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February 12, 2016

Ms. Judith Whitney  
Acting Clerk  
Vermont Public Service Board  
112 State Street  
Montpelier, VT 05620-2701

VERMONT PUBLIC  
SERVICE BOARD  
2016 FEB 12 PM 4 11

Re: EEU 2013-01 DPS Status Update on VEIC Program Implementation Efficiency QPI

Dear Ms. Whitney:

The Public Service Board ("Board") Order of October 10, 2014 in EEU-2013-01 (Appendix C) determined electric Quantitative Performance Indicators ("QPIs") for Efficiency Vermont ("EVT") for the 2015-2017 performance period, one of which was a Program Implementation Efficiency ("PIE") QPI with associated milestones and reporting requirements. Pursuant to that Order, the Department of Public Service ("Department") and Vermont Energy Investment Corporation ("VEIC") are responsible for filing status updates within two weeks of the respective milestone completion dates. The status updates are to indicate if milestones were achieved on time and report relevant results. This letter is intended to fulfill that obligation.

### Background

VEIC's milestone targets expand and deepen the key business process ("KBP") improvement activities from the 2012-2014 performance period. The QPI requires that VEIC identify, document and measure KBPs associated with the delivery of services under the Order of Appointment not included in previous improvement work. The QPI also requires that VEIC delve more deeply into sub-processes within KBPs that are undergoing process improvement, including monitoring and maintenance of KBPs that have achieved reasonably cost-effective improvements and to report ongoing status relative to a target range of performance.

Significant variances over time from the target range of performance would indicate a need to re-evaluate the process effectiveness utilizing appropriate improvement methods as determined by VEIC. This approach is intended to continue to foster a program of



continuous improvement of program implementation effectiveness, maximize value to the ratepayer, and provide a system that will support VEIC in applying program implementation efficiency resources where the returns will be greatest.

### Status Update

Milestone 1 is set forth below:

| # | Milestone                                                                                                                                                                  | Due Date                                                      |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| 1 | Annually, VEIC will have identified and submitted to the Department a plan for KBP work, to include specific KBPs for baseline analysis and the monitoring and maintenance | January 31st in each year of the 2015-2017 performance period |

With this letter the Department confirms VEIC submitted its 2016 KBP plan to the Department on February 1, 2016. Upon review of this plan, improvement activities described and information provided, the Department's assessment is that VEIC has fulfilled the milestone requirements.

### Relevant Results

In 2016, EVT plans to continue the establishment of organization-wide changes in processes and procedures throughout the business cycle to establish a system of best practices and procedures that support achievement of the strategic objective of optimized operational efficiency, including:

1. Deepen analysis and improvement on existing KBPs undergoing continuous process improvement, including:
  - **Efficient Products** - Extend improvement work to aspects of the value delivery system to reduce administrative costs and *time-to-market* for new offerings.
  - **Residential New Construction:** Reduce quality assurance corrections at project closeout, and reduce rate of failed projects as a result of built project specifications not meeting program requirements due to uninformed customers.
  - **Custom Projects** - Reduce time required to both analyze large multi-measure projects and deliver project financial package to customer.
  - **Home Performance with Energy Star** - Finish program software framework revision and restart improvement work with the goal of

lowering unit project cost by reducing processing time and administrative costs.

- **Metering:** Information for this KBP is unavailable due to VEIC staff availability constraints and will be provided to the Department at a later date.<sup>1</sup>
  - **Demand Resources Plan (“DRP”) Proceeding:** In EEU-2013-01, participate in a “lessons learned” process to identify and implement changes from that proceeding to improve processes for the next proceeding scheduled to begin in 2016.
2. Identify and map additional new KBPs if one is identified that rises to the level of qualifying as a KBP, as per VEIC’s own determination (similar to how Efficient Products was deemed a KBP in 2015).
  3. Monitor KBPs previously placed in maintenance mode, including the following KBP and area of focus:
    - **Prescriptive Projects:** This KBP has been designated by VEIC as a process that has achieved a steady state of continuous improvement and is classified as being in “maintenance mode”. VEIC plans for continued and steady improvement advances to keep pace with changing market demands and has planned a refinement process that will aim at further reductions in administrative costs and increased processing accuracy.

The following table provides for KBPs planned for improvement activities in 2016, and associated sub-processes, metrics, baseline performance measurements, and targets levels for improvement.

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<sup>1</sup> VEIC’s 2015 KBP report that was submitted to the Department (as indicated in the Department’s status update filed with the Board on 1/14/16 in this proceeding) includes information about VEIC’s improvement work for the Metering Process in 2015. This work included metrics by which VEIC measured the Metering Process, and possible continued efforts in 2016, but no improvement targets were identified in the report.

| 2016 Key Business Processes Metrics                                                                                                                                                      |                                                             |                                                  |          |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|----------|--------------------|
| Key Business Process ("KBP")                                                                                                                                                             | Subprocess (if applicable)                                  | Metric                                           | Baseline | Improvement Target |
| KBPs undergoing continuous process improvement                                                                                                                                           |                                                             |                                                  |          |                    |
| Efficient Products                                                                                                                                                                       | MOU Data Inputs (Product Additions)                         | Seconds/Input                                    | 90       | 30                 |
|                                                                                                                                                                                          | MOU Workflow (Signatures & Communication)                   | Minutes/project                                  | 20       | 10                 |
|                                                                                                                                                                                          | MOU Workflow (Signatures & Communication)                   | Number of agreements requiring executive signoff | 7        | 3                  |
| Residential New Construction                                                                                                                                                             | QA                                                          | Correction rate                                  | 57%      | 20%                |
|                                                                                                                                                                                          | Project Completion                                          | Failed Projects Rate                             | 11.60%   | 8.7%               |
| Custom Projects                                                                                                                                                                          | Custom analysis input (measure documentation)               | Minutes/project                                  | 133      | 120                |
|                                                                                                                                                                                          | Measure bulk processing                                     | # of measures                                    | 1        | 3                  |
|                                                                                                                                                                                          | Analysis tools                                              | # of tools                                       | 0        | 2                  |
| Home Performance                                                                                                                                                                         | APM Processing Duration                                     | Days                                             | 5.7      | 4.8                |
|                                                                                                                                                                                          | Customer signoff process                                    | Days                                             | 30       | 24                 |
|                                                                                                                                                                                          | Admin time to run program                                   | Hours/month                                      | 435      | 348                |
| Metering                                                                                                                                                                                 | No input available at this time                             |                                                  |          |                    |
| Demand Resources Plan Proceeding                                                                                                                                                         | EEU-2016-xxx framework and schedule improvements in process | TBD as part of framework revisions               |          |                    |
| KBPs in monitoring & maintenance mode                                                                                                                                                    |                                                             |                                                  |          |                    |
| Prescriptive Projects                                                                                                                                                                    | QA                                                          | % Accuracy                                       | 89%      | 89.4%              |
|                                                                                                                                                                                          | Lead Time                                                   | Days to issue check                              | 60       | 60                 |
| New KBPs not previously assessed                                                                                                                                                         |                                                             |                                                  |          |                    |
| For 2016, EVT will identify and map additional new KBPs if one is identified that rises to the level of qualifying as a KBP, similar to how Efficient Products was deemed a KBP in 2015. |                                                             |                                                  |          |                    |

## Next Steps

The Department and VEIC continue to work together to develop a standardized reporting structure for the PIE QPI milestone deliverables. The next milestone for VEIC's PIE QPI is Milestone 2 which is set forth below:

| # | Milestone                                                                                                                                                                                                                                                                                                                      | Due Date                                                       |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| 2 | Annually, VEIC will identify, analyze, and measure KBPs planned for the year and submit to the Department a report of the year's KBP work, including summaries of analysis, mapping and improvement targets for new KBP work, and trending information for the metrics of processes in the monitoring and maintenance program. | December 31st of each year in the 2015-2017 performance period |

VEIC is working with the Department to identify desired elements of the reporting deliverables which is intended to support the timeliness and efficacy of VEIC's continuous improvement efforts, as well as assist the Department's oversight and review of the QPI.

Please let us know if you have any questions.

For the Vermont Department of Public Service

  
Jeanne Elias  
Special Counsel

  
Matthew Walker  
Energy Program Specialist