The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 12-120-D December 18, 2015

Investigation by the Department of Public Utilities on its own motion regarding the service quality guidelines established in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (2001) and amended in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 04-116 (2007).

ORDER ADOPTING REVISED SERVICE QUALITY GUIDELINES

I. INTRODUCTION AND PROCEDURAL HISTORY

A. Background and Procedural History of D.P.U. 12-120-C

On December 11, 2012, pursuant to G.L. c. 164, §§ 1E and 1I, the Department of Public Utilities ("Department") voted to open an investigation into the service quality ("SQ") of electric and gas local distribution companies ("Electric and Gas Companies," collectively "Companies"),[1] and docketed the matter as D.P.U. 12-120.[2] In opening the investigation, we stated our intention to consider changes to improve SQ and invited comment on a variety of topics.[3,4]

On March 15, 2013, the Department received comments from Bay State Gas Company d/b/a Columbia Gas of Massachusetts ("CMA"); The Berkshire Gas Company ("Berkshire Gas"); Blackstone Gas Company ("Blackstone"); Boston Gas Company, Colonial Gas Company, Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid ("National Grid"); Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty

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1 In this Order, we refer separately to Electric Companies and Gas Companies, as appropriate. A combined electric and gas utility is considered both an Electric Company and a Gas Company for purposes of this Order.

2 As background, the Department first established SQ guidelines in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (2001), pursuant to G.L. c. 164, § 1E ("SQ Guidelines"). The SQ Guidelines were later amended in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 04-116-C (2007).

3 For a more comprehensive procedural history, refer to D.P.U. 12-120-C at 1-4.

4 On February 22, 2013, the Attorney General filed a Notice of Retention of Experts and Consultants pursuant to G.L. c. 12, § 11E(b), which was granted by the Department on March 21, 2013.

Utilities (formerly known as New England Gas or NEGC) ("Liberty Utilities");[5] NSTAR Electric Company, Western Massachusetts Electric Company, and NSTAR Gas Company each d/b/a Eversource Energy ("Eversource");[6] Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil"); Department of Energy Resources ("DOER"); Cape Light Compact ("Compact"); National Consumer Law Center; Low-Income Weatherization and Fuel Assistance Program Network ("Low-Income Network"); United Steelworkers Local 12003 ("United Steelworkers"); New England Gas Workers Association ("NEGWA"); Solar Energy Industries Association; and My Generation Energy, Inc. ("My Generation").[7]

On July 11, 2014, the Department proposed new SQ Guidelines and invited comment. Service Quality Investigation, D.P.U. 12-120-B (2014). On August 26, 2014 and September 10, 2014, the Department received comments and reply comments on the Proposed SQ Guidelines.[8]

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5 Subsequent to the initiation of this proceeding, the Department approved a merger between New England Gas Company and Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities. New England Gas Company, D.P.U. 13-07-A at 132 (2013).

6 On April 20, 2015, NSTAR Electric Company, Western Massachusetts Electric Company, and NSTAR Gas Company each d/b/a Northeast Utilities changed their names to Eversource Energy (Commonwealth of Massachusetts Secretary of State Business Entity Summary ID No. T00010890, http://corp.sec.state.ma.us/CorpWeb/CorpSearch/CorpSearch.aspx).

7 As these comments have been discussed previously, we will not address them in this Order.

8 The following participants submitted comments on the Proposed SQ Guidelines: CMA, Berkshire Gas, Blackstone, National Grid, Liberty Utilities, Northeast Utilities, Unitil, Attorney General, DOER, Compact, Low-Income Network, United Steelworkers, and NEGWA. The Companies filed joint reply comments. In addition, the Attorney General, the Compact, the Low-Income Network, the Steelworkers Union, and Berkshire Gas filed reply comments. As these comments have been discussed previously, we will not address them in this Order.

The Department also held technical sessions on October 14 and 15, 2014, and provided participants the opportunity to submit an additional round of comments after the technical sessions. On November 5, 2014, the Department received post-technical session comments.[9] On December 22, 2014, the Department issued an Order adopting revised SQ Guidelines in Service Quality Investigation, D.P.U. 12-120-C (2014).

In D.P.U. 12-120-C, the Department made several changes to the SQ Guidelines approved in D.T.E. 04-116-C. First, we established benchmarks that require improved performance over time, whereas under D.T.E. 04-116-C benchmarks were fixed. D.P.U. 12-120-C at 19. For many metrics, we established benchmarks based on statewide data, whereas under D.T.E. 04-116-C each of the Companies' benchmarks were set based on company-specific historic data. D.P.U. 12-120-C at 23. Lastly, we eliminated the availability of offsets[10] and introduced a rolling three-year average reporting option for some metrics. The three-year rolling average reporting option allows a Company to apply either its performance data for the current reporting year, or its performance data for the average of the current year and the prior two years, to determine whether a penalty applies in the reporting year. D.P.U. 12-120-C at 24. The Department also made changes to several individual metrics. These changes will

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9 The following participants submitted post-technical session comments: the Attorney General and Blackstone Gas. In addition, the Companies filed joint post-technical session comments. As these comments have been discussed previously, we will not address them in this Order.

10 Under D.T.E. 04-116-C, offsets could be applied to reduce a penalty incurred by a Company for one metric if that Company performed better than its benchmark in another metric. D.T.E. 04-116-A at 47-48.

be explained below. On January 12, 2015, the Electric and Gas Companies[11] filed a Joint Motion for Reconsideration and Clarification of the Department's Revised SQ Guidelines ("Joint Motion"). On January 23, 2015, the Attorney General and the Compact filed replies to the Joint Motion. The Joint Motion seeks reconsideration and clarification of several of the Department's rulings in D.P.U. 12-120-C and requests a technical session on various issues. The Companies also request the opportunity to submit a redlined version of the SQ Guidelines (Joint Motion at 12). On August 12, 2015, the Hearing Officer issued a procedural memorandum establishing additional process including discovery, a transcribed technical session, and written comments to obtain additional information on selected topics addressed in the Joint Motion (D.P.U. 12-120, Hearing Officer Memorandum, August 12, 2015). These topics include: SAIDI/SAIFI,[12] Downed-Wire Response, MAIFI,[13] the definition of circuit, Service Appointments, Customer Complaints, and the submission of a redline of the SQ Guidelines (D.P.U. 12-120, Hearing Officer Memorandum, August 12, 2015).

In addition, the Hearing Officer issued information requests with the memorandum and established a date for a transcribed technical session. The Companies submitted responses to 37 information requests between September 14, 2015 and September 23, 2015, and a redline version of the SQ Guidelines. The Department conducted a technical session on September 25,

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11 The Companies included in the Joint Motion are: CMA; Liberty Utilities, National Grid; Eversource, and Unitil.

12 SAIDI refers to System Average Interruption Duration Index. SAIFI refers to System Average Interruption Frequency Index.

13 MAIFI refers to Momentary Average Interruption Frequency Index.

2015, and provided participants the opportunity to submit responses to record requests[14] and an additional round of comments and reply comments. On October 16, 2015, the Companies submitted joint comments ("Companies Comments") and the Attorney General also submitted comments ("Attorney General Comments). On October 30, 2015, the Companies submitted joint reply comments ("Companies Reply Comments") and the Attorney General submitted reply comments ("Attorney General Reply Comments").[15]

B. Motion for Reconsideration of D.P.U. 12-120-C

With respect to Electric Company metrics, the Companies request reconsideration of the Department's decision to establish statewide benchmarks for SAIDI and SAIFI and the inclusion of Nantucket Electric Company's ("Nantucket") SAIDI and SAIFI data in the statewide benchmark (Joint Motion at 4-6). The Companies also request clarification of the SAIDI and SAIFI benchmark values (Joint Motion at 5). Additionally, the Companies requested clarification of MAIFI and PCR[16] (Joint Motion at 12). With respect to Downed-Wire Response, the Companies seek reconsideration of: (1) the Department's denial of the Companies' request to exclude instances in which they failed to respond to a downed wire in the required time frame, but the delay resulted from coordinating company response with municipalities, and (2) the Department's determination that the Downed-Wire Response metric applies to Nantucket (Joint Motion at 6-7). The Companies also request clarification on: (1) how to perform the calculation

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14 As will be described more fully below, the Companies filed a joint proposal called Scenario V as part of their response to RR-DPU-1.

15 The Companies filing joint reply comments include: Blackstone, Berkshire Gas, CMA, Boston Gas, National Grid, Unitil, Liberty Utilities, and Eversource.

16 PCR refers to Poor Circuit Remediation.

required to determine if the Downed-Wire Response benchmark is met, (2) whether the Downed-Wire Response metric applies during excludable major events, and (3) whether two fields on the reporting form are duplicative (Joint Motion at 6-7). The Companies also request clarification and reconsideration of the definition of critical facilities (Joint Motion at 7-8).

With respect to Gas Company metrics, the Companies request clarification relating to the Odor Call Response metric regarding rounding data for odor calls response times (Joint Motion at 8). The Companies also seek reconsideration of the requirement that Gas Companies file exception reports for the Odor Call Response metric on a monthly basis (Joint Motion at 8-9).

With respect to the customer service metrics, the Companies request reconsideration of several elements of the Customer Complaints metric including: (1) statewide benchmarks, (3) inclusion of Commercial and Industrial ("C&I") customer complaints data, and (3) the requirement that Companies provide disputes to classifications of Customer Complaints and Customer Credit cases within 20 days to the Department (Joint Motion at 9-10). The Companies also seek reconsideration of several elements of the Service Appointments metric including: (1) implementation timing, (2) the requirement that a Company must make a physical visit to the customer premises to verify customer unavailability, (3) application of the Service Appointments metric to same day appointments and appointments for which the customer does not need to be present, (4) the requirement that a Company submit a request to the Department to exclude appointments rescheduled due to emergencies within 30 days of the emergency, and (5) the requirement that a Company submit a request to the Department to exclude appointments rescheduled due to customer unavailability within 30 days of the missed appointment. Finally,

the Companies seek reconsideration of the Department's decision to associate penalties with customer satisfaction surveys (Joint Motion at 11-12).

The Attorney General urges the Department to reject the Joint Motion arguing that the Companies did not meet the standard for reconsideration because they did not bring new facts to light or allege that the Department made a mistake, but rather, rehashed arguments that were previously considered and rejected by the Department (Attorney General Response at 1-2; Attorney General Comments at 1-2). The Companies respond that under the established standard, reconsideration of previously decided issues is granted when extraordinary circumstances dictate that the Department take a fresh look at the record for the express purpose of substantively modifying a decision reached after review and deliberation (Companies Reply Comments at 2-3, citing The Berkshire Gas Company, D.P.U. 905-C at 6-7 (1982)). The Companies argue the Department's decisions on the SAIDI/SAIFI metric, Service Appointments metric and Consumer Division Cases have created "extraordinary circumstances" because of the inordinate impact they will have on both customers and the Companies (Companies Reply Comments at 2-3, citing The Berkshire Gas Company, D.P.U. 905-C at 6-7 (1982)).

II. OVERVIEW OF D.P.U. 12-120-D

With this Order, the Department revises several of the metrics established in D.P.U. 12-120-C.[17] While the Companies and the Attorney General each make arguments

[17] We note that while some of the D.P.U. 12-120-C metrics were intended for implementation in 2015, not all Companies made changes to their operations pending the outcome of the Joint Motion. The Department, therefore, expects the Companies' annual SQ report for 2015 to be submitted in accordance with D.T.E. 04-116, and the Department will review the 2015 SQ reports under the metrics applicable prior to D.P.U. 12-120-C.

regarding whether the Joint Motion meets the standard of review for a motion for reconsideration, we decline to rule on the Joint Motion and, therefore, do not address those arguments. Instead, after further investigation and consideration, we have determined that several of the metrics established in D.P.U. 120-120-C warrant revisions to ensure viability of the SQ Guidelines. Chapter 164, § 1I provides the Department broad authority to adopt SQ standards including the authority to determine the standards to implement and the level of performance to require.[18] The Department has determined that some metrics adopted in D.P.U. 12-120-C may not be reasonably achievable at this time, or may not have a meaningful impact on customer service, and therefore warrant changes. The Department determined that making these changes in the currently open proceeding was the most administratively efficient approach, and has provided ample additional process in order to make these findings, including discovery, a technical session, and two rounds of comments.

The Department reiterates our commitment to requiring improved performance by Gas and Electric Companies in the Commonwealth. Indeed, the revisions described in this Order require improved service over the levels required in D.T.E 04-116-C, while taking into account the current capabilities of the Companies and the possible costs of improvement. We, therefore, have revised several metrics to ensure that the improvement required is reasonable, achievable,

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[18] Each investor-owned electric distribution, transmission, and natural gas distribution company shall file a report with the Department by March first of each year comparing its performance during the previous calendar year to the Department's service quality standards and any applicable national standards as may be adopted by the Department. G.L. c. 164, § 1I.

and will have a meaningful impact on customer service. We now summarize the decisions made in this Order.[19]

Regarding Electric Company metrics, we maintain company-specific, historical benchmarks for SAIDI and SAIFI and establish an improvement path whereby each Electric Company's standard becomes more stringent over time. This is to ensure that the Companies work to provide improved electric reliability in a reasonable manner. We also clarify that all circuits, for which an outage will cause a customer interruption, should be captured in the companies' poor performing circuits data. In addition, we clarify that all outages that result in customer interruptions should be captured in the Companies' MAIFI data. Further, we provide for uniform reporting of downed-wire response times. Additionally, we reallocate the ten percent portion of the penalty cap associated with downed wire penalties under D.P.U. 12-120-C to SAIDI and SAIDI. Lastly, we clarify the definition of critical facilities to ensure that municipal priorities are included.

Regarding Gas Company metrics, we clarify the Odor Call Response metric regarding the rounding of gas odor call data and establish quarterly reporting for Odor Call Response Time Exceeded and Odor Call Response Overrides. Regarding customer service metrics, we establish a Customer Credit Cases metric and a Customer Complaints metric that apply to residential complaints only; maintains company-specific, historical benchmarks; and allows for a 45-day period for Companies to submit disputes of the Department's classifications of matters as a Customer Complaint or Customer Credit Case. Additionally, we revise the Service Appointments metric such that it: (1) applies to prescheduled appointments where the customer

[19] A more thorough discussion of each of these metrics follows in Sections III-V.

has to be present; (2) requires Companies to either send company personnel to the service location or perform two phone calls in order to exclude a missed appointment due to customer unavailability; and (3) provides for annual reporting for exclusions due to emergencies. Lastly, we maintain Customer Satisfaction Surveys as a reporting requirement with no associated penalties. We reallocate the five percent portion of the penalty cap associated with survey penalties under D.P.U. 12-120-C to the Service Appointments metric.

Finally, we have left several of our decisions in D.P.U. 12-120-C undisturbed. Offsets are eliminated. D.P.U. 12-120-C at 37. For PCR, penalties continue to apply in the third year. D.P.U. 12-120-C at 51. Each Electric Company is required to provide a status report in its annual SQ report on its increasing capabilities to collect customer level CEMI/CELID interruption data.[20] D.P.U. 12-120-C at 52-54. In addition, each Electric Company is required to provide a status report in its annual SQ report on its increasing capabilities to collect MAIFI data as well as any and all MAIFI data collected that year. D.P.U. 12-120-C at 56. Electric Companies are required to continue providing line loss data in accordance with their capabilities. D.P.U. 12-120-C at 67-68. Electric Companies also are required to submit a compilation of all interruptions experienced during the SQ year with their annual SQ reports. D.P.U. 12-120-C at 68-69. Gas Companies must respond to 97 percent of Class I and Class II Odor Calls within 60 minutes. D.P.U. 12-120-C at 72. The Lost Work Time Accident rate and Restricted Work Day rate are reporting metrics, with no associated penalty. D.P.U. 12-120-C at 76-77. The penalty metrics for telephone answering, meter reading, and billing adjustments are eliminated.

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[20] CEMI refers to Customers Experiencing Multiple Interruptions. CELID refers to Customers Experiencing Long Interruption Durations.

D.P.U. 12-120-C at 110-111. Additionally, the Customer Service Guarantee is $100. D.P.U. 12-120-C at 100. Finally, reporting requirements relating to designation of service territory, vegetation management policy, spare component and inventory policy, damage to company property, and staffing levels are eliminated. D.P.U. 12-120-C at 115-116. We have attached a final version of the SQ Guidelines to this Order. See Attachment A.

III. ELECTRIC COMPANY METRICS

A. SAIDI/SAIFI

1. Introduction

Under D.T.E. 04-116, the performance metrics for SAIDI and SAIFI are based on company-specific, historical benchmarks. D.P.U. 12-120-B at 1, 17. Specifically, each Electric Company's benchmarks are based on ten years of historical data collected from each Electric Company from 1996 through 2005, and remain fixed until new or revised SQ Guidelines are established. D.P.U. 12-120-B at 1, 17. Under this system, if the average duration of an Electric Company's outages as measured by SAIDI, or the average frequency of its outages as measured by SAIFI, exceeds the benchmark, the Electric Company is subject to a penalty. D.T.E. 04-116-A at 9-10, citing D.T.E. 99-84, at 22-24 (August 17, 2000)). Further, under D.T.E. 04-116-C, the Electric Companies can reduce penalties incurred for poor performance on SAIDI and SAIFI by applying offsets earned for high performance in another penalty metric. D.T.E. 04-116-C, Appendix 2007 at 11.

Under D.P.U. 12-120-C, the Department ordered several changes to the calculation of SAIDI and SAIFI penalty metrics. D.P.U. 12-120-C at 39-41, citing D.P.U. 12-120-B at 16-21. These changes include: (1) employing a statewide mean benchmark based on the full set of

aggregated historical data (1996-2013) available from all Electric Companies; (2) requiring improved performance via a "Glide Path" method, so that the penalty threshold shifts from a company-specific benchmark in three year intervals to a reach a common statewide target in ten years; (3) eliminating the offset program; and (4) in place of offsets, adding the three-year rolling average reporting option, which allows an Electric Company in any reporting year to report either (a) its performance data for the current reporting year, or (b) its performance data for the average of the current year and the prior two years, whichever is lower (better). D.P.U. 12-120-C, Attachment A at 7-8, 9.

After receiving the Companies' Motion for Reconsideration of D.P.U. 12-120-C, the Department issued several information requests including a request that the Companies submit a joint proposal for the calculation of SAIDI/ SAIFI penalty metrics that is based on a common statewide benchmark adjusted for company-specific differences. The Companies submitted an alternative joint proposal referred to as Scenario IV.[21] Following the technical session, the Electric Companies submitted a second joint proposal referred to as Scenario V for the Department's consideration.

[21] The Department described several approaches to setting SAIDI and SAIFI standards, calling each approach a "scenario" for the Companies to consider. The Companies' proposal was an alternative to the Department's requested Scenario IV. Exh. DPU-TS-19.

Scenario V consists of the following elements:[22]

- Maintains existing company-specific performance benchmarks established using ten-years of historical data (1996-2005);
- Improves benchmarks by a half-standard deviation over ten years;[23]
- Allows Companies to substitute three-year rolling average of performance data for current performance year data to mitigate unwarranted penalties for Companies that are good or improving performers in years prior to the year of poorer performance; and
- Allows Companies to apply improved performance in SAIDI and SAIFI as an offset to another non-reliability metric, if performance improves by more than a half-standard deviation.

2. Summary of Comments

The Electric Companies request that the Department reconsider the decision to establish statewide mean benchmarks for SAIDI and SAIFI performance metrics, rather than maintain company-specific benchmarks (Joint Motion at 4-6). The Electric Companies argue that the Department's decision does not take into consideration the differences among the service territories, nor properly account for data-integrity issues[24] or the technology changes that may

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22 Companies Joint Comments at 2-3; RR-DPU-1 [CORRECTED].

23 When the Companies submitted Scenario V, they submitted both a narrative explanation of their proposal and spreadsheets showing how Scenario V operates using the Companies' existing data. We note that the explanation of Scenario V appears to read that the deadband defining the lower penalty thresholds will reduce to a half-standard deviation over ten years, but the data provided in the spreadsheets show that the benchmark itself reduces by a half-standard deviation over ten years, while the deadband remains a full standard deviation (RR-DPU-1 [Corrected]). Given the data and the operation of the Companies' previous proposal in Scenario IV, we interpret the Companies' proposal to maintain a full standard deviation deadband around the benchmark, and for the benchmark itself to reduce by a half-standard deviation over ten years.

24 The Electric Companies contend that the statewide mean benchmark stated in D.P.U. 12-120-C does not align with the benchmark stated in the December 30, 2014 Hearing Officer Memorandum, and therefore, the Department should allow for validation of the data set and resulting statewide mean benchmark (Joint Motion at 5). As the

result from the implementation of each Electric Company's grid modernization plan (Joint Motion at 4). In the event that the Department does not reconsider statewide standards, the Electric Companies request that SAIDI and SAIFI data from Nantucket be excluded from the calculation of the statewide averages (Joint Motion at 4). Further, the Electric Companies recommend that the Department adopt Scenario V (Companies Comments at 2-3; RR-DPU-1 [CORRECTED]).

The Electric Companies contend that Scenario V meets the Department's stated objective to require continuous improvement over a ten-year period (Companies Comments at 3). Specifically, the Electric Companies argue that combination of their proposed higher performance level with the reduction of the one standard deviation allowance to a half-standard deviation sets a very high bar for performance and will generate substantial penalties unless a Company is a good or improving performer on balance (Companies Comments at 3).

The Attorney General recommends that the Department maintain statewide standards for SAIDI and SAIFI because the Electric Companies' responses to discovery demonstrate, in the aggregate, almost all of the Electric Companies reflect similar levels of reliability over time (Attorney General Reply Comments at 6). The Attorney General, therefore, argues that it makes sense to judge the Companies against a common statewide standard (Attorney General Reply Comments at 6).

In the event that the Department does reconsider statewide standards, however, the Attorney General recommends that the Department not adopt Scenario V because it significantly

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Department is not adopting a statewide mean benchmark in this Order, we do not address this request.

reduces the incentives for the Electric Companies to maintain and improve their electric reliability (Attorney General Reply Comments at 2). The Attorney General argues that Scenario V includes many mechanisms for penalty reduction and avoidance, including the three-year rolling average option, half of the standard deviation (i.e., cut the improvement target required in ten years by half), and offsets, which would allow the Companies to avoid significant penalties in instances where penalties are warranted (Attorney General Reply Comments at 2). In particular, the Attorney General recommends that the Department deny the Electric Companies' request to reintroduce limited offsets for SAIDI and SAIFI performance, as she asserts that the three year rolling average reporting option itself gives the Companies sufficient motivation to improve reliability (Attorney General Reply Comments at 2). Overall, the Attorney General contends that Scenario V would not be consistent with the Department's SQ goal to improve performance over time (Attorney General Reply Comments at 5).

Should the Department adopt company-specific, historical benchmarks, the Attorney General proposes that they be based on the most recent five years of historical data, rather than all available historical data for the Electric Companies (i.e., 19 years) (Attorney General Comments at 2; Attorney General Reply Comments at 6). The Attorney General notes that benchmarks based on the most recent data are likely to provide a more accurate picture of the reliability levels that the Electric Companies are currently delivering and thus would provide a more appropriate baseline to evaluate their performance in the future (Attorney General Comments at 2).

3. Analysis and Findings

After further review and consideration, the Department has determined that statewide standards for SAIDI and SAIFI are not appropriate at this time. The Department finds that differences in Company operations, service territories, and data collection practices make it challenging for Companies to adopt a statewide standard, and therefore, maintains company-specific, historical benchmarks.[25] The initial goal of improvement in SAIDI and SAIFI performance, however, remains unchanged, and we will not set standards below the Electric Companies' existing benchmarks. We find that the Companies' proposed Scenario V largely meets the Department's benchmarking design principles and goal of continuous improvement, while recognizing differences among the Companies' past performance. As described more fully below, Department adopts Scenario V with adjustments and/or clarifications concerning the calculation of penalties and the applicability of offsets.

The Companies' proposal in Scenario V consists of the following four basic components. First, the proposal maintains existing company-specific performance benchmarks established using ten-years of historical data (1996-2005). Second, the proposal improves the company-specific benchmarks by a half-standard deviation over ten years. Third, the proposal allows Companies to substitute a three-year rolling average of performance for the current performance year to mitigate unwarranted penalties for Companies that are good or improving performers in years prior to poorer performance year. Fourth, the proposal allows Companies to apply a performance offset to another non-reliability metric if SAIDI or SAIFI performance improves by

[25] Because we decline to adopt statewide benchmarks at this time, there is no need to address the Companies' request to exclude performance data for Nantucket in setting statewide benchmarks.

more than a half-standard deviation (Companies Joint Comments at 2). We will discuss each of these elements in turn.

First, the Department finds that using the existing ten years of data is appropriate at this time. The Department declines to adopt the Attorney General's proposal to use the Companies' most recent five years of data. From a mathematical perspective, larger data sets are more robust and using only five years when more data is available will unnecessarily limit the integrity of the benchmark. The Department would prefer to use all 19 years of historical data, but has found that using all 19 years will result in some Companies' benchmarks becoming worse than current standards,[26] allowing Companies whose performance has declined in recent years to benefit from their poor performance and be "rewarded" with a lower standard. The Department therefore finds that using the ten years of data used to set the original benchmarks under D.T.E. 04-116 (i.e., 1996-2005) will best ensure that performance does not decline below those standards. When the Department next reviews the SQ Guidelines, it will determine if a larger or more recent data set can be used without compromising performance standards. The Department also agrees with the third component of the Company's proposal to allow the three-year rolling average option introduced in D.P.U. 12-120-C. The Company has the discretion to use its performance data for the current reporting year or its performance data for the average of the current year and the two prior years, for penalty purposes. The three-year rolling average option is intended to provide some level of protection to an improving Company against unusually poor performance in a given year, due to factors beyond a Company's control (i.e., unusually severe

[26] Including all 19 years of company-specific historic data would allow some Companies to perform below the benchmarks set in D.T.E. 04-116 without a penalty (RR-DPU-1).

weather). Should the Department find that a Company's performance is degrading over time or is significantly substandard in a particular year, we may investigate whether the Company's use of the three-year rolling average option is inconsistent with the goals of the SQ program.

Regarding the second component of Scenario V, the Department finds that requiring each Company to improve its performance by half of its standard deviation by year ten is appropriate, as it contributes to our goal of continuous improvement. However, given the inconsistency, mentioned previously, between the Companies' description of Scenario V and the accompanying data, it is important to clarify the application of this component. A Company's performance benchmarks are based on the Company's historical ten-year average data (1996-2005). Accordingly, a minimum penalty would be incurred by a Company when its performance is worse than the lower penalty threshold, which is the Company's ten-year historical average (1996-2005) benchmark, plus one standard deviation. Similarly, a maximum penalty would be incurred by a Company when its performance is worse than the upper penalty threshold, which is the Company's ten-year historical average (1996-2005) benchmark, plus two standard deviations.

Under this component of the Companies' proposal which we adopt, over the course of ten years, the benchmark (and therefore the upper and lower penalty thresholds), will shift down by half the company-specific standard deviation making the benchmark more stringent over time. This downward shift of the SAIDI and SAIFI benchmarks is accomplished by three phases known as Glide Paths, whereby at the end of year three (Glide Path 2), the benchmarks shift down by one third of half (one-sixth) the standard deviation; at the end of year six the benchmarks shift down by another third of half (or one-sixth) the standard deviation (Glide

Path 3); and at the end of year nine the benchmarks shift down by the remaining third of half (or one-sixth) the standard deviation (Glide Path 4). The performance benchmarks remain fixed at the beginning of year ten and thereafter. The lower and upper penalty thresholds remain one and two standard deviations above the benchmarks, respectively.

With respect to the last component of the Company's proposal, the Department declines to reintroduce offsets.[27] The Department finds that the three-year averaging mechanism along with a standard deviation mechanism provides substantial protection from unwarranted penalties, unless a Company is a consistent poor performer (RR-DPU-1 [CORRECTED] at 8). Including offsets as an additional layer of protection would run counter to the Department's overall objective of improvement. Further, given the changes described in the sections that follow, allowing Electric Companies to apply offsets earned on the SAIDI and SAIFI metrics to non-reliability metrics would significantly weaken those metrics and risk allowing Company performance on those metrics to degrade below current standards. Therefore, the Department will not reinstitute the offset component of Scenario V.

The Department directs the Electric Companies to implement SAIDI/SAIFI benchmarks as follows: (1) use company-specific benchmarks based on ten years of historical data (1996-2005), which are identical to the benchmarks established in D.P.U. 04-116; (2) include a "Glide Path" method for continuous improvement, so that each Company's performance benchmarks will increasingly become more stringent relative to the Company's existing performance benchmarks over a ten-year period; and (3) instead of offsets adopt the three-year rolling average

[27] We note that offsets were not originally part of the Companies' Joint Motion, but were part of the Companies' Scenario IV proposed in response to Department information requests, and Senario V proposed subsequent to the technical session.

reporting option, which will allow an Electric Company to report either its performance data for the current reporting year or the three-year averaging of the prior two years and the current performance year data, whichever is lower (better). See D.P.U. 12-120-D SQ Guidelines at §§ I.C, IV, V. This metric shall be implemented as of January 1, 2016, which should be feasible given that the SAIDI and SAIFI benchmarks initially stay the same as under D.T.E. 04-116.

B. Poor Performing Circuits

1. Introduction

In 2006, the Department established a penalty metric targeting poor performing circuits called Poor Circuit Remediation ("PCR"). D.T.E. 04-116-A at 26-27. The goal of PCR is to provide an incentive for Companies to mitigate problem circuits that would not normally be captured by system level performance metrics (i.e., SAIDI and SAIFI). D.T.E. 04-116-A at 26-27. PCR identifies the distribution feeders or circuits with CKAIDI and CKAIFI[28] values for a reporting year that are among the top five percent worst performers in an Electric Company's service territory. D.T.E. 04-116-A at 26-27. Under D.T.E. 04-116, if a circuit appears for two consecutive years among the worst five percent of a Company's circuits, that circuit is classified as a "Problem Circuit." D.T.E. 04-116-A at 26-27. In year two, each Electric Company compares the mean CKAIDI and CKAIFI values of its Problem Circuit(s) to the mean CKAIDI and CKAIFI values of its full set of circuits (the "Comparison Test"). D.T.E. 04-116 26-27. Under D.T.E. 04-116, if the mean performance of the Problem Circuit(s) differs from the mean of all of the Company's circuits by more than one standard deviation, and the Problem Circuit(s)

[28] CKAIDI refers to Circuit Average Interruption Duration Index and CKAIFI refers to Circuit Average Interruption Frequency Index.

are not remediated by the end of the third year, a penalty is imposed. D.T.E. 04-116-A at 26-27. Electric Companies can be penalized for CKAIDI only if there is no penalty for SAIDI, and for CKAIFI only if there is no penalty for SAIFI. D.P.U. 12-120-B at 22.

With D.P.U. 12-120-C, the Department shifted the timing of the application of the Comparison Test from the second year to the third year so that it would apply in the same year that the penalty is calculated. D.P.U. 12-120-C at 50 & Att. A at 14. To enable this change, the Department added the classification of "Chronic Circuit," which is defined as any Problem Circuit that appears among the worst five percent of a Company's circuits at the end of the third reporting year. D.P.U. 12-120-C at 50 & Att. A at 14. Under D.P.U. 12-120-C, if the mean of the Chronic Circuits differs from the mean of all of the Company's circuits by more than two statewide standard deviations, and the Chronic Circuits were not remediated by the end of the third year, a penalty was imposed. D.P.U. 12-120-C at 50, & Att. A at 14. The Department rejected a request to allow Companies four years to remediate a poor performing circuit. D.P.U. 12-120-C at 50, & Att. A at 14. Additionally, the Department adopted the definition of "circuit"[29] as proposed by the Electric Companies with one modification. The definition of circuit included in the D.P.U. 12-120-C SQ Guidelines eliminated the clause that excluded "supply lines that have customers with auto transfer capabilities that are achieved in less than a minute." D.P.U. 12-120-C, Att. A at 1. While such outages do not count towards system and circuit level SQ metrics (i.e., SAIDI, SAIFI, CKAIDI, CKAIFI), momentary outages would be captured by MAIFI. D.P.U. 12-120-C, Att. A at 4.

[29] The Department uses circuit and feeder as interchangeable terms.

2. Summary of Comments

The Electric Companies request further clarification and reconsideration by the Department for the calculation method for the PCR metric (Joint Motion at 12). In particular, the Electric Companies maintain their request, made earlier in the proceeding, that the Department apply penalties resulting from poor performing circuits in the fourth year (instead of in the third year) (Joint Motion at 12). Further, the Electric Companies recommend changes to the definition of "circuit," stating that the Department's modification to the definition of circuit was not discussed at previous hearings, and does not work as drafted, and therefore needs to be revisited (Joint Motion at 12). Specifically, the Electric Companies argue that any circuit or feeder that does not directly feed customers, or is fully automated with redundant supply and is designed not to result in a sustained customer interruption, should not be included when determining the total number of circuits used for the PCR metric calculation (Companies Joint Comments at 12). The Electric Companies request that the Department explicitly exclude these circuits as part of the definition of circuit in order to avoid unfairly penalizing an Electric Company through the PCR metric (Companies Joint Comments at 12). Therefore, the Electric Companies propose a revised definition of circuit (Companies Joint Comments at 13). [30]

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[30] "Circuit" or "Feeder" means a system of conductors through which electric energy is delivered to the customer. A "Circuit" or "Feeder" begins at the terminals of the substation protective device or at the terminals of a supply line protective device and ends at the terminals of a transformer or the customer's point of interconnection with the utility system. The customers normally supplied by a given circuit do not change circuit assignment for temporary system configuration changes such as maintenance switching or restoration activities. *All customer interruptions occurring on a circuit or feeder shall be reported in the Service Quality Plan reliability results but to determine the specific circuits that are part of the set of poor performing circuits for the PCR metric, circuits that normally do not impact customer interruption, such as supply lines without customers fed directly, secondary network supply feeders or circuits that have installed*

The Attorney General does not make any specific recommendations relating to the PCR metric or definition of circuit.

3. Analysis and Findings

The Electric Companies raised two issues related to the CKAIDI/CKAIFI metrics: (1) definition of "circuit" and whether certain redundant (backup) supply feeders that are not directly tied to customers should be included in the list of total circuits/feeders analyzed in the calculation of the PCR metric; and (2) whether the PCR penalty is incurred when a circuit (or circuits) ranks among the top five percent worst performers for three or four consecutive years. We consider each of these below.

First, the definition of circuit denotes a distinct identity or name given to the section of an electric distribution system that is segmented into various parts, based on specific functions and electrical characteristics (e.g., voltage levels). Thus, determining which circuits should be included in the PCR metric is not related to the definition of a "circuit," per se. We find that changing the definition of circuit is not necessary to determine which circuits are appropriate in the PCR evaluation. Therefore, we maintain the current definition of circuit in D.P.U. 12-120-C, which is aligned with the industry's definition of circuit. See D.P.U. 12-120-D SQ Guidelines at § I. It is necessary, however, to clarify the type of circuits/feeders that should be included for purposes of calculating the PCR metric.

The Department understands the concerns raised by the Companies that tracking all circuits/feeders, including redundant/backup circuits that typically do not result in customer interruptions, may create a slightly longer list of circuits, and therefore, a slightly higher number

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automation for all customers such as auto transfer switches or auto customer switchgear will not be counted (Companies Joint Comments at 13)(*emphasis added*).

of circuits/feeders to be assessed under the PCR metric. If all circuits/feeders were to be evaluated under the PCR metric, it is likely that a redundant/backup circuit would not perform poorly for several years in a row. Therefore, such circuits would be immune from PCR penalties, as they are not likely to habitually rank in the top five percent worst performers in the third year.

Similar to the other reliability metrics, the circuit level performance tracked and monitored under PCR is performance that results in a customer interruption. Accordingly, the Department directs the Electric Companies, in each annual SQ report, to clearly identify the dedicated/assigned circuits/feeders feeding a customer or group of customers that will be used for PCR evaluation purposes. These circuits/feeders should be used to track and maintain data on all interruptions experienced by customers, regardless of where in the system the fault occurred. While this may create a shorter list of circuits/feeders than are currently evaluated under the PCR metric, the assigned circuits/feeders should still appropriately capture each customer's interruptions, as all interruptions affecting customers will be tracked in the CKAIDI/CKAIFI metrics through the circuits/feeders that are assigned to those customers. Furthermore, Electric Companies shall document and analyze all interruptions experienced by customers in all the electric reliability metrics, except those interruptions that fall under exclusions permitted under the SQ Guidelines.

Following utility best practice, all Electric Companies shall continue to track the performance of all circuits/feeders and other parts of the electric system, including backup and network systems. Interruptions within networks shall be tracked and maintained by unique identifiers that are designated by the Company (e.g., circuits supplying the networks).

Finally, we continue to require the application of the penalty for the PCR metric in the third consecutive year based on the same findings in the D.P.U. 12-120-C Order. See also D.T.E. 04-116-B at 25-26; D.P.U. 11-SQ-11-B. In D.P.U. 12-120-C, the Department found that customers on a poor performing circuit should not have to endure poor performance for four years before a Company remediates a circuit or faces a penalty. In addition, the Department moved the application of the Comparison Test to the third year at the request of the Electric Companies based on their planning needs, reflecting that three years is sufficient time to repair problem circuits. D.P.U. 12-120-C at 51. Given that the Department's above decision eliminating the statewide benchmark in D.P.U. 12-120-D, we direct each Company to calculate the PCR metric as described in the D.P.U. 12-120-C, with one exception: each Company is to use its company-specific mean to perform the Comparison Test instead of the statewide mean. Thus, if the mean of the Chronic Circuit(s) differs from the mean of all of the Company's circuits by more than two company-specific standard deviations, and the Chronic Circuit(s) are not remediated by the end of the third year, a penalty is imposed. See D.P.U. 12-120-D SQ Guidelines at §§ I.C, IV, V. This metric shall be implemented as of January 1, 2016.

C. MAIFI

1. Introduction

In D.T.E. 99-84, the Department directed that momentary outages or interruptions (e.g., outages or interruptions of electric service lasting less than one minute) were to be excluded from SAIDI, SAIFI, and customer average interruption duration data gathered by the Electric Companies. In D.P.U. 12-120-C, the Department acknowledged that not all Electric Companies are currently capable of collecting the data necessary to calculate an accurate Momentary

Average Interruption Frequency Index ("MAIFI") metric. However, as we expect that the Electric Companies' investments in grid modernization will increase their capability to collect these data, the Department directed the Electric Companies to continue to collect data on momentary interruptions. In particular, the Department directed the Electric Companies to: (1) submit in their Annual SQ reports a status report on their increased ability to measure momentary outages; and (2) report in the annual SQ reports any and all MAIFI data that they were able to collect in the reporting year. D.P.U. 12-120-C at 54-57.

2. Summary of Comments

The Electric Companies maintain that the definition of MAIFI is confusing and requires clarification (Joint Motion at 5). The Electric Companies reiterate that they currently have differing systems in place to measure MAIFI and differing capabilities to capture MAIFI-related data (Companies Comments at 14-15). The Electric Companies propose that the phrase "any and all MAIFI data" refers to data on momentary interruptions experienced by customers (i.e., service interruptions less than one minute in duration), rather than momentary outages occurring on the system with no impact to customers (Companies Comments at 14-15). The Electric Companies request that the Department clarify that the reporting requirement to submit "any and all MAIFI data" collected in a reporting year is actually intended to mean "any and all data on the number of momentary interruptions experienced by customers during the year" as quantified under the definition of MAIFI (Companies Comments at 14-15).

The Attorney General does not make any specific recommendations relating to the calculation of or the reporting requirements for MAIFI.

3. Analysis and Findings

The Electric Companies request that the Department clarify that the reporting requirement to submit "any and all MAIFI data" collected in a reporting year is actually intended to mean "any and all data on the number of momentary interruptions experienced by customers during the year" as quantified under the definition of MAIFI (Companies Joint Comments at 14-15).

With respect to momentary interruptions that are included in MAIFI reporting, D.P.U. 12-120-C SQ Guidelines define "MAIFI" as a measure of momentary interruptions of electric service of less than one minute, and an "interruption" as the loss of electric service to one or more customers connected to the distribution portion of the system that may be a result of one or more component outages, depending on system configuration. D.P.U. 12-120-C, Att. A at 4. As these definitions clearly indicate, only interruptions that affect customers are included in SQ reliability metrics (e.g., SAIDI, SAIFI, CKAIDI and CKAIFI). For this reason, only momentary interruptions experienced by a customer should be included in the development of the data used to calculate the MAIFI metric. Consequently, the Department agrees with the Electric Companies and reiterates that only interruptions affecting customers (except allowable exclusions permitted under the SQ Guidelines) are included in the reliability metrics. This clarification shall be implemented as of January 1, 2016.

D. Downed-Wire Response

1. Introduction

In D.T.E. 04-116, the Department directed the Electric Companies to form a stakeholder working group to develop uniform emergency response protocols, systematic data tracking and

recording, as well as communication protocols with fire and police departments and other stakeholders regarding utility response to downed wires. D.T.E. 04-116-A at 39. At that time, the Department stated that public safety considerations make it essential for Electric Companies to achieve and maintain a high standard for response times to downed wire calls, and that, in addition to the safety concerns associated with these incidents, fire and police who arrive on the scene of a downed wire remain at the site until a utility service crew arrives. D.T.E. 04-116-A at 37.

The Department adopted the working group's emergency response protocols in Electric Distribution Companies' Emergency Response Time Protocol, D.P.U. 08-112, Letter Order at 1-2 (December 23, 2010).[31] Specifically, the Department approved the uniform emergency response protocol and directed the Electric Companies to report their response times in their annual SQ reports. D.P.U. 08-112, at 2.

In D.P.U. 12-120-C, the Department established a penalty metric for Downed-Wire Response. Under D.P.U. 12-120-C, each Electric Company must: (1) measure and report its annual average response time[32] to Priority 1, 2, and 3 downed-wire calls; (2) achieve an average response time of one hour for 98 percent of Priority 1 downed-wire calls or face a penalty of 50 percent of penalty allocated to the metric; and (3) achieve an average response time of two hours

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[31] The emergency response protocol categorizes electric-related emergencies reported by municipalities as one of three priority levels: (1) Priority 1: Life Threatening - Respond as soon as possible with nearest trained resource; (2) Priority 2: Hindrance of Emergency Operations - Respond with next available resource; and (3) Priority 3: Nonthreatening Emergency Hazard - Respond with capable resource. D.P.U. 08-112, at 1-2.

[32] The Department originally proposed a metric based on total response times, but changed it to average response time, at the request of the Companies. D.P.U. 12-120-C at 62.

for 95 percent of Priority 2 downed-wire calls or face a penalty of 50 percent of the penalty allocated to the metric. D.P.U. 12-120-C at 62 & Att. A at 14. Additionally, the Department rejected the Electric Companies' request to exclude events for which longer response times resulted from coordination with affected municipalities. D.P.U. 12-120-C at 65, Attachment at 14.

2. Summary of Comments

The Electric Companies seek clarification and reconsideration on a number of items regarding the Downed-Wire Response metric. First, the Electric Companies claim that the SQ Guidelines do not detail how the average response times for less than 100 percent of priority downed-wire calls should be calculated (Joint Motion at 6). The Electric Companies state that the computation of the average response time for 98 percent of Priority 1 calls or 95 percent of Priority 2 calls may likely result in a value of less than one (Companies Comments at 8). The Companies request that the Department allow at least one event to be excluded from penalty where a decimal results from the computation (Companies Comments at 8).

Second, the Electric Companies state that the SQ Guidelines do not accurately reflect the Department's determinations in D.P.U. 12-120-C that the Downed-Wire Response metric only applies on blue sky days (Joint Motion at 6; Companies Comments at 8). They assert that the SQ Guidelines do not state that the Downed-Wire Response metric applies only on blue sky days; do not define blue sky days, and do not create an exclusion for Excludable Major Events (Joint Motion at 6; Companies Comments at 8). Thus, the Electric Companies argue that the SQ Guidelines must be revised to correctly reflect the applicability and effect of the Downed-Wire Response metric (Joint Motion at 6; Companies Comments at 8).

Third, the Electric Companies state that the SQ Guidelines do not accurately reflect the Electric Companies' proposal for exclusions due to coordination with affected municipal officials (Joint Motion at 7; Companies Comments at 9). The Electric Companies argue that they should have the opportunity to make a demonstration during the annual filing that exclusion of one or more events of longer durations is necessary and appropriate to reflect special circumstances that were managed jointly, effectively, and in coordination between the Electric Company and the municipality (Joint Motion at 7; Companies Comments at 9). Further, the Companies seek to exclude such data, and recalculate the annual performance result prior to determining penalties (Joint Motion at 7; Companies Comments at 9).

Fourth, the Electric Companies request clarification and reconsideration regarding certain items in the "Emergency Response Time Reporting Requirements" reporting form in D.P.U. 12-120-C, Att. B (Joint Motion at 7; Companies Comments at 9). For example, the Companies state that the information sought in the columns labeled "Reported Information" and "Nature of Emergency" appear to be duplicative. Also, the Companies argue that the new field for "Temporary Repair (Yes or No)" appears to be burdensome and unnecessary for tracking emergency response times for downed wires (Joint Motion at 7; Companies Comments at 9).

Fifth, the Electric Companies request that Nantucket Electric be excluded from this metric because the metric cannot reasonably be applied given the extremely small number of downed-wire calls it experiences (Joint Motion at 7; Companies Comments at 9-10). The Companies argue that no provision is made in the SQ Guidelines for proper or reasonable application (Joint Motion at 7; Companies Comments at 9-10).

Lastly, the Electric Companies assert that Priority 2 calls that exist during a Type 4 Emergency Response Plan event (gray sky day) should be tracked for three years before being subject to a penalty (Companies Comments at 10). Due to the escalating nature of such events, the unknown type of trouble, and the limited data collected during Type 4 events, the Electric Companies claim that there is not enough data available to set a reliable benchmark (Companies Comments at 10). Further, the Electric Companies assert that the Department has not explained its reasons for not implementing benchmarks without first collecting historical data (Companies Reply Comments at 7).

The Attorney General recommends that the Department maintain the metric for Downed-Wire Response per the D.P.U. 12-120-C SQ Guidelines (Attorney General Reply Comments at 7). In the event that the Department does consider changing its Downed-Wire Response metric, however, the Attorney General proposes that the Department ensures that it has adequate information from interested parties about public safety concerns as well as operational capabilities and challenges of the Electric Companies (Attorney General Reply Comments at 7). Therefore, the Attorney General recommends that the Department convene a technical session or a working group to provide all stakeholders, including the fire chiefs, the Electric Companies, and the Attorney General's Office, the opportunity to participate (Attorney General Reply Comments at 7).

3. Analysis and Findings

First and foremost, the Department reiterates that responding to and addressing every downed wire is critical for public safety and we expect the Companies to handle each event with urgency, as necessitated by response priorities. D.P.U. 12-120-C at 61, 64. Timely downed wire

response requires, among other things, advanced preparation, adequate and trained resources, appropriate communication protocols, and coordination with municipalities. In addition, in contrast to our reliability metrics where the severity of the penalties increases exponentially as a Company's performance worsens, the Downed-Wire Response metric may penalize a Company disproportionally for fewer downed wire events. For these reasons, the Department concludes that further assessment of the Downed-Wire Response metric is warranted, to ensure that penalties proportionally coincide with a Company's performance, not only in relation to response time, but also in relation to the quality of communication and coordination with municipalities and the availability of resources necessary for addressing downed wires safely.

We recognize that the majority of downed-wire incidents happen during weather events, not day-to-day operations. We also recognize that any investigation of the Companies' response to downed wires should occur on an event-by-event basis, should the Department find that an investigation is warranted. This approach is consistent with the investigations conducted under the Department's Emergency Response Preparation ("ERP") regulations. 220 C.M.R. § 19.00 et seq. Under the ERP regulations and Guidelines, the Department has authority to investigate and levy a penalty for failure to respond to widespread outages in a safe and reasonably prompt manner, including Company response to downed wires. 220 C.M.R. § 19.00 et seq.

We find that assessing downed-wire response under the ERP regulations as opposed to the SQ Guidelines is preferable at this time because: (1) it allows the Department the flexibility to scrutinize each downed-wire event on a case-by-case basis, as each event is unique, so that a Company would incur penalties if and when its response to an event was found to be deficient by the Department; (2) even if an Electric Company meets the proposed percentages for the

D.P.U. 12-120-C Downed-Wire Response metric, it does not guarantee that its response to the excluded 2-5 percent was reasonable or safe; and (3) a penalty for response to downed wires should not only consider the annual average response time described in D.P.U. 12-120-C, but should also include a holistic examination of the Company's overall efforts undertaken to address downed wires safely, including, but not limited to, preparation, communications, and coordination with municipalities. Although extremely rare, there may be instances in which a specific downed-wire event that occurs during normal weather events may warrant a special inquiry by the Department. The Department may address such rare events when and if they occur, on a case-by-case basis.

For the reasons above, the Department concludes that the Downed-Wire Response metric shall be a reporting metric in the SQ Guidelines, at this time.[33] The Department directs the Companies to report all downed-wire response data in their annual SQ reports.[34] See D.P.U. 12-120-D SQ Guidelines at § VI. The Department has revised the reporting form/template to ensure that there are no duplicative fields. See D.P.U. 12-120-D Attachment B. This reporting requirement shall be implemented as of January 1, 2016.[35]

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33 The Department may revisit this issue to determine whether a Downed-Wire Response penalty metric should be implemented in the SQ Guidelines, after sufficient data is collected.

34 Because the Downed-Wire Response metric will remain a reporting-only metric, Nantucket is required to comply with this reporting requirement. In addition, because there are no longer penalties associated with this metric, we do not address the Companies' request to exclude certain response times due to coordination with municipalities.

35 With respect to the Attorney General's recommendation that, in the event that the Department considers changing the Downed-Wire Response metric, the Department should convene a technical session or a working group to provide all stakeholders,

In addition to the downed wire response data filed as part of the annual SQ reports, the Department reiterates the requirement that the Electric Companies: (1) report and maintain within a 24-hour period, any accidents related to downed wires that results in electrical shock, injury or fatality, in the outage reporting protocol system ("ORP"); and (2) by e-mail, notify the Department's Chief of Staff and the Director of the Electric Power Division of any downed wire incident that results in electrical shock, injury or fatality when they occur. See G.L. c. 164, § 95; D.P.U. 12-120-D SQ Guidelines at § VII.

E. Definition of Critical Facilities

1. Introduction

In D.P.U. 12-120-C, the Department added the definition of "critical facility" to the SQ Guidelines.[36] D.P.U. 12-120-C at 69 & Att. A at 2.

2. Summary of Comments

The Electric Companies request that the Department clarify and reconsider the definition of "critical facilities" as stated in the SQ Guidelines under D.P.U. 12-120-C (Joint Motion at 8).

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including the fire chiefs, the Electric Companies, and the Attorney General's Office, the opportunity to participate, we note that the Companies and the Attorney General have been given ample opportunity to participate in this docket and no fire chief elected to participate thus far. The fire chiefs, however, have participated in many of the ERP and storm proceedings dealing with downed wires during weather events. See, e.g., D.P.U. 14-72; D.P.U. 11-85-A/11-119-A; D.P.U. 11-85-B/11-119-B; D.P.U. 11-119-C; D.P.U. 11-03; D.P.U. 09-01-A.

[36] "Critical Facility" means a building or structure where the loss of electrical service would result in disruption of a critical public safety function. Critical Facilities *may include, but are not limited* to hospitals, police and fire stations, airports, emergency management agencies, acute/post-acute medical facilities with life sustaining equipment, water sewer, pump stations, evacuation centers, and emergency communications centers which serve a life safety function (E911 centers). These facilities are typically required by the town or state to have emergency generation or provisions for emergency generation on site in order to address safety concerns. D.P.U. 12-120-C, Att. A at 2 (emphasis added).

The Electric Companies assert that the Department's definition of "critical facility," made it broader than what the Electric Companies had originally proposed (Joint Motion at 7). Further, the Electric Companies argue that Department's addition of the phrase "may include but not limited to" creates ambiguity and excessive difficulty for implementation (Joint Motion at 7). The Electric Companies propose to use the definition of "critical facility" that was approved by the Department for the ERPs, so that there is consistency with the ERPs (Joint Motion at 8; Companies Joint Reply Comments at 8).

3. Analysis and Findings

For the definition of critical facility, the Department included the language "may include but not limited to" in order to ensure that all priorities agreed to by an Electric Company and a municipality are reflected in the list of critical facilities, but we recognize the Companies' concerns about ambiguity. We, therefore, revise the definition of critical facilities by replacing the phrase "may include, but are not limited to" with "are those facilities deemed critical by both the Electric Company and the municipality," followed by "examples of critical facilities may include." We note that a facility that is critical to one municipality may not be critical to another municipality, and not all the municipalities will have an identical list of critical facilities. Therefore, the critical facility list for each municipality shall include all facilities identified by the Company and the municipality as critical. With respect to the Companies' proposal to use the definition in the ERP plans, we note that there is no standard definition of "critical facilities" in the Companies' ERP plans, so we cannot simply use one Company's definition in the SQ Guidelines.

IV. GAS COMPANY METRICS

A. Introduction

The Companies recommend several changes to the gas Odor Call Response metric, including clarification of rounding rules included in D.P.U. 12-120-C, and reconsideration of the timing of gas Odor Call Response exception reports.

B. Rounding of Gas Odor Call Data

1. Introduction

Under D.T.E. 04-116, each Gas Company is required to respond to 95 percent of all Class I and Class II odor calls[37] within 60 minutes. D.T.E. 04-116-C, Appendix 2007, at 11. Under D.P.U. 12-120-C, the Department required all Gas Companies to respond to 97 of all Class I and Class II odor Calls within 60 minutes. D.P.U. 12-120-C, Att. A at 15. The Department further directed that when calculating performance, Gas Companies shall not round or truncate any raw data beyond the automatic truncation performed by Microsoft Excel. D.P.U. 12-120-C at 113. In addition, the Department directed that all calculated performance results be rounded to the 1000th decimal place. D.P.U. 12-120-C at 113. These directives on rounding were designed to create a uniform requirement, and enhance the accuracy of metrics that have been rounded to fewer decimal places previously. D.P.U. 12-120-C at 113.

2. Summary of Comments

The Gas Companies seek clarification of the requirement that Companies cannot round or truncate raw data and must report Odor Call Response performance to the 1000th decimal point

[37] A Class I Odor Call is a call that relates to a strong odor of gas throughout a household or outdoor area, or a severe odor of gas from a particular area. A Class II Odor Call is a call involving an occasional or slight odor of gas at an appliance. D.T.E. 04-116-C, Appendix 2007, at 2.

(Joint Motion at 8). The Gas Companies argue that it is not possible to report to the thousandth decimal place for the gas Odor Call Response metric because they do not track odor calls to include seconds (Joint Motion at 8). The Gas Companies, therefore, argue that response times should be rounded to the minute (Joint Motion at 8). In response, the Attorney General suggests the Gas Companies do their best to comply with the SQ Guidelines and make a note of this issue in their annual SQ reports (Attorney General Reply to Joint Motion at 2).[38]

3. Analysis and Findings

The Department notes that we have not required Gas Companies to change the way they collect raw data relating to odor call response time; collecting odor call response time in minutes has been and continues to be an acceptable approach. Further, we note that a Gas Company's performance on the Odor Call Response metric is not reported in minutes or seconds, but as a percentage of odor calls responded to within 60 minutes, which can be rounded to the 1000th decimal. Therefore, the Department clarifies and maintains the requirement of reporting performance results in the gas Odor Call Response metric to the 1000th decimal. See D.P.U. 12-120-D SQ Guidelines at §§ IV, VII.

C. Gas Odor Call Response Exception Reports

1. Introduction

In D.P.U. 12-120-C, the Department instituted a new requirement that all Gas Companies submit two monthly exception reports. D.P.U. 12-120-C, Att. A at 15. The first is a report on incidents in which the Company did not meet the 60-minute standard, and the second is a report

[38] The issue of rounding data relating to odor calls was not addressed at the September 25, 2015 technical session and was not addressed in the comments submitted by the Companies or the Attorney General.

on the incidents in which a Company employee failed to properly activate the time measurement device when responding to an odor call. D.P.U. 12-120-C, Att. A at 15. In addition, the Department required each Gas Company to file an annual summary report with its annual SQ report summarizing each set of monthly reports. D.P.U. 12-120-C, Att. A at 16.

2. Summary of Comments

The Gas Companies request reconsideration of the requirement to file the two exception reports on a monthly basis (Joint Motion at 8). The Gas Companies argue that gas odor response information takes time to process, review, and validate, in order to prepare these types of reports (Joint Motion at 8). Further, the Gas Companies assert that they would have to devote an unreasonable amount of time to prepare these reports on a monthly basis (Joint Motion at 8). The Companies claim that monthly exception reports are overly burdensome and the Department should require the same information to be provided in an annual report for the Department's investigation in SQ dockets (Joint Motion at 8-9).[39]

3. Analysis and Findings

Public safety considerations make it essential for timely reporting to the Department when a Gas Company fails to meet the 60 minute Odor Call Response metric. Similarly, public safety considerations make it essential for the Department to monitor, on a timely basis, instances in which an employee failed to properly activate the time measurement device when responding to a gas odor call. Receiving this information with the annual SQ reports will not provide the Department with the opportunity to consider the information in a timely manner. The

[39] The issue of monthly reporting was not addressed at the September 25, 2015 technical session and was not addressed in the comments submitted by the Companies or the Attorney General.

Department finds, however, that reporting on a monthly frequency would be overly burdensome without providing significant additional benefit to public safety than a quarterly frequency may provide. We, therefore, conclude that quarterly reporting of incidents in which the Gas Company failed to meet the 60-minute standard or when a Company employee failed to properly activate the time measurement device would strike an appropriate balance between the Department's need for timely information and the burden on Gas Companies to provide it.

Accordingly, the Department requires that each Gas Company provide a quarterly exception report, identifying all the Class I and Class II Odor Call conditions during the previous three months for which the Gas Company did not meet the 60-minute standard, including the date of the odor call, the location, the time by which the Gas Company's response exceeded 60 minutes, and the reason for failing to meet the standard. Second, the Department requires that each Gas Company provide a quarterly exception report identifying the instances in which a Gas Company employee responding to an Odor Call failed to properly activate the time measurement device in the responding vehicle for those Gas Companies possessing automatic time measurement devices, including the date of the odor call, the time the odor call was received, the time the Gas Company dispatched its employee(s) to the location, the time the Gas Company employee arrived at the location, the time the on-site button was activated, the reason for not activating the on-site button appropriately, and identification of the person who authorized/entered the override. In addition to these two quarterly exception reports, each Gas Company shall file an annual summary report with its annual SQ report summarizing the data from each of the quarterly exception reports. See D.P.U. 12-120-D SQ Guidelines at VI. These requirements shall be implemented as of January 1, 2016.

V. CUSTOMER SERVICE METRICS

A. Introduction

The Companies seek reconsideration of several aspects of the Customer Complaints metric, the Service Appointments metric, and the penalties associated with Customer Satisfaction Surveys.

B. Customer Complaints

1. Introduction

Under D.T.E. 04-116, the SQ Guidelines measure complaints received by the Department for each Company, by measuring the number of Consumer Division Cases per 1,000 residential customers for each Company. D.T.E. 04-116-C, Appendix 2007, at 6-7.[40] Pursuant to D.T.E. 04-116-B, the Department compiles data on a monthly basis on the number of Consumer Division Cases per 1,000 residential customers. Under D.T.E. 04-116, the Department provides this compiled data to each Gas and Electric Company, and each Company has 60 days to dispute the classification of a complaint as Consumer Division Case for SQ purposes. This review is necessary because not all contacts a customer may make to the Department are counted in the Companies' SQ performance data.[41] Traditionally, Consumer Division Cases has been limited mainly to residential billing and termination issues, including issues relating to billing, credit, denial of service, meters, and service quality. D.T.E. 04-116-B at 4; D.P.U. 12-120-B at 57,

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[40] Consumer Division Cases are residential complaints, as defined in the SQ Guidelines, made to and investigated by the Consumer Division. D.P.U. 12-120-C, citing D.T.E. 04-116-C, Appendix 2007, at 6-7.

[41] Under D.T.E. 04-116, commercial and industrial complaints, sanitary code matters, referrals, and rate matters are automatically excluded from the Consumer Division's monthly tabulation of cases for service quality annual reporting purposes provided to the Companies on a monthly basis. See D.T.E. 04-116-C, Appendix 2007, at 6-7.

n. 39. Under D.T.E. 04-116, each Company's benchmark is set based on its company-specific, historical performance. D.T.E. 04-116-C, Appendix 2007, at 6-7.

In D.P.U. 12-120-C, the Department made several changes to this metric. First, the Department separated out complaints related to credit matters creating one metric for Customer Complaints and one metric for Customer Credit Cases. D.P.U. 12-120-C at 81-83, 86. Second, the Department included complaints from C&I customers in the Customer Complaints metric. D.P.U. 12-120-C at 81-82.[42] Third, the Department reduced the time for Companies to dispute the Department's classification of a customer contact as a Customer Complaint or Customer Credit Case from 60 days to 20 days. D.P.U. 12-120-C at 84-85.[43] Lastly, the Department set a statewide benchmark for Customer Complaints. D.P.U. 12-120-C at 81.[44] The statewide benchmark was based on the mean of the number of Customer Complaints recorded by the Department for all Companies for the years 2011-2013, plus a statewide standard deviation. D.P.U. 12-120-C at 81. The Companies have sought reconsideration of several of these changes.

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42 In order to establish an appropriate statewide benchmark including C&I complaint data for the Customer Complaints metric, the Department required Companies to collect data regarding C&I complaints over a three-year period beginning January 1, 2015. D.P.U. 12-120-C at 81. The Department would add the C&I complaint data to the statewide benchmark after three years of data was collected.

43 The Order further stated that the Consumer Division would accept or reject a Company's dispute within 20 days from the date the Department received the disputed classification. D.P.U. 12-120-C at 85.

44 Customer Credit Cases retained a company-specific benchmark under D.P.U. 12-120-C at 89.

2. Commercial and Industrial Customers

a. Summary of Comments

The Companies request that the Department reconsider its decision to include C&I customer complaints in the Customer Complaints metric (Joint Motion at 9; Companies Comments 6; Companies Reply Comments at 8). The Companies state that the Department did not address or consider the potential that including C&I customer complaints in this metric would substantially increase the likelihood of litigation and workload before the Department if the Department makes these types of complaints part of the SQ process (Joint Motion at 9; Companies Comments at 6-7; Companies Reply Comments at 8-9). The Companies also state that it is unnecessary and unreasonable to include C&I customer complaints as there are processes outside the Department for C&I customers to seek resolution of disputes (Joint Motion at 9; Companies Comments at 7).

b. Analysis and Findings

Based on further review and consideration, the Department will not include C&I customer complaint data in the Customer Complaints metric. While the Department is not persuaded that including C&I customer complaints in the Customer Complaints metric will cause undue burden on the Department, the Department has determined that focusing SQ on measuring residential customer complaints will have the most meaningful customer impact. Further, the Department recognizes that many C&I customers are sophisticated utility customers with access to processes outside the Department for resolution of their concerns. Accordingly, Companies

are not required to track or report C&I customer data as part of their annual SQ reports.[45] See D.P.U. 12-120-D SQ Guidelines at §II.

3. Time Period to Dispute Classifications of Complaints

a. Summary of Comments

The Companies request that the Department reconsider its decision to provide the Companies with 20 days in which to dispute the Consumer Division's classification of a complaint as a Customer Complaint or a Customer Credit Case (Joint Motion at 9; Companies Comments at 7). The Companies state that the reduction to 20 days unnecessarily limits the Companies' ability to investigate these classifications (Joint Motion at 10; Companies Comments at 8). The Companies request that the Department allow for a 60-day period to dispute the Consumer Division's classifications (Joint Motion at 10; Companies Comments at 8). Alternatively, the Companies request that the Department extend the objection period to at least 30 days (Exh. DPU-TS-32).

The Companies also note that the SQ Guidelines do not contain a provision requiring the Consumer Division to accept or reject, within 20 days, a Company's dispute as to the classification of a complaint as either a Customer Complaint or Customer Credit Case (Joint Motion at 10; Companies Comments at 8; Companies Reply Comments at 10). The Companies request that this decision be reconsidered to memorialize a 20 day acceptance or denial timeframe (Joint Motion at 10; Companies Comments at 8). The Companies state that the receipt of a timely acceptance or rejection of a Company's dispute of a classification is critical

[45] The Department will continue to consider C&I customer complaints on a case-by-case basis.

given that both the Customer Complaint and Customer Credit Cases metrics carry the possibility of penalties (Joint Motion at 10; Companies Comments 8).

b. Analysis and Findings

The Department will provide the Companies with 45 days to dispute the Department's classification of a complaint as a Customer Complaint or a Customer Credit Case. See D.P.U. 12-120-D SQ Guidelines at §II. The Department is persuaded by the Companies' arguments that their ability to investigate the classifications would be too limited under a 20-day deadline. The Department finds that 60 days is unnecessarily long, especially in light of the fact that the Companies will no longer be required to review C&I complaint classifications. With respect to the Companies' request that the Department memorialize, in the SQ Guidelines, the Department's statement in D.P.U. 12-120-C that it would accept or reject a Company's dispute within 20 days, we note that the SQ Guidelines provide the framework and requirements applicable to Company performance, not the Department's performance. Memorialization of this requirement in an Order is sufficient. However, in light of the extended time frame for the Companies to submit disputes, the Department will require 45 days to accept or reject Company disputes.

4. Customer Complaints Benchmark

a. Summary of Comments

The Companies request that the Department reconsider its decision to set a statewide benchmark for Customer Complaints (Joint Motion at 9; Companies Comments at 6; Companies Reply Comments at 9). The Companies argue that the Department did not adequately consider or address the Companies' concerns regarding the factors affecting customer complaints, and

how those factors are specific in different periods to different companies (Joint Motion at 9; Companies Comments at 7; Companies Reply Comments at 9). The Companies also state that the historical use of company-specific customer complaint benchmarks has afforded the Companies great flexibility to coordinate with the Department based on subjective elements (Companies Reply Comments at 10, citing Tr. at 191-192). Further, the Companies maintain that they did not collect data on "Customer Complaints" and "Customer Credit Cases" separately on a historical basis and are not able to disaggregate their historical data into these two categories now (Companies Comments at 7; RR-DPU-4). Although the Department provided disaggregated data to the Companies, the Companies state that the data provided by the Department does not match the Companies' data (RR-DPU-4). The Companies state that they could potentially develop company-specific benchmarks with further information and more data from the Department (RR-DPU-4). Alternatively, the Companies request that the Department allow for the development of company-specific benchmarks using data collected over the next three years (Companies Comments at 7; RR-DPU-4).

b. Analysis and Findings

Consistent with our decisions on other metrics, the Department finds that company-specific benchmarks most accurately capture each Company's capabilities and are, therefore, more appropriate at this time. To ensure that the Customer Complaints metric is reasonable and achievable, the Department will maintain a company-specific benchmark based on historical data. See D.P.U. 12-120-D SQ Guidelines at § II. In order to set the company-specific benchmarks, the Companies are directed to collect data for three years beginning January 1, 2016 through December 31, 2018 separately for both Customer Complaints and Customer Credit

Cases.[46] The new Customer Complaints metric and Customer Credit Cases metric will be implemented, for penalty purposes in January 1, 2019. The current Consumer Division Cases metric will remain in place for penalty purposes until the new benchmarks are set.

C. Service Appointments

1. Introduction

Under D.T.E. 04-116-C, the Service Appointments metric requires each Company to meet a certain percentage of service appointments on the same day as originally scheduled. D.T.E. 04-116-C, Appendix 2007, at 6. The benchmark is company-specific based on each Company's historical performance and is penalty-eligible. The Service Appointment metric applies only to appointments that require the presence of the customer. D.T.E. 04-116-C, Appendix 2007, at 6. Under D.T.E. 04-116-C, the Department determined that a Company seeking an exclusion from a penalty as a result of appointments missed due to emergencies and severe weather conditions must provide justification in its annual SQ report. D.T.E. 04-116-C, Appendix A, at 21, n. 1. In D.P.U. 12-120-C, the Department made several changes to this metric.

First, the Department stated that the Service Appointments metric includes all appointments, whether initiated by the customer or the Company. Second, the Department revised the Service Appointments metric to apply to appointments that do not require the presence of the customer. D.P.U. 12-120-C at 98. Third, the Department revised the Service

[46] In D.P.U. 12-120-C, the Department adopted a company-specific historical benchmark for Customer Credit Cases, but stated that it would hold a working group to set the benchmark. D.P.U. 12-120-C at 89. Consistent with our decision on Customer Complaints above, we will collect data on Customer Credit Cases for three years prior to setting the company-specific benchmarks rather than holding a working group.

Appointments metric to apply to both same day appointments and appointments scheduled in advance. D.P.U. 12-120-C at 98. Fourth, the Department required that all appointments be met within a 4-hour or an all-day appointment window. D.P.U. 12-120-C at 98-99. Fifth, the Department required at least 24-hour notice of cancellation in order to exclude company-cancelled appointments from the performance data for missed appointments. D.P.U. 12-120-C at 99. Sixth, the Department required company personnel to arrive at the customer location to confirm customer unavailability in order to exclude the appointment from the performance data for missed appointments. D.P.U. 12-120-C at 99. Seventh, the Department required Companies to submit a request to the Department to exclude rescheduled appointments due to emergencies within 30 days of an emergency. D.P.U. 12-120-C at 99, Att. A at § II. Lastly, the Department required Companies to collect data based on the new Service Appointments metric on a monthly basis for three years before setting a benchmark. D.P.U. 12-120-C at 100. The Companies seek reconsideration of several of these changes.

2. Customer Presence and Same Day Appointments

a. Summary of Comments

The Companies request that the Department reconsider its decision to include same day appointments and appointments for which the customer does not need to be present in the Service Appointments metric (Companies Comments at 4; Companies Reply Comments at 11).[47]

[47] The Companies do not specifically mention this in their Joint Motion, but reference inconsistencies between the Order in D.P.U. 12-120-C and the attached SQ Guidelines. The Companies argue that D.P.U. 12-120-C at 98, which states that the Service Appointments metric applies to "all appointments, whether initiated by the Company or the customer, whether or not the customer must be present," is in conflict with the revised SQ Guidelines at Section II which state that the Service Appointments metric applies to appointments "originally scheduled" (Companies Comments at 5, n. 1).

Same day appointments are appointments scheduled to occur on the day that an appointment is requested, and are often appointments for which the customer does not have to be present (see Companies Comments at 4). The Companies assert that including same day appointments in the Service Appointments metric substantially limits their ability to efficiently manage work load and will negatively impact customer experience (Companies Comments at 4-5). The Companies contend that any appointment that the Company stretches to make on the same day as the customer calls, but then must miss due to other priority work, would count as a missed Service Appointment (Companies Comments at 4-5). The Companies argue that the unintended effect of this requirement is that the Companies will schedule fewer same day appointments (Companies Comments at 4-5). As a result, the Companies argue that customers' experience will be negatively impacted because customers will have to wait for an available scheduled appointment window, rather than the Company trying on a "best-efforts" basis to meet the customer's request on the same day (Companies Comments at 4). In addition, the Companies contend that including appointments for which the customer does not need to be present, will similarly impact customer service because many of these appointments are not scheduled in advance (Company Comments at 4; Companies Reply Comments at 12). Further, Companies have seen a dramatic increase in electric service appointments as a result of making appointments for which the customer did not need to be present (Companies Reply Comments at 12).

b. Analysis and Findings

Based on further review and consideration, the Department will not include same day appointments in the Service Appointments metric. See D.P.U. 12-120-D SQ Guidelines at § II.

The Department understands that including same day appointments may have the unintended effect of Companies scheduling fewer same day appointments, which will negatively impact customers who would prefer to schedule same-day on a "best-efforts" basis, rather than wait for the next available pre-scheduled appointment. Accordingly, the Service Appointments metric will apply only to pre-scheduled appointments. The Department, however, expects that when scheduling these types of same day appointments that customers are adequately informed that the appointment is scheduled on a "best-efforts" basis and may not be met due to priority. For the same reasons, the Department also will not include appointments in the Service Appointments metric if the customer is not required to be present for the appointment. See D.P.U. 12-120-D SQ Guidelines at § II. The Department finds that this requirement may create an unnecessary burden on Company resources without meaningful customer impact. If the Company is performing a service at the customer location that impacts the customer's ability to use their utility service when they arrive back to their service location, the Companies are strongly encouraged to keep those appointments or reschedule them with at least 24 hours notice.

3. Requirement to Arrive at Customer Location

a. Summary of Comments

The Companies request that the Department reconsider its decision to require a physical visit to the customer location in order to confirm customer unavailability (Joint Motion at 11; Companies Comments at 4). The Companies argue that confirming customer unavailability through a physical visit to a customer's premises creates substantial inefficiencies including added labor, vehicle, and fuel costs for those Companies that do not currently make a physical visit to customer premises (Companies Comments at 4). According to the Companies, this

metric will also reduce the number of customer appointments that can be completed in a day, week, or month (Joint Motion at 11). The Companies maintain that all Companies have a process in place to coordinate with the customer by phone or other electronic means (Companies Comments at 4-5, citing Tr. at 121, 122-123). Further, the Companies argue that they have longstanding practices in place to make arrangements with customers at the time of scheduling as to the protocol to determine customer availability on the day of the appointment (Companies Comments at 5).

Many of the Companies state that they prefer to use a call-ahead process for verifying customer presence for an appointment and should be allowed to do so in the interests of efficiency and customer convenience (Companies Comments at 6; Companies Reply Comments at 12). The Companies propose that those Companies that prefer a call-ahead plan should present an alternative plan to the Department for review and approval (Companies Comments at 6).

b. Analysis and Findings

Based on further review and consideration, the Department will not require Companies' technicians to visit each customer's premise to determine customer availability. The Department is persuaded by the Companies' assertions that visiting each premise to determine whether a customer is available will reduce the number of customer appointments that can be completed in a day. We find that the implementation of call-ahead protocols by several Companies has made physical visits to verify customer availability unnecessary for those Companies. We understand, however, that some Companies do make physical visits. Accordingly, Companies who prefer to use a call-ahead procedure are not required to visit a customer's premise in order to verify that

the customer is unavailable in order to exclude the appointment from the performance data for missed Service Appointments metric, but the call-ahead process must consist of at least two attempts. If Companies continue to visit the customer location to verify customer availability, they do not need to implement a call-ahead protocol. See D.P.U. 12-120-D SQ Guidelines at § II.

4. Exclusion for Missed Appointments Due to Customer Unavailability and Emergencies

a. Summary of Comments

The Companies request that the Department reconsider its decisions to require each Electric and Gas Company to submit a request to the Department to exclude rescheduled appointments due to (a) emergencies and (b) customer unavailability, within 30 days of the emergency or confirmation of customer unavailability (Joint Motion at 11; Companies Comments at 6). The Companies argue that this requirement is onerous and unduly burdensome, and therefore recommend that the Department eliminate these requirements (Joint Motion at 11; Companies Comments at 6). Further, the Companies maintain that if a Company arrives at the customer premises during the scheduled time window and finds the customer not home or otherwise unavailable, the appointment should be considered "met" so that a request for exclusion is unnecessary (Companies Comments at 6).

b. Analysis and Findings

Based on further review and consideration, the Department will not require Companies to submit requests for exclusion of appointments where customer unavailability has been confirmed with two phone calls or a physical visit. As a result of the changes made above, these appointments are not missed appointments and therefore do not require a specific request for

exclusion. Accordingly, the Department will eliminate this requirement. The Department will, however, modify the requirement that Companies submit a request to the Department to exclude rescheduled appointments due to emergencies. The Companies may exclude from their performance calculation appointments missed due to emergencies and are directed to identify each excluded appointment and explain the nature of the emergency as part of their annual SQ reports. See D.P.U. 12-120-D SQ Guidelines at § II.

5. Implementation

a. Introduction

In D.P.U. 12-120-C, the Department determined that the Service Appointments metric, established in D.T.E. 04-116-C, would remain in effect from 2015-2017. D.P.U. 12-120-C at 119. The Department required Companies to track and report data consistent with the new metric in 2015-2017, for reporting purposes. D.P.U. 12-120-C at 119.

b. Summary of Comments

The Companies state that implementation of the changes for the standardized four-hour appointment window and inclusion of all appointments in the metric will require information system changes and other process changes of some degree so that implementation cannot occur as of January 1, 2015 (Joint Motion at 10). The Companies maintain that implementation should be delayed by one year to January 1, 2016 (Joint Motion at 10-11). The Companies state that they will begin collecting data based on the new metric on a monthly basis for three years beginning on January 1, 2016 until December 31, 2018 (Joint Motion at 10).

c. Analysis and Findings

The Department finds that implementation of this metric for data collection purposes

should commence on January 1, 2016, and that the Companies should start collecting this data at that time. The Department finds that Companies will not need the same amount of time to implement changes given that the Department has removed some of the requirements of D.P.U. 12-120-C with this Order.[48] The revised Service Appointments metric as explained in this Order will become a penalty metric on January 1, 2019. The Department will retain the Service Appointment metric from D.T.E. 04-116-C for penalty purposes until December 31, 2018.[49]

D. Customer Satisfaction Surveys

1. Introduction

Under D.T.E. 04-116-C, the SQ Guidelines include two customer satisfaction surveys to be performed by each Gas and Electric Company: (1) a customer-specific survey whereby survey participants are randomly selected from all customers who have contacted the Company's customer service department during the year; and (2) a general residential customer survey whereby survey participants are randomly selected from all residential customers in the Company's service territory. D.T.E. 04-116-C, Appendix 2007, at 7-8.

The customer-specific survey asks "How well did the customer service department of [your distribution Company] respond to your call?" and "How courteous was the customer service department of [your distribution Company]?" D.T.E. 04-116-C, Appendix 2007, at 7-8.

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48 We also note that the Companies did not suggest an alternative implementation date in their comments or reply comments.

49 Companies will therefore report data consistent with the revised D.P.U. 12-120-D metric and the D.T.E. 04-116-C metric for 2016, 2017, and 2018, but penalty calculations shall be based on the data collected under the D.T.E. 04-116-C metric during those years.

The residential customer survey asks "How satisfied are you with the service, excluding price, that you are receiving from [your distribution Company]?"[50] D.T.E. 04-116-C, Appendix 2007, at 7-8. Customers are asked to rate their Gas or Electric Company for each question on a scale from 1 (lowest) to 7 (highest). D.T.E. 04-116-C, Appendix 2007, at 7-8. The Companies report the survey results to the Department annually. See, e.g., Bay State Gas Company 2012 Service Quality Report, D.P.U. 13-SQ-01 (Filing); Berkshire Gas Company 2012 Service Quality Report, D.P.U. 13-SQ-02 (Filing). In D.T.E. 99-84, the Department stated that it considers survey data to be useful as a broad indicator of consumer satisfaction with utility services. D.T.E. 99-84, at 14 (August 17, 2000).

The Customer Satisfaction Surveys adopted in D.T.E 99-84 and D.T.E. 04-116 were reporting-only metrics with no penalties attached. See D.T.E. 04-116-C, Appendix 2007, at 8. In D.P.U. 12-120-C, however, the Department established penalties associated with the existing customer-specific survey and the general residential survey described above. Further, the Department stated that it would conduct a working group to create surveys focused on first contact response and ease of doing business.[51] D.P.U. 12-120- C at 107-108.

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50 In 2006, the Department changed the wording of the residential survey to its present wording and reiterated that the survey is intended to gauge customer satisfaction for the services provided by each Company. D.T.E. 04-116-A at 5.

51 In D.P.U. 12-120-B, the Department had proposed two new penalty-eligible surveys including first contact response and the ease of doing business, but was ultimately persuaded that the wording of the surveys required refinement. D.P.U. 12-120-C at 101-102, 107-108.

2. Summary of Comments

The Companies request that the Department reconsider its decision to associate penalties with customer surveys (Joint Motion at 11; Companies Comments at 12-13; Companies Reply Comments at 13). The Companies argue that there is no rational basis to make a customer survey subject to a monetary penalty given that surveys are highly subjective, easily influenced by factors outside of the Companies' control, and fail to provide actionable information to the Companies so they can make meaningful changes that could improve their customers' satisfaction (Joint Motion at 12; Companies Comments at 12; Companies Reply Comments at 13).

The Attorney General recommends that the Department maintain customer surveys as a penalty-eligible metric (Attorney General Reply Comments at 7). The Attorney General states that contrary to the Companies' claim that including customer satisfaction surveys as a penalty-eligible metric has "no rational" basis, the Department provided several rational and persuasive bases for its decision (Attorney General Reply Comments at 7). These reasons include that surveys are a more direct and comprehensive method of capturing customer satisfaction than metrics that measure phone answering speed or how often meters are read, and that surveys are used pervasively in the industry, including by the Companies themselves, to gauge customer satisfaction (Attorney General Comments at 7).

3. Analysis and Findings

Based on further review and consideration, the Department finds that the current customer surveys are not appropriate for penalty purposes. The Department is persuaded that these surveys can be highly subjective, influenced by factors outside of the Companies' control,

may not provide specific, actionable information to allow the Companies to improve performance, and are, therefore, inappropriate for penalty purposes. The Department, does however find these surveys to be useful for their original purpose, as a broad indicator of consumer satisfaction with utility services, and will therefore retain them as reporting metrics with no penalty attached. D.T.E. 99-84, at 14 (August 17, 2000).[52] See D.P.U. 12-120-D SQ Guidelines at § VI.

VI. CONCLUSION AND IMPLEMENTATION

The Department reiterates our commitment to requiring improved performance by Gas and Electric Companies in the Commonwealth. We find that the changes described above require improved service over the performance levels required in D.T.E. 04-116-C and hold Companies to standards that are reasonable, achievable, and have a meaningful impact on customer service. This Order, therefore, implements the revised SQ Guidelines attached to this Order as Attachment A.

As noted above, we have reallocated the penalty cap to reflect changes made in this Order. Specifically, the ten percent portion of the penalty cap associated with downed wire penalties under D.P.U. 12-120-C, will now be reallocated to SAIDI and SAIDI (adding five percent to each metric). See D.P.U. 12-120-D SQ Guidelines at § V.C. Also, the five percent of the penalty cap associated with survey penalties under D.P.U. 12-120-C, will now be reallocated to the Service Appointments metric. See D.P.U. 12-120-D SQ Guidelines at § V.C.

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[52] Additionally, the Department will not hold working groups to establish first contact response and ease of doing business surveys at this time. D.P.U. 12-120-C at 107. The Department may, however, decide to implement these types of surveys in the future.

We note that the Companies submitted a redline containing several corrections to the SQ Guidelines issued in D.P.U. 12-120-C. We have incorporated many of these corrections, while others have become unnecessary given the changes implemented in this Order. With respect to implementation, all changes made in this Order, as well as those from D.P.U. 12-120-C that remain unchanged, shall be implemented as of January 1, 2016, except where noted otherwise. The Companies did not address implementation for any of the metrics other than Service Appointments; however, given the changes we have made in this Order, we find that a 2016 implementation is feasible. First, with respect to the new SAIDI and SAIFI metric, the Electric Companies will remain subject to their current benchmarks for the first three years before required improvement, which means that the Companies' do not have to make changes to their current operations initially. With respect to Service Appointments, Customer Complaints, and Customer Credit Cases, we have decided that the Companies are required to collect data in accordance with the new metrics for the first three years (2016-2018), meaning that the current, D.T.E. 04-116-C metrics remain in place for three years, for penalty purposes. These new metric will, therefore, become penalty metrics on January 1, 2016. Lastly, with respect to the reporting requirements for Downed-Wire Response, Odor Call Response Time Exceeded, and Odor Call Response Overrides, the Companies are required to report based on their current practices.

The Department directs each Company to file company-specific Service Quality Plans consistent with these SQ Guidelines, within 45 days of this Order, for Department review and approval. The Company bears the burden to justify any deviations from the SQ Guidelines adopted herein. The final SQ Guidelines are attached to this Order as Attachment A.

Additionally, the Downed-Wire Response Reporting form is attached to this Order as Attachment B.

VII. ORDER

Accordingly, after due consideration it is:

ORDERED: That the final Service Quality Guidelines attached to this Order are hereby ADOPTED; and it is

FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company, Boston Gas Company, and Colonial Gas Company d/b/a National Grid; NSTAR Electric Company, NSTAR Gas Company, and Western Massachusetts Electric Company d/b/a Eversource; Fitchburg Gas and Electric Light Company d/b/a Unitil; Bay State Gas Company d/b/a Columbia Gas of Massachusetts; Liberty Utilities (New England Natural Gas Company) Corp.; The Berkshire Gas Company; and Blackstone Gas Company shall file Service Quality Plans consistent with these Service Quality Guidelines, within 45 days of this Order, for Department review and approval.

FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company, Boston Gas Company, and Colonial Gas Company d/b/a National Grid; NSTAR Electric Company, NSTAR Gas Company, and Western Massachusetts Electric Company d/b/a Eversource; Fitchburg Gas and Electric Light Company d/b/a Unitil; Bay State Gas Company d/b/a Columbia Gas of Massachusetts; Liberty Utilities (New England Natural Gas Company) Corp.; The Berkshire Gas Company; and Blackstone Gas Company shall comply with all directives in this Order.

By Order of the Department,

/s/
Angela M. O'Connor, Chairman

/s/
Jolette A. Westbrook, Commissioner

/s/
Robert E. Hayden, Commissioner