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Witness: Douglas P. Horton and Jared A. Lawrence
Request from: Office of Consumer Counsel

Question:

In Exhibit CLP-AMI-2, Page 87, Eversource states that "*Recognizing that the AMI program requires sizable investments, Eversource embraces accountability for executing the program effectively and delivering the expected benefits to customers. Accordingly, Eversource proposes a performance metrics framework to provide transparency into both the success of the AMI deployment and the realization of benefits. In each category, the Company is proposing to report annually on a slate of metrics.*"

a. Given Eversource's stated commitment to accountability, please explain what would happen if the company does not achieve the expected performance metrics in the proposed time horizon.

Response:

As an initial matter, Eversource is fully committed to accountability and expects to have performance metrics that apply to the AMI implementation once it is clear that the AMI implementation plan will move forward and on what terms. In the event that PURA approves the AMI implementation plan on reasonable terms that the Company can work with, then it would be appropriate to structure a performance mechanism around a subset of the scorecard metrics described in pages 87-89 of the Company's AMI Plan.

In particular, the scorecard referenced on page 87 of the AMI Plan will provide transparency for the Company, PURA and other stakeholders to determine what stage the program has reached in relation to expected value; where alternative sources of value may be occurring; and whether program changes need to be made in response to changing conditions.

In addition, the Company is interested in exploring a symmetrical incentive/penalty mechanism that would incorporate project milestones and operational success components. The AMI deployment success mechanism would be evaluated by PURA at the completion of the last program milestone included in the mechanism. Milestones to be included in the AMI Deployment Success mechanism could incorporate the following:

- CIS Deployment
- MDMS Deployment

- Commence Meter Deployment
- Complete Meter Deployment
- Customer Alerts Enabled
- Customer Data Sharing Enabled
- Outage System Integration
- TVR capability

For the operational success, the Company is interested in exploring a "meter-to-cash" metric that would compare various performance points to pre-AMI levels. For clarity and to ensure that all customers continue to experience strong operational performance, the metrics would be calculated on the entire customer base (i.e. not limited to customers that have received their AMI meters). The measures included in the AMI Operational Success mechanism could be incorporated as follows:

- Meter Read Rate
- Bill Timeliness
- Bill Accuracy

In addition, the Company expects that there would be a customer outreach and education plan that could have symmetrical penalties and incentives surrounding the Company's efforts to communicate and influence customers in the ways that they can use AMI to achieve anticipated benefits.

At the same time, the Company cannot be accountable for factors and outcomes beyond its control, such as the extent to which customers actually adopt and utilize AMI features to achieve the full range of benefits enabled by AMI implementation. Applicable performance metrics pertaining to project milestones and operational success components would need to be designed to exclude the impact of factors outside of the Company's control and, conversely, to hold the Company accountable for those factors and outcomes that it does control.

The Company's expectation is that additional discussion will occur on these types of metrics once it is determined that AMI implementation will move forward and on what terms and timelines.