

# *Division of Utility and Railroad Safety*

## *Proposed Performance Incentive Program for Damage Prevention*

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Division of Utility and Railroad Safety

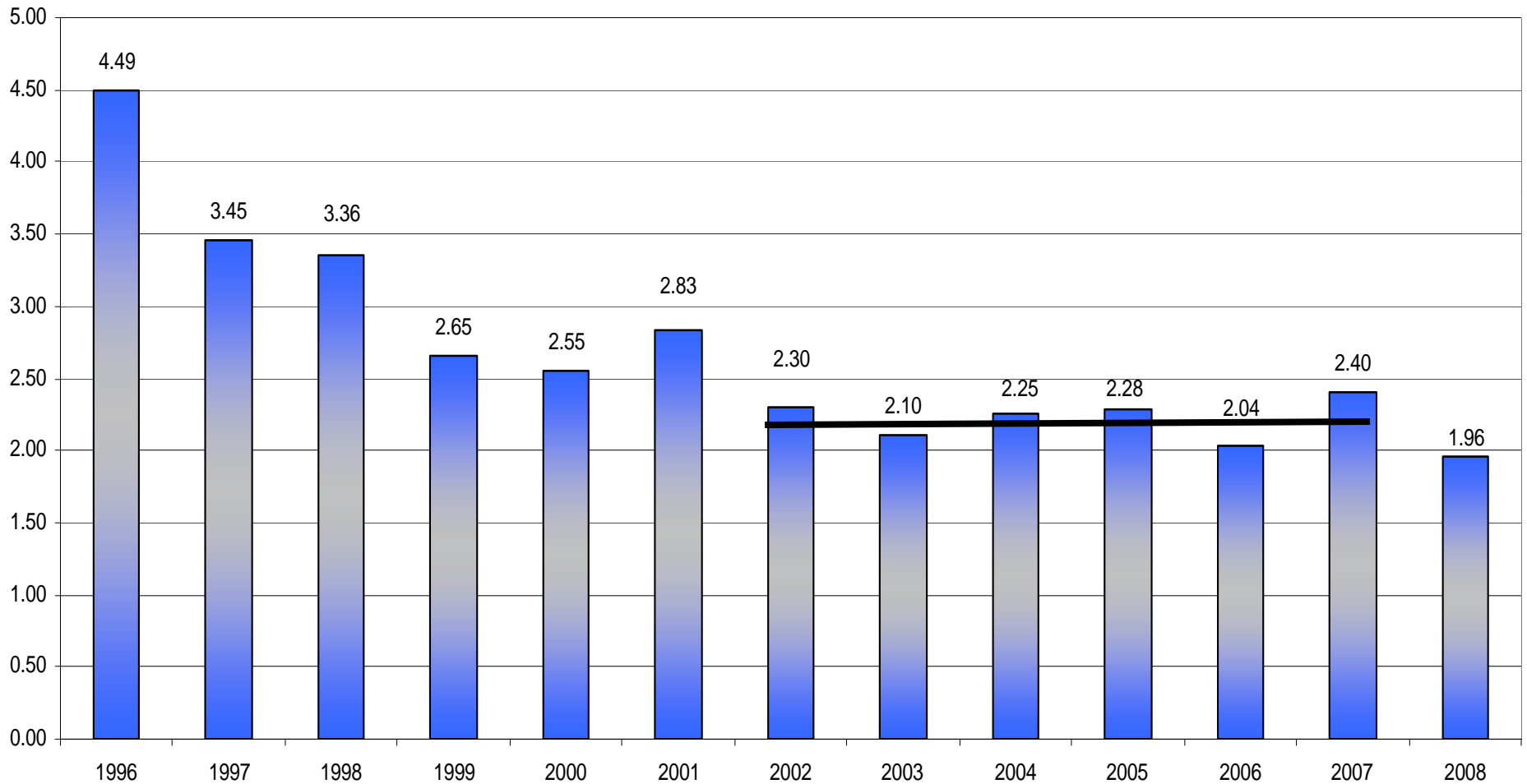
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# Current Performance Credit Program (Up to \$300/ Violation)

- Performance Credits are calculated annually
- Credits are applied to penalties for companies with max history per code section
  - Damage per 1000 tickets ratio for most recent calendar year is compared to the previous calendar year
  - Any improvement = Credit of \$100 / Violation
  - Improvements in 3 consecutive years= Credit of \$300 / Violation (Max)
  - Decrease in performance = Decrease in credit (or no credit)

# Gas Damages Per 1000 Tickets



# Proposed Performance Incentive Program Assumptions and Parameters

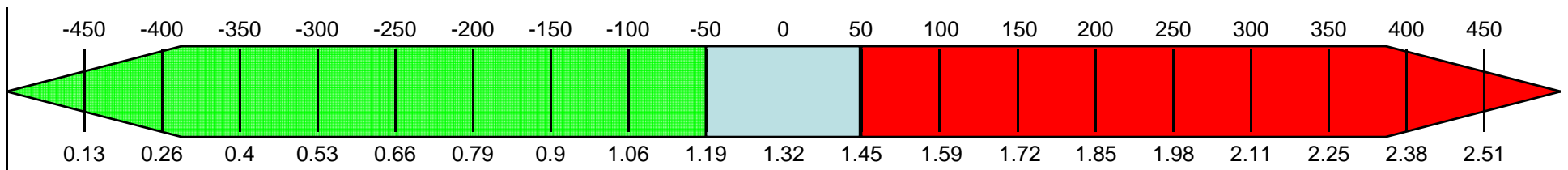
- 2002-2007 Data used to calculate baselines for each stakeholder category separately (Excavators, Locators, Operators, etc.)
- 2008 Data used to measure performance of individual companies with max overall history
- Ratios are based on gas damages and tickets involving gas codes
- Municipal gas data excluded since reporting to the Division started in 2007
- Each year, a company's performance for the previous calendar will be compared to that company's industry baseline for the most recent 5 years (Baseline data does not include the previous calendar year)

# Proposed Performance Incentive Program Assumptions and Parameters

- Civil Penalties are calculated using current matrices
- If performance is within the baseline band,
  - No credit is applied
- If performance needs to improve to reach baseline band,
  - An additional penalty is assessed using a banding method (10% Each)
- If performance is better than the baseline band,
  - A credit is applied using a banding method (10% Each)
- **The incentive program is a settlement program based upon factors that include the company's history of offenses and other appropriate factors. Evidence of incidents of unusual risk to public safety, catastrophe, a pattern of misrepresentation or fraudulent behavior, or other circumstances can result in a termination of a company's incentives until these concerns have been addressed and remedied.**

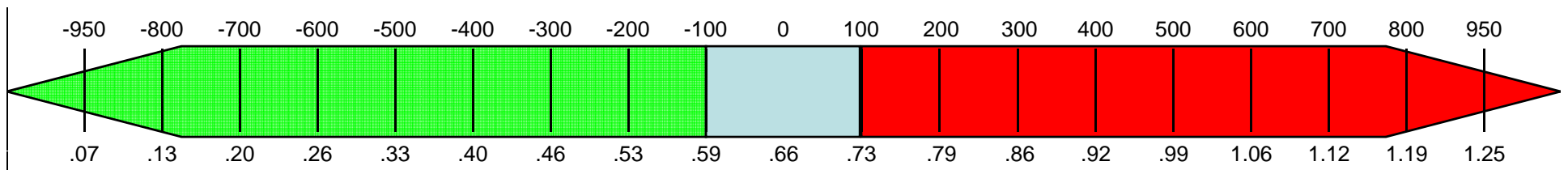
# Excavator Stakeholder Group

2002-2007 Data	
Number Of Gas related Probable Violations (Excluding Municipal Gas Data)	6601
Number of Gas Tickets (excluding Municipal)	4,995,941
Average Civil Penalty per Violation (Rounded up to nearest \$50)	\$450.00
Ratio	1.32



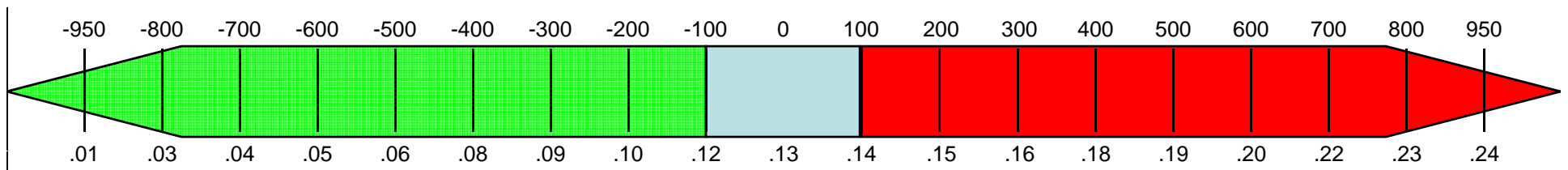
# Locator Stakeholder Group

2002-2007 Data	
Number Of Gas related Probable Violations (Excluding Municipal Gas Data)	3296
Number of Gas Tickets (excluding Municipal)	4,995,941
Average Civil Penalty per Violation (Rounded up to nearest \$50)	\$950.00
Ratio	.66



# Operator Stakeholder Group

2002-2007 Data	
Number Of Gas related Probable Violations (Excluding Municipal Gas Data)	634
Number of Gas Tickets (excluding Municipal)	4,995,941
Average Civil Penalty per Violation (Rounded up to nearest \$50)	\$950.00
Ratio	.13





# Performance Incentive Program Results

Code Section Category	Ratio	Performance Credit
Excavator	0	-450
Excavator	12.89	450
Excavator	0	-450
Excavator	1.35	0
Excavator	27.40	450
Excavator	4.09	450
Excavator	0	-450
Excavator	0	-450
Excavator	0	-450
Excavator	6.62	450
Excavator	0.42	-300
Excavator	0.99	-100
Excavator	2.29	350
Excavator	16.08	450
Excavator	0.86	-150
Excavator	0	-450

# Performance Incentive Program Results

Excavator	0	-450
Excavator	0	-450
Excavator	5.38	450
Excavator	0	-450
Excavator	2.34	400
Excavator	0	-450
Excavator	0	-450
Excavator	0	-450
Excavator	0	-450
Excavator	0	-450
Excavator	0.05	-450
Excavator	5.42	450
Excavator	0.56	-300
Excavator	2.29	350
Excavator	0	-450

# Performance Incentive Program Results

Excavator	0	-450
Excavator	0.32	-350
Excavator	0.15	-400
Excavator	0	-450
Excavator	0	-450
Excavator	0	-450
Excavator	0	-450
Excavator	1.03	-100
Excavator	0.07	-450
Excavator	0	-450
Excavator	8.30	450
Excavator	2.14	300
Excavator	7.60	450
Excavator	3.35	450
Excavator	0	-450

# Performance Based Incentive Program Results

Excavator	0.54	-300
Excavator	10.69	450
Excavator	0.35	-350
Excavator	0.72	-250
Excavator	0.33	-350
Excavator	1.01	-100
Excavator	1.62	100
Excavator	0.22	-400
Excavator	0.17	-400
Excavator	2.76	450

# Performance Incentive Program Results

<b>Code Section Category</b>	<b>Ratio</b>	<b>Performance Credit</b>
Locator	1.73	950
Locator	0.40	-400
Locator	0.68	0
Locator	0.58	-100

# Performance Incentive Program Results

<b>Code Section Category</b>	<b>Ratio</b>	<b>Performance Credit</b>
Operator	0.044	-700
Operator	0.16	300
Operator	0.20	500
Operator	0.12	-100

# Performance Incentive Program Results

<b>Code Section Category</b>	<b>Ratio</b>	<b>Performance Incentive</b>
Notification Center	0.001	-150

# Implementation

- Implement new Program effective immediately for incidents occurring on or after July 1, 2009