

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 24-070
REQUEST FOR CHANGE IN DISTRIBUTION RATES

REBUTTAL TESTIMONY OF
Robert S. Coates, Adam Mierzwa, Brian J. Dickie,
Warren R. Boutin, Shamus O'Brien, and Marc E. Leménager
Performance Based Ratemaking Metrics

On behalf of Public Service Company of New Hampshire
d/b/a Eversource Energy
March 10, 2025

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DICKIE, WARREN BOUTIN, SHAMUS O'BRIEN, AND MARC LEMÉNAGER(PBR
METRICS PANEL)**

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

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1 **I. INTRODUCTION**

2 **Q. Mr. Coates, please state your full name, position and business address.**

3 A. My name is Robert S. Coates Jr. I am the President of New Hampshire Electric Operations.

4 My business address is 780 North Commercial Street Manchester, New Hampshire.

5 **Q. Please summarize your educational background.**

6 A. I received a Bachelor of Science degree in Occupational Safety and Health Administration
7 from the University of New Haven. I completed my Master of Business Administration at
8 American International College.

9 **Q. Please summarize your professional experience.**

10 A. I have been employed by ESC or its affiliates for over 36 years holding various leadership
11 positions in the safety and electric operation organizations. I have held the position of Vice

1 President of Project Management and Construction since December 2021 and have been
2 an Officer for over a decade in Electric Operations. I am responsible for overseeing major
3 Transmission and Distribution projects and capital construction across the Eversource
4 Energy service territory, including New Hampshire. In addition, I provide storm restoration
5 leadership across Eversource, including New Hampshire.

6 **Q. Have you previously testified before the New Hampshire Public Utilities Commission**
7 **(“PUC” or “Commission”)?**

8 A. I have not testified before the Commission previously, however I have testified in other
9 cases before the Massachusetts Department of Public Utilities (“MDPU”).

10 *Adam V. Mierzwa*

11 **Q. Mr. Mierzwa, please state your full name, position, and business address.**

12 A. My name is Adam V. Mierzwa. I am employed by ESC as Director-Distribution
13 Engineering. My business address is 780 North Commercial Street, Manchester, New
14 Hampshire.

15 **Q. What are your principal responsibilities in this position?**

16 A. As the Director-Distribution Engineering, I am responsible for optimizing the performance
17 of the distribution system assets in New Hampshire that are operated by the Company and
18 to ensure customer needs for service and reliability are satisfied.

19 **Q. Please summarize your professional experience and educational background.**

20 A. I graduated from Florida Institute of Technology with a Bachelor of Electrical Engineering,
21 and received a Masters of Science in Project Management and Operations from Southern

1 New Hampshire University. From 2014-2022, I worked for Southern Maryland Electric
2 Cooperative (SMECO) in multiple Substation and Distribution Engineering and leadership
3 roles. At SMECO I lead multiple Distribution capital enhancement programs, to include
4 Privatization Project Manager for the Department of the Navy. I was also responsible for
5 the Asset Management and Workflow System. In December 2023, I joined Eversource in
6 the role of Distribution Engineering Director for New Hampshire.

7 **Q. Have you previously testified before the Commission?**

8 A. Yes, I submitted testimony in last year's RRA docket, DE 24-035. In addition, I have
9 previously testified before the Maryland Public Service Commission (PSC).

10 **Q. Did you previously submit testimony in this matter?**

11 A. No, I did not.

12 ***Brian Dickie***

13 **Q. Mr. Dickie, please state your full name, position and business address.**

14 A. My name is Brian Dickie. I am the Vice President of Electric System Operations in New
15 Hampshire for ESC. My business address is 780 N Commercial St, Manchester, New
16 Hampshire 03101.

1 **Q. Please summarize your educational background.**

2 A. I graduated from the University of New Hampshire with a Bachelor of Science in
3 Engineering Technology and from Worcester Polytechnic Institute with a Master of science
4 degree in Electrical and Computer Engineering. I am a licensed professional engineer in
5 the state of New Hampshire, and currently maintain my North American Transmission
6 Operators (“NERC”) license. I have been a member of IEEE since 2019.

7 **Q. Please summarize your professional experience.**

8 A. I have held various positions with Eversource over the last 35 years from Fossil/Hydro
9 Operations to distribution engineering and system planning and engineering management.
10 In 2015, I was promoted to Director of System Operations responsible for transmission and
11 distribution grid operations, outage management operations, and the troubleshooter
12 linemen department. In 2021, I was promoted to my current position as Vice President of
13 New Hampshire Electric System Operations.

14 **Q. Have you previously testified before the Commission?**

15 A. Yes, I have sponsored testimony before the Commission in the 2017 Reliability
16 Enhancement Program Reconciliation and Request for Program Continuation, DE 09-035.

17 ***Warren R. Boutin***

18 **Q. Mr. Boutin, please state your full name, position and business address.**

19 A. My name is Warren R. Boutin. I am the Vice President of Customer Grid Electrification
20 Solutions and Experience for ESC. My business address is 247 Station Drive, Westwood,
21 Massachusetts 02090.

1 **Q. Please summarize your educational background.**

2 A. I received my Bachelor of Science in Mechanical Engineering from Norwich University
3 and my Master of Business Administration from Bentley University.

4 **Q. Please summarize your professional experience.**

5 A. I have been employed by ESC for over 30 years. I have held various positions with ESC
6 including Manager of Electric Strategic Accounts and the Director of Electric Service
7 Support, Distributed Energy Resources and Supplier Services. I assumed my current
8 position of Vice President of Customer Grid Electrification Solutions and Experience in
9 January 2024. In my current position I am responsible for establishing valued business
10 relationships, providing grid electrification solutions, and a superior customer experience
11 to the company's strategic accounts, national accounts, large, medium and small customers,
12 builders and developers, including our Distributed Energy Resource ("DER") developers,
13 Electric Vehicle ("EV") customers, third party communication fiber and antenna attachers,
14 and third-party suppliers.

15 **Q. Have you previously testified before the Commission?**

16 A. No, I have not.

17 *Shamus O'Brien*

18 **Q. Mr. O'Brien, please state your full name, position and business address.**

19 A. My name is Shamus O'Brien. I am the Director of Voice of the Customer and Customer
20 Experience Strategy for ESC. My business address is 73 West Brook Street, Manchester,
21 New Hampshire 03101.

1 **Q. Please summarize your educational background.**

2 A. I received a Bachelor of Arts Degree from Southern New Hampshire University.

3 **Q. Please summarize your professional experience.**

4 A. I have been employed by ESC for over 25 years. I have held various positions, including
5 Senior Analyst and Manager of Voice of the Customer Team before being promoted to my
6 current position of Director of Voice of the Customer and Customer Experience Strategy
7 in September 2022.

8 **Q. Have you previously testified before the Commission?**

9 A. No, I have not.

10 *Marc E. Leménager*

11 **Q. Mr. Leménager, please state your full name, position and business address.**

12 A. My name is Marc E. Leménager. My business address is 73 West Brook Street,
13 Manchester, NH 03101. My position is Supervisor, Regulatory, Planning and Evaluation
14 and in that position, I provide service to the Company's energy efficiency programs in New
15 Hampshire and Connecticut for Eversource Energy Service Company and its affiliates,
16 including Public Service Company of New Hampshire d/b/a/ Eversource Energy.

17 **Q. Please summarize your educational background.**

18 A. I earned a B.S., magna cum laude, in Economics and Finance and an MBA with a
19 concentration in Quantitative Analysis from Southern New Hampshire University.

1 **Q. Please summarize your professional experience.**

2 A. I have worked for Eversource since 2015. From 2015-2020, I worked for Eversource as
3 an Analyst in the New Hampshire Regulatory and Revenue Requirements organization,
4 and in that role I was responsible for assisting in the coordination and implementation of
5 revenue requirements calculations for PSNH, as well as the filings associated with PNSH's
6 various rate dockets. Since 2020, I have been employed in my current role within
7 Eversource's Energy Efficiency organization, where my responsibilities include
8 participating in and monitoring regulatory proceedings and stakeholder engagement related
9 to the energy efficiency programs, as well as program planning, coordination and outreach.
10 Additionally, from 2016-2019 I was employed as an Adjunct Instructor at Southern New
11 Hampshire University where I taught Economics courses, and from 2020-2023 have been
12 employed as an Adjunct Instructor at University of New Hampshire – Manchester, where
13 I taught Business Statistics.

14 **Q. Have you previously testified before the Commission?**

15 A. Yes.

16 **Q. What is the purpose of your joint testimony?**

17 A. The purpose of our rebuttal testimony is to respond to the direct testimony of Department
18 of Energy (“DOE”) witnesses Nicholas A. Crowley and Daniel McLeod, PhD and the
19 direct testimony of the Office of Consumer Advocate (“OCA”) witness Ben Havumaki in
20 which they address the Company's proposed metrics include in the performance based
21 ratemaking plan (“PBR”).

1 **II. PBR METRIC DISCUSSION**

2 **Q. Have you reviewed the direct testimony of Nicholas A. Crowley and Daniel McLeod,**
3 **PhD?**

4 A. Yes, we have reviewed the joint testimony of Nicholas A. Crowley and Daniel McLeod,
5 PhD.

6 **Q. Please summarize the principal issues raised in Mr. Crowley and Dr. McLeod's**
7 **testimony with respect to the Company's proposed PBR metrics.**

8 A. Mr. Crowley and Dr. McLeod assert that the Company's proposed service quality metrics
9 provide penalties but no financial incentives (Crowley and McLeod Testimony at Bates
10 Pages 53-54). Mr. Crowley and Dr. McLeod state in their opinion performance incentive
11 mechanisms ("PIMs") with financial incentives and penalties should have a relationship to
12 the marginal cost of reliability (Crowley and McLeod Testimony at Bates Pages 53-54).
13 Since the Company did not propose financial incentives, Mr. Crowley and Dr. McLeod
14 state that importance of tying the level of penalties to a marginal cost of reliability is
15 reduced (Crowley and McLeod Testimony at Bates Pages 53-54). Mr. Crowley and Dr.
16 McLeod did not recommend any changes to the service quality metrics.

17 With respect to the Company's proposed reporting metrics, Mr. Crowley and Dr. McLeod
18 state "all four categories of reporting metrics are reasonable and well-constructed"
19 (Crowley and McLeod Testimony at Bates Pages 56). Mr. Crowley and Dr. McLeod note
20 that it is not clear whether reporting-only metrics drive performance and encourages the
21 Company to consider adding financial rewards and penalties to these metrics in subsequent
22 generations of PBR (Crowley and McLeod Testimony at Bates Pages 56). Nevertheless,

1 Mr. Crowley and Dr. McLeod conclude that “it is reasonable to apply these metrics with
2 no financial rewards or penalties” for the first PBR term (Crowley and McLeod Testimony
3 at Bates Pages 56).

4 For future PBRs, Mr. Crowley and Dr. McLeod recommend that the Company engage
5 stakeholders to develop new metrics and enhance existing metrics (Crowley and McLeod
6 Testimony at Bates Pages 56).

7 **Q. Does the Company agree with Mr. Crowley and Dr. McLeod’s recommendations with**
8 **respect to the Company’s proposed PBR metrics.**

9 A. The Company appreciates Mr. Crowley and Dr. McLeod’s analysis and generally agrees
10 with their recommendations. During the first PBR term, the Company will develop
11 baselines and targets for the reporting metrics. When determining whether to include a
12 financial penalty or reward, the Company considers whether the metric (1) can be
13 objectively measured; (2) can establish a baseline against which performance can be
14 measured; and (3) whether it measures “performance” that is actually within the
15 Company’s control. During an initial PBR term, the Company can establish baselines for
16 the proposed metrics and assess whether the metrics meet these criteria. If the metrics meet
17 the criteria and an adequate baseline can be established, the Company will consider
18 proposing financial penalties or rewards in future PBR terms. Further, the Company is
19 willing to engage with stakeholders, if the PBR is approved as proposed, to assess and
20 consider enhanced or additional metrics for a subsequent PBR term.

1 **Q. Have you reviewed the direct testimony of Ben Havumaki?**

2 A. Yes, we have reviewed the testimony of Mr. Havumaki.

3 **Q. Please summarize the principal issues raised in Mr. Havumaki's testimony with**
4 **respect to the Company's proposed PBR metrics.**

5 A. Mr. Havumaki states that his analysis focused on the Company's proposed service quality
6 metrics, and he believes the proposed reporting metrics are a "low risk and potentially high
7 reward" part of the proposed PBR (Havumaki Testimony at Bates Page 739-740). Mr.
8 Havumaki supports the service quality metric concept because establishing accountability
9 for service reliability through a penalty-only mechanism is an established practice that can
10 help ensure that a given utility assigns sufficient priority to reliability performance,
11 especially during a PBR state out period (id.).

12 While Mr. Havumaki supports the service quality metrics generally, he expressed concern
13 with certain elements of the Company's proposal. Specifically, Mr. Havumaki does not
14 support retaining credits for good performance to offset future penalties, and states that the
15 deadband is too large (id.). Mr. Hacumaki also states that he does not support including a
16 given year's performance results when setting the performance target and calculating the
17 deadband for the same year (id.).

18 **Q. Please explain Mr. Havumaki's specific concerns with respect to the Company's**
19 **proposal to receive credits for significant improvements in reliability performance.**

20 A. Mr. Havumaki argues that the purpose of the service quality metrics is not to induce
21 reliability performance improvements so much as to backstop against eroding performance
22 (id.). Mr. Havumaki claims that from a customer's perspective good performance in one

1 year does not redeem a bad year (id.). Under the Company’s proposal, Mr. Havumaki
2 claims that the deadbands are “very high” and performance would need to be very poor for
3 the Company to receive a penalty (id.).). Mr. Havumaki recommends that the Company
4 not be permitted to retain credits for good performance (id.).

5 **Q. Does the Company agree with Mr. Havumaki’s analysis and recommendations with**
6 **respect to the Company’s proposal to receive credits for significant improvements in**
7 **reliability performance.**

8 A. The Company notes that Mr. Havumaki’s assertion that performance metrics should not
9 induce the Company to enhance its performance is at odds with the general purpose of
10 performance metrics and counter to the position posed by Mr. Crowley and Dr. McLeod,
11 who encouraged adoption of PIMs with financial rewards. The Company elected not to
12 propose a financial incentive (which would also offset future poor reliability performance),
13 because for the first PBR term the Company did not support having customers pay
14 additional incentives for significant improvements in reliability. Providing an opportunity
15 to earn a credit, which Mr. Havumaki implies would be challenging, encourages the
16 Company to improve reliability even during a PBR stay-out period, which is the purpose
17 of performance metrics in a PBR.

18 **Q. Please explain Mr. Havumaki’s specific concerns with respect to the Company’s**
19 **proposed thresholds for the service quality metrics.**

20 A. Mr. Havumaki claims that the deadbands proposed by the Company are too large (id. at
21 Bates Page 742). The two standard deviations bandwidth, Mr. Havumaki argues, will
22 represent 96 percent of total outcomes (id.). Mr. Havumaki notes; however, that the
23 calculation is based on a small sample size and may not be normally distributed (id.).

1 Under the two standard deviations, Mr. Havumaki asserts that penalties would only occur
2 one out of every 25 years and the Company would have fared well in the past few years
3 had the service quality metric been in effect (id. at Bates Page 742-743). Specifically, the
4 Company would not have received a penalty between 2016-2023.

5 Mr. Havumaki recommends that the deadband be reduced to one standard deviation, which
6 is the approach employed in Hawaii¹ (id. at Bates Page 743).

7 **Q. Does the Company agree with Mr. Havumaki's analysis and recommendations with**
8 **respect to the Company's service quality thresholds.**

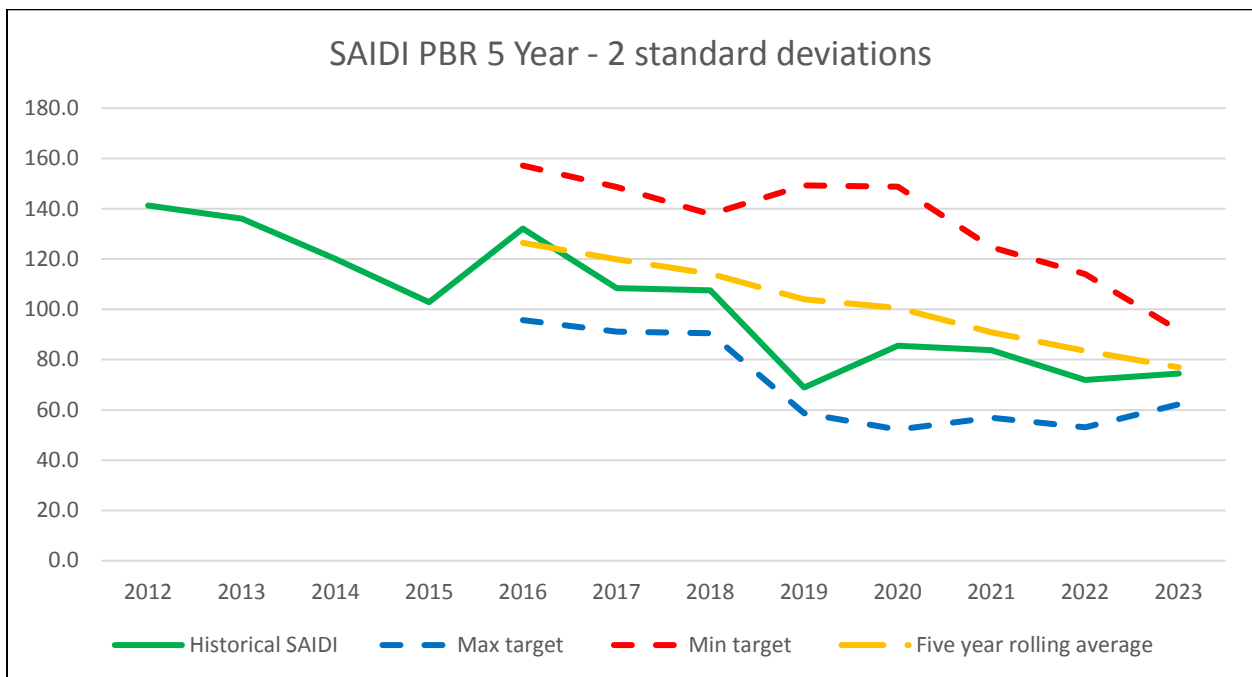
9 A. No, the Company disagrees with Mr. Havumaki's assessment and recommendation to base
10 the thresholds for service quality metrics on a one standard deviation basis. The service
11 quality metrics are focused on reliability performance and are designed to ensure that the
12 Company maintains its high service quality standards during the PBR term and incent the
13 Company to invest in a manner that is cost-efficient and benefits customers through
14 improved reliability and resiliency. As described in more detail in the Company's Case
15 Overview Testimony, a PBR Plan encourages the Company to impose cost controls to
16 contain operating and maintenance expenses and to manage capital investment so that
17 financial integrity is managed within the confines of the PBR Plan during the stay out
18 period. The proposed PBR performance metrics serve to encourage the Company to
19 maintain and improve reliability under a PBR Plan that imposes financial incentives to

¹ The Company notes that under the Hawaii service quality penalty mechanism the full penalty does not apply unless the utility's poor reliability performance is greater than two standard deviations. See Hawaiian Electric Company. Performance Incentive Mechanism Provision. June 1, 2021. Revised Sheet No. 98C.

1 manage investments.

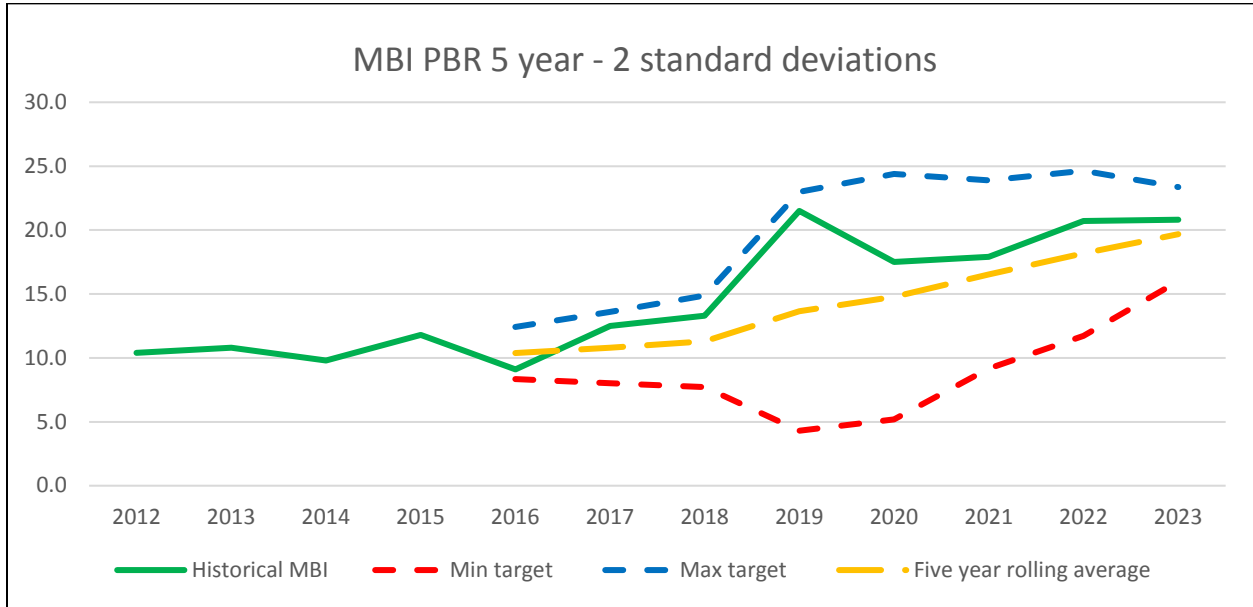
2 The Company proposes to use a five-year rolling average with two standard deviations as
3 upper and lower bounds as the baseline for its service quality metrics. The five-year rolling
4 average also accounts for weather which can impact overall reliability. While a longer
5 average period may result in more normalization, the five-year rolling average also narrows
6 the deadbands over time. As demonstrated in the graphs below, the Company’s continuous
7 strong reliability performance has resulted in a narrowing of the thresholds for the service
8 quality metric. To avoid a penalty, the Company is encouraged to continue to maintain
9 reliable service at the levels it has achieved over the past five years, which will result in
10 further narrowing of the deadbands.

11 **Graph 1: System Average Interruption Duration Index (SAIDI) – 2 Standard Deviations.**



12

1 **Graph 2: Months Between Interruption (“MBI”) – 2 Standard Deviations.**



2

3 As this data suggests, the proposed deadbands will become more challenging and, under

4 the PBR Plan, the Company will be encouraged to continue to enhance reliability.

5 The Company also disputes the premise of Mr. Havumaki’s assertions regarding the

6 purpose of the service quality metrics. Mr. Havumaki frames that the Company’s proposal

7 is flawed because that based on the Company’s recent reliability performance, the

8 Company would not receive a penalty using the two standard deviations for determining

9 service quality metric thresholds (Havumaki Testimony at Bates Page 742). Mr. Havumaki

10 is implying that the deadbands should be set in a manner to increase the likelihood that the

11 Company would have received a penalty despite the Company’s reliability be consistently

12 within the first and second quartile since 2019. The purpose of the proposed service quality

13 metric is not to penalize the Company nor to encourage the Company to overinvest to avoid

1 a penalty by setting aggressive thresholds for the service quality metrics. The Company's
2 proposed service quality deadbands are designed to encourage the Company to continue to
3 maintain its strong reliability performance during the PBR term. Adopting the one standard
4 deviation method proposed by Mr. Havumaki would not achieve that objective but rather
5 would simply significantly increase the likelihood of the Company receiving a penalty even
6 if the Company maintains its strong reliability performance. Accordingly, the Company
7 recommends that the Commission reject Mr. Havumaki's recommendations and approve
8 the Company's proposed metrics as filed, consistent with Mr. Crowley and Dr. McLeod's
9 findings.

10 **Q. Please explain Mr. Havumaki's specific concerns with respect to the Company's**
11 **proposal setting targets and deadbands.**

12 A. Mr. Havumaki claims that the Company intends to calculate the thresholds for the service
13 quality metrics by including the performance year in the five-year calculation (*id.* at Bates
14 Page 743-744).

15 **Q. Is Mr. Havumaki's claim regarding the calculation of the thresholds for the service**
16 **quality metrics correct?**

17 A. No. The Company proposes calculating the thresholds for service quality based on the
18 previous five years, not including the year where performance is measured. For example,
19 2025 SAIDI and MBI thresholds would be calculated based on 2020-2024. Accordingly,
20 the Company is proposing to calculate the thresholds in the manner recommended by Mr.
21 Havumaki.

1 **III. CONCLUSION**

2 **Q. Does this conclude your testimony?**

3 **A.** Yes, it does.