Central Hudson's SQPM provides for NRAs of up to $3.8 million, divided between electric and gas operations proportionately to the revenues of each (30 and 83 basis points of common equity for electric and gas, respectively).[12] The rate plan provides for the allocation of $1.9 million to each of two performance measures: the PSC Annual Complaint Rate and the CSI Satisfaction Index (customer satisfaction survey). In addition, Central Hudson provides a $20 payment to customers if the Utility misses scheduled appointments. Central Hudson may also earn a PRA of up to five basis points ($474,000) for reducing residential customer terminations.

Based on its performance for the calendar year 2018, no NRAs are applicable to Central Hudson. In addition, Central Hudson has improved its performance regarding appointments kept from its 2017 levels. The Utility had 20,168 scheduled appointments, of which 20,144 (99.8%) were kept. Central Hudson provided a total of 24 customer credits for missed appointments; approximately $480. In addition, Central Hudson earned a PRA of five basis points ($474,000) for keeping its terminations at 8,538, below the target level of 11,000 terminations during the rate year.

Con Edison

A maximum electric NRA in favor of ratepayers of up to $40 million annually (32 basis points of electric common equity) is applicable if the Utility does not

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[12] Cases 14-E-0318, et al., Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service, Order Approving Rate Plan (issued June 17, 2015).

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meet customer service targets.[13] A separate gas SQPM, based on the results of semi-annual customer satisfaction surveys related to the handling of gas service emergency calls, carries an NRA of up to $3.3 million annually (9 basis points of gas common equity). Con Edison's specific customer service performance measures are: Commission Complaints (PSC Complaint Rate); Customer Satisfaction Survey of Emergency Calls (electric only); Customer Satisfaction Survey of Phone Center Callers (non-emergency); Customer Satisfaction Survey of Service Center Visitors; Call Answer Rate (percentage of telephone calls answered by a representative within 30 seconds); and Outage Notification Incentive Mechanism, a measurement of the Utility's performance in communication timeliness and communication content during service outages.

Based on its electric and gas SQPMs performance for calendar year 2018, no NRAs are applicable to Con Edison. In addition, Con Edison has improved its performance on Call Answer Rate from its 2017 levels. Con Edison achieved a PRA of $6 million for keeping its residential terminations level at 38,147, below the target level of 62,000 terminations, and its uncollectibles level at $37.6 million, below the target level of $45.7 million.

Corning

Under the terms of its current rate plan, the report for Corning's performance on customer service is required to be filed within 60 days after the end of each Rate Year, at the end of July.[14] Therefore, this report summarizes Corning's performance for the rate year ending on May 31, 2018. An NRA of up to $60,000 annually (15 basis points of gas common equity) is applicable if Corning does not meet customer service targets. Corning's customer service performance measures are: Escalated Complaints (PSC Complaint Rate); Customer Satisfaction (customer

[13] Cases 16-E-0060 et al., Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Order Approving Electric and Gas Rate Plans (issued January 25, 2017).

[14] Case 16-G-0369, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Corning Natural Gas Corporation for Gas Service, Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plan (Issued June 15, 2017).

satisfaction survey); Keeping Scheduled Appointments; Residential Service Terminations; and Residential Uncollectibles.

Based on its performance for the year ending May 31, 2018 regarding its customer service, no NRAs are applicable to Corning. In addition, Corning provides a bill credit to customers for instances when the Utility fails to keep a scheduled appointment. During its rate year, Corning did not have to provide any $25 bill credits, as it did not miss any scheduled appointments. Corning achieved a PRA of $32,000 for keeping its residential terminations level at 248, below the target level of 270 terminations, and its uncollectibles level at $78,277, below the target level of $161,000.

KEDLI and KEDNY

A maximum NRA of $11.7 million annually for KEDNY (54 basis points of common equity), and $9.9 million for KEDLI (61 basis points of common equity) is applicable if the Utilities do not meet customer service threshold targets.[15] For KEDNY and KEDLI, $4.68 million and $3.96 million, respectively, are allocated to each of two broad-based measures of customer service performance: complaints per 100,000 customers (PSC Complaint Rate) and Customer Satisfaction Index, as measured through a survey of customers who have recently contacted the Utilities. In addition, for KEDNY, a $1.17 million NRA applies for the number of bills that are adjusted due to Utility error, and an additional $1.17 million NRA applies for the measure of the percentage of calls answered within 30 seconds by a customer service representative. For KEDLI, a $0.99 million NRA applies for the number of bills that are adjusted due to Utility error. The Utilities also provide a service guarantee policy of compensating customers for a missed appointment. For each missed appointment, the Utilities provide a $30 credit to residential customers and a $60 credit to non-residential customers. KEDLI had 3,408 scheduled appointments for 2018, of which 3,227 (95.0%) were kept. The

[15] Cases 16-G-0058, et al., Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a National Grid for Gas Service, Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plans (issued December 16, 2016).

Utility provided a credit for missed appointments to 181 residential customers respectively; approximately $5,430. KEDNY had 11,669 scheduled appointments for 2018, of which 11,222 (96.2%) were kept. KEDNY provided a credit for missed appointments to 447 residential customers in 2018; approximately $13,410. KEDNY/KEDLI both met their performance targets for calendar year 2018. Based on their respective performance for calendar year ending December 31, 2018, no NRAs are applicable to KEDNY/KEDLI.

In addition, KEDNY/KEDLI both achieved PRAs on their respective residential terminations and uncollectibles metrics. KEDNY achieved the maximum positive revenue adjustment of $1.260 million for keeping its residential terminations level at 29,214, below the target level of 34,638 terminations, and its uncollectibles level at $12,334,392, below the target level of $12,494,661 for calendar year 2018. KEDLI achieved a partial positive revenue adjustment of $360,000 for keeping its residential terminations level at 10,786, below the target level of 12,470 terminations, while its uncollectibles level was at $5,035,650, above the target level of $4,392,413 for calendar year 2018. These adjustments will be deferred for future disposition pursuant to the terms of the Joint Proposal.

National Fuel

National Fuel's CSPI reports consist of several performance measures, including, but not limited to: Appointments Kept; Adjusted Bills; Telephone Answer Response; Estimated Bills; and Customer Satisfaction. As with other utilities, Staff reports the Company's PSC Complaint Rate. In its most recent rate order, the Commission determined that National Fuel should be allowed to operate, for the time being, without NRAs based on targeted performance. However, the associated reporting requirements remain in place.[16] The Utility's reported performance on the above metrics for calendar year 2018 was satisfactory.

[16] Case 16-G-0257, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service, Order Establishing Rates for Gas Service (issued April 20, 2017).

Niagara Mohawk

Niagara Mohawk's SQPM carries a total of $19.8 million annually in potential NRAs, with $15.2 million for electric service (51 basis points of electric common equity) and $4.6 million for gas service (61 basis points of gas common equity). The electric NRA is divided among the following measures: Rate Interval (PSC Complaint Rate); Residential Transaction Satisfaction Index Interval (customer satisfaction survey); Commercial and Industrial (C&I) Transaction Satisfaction Index Interval (customer satisfaction survey); and, Percent Calls Answered Within 30 Seconds (by a representative). The gas amount at risk is divided among the four measures above as well as the percentage of meters read on cycle. Niagara Mohawk also provides a missed appointment credit, in which a residential or non-residential customer is credited $30 if the Utility fails to keep an appointment made at the customer's request.[17] Niagara Mohawk had 14,280 scheduled appointments for 2018, of which 13,521 (95.0%) were kept. The Utility provided a $30 credit for missed appointments to 759 customers; approximately $22,770.

Niagara Mohawk met its performance targets for the calendar year 2018. Based on its performance for the calendar year 2018, no NRAs are applicable to Niagara Mohawk for customer service performance. In addition, Niagara Mohawk achieved a partial PRA of $1.539 million for keeping its residential terminations level at 52,576 terminations, below the target level of 58,000 terminations, and the uncollectibles level at $38,969,864, below the lower target level of $39,400,000.

NYSEG

NYSEG's SQPM carries maximum potential annual NRAs of $9.52 million, with $8.2 million for electric (65 basis points of electric common equity) and

[17] Cases 12-E-0201, et al., Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service, Niagara Mohawk Power Corporation d/b/a National Grid, Order Approving Electric and Gas Rate Plans in Accord with Joint Proposal (issued March 15, 2013).

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$1.3 million for gas (34 basis points of gas common equity).[18] Included in this amount is a doubling provision, whereby any individual measurement target that is missed for two consecutive years will have its associated NRA doubled in the second missed year, and will continue to double for each consecutive missed year of the target. The current customer performance measures in place for NYSEG are: PSC Complaint Rate; Contact Satisfaction (customer satisfaction survey); Calls Answered in 30 Seconds (by a representative); and Estimated Meter Readings. NYSEG may also earn a PRA of up to $855,000 for reducing terminations and uncollectible expenses during the rate year. In addition, the Utility provides a service guarantee credit of $20 for missed appointments. NYSEG had 10,159 scheduled appointments for 2018, of which 9,985 (98.3%) were kept. The Utility provided a $20 credit for missed appointments to 174 customers; approximately $3,480.

NYSEG met all its performance targets for the 2018 calendar year and did not incur any negative revenue adjustments. In addition, NYSEG has stated that it achieved a partial PRA of $0.4275 million for keeping its residential terminations level at 11,162, below the target level of 20,000 terminations, and the uncollectibles level at $13,796,631, below the lower target level of $13,800,000.[19]

<u>Orange and Rockland</u>

Orange and Rockland's SQPM consists of targets for: Annual PSC Complaint Rate; Customer Contact Satisfaction Survey; and Call Answer Rate less than 30 Seconds (by a representative). Under its electric rate plan, Orange and Rockland may incur a maximum NRA to electric earnings of $1.5 million (29 basis points on electric

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[18] Cases 15-E-0283, <u>et al.</u>, <u>Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service</u>, Order Approving Electric and Gas Rate Plans in Accord with Joint Proposal (issued June 15, 2016).

[19] Staff has not verified the uncollectibles level and will report its findings to the Commission in Cases 19-E-0378 and 19-G-0379.

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common equity).[20] The gas rate plan provides for a maximum NRA to gas earnings of $750,000 (28 basis points on gas common equity).[21] Orange and Rockland may also earn a PRA of up to $800,000 for reducing terminations and uncollectible expenses during the rate year.

Based on its performance for calendar year 2018, Orange and Rockland met its performance targets, with the exception of failing to meet its target level for Call Answer Rate in less than 30 seconds. Orange and Rockland's performance on the Call Answer Rate was at an average of 20 percent for calendar year 2018. As a result, Orange and Rockland has incurred an NRA of $300,000 for electric and $150,000 for gas, a total of $450,000, for failing to meet its Calls Answer Rate in less than 30 seconds target level of greater than 57.5%. More concerning is that Orange and Rockland's monthly performance on this metric continues to be below its target in 2019. Staff is working with Orange and Rockland to determine the best means to improve its performance in this area. This negative revenue adjustment will be deferred for the benefit of customers to be Orange and Rockland's next base rate cases and no Commission action is required now.

When Staff inquired about its performance, Orange and Rockland stated that higher than normal call volumes caused it to underperform on its Call Answer Rate metric. Orange and Rockland stated that the higher than normal call volume was related to the following: customer inquiries relating to credit and bill payment; solar billing; high bills; estimated bills; scams; My Account assistance; AMI/Smart Meters; and social media inquiries. Orange and Rockland stated that it has taken a number of mitigating actions to improve performance, such as hiring additional full and part time Customer Service Representatives (CSRs), coaching CSRs more regularly, and providing talking points on several topics for CSRs to use when assisting customers.

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[20] Cases 14-E-0493, et al., Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans (issued October 16, 2015).

[21] Cases 14-G-0494, et al., *supra*.

RG&E

RG&E's SQPM is comprised of four measures: PSC Complaint Rate; Contact Satisfaction (customer satisfaction survey); Calls Answered in 30 Seconds (by a representative); and Estimated Meter Reads. The total maximum NRA is $5.9 million annually, with $4.5 million applicable to electric operations (46 basis points of electric common equity) and $1.4 million applicable to gas operations (46 basis points of gas common equity). Like NYSEG, RG&E also has a doubling provision, whereby any individual measurement target that is missed for two consecutive years will have its associated NRA doubled in the second missed year, and will continue to double for each consecutive missed year of the target. The Utility provides the same service guarantee credit of $20 for missed appointments as NYSEG. RG&E had 9,124 scheduled appointments for 2018, of which 8,955 (98.2%) were kept. The Utility provided a $20 credit for missed appointments to 169 customers; approximately $3,380. RG&E may also earn a PRA of up to $560,000 for reducing terminations and uncollectible expense during the rate year.[22]

RG&E met its performance targets for the calendar year 2018 and did not incur any negative revenue adjustments. In addition, RG&E has stated that it achieved a partial PRA of $0.28 million for keeping its residential terminations level at 8,952, below the target level of 10,675, and the uncollectibles level at $12,581,027, below the lower target level of $13,000,000.[23]

St. Lawrence Gas

St. Lawrence Gas' SQPM consists of targets for PSC Complaint Rate and Overall Customer Satisfaction Index (customer satisfaction survey).[24] The Utility may

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[22] Cases 15-E-0283, et al., *supra*.

[23] Staff has not verified the uncollectibles level and will report its findings to the Commission in Cases 19-E-0380 and 19-G-0381.

[24] Case 15-G-0382, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of St. Lawrence Gas Company, Inc. for Gas Service, Order Establishing Multi-Year Rate Plan (issued July 15, 2016).

incur a maximum NRA of $36,000 (18 basis points on common equity), split evenly between the Overall Customer Satisfaction Index and PSC Complaint Rate. St. Lawrence Gas may also earn a PRA of up to $12,000 for reducing terminations and uncollectible expenses per calendar year.

St. Lawrence Gas met its performance targets for the calendar year 2018 and did not incur any NRAs. The Utility had no escalated complaints for the 2018 calendar year.

In addition, St. Lawrence Gas achieved the maximum PRA of $12,000 for keeping both its customer terminations level at 269 terminations, below the target level of 451 terminations, and the level of uncollectible expenses at $108,000, below the target level of $173,000. Under the Utility's current rate plan, this adjustment will be automatically deferred for future ratepayer use, and no Commission action is required.

PSEG-LI

Under the Amended and Restated Operations Services Agreement between the Long Island Power Authority (LIPA) and PSEG Long Island (PSEG LI), certain metrics are set to measure the Company's performance against established goals for both residential and non-residential customers.

Metrics for residential customers include: JD Power Customer Satisfaction Survey; After Call Survey; Personal Contact Survey; Customer Complaint Rate; Average Speed of Answer; and Customer Self-Service. PSEG LI is eligible to earn incentive compensation based on its performance as measured against these metrics.

For 2018, PSEG LI has performed satisfactorily, and PSEG LI is seeking the full amount of Incentive Compensation available for 2018.

CONCLUSION

As discussed above, with the exception of Orange and Rockland, the electric and gas utilities' performances on measures of customer service quality in 2018 was satisfactory. The SQPMs currently in place with New York State utilities establish strong standards for performance and put significant amounts of shareholder earnings at risk for nonperformance. Overall, these mechanisms have been effective in encouraging utilities to make customer service a corporate priority and in providing criteria to ensure that the quality of customer service remains at satisfactory levels. Staff will continue to monitor customer service quality and promote performance-based ratemaking strategies relating to customer service quality in conformance with Commission policies.