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Request from: Public Utilities Regulatory Authority

Question:

Identify any minimum performance level or other limitations applicable to an individual component before Eversource may earn an incentive. If no such limitation applies, confirm whether Eversource may earn an incentive while one or more components perform below their respective targets.

Response:

The Composite Index structure was designed to provide a holistic assessment of the Company's performance across a variety of customer engagement points to ensure focus on continuing to provide a high level of customer service across its breadth of customers as the Company pursues cost efficiencies opportunities during the PBR term.

The PIM is intentionally structured to make it challenging to achieve the index threshold to trigger an incentive (110.0) when one or more components has below target performance. In the illustrative example below, performance is at or above target for four components, with one component significantly below target, and the resulting Composite Index average still does not meet the threshold to trigger an incentive.

	Performance				
	Actual	Target	Direction	Index	
Level 1 DER Interconnection Processing	29.0	35.0	Down is Good	117	Composite Index
Digital Customer Engagement	95.00%	92.18%	Up is Good	103	
Controllable Average Call Handle Time	106.9	76	Down is Good	59	
Post Transaction Survey - CSR Attributes	8.83	8.43	Up is Good	105	
Average Discount Rate Enrollment Time (Days)	1.1	2.0	Down is Good	145	
Total Score				529	105.8

There are also two components that have an effective ceiling on their performance, further limiting the ability of the Composite Index to meet the threshold to trigger an incentive if performance for other components is at or below target:

- Post Transaction Survey – CSR Attributes cannot achieve an index greater than 119, as this measure cannot exceed 10.0 in actual performance.

- Digital Customer Engagement cannot achieve an index greater than 108, as this measure cannot exceed 100% in actual performance. As discussed in OCC-528[i], there will always be reasons why customers transact on non-digital channels, so that the Company's expectation is that Digital Customer Engagement will never reach 100%.

These inherent performance caps, combined with the requirement that the Company achieve an high composite threshold to even be eligible for an incentive, operate to require the Company to perform near or significantly above performance targets to have an opportunity to earn an incentive.

Prior Referenced Response

[i] OCC-528 Question:

> **Exhibit CLP-CUSTOMER-1: Customer PIM Suite**
> (Digital Customer Engagement) RE02 treats customer data engagement as a Metric rather than a PIM. The Company states that digital transactions have increased from approximately 88% to more than 92% over the past five years and that its proposed 92.18% target reflects performance that is already "nearing the performance ceiling." Please explain why performance above the proposed target warrants contributing to a positive financial incentive, including the incremental customer benefit expected from further increases in digital engagement and why such performance would not occur absent the incentive.

OCC-528 Response:

> With digital customer engagement now over 90%, the Company has reached a point of digital saturation. Future gains in digital customer engagement will be difficult to come by, and with so many customers using digital channels already, there do not remain large opportunities to increase the number of customers who use the digital channels. Conversely, there will always be reasons why customers need to call in and transact on non-digital channels, so that the Company's expectation is that digital customer engagement will never reach 100 Percent. In this context, customer expectations and security needs do continue to evolve in the digital space and the Company must continue to invest in the digital space in order to maintain the current digital customer engagement rate. Therefore, performance above the proposed target will require a significantly higher investment on the Company's part compared to just maintaining the digital customer engagement rate. Digital channels increasingly play a part in providing a strong customer experience, particularly as technology advances.
>
> Including the Digital Customer Engagement measure within the PIM suite, and allowing for a positive financial incentive, as well as financial penalty, is appropriate because it provides the Company with an additional mechanism to encourage continuous improvement to the quality of customer interactions and reinforce behaviors that contribute to a positive customer experience. The five components of the customer PIM suite collectively reflect different aspects of the Company's service to customers and provide a more comprehensive measure of customer performance as discussed in response to OCC 527.