

Massachusetts Electric Company  
Nantucket Electric Company  
Each d/b/a National Grid  
D.P.U. 23-150  
Exhibit EDF-CLF-JRC-Surrebuttal-1  
May 3, 2024  
H. O. Tassone

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

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Petition of Massachusetts Electric Company and )  
Nantucket Electric Company each d/b/a National Grid )  
Pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 for ) D.P.U. 23-150  
Approval of an Increase in Base Distribution Rates and )  
Approval of a Performance-Based Ratemaking Plan )

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PRE-FILED SURREBUTTAL TESTIMONY OF  
JOSHUA R. CASTIGLIEGO

ON BEHALF OF

ENVIRONMENTAL DEFENSE FUND  
AND  
CONSERVATION LAW FOUNDATION

May 3, 2024

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1 **I. INTRODUCTION AND WITNESS QUALIFICATIONS**

2 **Q. Are you the same Joshua R. Castigliero that provided direct testimony for the**  
3 **Massachusetts Department of Public Utilities (DPU) on March 29, 2024?**

4 A. Yes.

5 **Q. On whose behalf are you testifying in this proceeding?**

6 A. I am testifying on behalf of the Environmental Defense Fund (EDF) and Conservation Law  
7 Foundation (CLF) (collectively, EDF-CLF).

8 **Q. Did you review the rebuttal testimony filed by Massachusetts Electric Company and**  
9 **Nantucket Electric Company d/b/a National Grid on April 26, 2024?**

10 A. Yes. I reviewed the testimony submitted by Massachusetts Electric Company and  
11 Nantucket Electric Company d/b/a National Grid (hereinafter, National Grid or the  
12 Company) which responded to my direct testimony.

13 **Q. Are you sponsoring any exhibits?**

14 A. Yes, I am sponsoring Exhibit EDF-CLF-JRC-Surebuttal-2: Select Information Request  
15 Responses.

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

17 A. My surrebuttal testimony responds to the rebuttal testimonies of the Performance  
18 Mechanisms Panel (Exhibit NG-PIMS-Rebuttal-1) and the Customer Panel (Exhibit NG-  
19 CP-Rebuttal-1). Specifically, I address the following issues: (1) performance incentive  
20 mechanisms (PIMs, including investment-based “IPIMs” and operating-based PIMs)

1 included in National Grid's proposed Performance-Based Ratemaking framework (which  
2 it calls the Comprehensive Performance and Investment Plan or CPIP); (2) the Company's  
3 proposed electrification pricing option; and (3) National Grid's low-income discount rate  
4 proposal.

5 **Q. What actions do you recommend DPU take?**

6 A. I continue to recommend that DPU adopt the recommendations I advanced in my direct  
7 testimony.

8 Specifically, DPU should reject National Grid's proposed IPIMs and instead  
9 require National Grid to replace them with a single reliability IPIM improving reliability  
10 in (1) vulnerable communities with environmental justice populations experiencing worse  
11 than average reliability, and for (2) the Company's worst performing feeders. In addition,  
12 I urge DPU to reject or strengthen the Company's proposed operating-based PIMs and  
13 adopt three additional PIMs: an incremental peak load reduction PIM and two equity-  
14 focused PIMs.

15 DPU should also reject the Company's proposed electrification pricing option.  
16 Finally, DPU should order National Grid to design its low-income discount rate such that  
17 customers achieve energy security before (or in the absence of) application of any Low-  
18 Income Home Energy Assistance Program (LIHEAP) distributions.

1 **II. PERFORMANCE INCENTIVE MECHANISMS**

2 **Q. Did you review the Performance Mechanisms Panel’s rebuttal testimony regarding**  
3 **the Company’s investment-based IPIMs and operating-based PIMs?**

4 A. Yes.

5 **Q. Please summarize your understanding of the Performance Mechanisms Panel’s**  
6 **rebuttal testimony regarding IPIMs.**

7 A. National Grid restates the structure of its IPIMs and offers multiple defenses of the metrics<sup>1</sup>  
8 in response to the criticisms levied by myself and other intervenors. The Company largely  
9 makes the same three-part defense for each IPIM: (1) its metrics, which serve to enhance  
10 reliability, do not fall within National Grid’s public service obligation; (2) the metrics are  
11 not “spending metrics” (*i.e.*, metrics which reward spending, rather than actual, measurable  
12 outcomes) because they do not reward the Company for making investments, but rather for  
13 deploying investments; and (3) the metrics’ targets are appropriate because they reward the  
14 Company only when it provides exceptional performance.<sup>2</sup>

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<sup>1</sup> National Grid uses the terms “mechanisms” and “metrics” interchangeably to refer to its IPIMs and PIMs. I primarily use the term “metrics” to refer to the IPIMs and PIMs in this testimony to avoid any confusion as to whether I am referring to the Company’s performance mechanisms or its proposed recovery mechanisms.

<sup>2</sup> See Exhibit NG-PIMS-Rebuttal-1 at 16:1-45:17.

1   **Q.    How do you respond to the Performance Mechanisms Panel’s rebuttal testimony**  
2       **regarding IPIMs?**

3    A.    The Company’s responses do not alleviate my concerns about their IPIMs and I continue  
4       to believe that DPU should reject the metrics and replace them with a single reliability  
5       metric.

6           As to the Company’s first argument, National Grid agrees that enhancing reliability  
7       (the ultimate outcome of all of the IPIMs) is within its public service obligation. But it  
8       disagrees that the metrics fall within its public service obligation since each metric  
9       incentivizes the Company to go “above and beyond” its routine performance associated  
10      with the metric and achieve a stretch goal.<sup>3</sup>

11          I fail to see why “exceptional” performance of a public service obligation is not  
12      within the Company’s public service obligation. DPU specifically articulated in National  
13      Grid’s last rate case that PIMs are appropriate only where “the affected activity is **clearly**  
14      **outside** a distribution company’s public service obligations.”<sup>4</sup> National Grid itself admits  
15      that the activities underlying its IPIMs are within its public service obligation to provide  
16      reliable service, so it is not clear to me how the affected activities (*e.g.*, deploying Fault  
17      Location, Isolation, and Service Restoration (FLISR) schemes to reduce outages;  
18      improving the reliability of underground assets for customers experiencing multiple

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<sup>3</sup> See, *e.g.*, *id.* at 33:16-36:13.

<sup>4</sup> DPU Docket No. 18-150. September 20, 2019. Order, p. 121. Available at:  
<https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/11262053> (emphasis added).

1 outages by replacing underground cable) are “clearly outside” its public service obligation.  
2 National Grid appears to be advancing the untenable position that it need not provide  
3 exceptional performance for activities within its public service obligation. I recommend  
4 DPU reject this position and require the Company to perform its public service obligations  
5 to the best of its abilities.

6 The Company’s second argument is also faulty. National Grid argues that its  
7 metrics are not spending metrics, which measure dollars invested and not outcomes,  
8 because the metrics do not measure investment, but rather accomplishing goals such as  
9 deploying FLISR schemes and replacing targeted mainline overhead wire. But these  
10 metrics are spending metrics in all but name. The Company essentially repackages  
11 spending metrics by measuring the number of deployments, miles replaced, or enhanced  
12 reliability, all of which result from higher spending.

13 For context, spending metrics are problematic because, in general, performance  
14 metrics should incentivize the Company to take some action it is not otherwise incentivized  
15 to take, like reducing peak load or increasing workforce diversity.<sup>5</sup> Spending metrics, on

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<sup>5</sup> For example, Illinois recognized in the establishment of its performance incentive scheme that metrics should “measure outcomes and actual, rather than projected, results.” 20 ILCS 5/16-108.18(e)(2)(D). The Rocky Mountain Institute partnered with the Staff of the Illinois Commerce Commission to develop best practices for performance incentive metrics which incorporated the principle that measuring “outcomes rather than activities or means will ensure that performance metrics will reward utilities for implementation that results in customer benefits and not merely activity achievement.” Illinois Commerce Commission and Rocky Mountain Institute, Performance and Tracking Metrics Workshop Summary: Report to the Commission at 5 (2021). Available at [https://icc.illinois.gov/api/web-management/documents/downloads/public/informal-processes/ICC\\_Metric\\_Report\\_12-01%20Final.pdf](https://icc.illinois.gov/api/web-management/documents/downloads/public/informal-processes/ICC_Metric_Report_12-01%20Final.pdf).

1 the other hand, do not incentivize the Company to perform a new behavior, or improve  
2 performance, but instead to spend more money on a given activity. Public utility  
3 commissions could accomplish the same outcome incentivized by a spending metric (*i.e.*,  
4 spend more money) by simply directing a utility to spend more money on a given activity  
5 and setting a budget, without providing a utility incentive. Thus, the Company's proposed  
6 IPIMs are spending metrics in all but name because the measured outcomes (enhanced  
7 deployments, miles replaced, or enhanced reliability) all stem from additional spending.  
8 The measured outcomes have little to do with how well National Grid manages its  
9 investments and instead are tied to how much money the Company can spend on its  
10 preferred technologies.

11 The Company's IPIMs are spending metrics and the only situation where they  
12 would not be spending metrics is if National Grid had a hard budget cap such that it had to  
13 achieve extraordinary performance on an ordinary budget to receive a performance  
14 incentive. In that way, the Company would not be rewarded for spending more money, but  
15 for utilizing a set budget more efficiently. That is not the case here. As noted by AGO  
16 witness Dismukes, National Grid's proposed Infrastructure, Safety, Reliability, and  
17 Electrification Recovery (ISRE) recovery mechanism includes within it an investment cap,  
18 for investments in excess of National Grid's proposed investment levels, of 20 percent of



1 the five-year average of forecasted capital expenditures.<sup>6</sup> Put simply, the Company  
2 proposes to allow itself the ability to spend \$234 million in excess of its proposed  
3 investment levels across the five-year plan cycle.<sup>7</sup> If DPU approved the Company's IPIMs,  
4 it would incentivize National Grid to use this wiggle room it proposes for itself on  
5 investments related to the IPIMs, spending which will generate an additional return for the  
6 Company.

7 Moreover, the Company's assertion that its metrics are not spending metrics fails  
8 to grapple with the largest critical flaw with the IPIMs: they reward the Company for  
9 pursuing activities that it is already incentivized to perform. As I noted in my direct  
10 testimony, the Company's first three IPIMs (FLISR Deployment, Direct Buried Cable, and  
11 Overhead Hardening) incentivize it to install technologies that enhance reliability, even  
12 though National Grid already will collect a rate of return on these investments when  
13 installed.<sup>8</sup> Thus, the Company is already incentivized to deploy these technologies as fast  
14 as possible to obtain the resulting return, notwithstanding any additional incentive. The  
15 additional incentive stemming from the IPIMs will only further motivate National Grid to  
16 utilize the wiggle room included in the ISRE mechanism to accelerate its performance to a  
17 level where it receives its maximum return.

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<sup>6</sup> Exhibit AG-DED-1 at 11:16-12:2.

<sup>7</sup> *Id.* at 12:2-10.

<sup>8</sup> Exhibit EDF-CLF-JRC-1 at 34:1-6.

1           Finally, National Grid’s third argument also does not hold up when subject to  
2           scrutiny. The Company asserts that its IPIM targets are appropriate because they reward  
3           the Company only when it provides exceptional performance and do not reward National  
4           Grid when it performs in line with historical standards. This argument, however, fails to  
5           consider that National Grid requests significant additional spending to pursue distribution  
6           investments above what DPU allotted it in previous rate case cycles. National Grid  
7           proposes to increase its “core” capital spending included in the CPIP from \$1.695 billion  
8           for the five-year period ending in 2024 to \$3.949 billion for this rate case cycle and spend  
9           an additional \$2.2 billion through its electric sector modernization plan.<sup>9</sup> As noted by AGO  
10          witnesses Alvarez and Stephens, National Grid proposes to sextuple its annual capital  
11          spending from 2019 (\$279 million) to 2029 (\$1.73 billion).<sup>10</sup>

12           If DPU approves the Company’s request for significant additional revenue to  
13          pursue distribution system investments, DPU should accordingly expect the Company’s  
14          performance to rise above historical performance. I do not have access to the Company’s  
15          prior budgets for the activities underlying the IPIMs, such as FLISR deployment, to know  
16          whether the Company is requesting more money to achieve its IPIMs in this rate case.  
17          However, I maintain that DPU should not accept performance targets that do not represent  
18          an ambitious improvement above past performance given the significant additional total

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<sup>9</sup> Exhibit AG-WG-1 at 7:8-12, 10:1-6.

<sup>10</sup> *Id.* at 10:12-13.

1 distribution investment National Grid requests in this proceeding and the flexibility  
2 provided by the ISRE mechanism.

3 **Q. How did National Grid respond to your proposed reliability metric which would have**  
4 **condensed the four IPIMs into one metric?**

5 A. The Company does not adopt my proposed metric because, according to National Grid, it  
6 already provides reliable service for many environmental justice populations, which were  
7 one possible target of a revised reliability metric.<sup>11</sup> National Grid also states that it cannot  
8 adopt my metric because it does not have the ability to measure reliability performance  
9 within the boundaries of environmental justice populations due to its lack of Advanced  
10 Metering Infrastructure (AMI) meters which provide customer-level data.<sup>12</sup>

11 **Q. Please provide your response to the Company's assertions.**

12 A. The Company's response appears to misunderstand my proposal. I encouraged National  
13 Grid to propose a replacement reliability metric which seeks to improve "reliability in (1)  
14 vulnerable communities with environmental justice populations **experiencing worse than**  
15 **average reliability**, and [for] (2) **the Company's worst performing feeders.**"<sup>13</sup>

16 Based on the Company's response to discovery providing substation reliability data  
17 over the last five years, I understand that, on average, the Company's environmental justice

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<sup>11</sup> Exhibit NG-PIMS-Rebuttal-1 at 77:7-19.

<sup>12</sup> *Id.* at 78:10-79:11.

<sup>13</sup> Exhibit EDF-CLF-JRC-1 at 40:10-41:11 (emphasis added).

1 populations experience better than average reliability.<sup>14</sup> However, that does not mean that  
2 every single environmental justice population has better than average reliability. In fact,  
3 National Grid identified in discovery that substations serving environmental justice areas  
4 in Rowe, Rockland, and Attleboro each had a third tier System Average Interruption  
5 Duration Index (SAIDI) or System Average Interruption Frequency Index (SAIFI) score.<sup>15</sup>  
6 A replacement reliability metric could seek to improve SAIDI and SAIFI scores for these  
7 substations (and by extension, the environmental justice populations served by those  
8 substations). The Company also would not need to have AMI to enact this metric because  
9 it would measure substation performance for substations serving environmental justice  
10 populations, rather than the reliability experienced by these residents.

11 In addition, the Company does not address my recommendation that it design a  
12 reliability metric to improve performance for its worst performing feeders. National Grid  
13 would not need any additional data facilitated by AMI to pursue such a metric. The  
14 Company stated in discovery it has measured reliability by feeder<sup>16</sup> and thus could target  
15 investment to those communities, without the need to collect any customer-level data.

16 I continue to recommend that DPU reject National Grid's IPIMs and direct the  
17 Company to replace them with a single reliability metric which would reward the Company

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<sup>14</sup> National Grid response to EDF-CLF-2-30; Attachment EDF-CLF-2-30-2.

<sup>15</sup> Attachment EDF-CLF-2-30-2 at 2, 11, 12.

<sup>16</sup> National Grid response to EDF-CLF-3-17; Attachment EDF-CLF-3-17.

1 for improving reliability for environmental justice populations with worse than average  
2 reliability and for people served by the Company's worst performing feeders.

3 **Q. Please summarize your understanding of the Performance Mechanisms Panel's**  
4 **rebuttal testimony regarding PIMs.**

5 A. National Grid restates the structure of its operating-based PIMs and offers multiple  
6 defenses of the metrics in response to the criticisms levied by myself and other intervenors.  
7 Like with the IPIMs, the Company largely makes the same three-part defense for each PIM.  
8 This time, the Company argues that (1) its metrics do not fall within National Grid's public  
9 service obligation; (2) the metrics do not provide the Company with duplicate rewards for  
10 the same underlying performance; and (3) the metrics' targets are appropriate because they  
11 reward the Company only when it provides exceptional performance.<sup>17</sup>

12 **Q. Do the Company's arguments change your position on its proposed PIMs?**

13 A. No, I continue to have the same concerns. For example, I continue to believe that National  
14 Grid has a public service obligation to enroll customers in its low-income discount rate. I  
15 agree with John Howat's testimony on behalf of the Massachusetts Energy Directors'  
16 Association (MEDA) in which he states that the Company has an obligation to conduct  
17 outreach in an attempt to ensure customers can afford their monthly utility bills.<sup>18</sup> I also  
18 agree with Mr. Howat that National Grid's obligation to deliver affordable utility service

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<sup>17</sup> See Exhibit NG-PIMS-Rebuttal-1 at 46:18-68:14.

<sup>18</sup> MEDA Exhibit 1.0 (Revised) at 39:774-778.

1 is enshrined in the *Act Creating a Next-Generation Roadmap for Massachusetts Climate*  
2 *Policy*.<sup>19</sup>

3 Also, I continue to believe the Company’s goals are too low given historical  
4 performance, notwithstanding National Grid’s assertions that the goals are appropriate  
5 because they reflect current performance. The Company exceeded its targets for the Low-  
6 Income Discount Program PIM, First Call Resolution PIM, and Digital Customer  
7 Engagement PIM in recent years.<sup>20</sup> This type of performance signals that the Company’s  
8 goals are not high enough and that moderate improvements in baseline performance, rather  
9 than extraordinary performance, will consistently provide the Company with incentive  
10 payments. Also, the Company does not address in its rebuttal testimony my point that  
11 enhancements to the low-income discount rate to provide more affordable rates will drive  
12 some level of natural growth in enrollments, regardless of National Grid’s actions.

13 **Q. How did National Grid respond to your three proposed PIMs?**

14 A. The Company rejects all three proposed PIMs. Among other arguments, it asserts that  
15 parties should address the concepts raised in the Incremental Peak Load Reduction PIM  
16 and Low-Income Delivered Fuels Customer Electrification PIM in the Company’s Three-  
17 Year Energy Efficiency Plan (EE Plan) process.<sup>21</sup> National Grid agrees with the goals  
18 included in the Workforce Diversity PIM but states that it does not currently “track these

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<sup>19</sup> *Id.* at 39:778-781.

<sup>20</sup> Exhibit EDF-CLF-JRC-1 at 44:19-45:2, 46:10-47:2, 48:8-14.

<sup>21</sup> Exhibit NG-PIMS-Rebuttal-1 at 79:12-80:13.

1 [workforce diversity] metrics solely for the Company” but “would be willing to engage  
2 with stakeholders in a future proceeding as to how to develop and incorporate such a metric,  
3 with the goal of promoting workplace diversity.”<sup>22</sup>

4 **Q. Please provide your response to the Company’s assertions.**

5 A. DPU should reject National Grid’s arguments and direct the Company to adopt the three  
6 PIMs I propose, either in this proceeding or in the upcoming 2025-2027 EE Plan process.

7 First, I disagree that DPU should address the concepts advanced in the proposed  
8 Incremental Peak Load Reduction PIM in the EE Plan process. DPU explicitly recognized  
9 in National Grid’s last rate case that peak load reduction was an appropriate metric for the  
10 Company to pursue but rejected the Company’s specific request because of its overreliance  
11 on interconnection of solar and storage assets (which National Grid has limited control  
12 over)<sup>23</sup> as the method to achieve peak load reduction.<sup>24</sup> DPU never stated that a peak load  
13 reduction PIM is appropriate to advance only in EE Plan proceedings. With that said, if  
14 DPU feels that this metric would be better addressed in the EE Plan, it should direct the  
15 Company to propose such a metric in the upcoming 2025-2027 EE Plan process.

16 Second, regarding the Low-Income Delivered Fuels Customer Electrification PIM,  
17 I understand that DPU may believe that approval of such a PIM would be more appropriate

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<sup>22</sup> *Id.* at 82:3-7.

<sup>23</sup> This limited control over interconnections is also the reason why DPU should reject the Company’s DER Interconnected PIM which would reward the Company for interconnecting incremental storage. *See* Exhibit EDF-CLF-JRC-1 at 48:15-49:11.

<sup>24</sup> DPU Docket No. 18-150. September 20, 2019. Order, pp. 123-124.

1 in National Grid’s upcoming 2025-2027 EE Plan. If so, I recommend that DPU direct  
2 National Grid, in this proceeding, to propose such a metric in the 2025-2027 EE Plan  
3 docket.

4 However, contrary to the Company’s assertions, its current performance incentive  
5 approved in the last EE Plan cycle does not include my proposed metric and specifically  
6 reward the Company for pursuing additional electrification for low-income customers with  
7 delivered fuels.<sup>25</sup> Instead, the metric incentivizes National Grid to pursue electrification in  
8 “Targeted Hard-to-Reach Communities,” with the electrification component of the  
9 performance incentive contingent on “a Program Administrator verify[ing] that the  
10 customer has weatherized prior to or within six months after the installation of a heat  
11 pump.”<sup>26</sup> A more targeted metric would incentivize the Company to specifically electrify  
12 customers who incur significant costs related to residential heating using delivered fuels  
13 and would most benefit from electrification.

14 Finally, DPU should direct the Company to create a Workforce Diversity PIM as  
15 part of this proceeding. National Grid agrees with the goals of the PIM but states it cannot  
16 offer it because it only tracks workplace diversity at the corporate level and “does not track  
17 these metrics solely for the Company.”<sup>27</sup> To overcome this obstacle, DPU should direct the

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<sup>25</sup> Exhibit NG-PIMS-Rebuttal-1 at 80:5-11.

<sup>26</sup> DPU Order. 2022-2024 Three-Year Energy Efficiency Plans, DPU Docket Nos. 21-120 through DPU 21-129 at 195-201 (January 31, 2022).

<sup>27</sup> Exhibit NG-PIMS-Rebuttal-1 at 82:3-7.



1 Company to work with stakeholders to develop and propose specific targets, incentives,  
2 and penalties for the PIM via a compliance filing. That way, National Grid can execute a  
3 Workforce Diversity PIM as part of the order issued in this proceeding once it  
4 disaggregates its corporate diversity data.

5 **III. ELECTRIFICATION PRICING PROPOSAL**

6 **Q. Did you review the Customer Panel’s rebuttal testimony regarding the Company’s**  
7 **Electrification Pricing proposal?**

8 A. Yes.

9 **Q. Please summarize your understanding of that testimony.**

10 A. National Grid advances a variety of counter-arguments defending its Electrification Pricing  
11 proposal in response to my testimony and the testimony of other intervenors. Among them,  
12 the Company asserts any optional rate design may impose bill impacts on non-  
13 participants;<sup>28</sup> technology-specific rates “can be confusing to customers”;<sup>29</sup> price signals  
14 to promote efficiency and conservation are “appropriately captured in volumetric  
15 commodity rates”;<sup>30</sup> and R-2 customers—who are excluded from the Company’s  
16 Electrification Pricing proposal—receive a similar benefit from the R-2 discount.<sup>31</sup>

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<sup>28</sup> Exhibit NG-CP-Rebuttal-1 at 49:11-13.

<sup>29</sup> *Id.* at 51:3-12.

<sup>30</sup> *Id.* at 54:1-11.

<sup>31</sup> *Id.* at 55:5-17.

1           The Company also acknowledges its current metering technology limits innovative  
2 rate design options.<sup>32</sup> The Company explains it nevertheless decided to propose an  
3 Electrification Pricing option in this rate case “in an effort to begin supporting  
4 electrification and providing benefits to customers while [AMI] deployment is still  
5 underway[.]”<sup>33</sup> The Company’s goals are not clear, however, because in other instances,  
6 the Customer Panel states the primary objective of its Electrification Pricing proposal is  
7 not to influence customers to adopt new heat pumps, but rather to “address cross subsidies  
8 embedded in current volumetric rates[.]”<sup>34</sup>

9           Nevertheless, the Company states it would “fully support a Department decision to  
10 hold off taking action on rate design in this rate case [ ] until advanced rate design has been  
11 discussed in a separate proceeding and can be more precisely implemented with AMI.”<sup>35</sup>  
12 The Company also states that if DPU determines that “immediate action is necessary to  
13 reduce the operating costs for heat pump customers, and that a technology-specific solution  
14 is required or appropriate”, it would support a rate-adjacent discount program for customers  
15 with heat pumps, rather than a technology-specific rate option.<sup>36</sup> The Company clarifies  
16 that a rate-adjacent discount program “should have clearly defined policy parameters  
17 including the objective of the program, the technologies supported, the program budget,

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<sup>32</sup> *Id.* at 42:9-10.

<sup>33</sup> *Id.* at 42:6-8.

<sup>34</sup> *Id.* at 59:17-60:3.

<sup>35</sup> *Id.* at 42:11-15.

<sup>36</sup> *Id.* at 46:17-20.

1 participation limits, the term of the program overall, and the duration for which customers  
2 may continue to receive the discount.”

3 **Q. How do you respond to the Customer Panel’s rebuttal testimony on the Company’s**  
4 **Electrification Pricing proposal?**

5 A. My overall impression is that the Company is trying to do two things at once with its  
6 Electrification Pricing proposal: take a step away from volumetric delivery rates, and  
7 propose a rate that is electrification-friendly. Unfortunately, by doing so, it has proposed a  
8 rate that is flawed in many respects, as I and other intervenors explained in direct testimony.  
9 The Company is correct that its proposal “may pose risks the Department determines to be  
10 unacceptable.”<sup>37</sup> In my view, chief among those risks is that, if the Company’s proposal is  
11 approved, low-income and other low-usage customers will subsidize high-usage customers  
12 (including, but not limited to, customers who install heat pumps and other electrification  
13 technologies).

14 The Company has simply not demonstrated—nor does it claim—these risks are  
15 **necessary** in order to promote electrification in the near term. As I suggested in my direct  
16 testimony, in the near term, the Company can and must support equitable electrification by  
17 accelerating the installation of heat pumps in the homes of customers currently using  
18 delivered fuels for heating. And, rather than approving the Company’s flawed, risky rate

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<sup>37</sup> *Id.* at 45:7.

1 design in this case, DPU should investigate electrification-friendly rate design—as the  
2 Company itself suggests—in a separate proceeding on rate design following this rate case.  
3 Thus, I continue to recommend that DPU reject the Company’s proposed electrification  
4 pricing option.

5 **IV. LOW-INCOME DISCOUNT RATE**

6 **Q. Did you review the Customer Panel’s rebuttal testimony regarding the Company’s**  
7 **low-income discount rate proposal?**

8 A. Yes.

9 **Q. Please summarize your understanding of that testimony.**

10 A. The Company states its proposal to include LIHEAP for discount rate calculations helps  
11 reduce the cost of the low-income discount rate program, making it more affordable to  
12 more customers.<sup>38</sup> National Grid also asserts its broader program of increased education  
13 and outreach “is designed to help enroll as many customers as possible onto the LIHEAP  
14 program.”<sup>39</sup> Thus, the Company does not support reconfiguring its proposed low-income  
15 discount rate to ensure all customers pay no more than 3.4 percent of their household  
16 income on electricity bills **without** assuming LIHEAP distributions, as I recommend.<sup>40</sup>

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<sup>38</sup> *Id.* at 7:3-5.

<sup>39</sup> *Id.* at 7:10-12.

<sup>40</sup> *Id.* at 5:8.

1 **Q. How do you respond?**

2 A. I appreciate the Company's desire to balance affordability for eligible customers with the  
3 burden its low-income discount rate imposes on non-participants. Nevertheless, I continue  
4 to recommend the Company reconfigure its low-income discount rate to offer deeper  
5 discounts for its lowest-income customers, such that those customers achieve an affordable  
6 energy burden even without LIHEAP distributions. While doing so will increase costs to  
7 non-participants, I agree with MEDA witness Mr. Howat, who states "ensuring all persons  
8 have access to affordable utility service benefits all ratepayers and society at large. In  
9 addition, any additional cost of increasing discount percentages in order to achieve the  
10 3.4% energy burden may very well trigger reductions in bad debt and the Company's credit  
11 and collections operational costs that would offset that additional cost, at least in part."<sup>41</sup>

12 **Q. Do you have any other comments regarding the Company's response to your low-**  
13 **income discount rate proposal?**

14 A. I do. The Company appears to misunderstand a portion of my direct testimony where I  
15 discussed preserving affordability for all customers. In that section, I noted that the low-  
16 income discount rate will not guarantee that all National Grid customers will be able to  
17 afford their utility service because not all customers will be eligible for the rate.<sup>42</sup> Thus, I

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<sup>41</sup> MEDA Exhibit 1.0 (Revised) at 18:346-350.

<sup>42</sup> Exhibit EDF-CLF-JRC-1 at 82:6-8.

1 requested that DPU consider pathways to preserve affordability for individuals who do not  
2 qualify for the low-income discount rate in Docket No. 24-15.<sup>43</sup>

3 National Grid, however, appears to have interpreted my comment as a  
4 recommendation that the Company provide the low-income discount rate to customers  
5 earning more than 60 percent of the state median income and explains that it is unlawful to  
6 provide the rate to those customers.<sup>44</sup> To be clear, I do not recommend that the Company  
7 provide the low-income discount rate to customers above the income threshold. My  
8 recommendation requests only that DPU seek to create avenues to preserve affordability  
9 for individuals who do not qualify for the low-income discount rate.

10 **V. CONCLUSION**

11 **Q. Does this complete your surrebuttal testimony?**

12 **A.** Yes.

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<sup>43</sup> *Id.* at 82:8-11.

<sup>44</sup> *See* Exhibit NG-CP-Rebuttal-1 at 20:6-21:14.