

QPI for Administrative Efficiency

The quantifiable performance indicator ("QPI") to address administrative efficiency is intended to encourage the program administrator to continually assess its operations to continue to deliver services that maximize ratepayer value. The Department of Public Service ("Department") and the City of Burlington Electric Department ("BED") propose the following metric for measuring, evaluating, and monitoring the change in the administrative efficiency of BED's energy efficiency activities.

Key Business Process Improvements

As the concept of a QPI to address administrative efficiency is new, BED and the Department agree that some milestone QPI targets are appropriate for the 2012-2014 performance period, with the goal of setting further QPI targets for 2015-2017 performance period.

These milestone indicators are being developed to encourage BED to clearly identify, document, and measure key business processes associated with BED's delivery of services under the Order of Appointment. Following the completion of these milestones, the Department and BED should be able to develop 2015-2017 QPI targets aimed at improving the administrative efficiency of BED's operations.

The agreed upon milestone indicators are:

- (1) By September 30, 2012, BED will have identified, analyzed, and measured not less than two key energy efficiency business processes that it determines are likely to be two of the most important processes in their business. This milestone will be completed when an efficiency measurement baseline has been established for each process along with a target level of improvement for the next annual reporting period for each process.¹
- (2) BED will, by the end of 2013, have identified, analyzed, and measured key business processes that account for a significantly relevant portion of BED energy efficiency activity as measured in terms of hours.² This milestone will be completed when an efficiency measurement baseline has been established for each process along with a target level of improvement for the next annual reporting period for each process.
- (3) Any remaining significant business processes that are not identified in step #2 above

1. The target level of improvement for the next annual reporting period is not itself a QPI. The QPI milestone is to establish the target. The target, to be set by BED, shall simply be an improvement from baseline. The annual reporting period shall be the next calendar year. The level of improvement shown (or not) is not the subject of the QPI for the 2012-2014 performance cycle, rather the target and reporting of level of improvement is intended to ensure that BED is working to continually improve operations.

2. That is, activities that have a significant portion of hours expended on the delivery of efficiency services within the BED organizational structure.

will be reviewed by the Department and BED, and where appropriate, these additional key business processes will be analyzed by BED by the end of 2014.

Integral to this proposal is the Department's hiring of an independent third party consultant, funded by Energy Efficiency Utility ("EEU") evaluation funds held by the EEU Fiscal Agent, to assist the parties in this process.³ Following identification, documentation, and measurement of initial key business processes by BED by the September 30, 2012 deadline, an independent third party will assess BED's key EEU business process analysis and recommend opportunities for improvements in the methods by which BED identifies key business processes, a structure for mapping such processes, and other methodological improvements to ensure parties arrive at meaningful efficiency measurements.

The milestone schedule for this QPI will be as follows:

#	Milestone	Due Date
1	BED identifies and documents the current state of key EEU processes, and establishes systems to measure at least two key business processes to be analyzed and managed by BED. BED establishes baseline metrics for improvement, at this time as appropriate, by setting targets for the next annual reporting period for each of the business process.	September 30, 2012
2	Department's third party consultant reviews the methodology for developing, maintaining, and updating changes to key business practices and recommends improvements.	November 30, 2012
3	BED identifies and documents the current state of key processes, and establishes systems to measure a significantly relevant portion of key business processes to be analyzed and managed by BED. BED establishes baseline metrics for improvement at this time as appropriate by setting targets for the next annual reporting period for each business process.	January 31, 2014
4	The Department's consultant reviews all identified business processes and those activities that are not identified as part of a key business process in order to: (1) recommend areas for improvement; and (2) benchmark performance with comparable companies.	August 1, 2014
5	The Department and BED will develop new updated QPI targets for implementation in the 2015-2017 performance	Between August 1 and October 30, 2014, or

3. The Department's approved 2012-2014 evaluation plan and budget included this evaluation activity.

	period based on the identified key EEU business processes, consultant recommendations, and experience over this performance period in meeting these milestones. The Department and BED will also consider at this time potential QPIs for areas not considered "key business processes."	based on 2013 DRP to be scheduled
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The Department and BED will file status updates within two weeks of the respective EEU milestone completion dates. Status updates will indicate if milestones were achieved on time and report relevant results. If milestones were not reached, status updates will indicate the reason(s) why and propose next steps including adjustments to future milestone dates if needed.

If the Department, in its obligations related to this performance indicator, has delays in contractor reports that significantly affect BED's ability to meet one of the above deadlines, BED will not have been considered to miss a milestone; rather the date for completion shall be adjusted commensurate with the Department delay. Any irresolvable disputes shall follow the dispute resolution process identified in the "Process and Administration of an Order of Appointment."