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COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

THE BERKSHIRE GAS COMPANY

D.P.U. 25-170

JOINT DIRECT TESTIMONY OF

PAUL J. ALVAREZ and NICHOLAS ONYSZCZAK

On behalf of

THE MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL

March 27, 2026

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I. INTRODUCTION

Q. Mr. Alvarez, please state your name and business address.

A. My name is Paul Alvarez. My business address is Wired Group, P.O. Box 620756, Littleton, CO 80162.

Q. What is your occupation?

A. I am the President of the Wired Group, a consultancy specializing in the optimization of distribution utility business planning, operations, investment, and performance measurement.

Q. On whose behalf are you submitting testimony?

A. I am testifying on behalf of the Massachusetts Office of the Attorney General, Energy and Ratepayer Advocacy Division ("AGO").

Q. Please describe your work experience and educational background.

A. After a series of finance and marketing roles of progressive responsibility for large corporations, I began my utility career in 2001 with Xcel Energy, one of the largest investor-owned utilities in the United States. At Xcel Energy, I served as product development manager, overseeing the development of new demand-side management ("DSM") programs for residential, commercial, and industrial customers. I gained experience there overseeing DSM program cost-effectiveness testing.

In 2012, I started the Wired Group with a focus on distribution utility planning, investment, operations, performance measurement, and ratemaking practices. Wired Group clients include consumer, business, and environmental advocates. Additionally, I serve as an adjunct professor at the University of Colorado's Global Energy Management Program, where I teach an elective

graduate course on electric technologies, markets, and policy. I also occasionally serve as an instructor at Michigan State University's Institute for Public Utilities, where I have taught sessions on grid modernization issues, distribution utility performance measurement, and non-traditional ratemaking practices.

Further, I am the author of *Smart Grid Hype & Reality: A Systems Approach to Maximizing Customer Return on Utility Investment*, a book that helps laypersons understand smart grid capabilities, economics, optimum designs, and post-deployment performance optimization. I received an undergraduate degree from Indiana University's Kelley School of Business in 1983, and a master's degree in management from the Kellogg School at Northwestern University in 1991. Both degrees featured concentrations in financial management and marketing management.

Q. Have you appeared previously before the Massachusetts Department of Public Utilities ("Department")?

A. Yes. I have appeared on behalf of the AGO numerous times, including: D.P.U. 24-134 (NSTAR Gas' recent application to include deferred capital spending in base rates); D.P.U. 25-70 (National Grid's first annual ISRE Mechanism filing); D.P.U. 23-150 (National Grid's most recent electric base rate case); several electric grid modernization proceedings, including D.P.U. 15-120/-121/-122/-123; D.P.U. 21-81/-82/-83; and finally D.P.U.22-40/-41/-42 (NSTAR Electric, National Grid, and Unitil, respectively). In addition, I testified on behalf of the AGO in Phase II of the ESMP proceedings, D.P.U. 24-10/-11/-12. I have also testified before state utility regulators in 20 other states regarding distribution planning, investment, operations, performance measurement, and ratemaking practices. My curriculum vitae is attached as Exh. AG-WG-2.

Q. Mr. Onyzczak, please state your name and business address.

A. My name is Nicholas Onyszczak. My business address is Wired Group, P.O. Box 620756, Littleton, CO 80162.

Q. What is your occupation?

A. I am a gas distribution utility industry consultant specializing in operations, capital investment planning, emissions reduction, leak detection and repair, asset management, and reliability performance. I frequently work with Mr. Alvarez to support Wired Group client projects.

Q. On whose behalf are you submitting testimony?

A. I am testifying on behalf of the AGO.

Q. Please describe your work experience and educational background.

A. I have 25 years of distribution utility operations experience, primarily for gas distribution utilities, both for-profit and non-profit. From 2001–2006, I was employed in roles of increasing responsibility for municipal utilities in Oak Lawn, IL, New Lisbon, WI, and Lockport, IL. I was then employed by Nicor Gas in a series of positions managing pressure systems, new business development, Department of Transportation ("DOT") relocation projects, and cast iron and bare steel pipe replacement programs from 2006 to 2015. I was next employed by Xcel Energy as a Gas Operations Manager in the Denver, Colorado area, and then as Senior Project Manager for Methane Emissions Reduction, leading advanced leak detection and repair programs, from 2022–2024. After a brief time at the Oregon Public Utilities Commission as a Senior Energy Analyst/Engineer, I transitioned to full-time independent consulting work in 2025.

I hold a bachelor's degree in economics from the University of Toledo and a Master of Public Administration degree from the University of Kansas. I am currently pursuing a Master of Arts degree in Economics at New Mexico State University (expected 2027) with a focus on Public Utility Policy and Regulation.

Q. Have you appeared before the Department previously?

A. Yes. I testified with Mr. Alvarez on behalf of the AGO in D.P.U. 24-134, NSTAR Gas Company's recent application to move deferred capital spending to base rates. I also helped develop the AGO's comments submitted in D.P.U. 24-53, the Department's investigation into service quality standards for electric distribution companies and local gas distribution companies. My curriculum vitae is attached as Exh. AG-WG-3.

Q. What is the purpose of your panel testimony in this proceeding?

A. To examine capital spending, historical and proposed, performance-based ratemaking ("PBR") metrics, and performance incentive mechanisms ("PIMs") outlined by The Berkshire Gas Company ("Berkshire" or "Company").

Q. Please provide a preview of your panel testimony.

A. This testimony outlines recommendations for the Department's consideration and is organized in three sections. First, we recommend cost disallowances and reductions in the Company's historical and proposed capital projects, amounting to roughly $1 million in historical capital spending disallowances and $23 million in proposed capital spending reductions. Next, we analyze the Company's proposed PBR scorecard metrics and recommend revisions to each to maximize customer benefits and ensure compliance with Department precedent. Lastly, we

recommend the Department reject the proposed PIMs for the Company's failure to fully develop and define either in its proposal. However, should the Department choose to allow the Company to develop PIMs outside of this proceeding, we suggest that the Company's proposed Methane Emissions metric may be more appropriately utilized as a PIM.

Q. Please provide the customer perspective you ask the Department to consider as it reviews this testimony.

A. The cost of the energy transition is already impacting Massachusetts' consumers and economy, and the Commonwealth has appropriately recognized the need to prioritize electric and gas affordability as this transition progresses.[1] As shown in Figure 1 below, electric residential rates in Massachusetts have grown at a compound annual growth rate ("CAGR") of 8.1 percent from 2020–2025, while gas residential rates have grown at a CAGR of 11.2 percent over the same period.[2] Gas rate increases, like electric rate increases, are driven in large part by increases in distribution capital expenditures. While some increases in distribution capital spending may be warranted, our testimony before the Department in multiple proceedings has identified instances

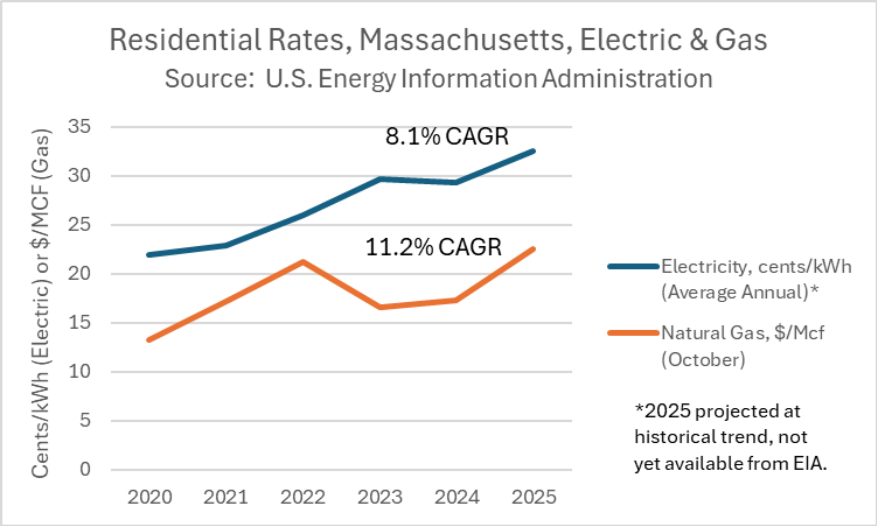
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[1] Letter from Governor Healy to the Legislature, filed in House Docket No. 4707 (May 13, 2025); *Gas and Electric Delivery Charges and Bill Redesign*, D.P.U. 25-200, Vote and Order Opening Inquiry, at 1 (Dec. 15, 2025); *see also* Average retail price of electricity, monthly, EIA, https://www.eia.gov/electricity/data/browser/ (select pre-generated report 5.6; filter for Massachusetts; and select the appropriate time series) (showing an average price of 25.91 cents/kWh in November 2025, up from 17.69 cents/kWh in November 2020) and *Massachusetts Price of Natural Gas Delivered to Residential Customers*, EIA, https://www.eia.gov/dnav/ng/hist/n3010ma3A.htm (showing an average price of $21.80/thousand cubic feet in 2024, up from $14.71/thousand cubic feet in 2020).

[2] Average retail price of electricity, monthly, EIA, https://www.eia.gov/electricity/data/browser/ (select pre-generated report 5.6; filter for Massachusetts; and appropriate select the time series); Massachusetts Price of Natural Gas Delivered to Residential Customers, EIA, https://www.eia.gov/dnav/ng/hist/n3010ma3A.htm.

of unnecessary, premature, and cost-ineffective capital projects and programs.[3] We have, through our experience, attributed these significant increases in capital spending in large part to practices such as capital trackers,[4] and have observed similar relationships between ratemaking and suboptimal capital spending in other states employing permissive ratemaking practices.[5]

Figure 1: Residential Rates, Massachusetts Electric and Gas Utilities, 2020–2025.[6]



While inflation and commodity costs play a role in rate increases as well, these are largely out of the Department's control. It is, therefore, imperative that the Department address costs that are

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[3] *See*, *e.g.*, *National Grid*, D.P.U. 23-150, Exh. AG-WG-1; *Eversource Energy*, D.P.U. 24-134, Exh. AG-WG-1; and *National Grid*, D.P.U. 25-70, Exh. AG-WG-1.

[4] *Id*.

[5] *See*, *e.g.*, *Arizona Public Service Company*, E-01345A-25-0105, AARP Direct Testimony, at 5–36 (Mar. 2, 2026); *Commonwealth Edison Company*, 22-0486, AG Exhibit 1.0, at 10–44 (May 22, 2023); *DTE Electric Company*, U-21297, Testimony of Paul J. Alvarez, at 8–20 (Jun. 13, 2023).

[6] Average retail price of electricity, monthly, EIA (for Massachusetts), https://www.eia.gov/electricity/data/browser/; *Massachusetts Price of Natural Gas Delivered to Residential Customers*, EIA, https://www.eia.gov/dnav/ng/hist/n3010ma3A.htm.

under the Department's control. Accordingly, our recommendations in this case are designed in large part to support restoration of capital spending governance and restraint to utility capital spending decisions generally, and to Berkshire's capital spending decisions specifically. In following these recommendations, the Department can help ensure the Company puts capital to its highest and best use, just as businesses are subject to competition and market forces are forced to do.

II. RECOMMENDED COST DISALLOWANCES/REDUCTIONS IN HISTORICAL AND PROPOSED CAPITAL PROJECTS

Q. Please introduce this section of testimony.

A. This section is a review of the Company's capital expenditure information. Our testimony will first review and discuss the primary drivers of the Company's capital spending, then we will address the Company's historical, post-test year, and forecasted plant additions, and provide several recommendations. Specifically, we recommend that the Department:

- Disallow $170,009 of the Company's historical plant additions.[7]
- Disallow $775,147 of the Company's post-test year plant additions.
- Reduce the Company's forecasted plant additions in its capital forecast by $23,000,000.

[7] We recommend one further disallowance of $[redacted], but this amount is derived from confidential materials and is therefore not included in this total. *See infra* at 10–11.

Q. What do you believe are the causes of the Company's increased capital spending since its last rate case?

A. The Company has had a consistent level of spending on regular ongoing capital investments needed to operate a safe and reliable system.[8] This regular business-as-usual spending, however, has been overshadowed by additional capital investment in recent years related to Gas System Enhancement Plan ("GSEP"), new regulatory requirements, and a work plan agreement ("WPA") with the Department.[9] The new regulatory requirements are based on recommendations from the National Transportation Safety Board investigation and Dynamic Risk report following the Merrimack Valley incident.[10] The WPA requires corrections to past violations that involved both operational changes and improvements, as well as capital investments to address a range of issues related to system safety and reliability.[11]

Of course, because the safety issues required to be addressed by 220 CMR 100 and 101, the WPA, and GSEP are necessary, the Company is obligated to address them, and there is a benefit to customers and the public. There are multiple ways, however, to address these safety issues, both to reduce costs and to reflect the changes that have occurred in the Massachusetts natural gas industry in recent years. Replacing infrastructure is not the only way the Company can meet the requirements of the WPA, GSEP, and new regulations. In fact, the Company should consider

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8 Exh. BGC-CPP-1A.

9 *Id*.

10 *Instituting a rulemaking to amend 220 CMR 100.00 and 220 CMR 101.00*, D.P.U. 22-100-A, Order, at 1–3, 77 (Sept. 26, 2024).

11 Exh. AG-6-14.

alternatives that involve modification rather than replacement, removal of facilities without replacement by either system reconfiguration or retirement of portions, and repairs in place of replacement. The Company's consideration of alternatives has not been consistent, leading to additional spending.

Q. Please describe the historical plant additions (2021–2024) that you recommend the Department disallow.

A. We recommend that the Department disallow recovery for four historical plant addition projects, totaling $170,009. We further recommend that the Department disallow a portion of four additional projects, totaling $[redacted].

First, RIVER_RD_DFD (Project Number 21) was a project for a customer's benefit in which the total expenditure exceeded the estimate and amount billed to the customer by $45,550.[12] This amount should be disallowed as the Company has not proven that this additional spending provides benefit to any of the Company's other customers.

Next, NEWELL ST_PSF (Project Number 34), N HOOSAC RD_WMS (Project Number 81), and DEWEY AVE_PSF (Project Number 83) were projects in which the Company applied invoices that were not attributable to these projects, but were instead attributable to other projects that the Company did not identify.[13] Misapplying invoices is not just an error; it represents a failure of

12 Exhs. BGC-CPP-3A; AG-8-5.

13 Exh. AG-8-11.

internal controls. Therefore, the combined $116,187 amount for these invoices should be disallowed.

Further, 1685 W HOUSATONIC ST_PSF (Project Number 1) had a contractor invoice charged to the project twice in the amount of $8,272.[14] Accordingly, this amount should be disallowed.

Finally, the four revenue projects included in BGC-CPP-2B had actual construction costs that exceeded the estimated costs used to calculate the internal rate of return and required customer payments by $[redacted].[15] This additional spending by the Company did not benefit any customers other than the four for whom these projects were constructed. Portions of these projects, however, are also included in our above recommendations for disallowance due to invoicing errors, so we adjusted our recommended disallowance for this issue to $[redacted] to account for that.[16]

Q. Do you have other concerns with the Company's historical capital spending (2021–2024)?

A. Yes, the Company had 31 System Betterment and System Planning projects constructed since December 6, 2023, that required a non-pipeline alternative ("NPA") analysis under D.P.U. 20-80-B.[17] All these projects, however, were screened out from NPA analysis for reasons such as customer density, imminent other construction, planned paving, or other related projects, despite none of these projects being related to immediate safety issues such as leaks or corrosion, nor were they required DOT relocations. Additionally, project authorization documents across all project

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14 Exh. AG-8-17.

15 Exh. AG-8-19, Atts. AG-8-19(a) CONFIDENTIAL through AG-8-19(d) CONFIDENTIAL.

16 *Id*.

17 Exh. AG-8-12, Att. AG-8-12.

types for these four years frequently failed to consider any alternatives to the work performed. In the few instances where alternatives were considered, the alternatives were either minor component substitutions or to do nothing, which were rejected for not providing any benefit. There was also no quantification of the benefits provided by any non-revenue project to justify the costs of the project. This lack of analysis of alternatives and cost-benefit analysis raises serious concerns about how the Company's financial discipline and prudence are being exercised and are particularly discouraging considering the Commonwealth's long-term plans for the gas distribution system.

Q. Please describe the Company's post-test year plant additions (2025) that you recommend the Department disallow.

A. We recommend that Department disallow $775,147 for the Company's East Street project. The East Street was constructed at a cost of $1,550,294, with an expected reimbursement to the Company of approximately 50 percent of the project's cost due to a collaboration between the DOT and the Company.[18] The Company, in these proceedings, has placed the entire cost of the project into the rate base as the Company has not yet received the expected reimbursement.[19] Allowing the entire cost of this project into rate base, however, would cause customers to bear the return of and return on a capital expenditure for which the Company will have long since been reimbursed. We are concerned that the Company is not addressing incidents like this through post-

[18] Exhs. AG-6-17; BGC-CPP-1, at 38.

[19] *Id*.

test year accounting adjustments, and believe such incidents demonstrate insufficient accounting controls.[20]

Q. Do you have additional concerns with the Company's post-test-year plant additions?

A. Yes. Berkshire's request to include post-test year capital additions is of concern because rate cases are based on a test year to provide a set frame of reference on which to base revenue requirements, as well as allowing for financial information to be presented with ample time for thorough review. The inclusion of post-test-year expenditures in rate base violates both principles. The inclusion of post-test year plant additions also amplifies the rate increase, impacting affordability beyond what would otherwise occur. Accordingly, we recommend that anticipated post-test year plant additions not be included in the rate base at this time and only be considered after placement into service in a future Berkshire rate case.

Q. Please describe the Company's forecasted plant additions (2026–2031) that you recommend the Company remove from its capital forecast.

A. We recommend that the Company reduce $23 million for forecasted plant additions from its capital forecast.[21] First, the Company proposes spending $22.5 million to comply with 220 CMR 101.06

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[20] We reserve the right to recommend additional allowances following our review of the Company's post-test year documentation, which was filed with insufficient time for us to receive responses to any relevant discovery requests submitted after filing.

[21] We address the Company's forecasted plant additions as these investments are part of the Company's PBR plan. Generally, however, we recommend that capital forecasts not be provided for advance review and instead continue with traditional ratemaking, in which historic capital spending is reviewed at the next rate case with no adjustments to the rate base or revenue requirement until that time. If the Company's PBR plan is established, however, future capital spending should be based on historical capital spending, with an annual adjustment determined by a formula.

over the next three years.[22] We recommend a reduction of $2.5 million in this proposal, as that amount is budgeted for telemetry and overprotection devices at regulator stations that will be eliminated by planned GSEP and System Betterment projects.[23]

Next, the Company is proposing to increase spending on System Betterment—Non-GSEP by nearly $3.7 million in 2031, as GSEP spending declines with the program's approaching completion.[24] We have several concerns with this proposal. First, GSEP was put in place to address a specific set of safety concerns for which utilities needed a special funding mechanism to adequately fund, yet now the Company is looking to continue that high level of funding within its regular business operations to maintain the same high rate of rate base growth. Second, many of the System Betterment—Non-GSEP projects replaced assets physically adjacent to GSEP projects needed to allow for the completion of GSEP projects. But, because GSEP spending should diminish, so too should those adjacent projects. This category of spending should diminish as the condition of the system improves, rather than increase to meet an investment need on the Company's part. Accordingly, we recommend a reduction of $4.0 million for 2031 to bring System Betterment spending in line with prior years, reflecting a downward adjustment for reduced GSEP-related work.

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22 Exh. BGC-CPP-1, at 42.

23 Exhs. DPU-9-7, Att. DPU-9-7; AG-6-45.

24 Exh. AG-11-11.

Further, the Company proposes to increase fleet capital spending to $5.3 million in 2026 from a prior spending level of $450,000 annually.[25] The Company claims that it is necessary to replace additional vehicles to avoid breakdowns and failures that would increase response times, reduce the risk of accidents or injuries from older vehicles, and reduce air pollution. The Company, however, has confirmed that no vehicles are unavailable for response to emergencies due to vehicle condition,[26] has not quantified any expected reduction in response times due to replacing vehicles,[27] and has not shown a relationship between accidents or injuries (of which the company had none 2021–2025) and the age of vehicles.[28] Finally, the Company demonstrated that an approximate 20 percent improvement in fuel efficiency could be achieved by replacing existing vehicles with the Company's proposed vehicles.[29] However, these improvements involved replacing existing American-manufactured vehicles with foreign-based automaker vehicles (Mercedes-Benz, Mitsubishi, and Toyota) in more than half of vehicle replacements. This is likely to be more costly than necessary, and greater fuel efficiency could be achieved by including electric vehicles, none of which are proposed. Vehicle replacement is a necessary expenditure, but we recommend a reduction of $4.0 million, because this reduced amount would still allow for a significant increase over historical annual vehicle replacement spending.

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25 Exh. BGC-CPP-1, at 38.

26 Exh. AG-6-20.

27 Exh. AG-6-21.

28 Exh. AG-6-22.

29 Exh. AG-6-23.

Next, the Whately Facility upgrade will provide no additional capacity or support for the gas system, and $1.65 million in safety upgrades were made to this facility in 2021 and 2022.[30] As such, we recommend removing the $4.4 million project.

Further, the Williamstown System Reliability upgrades provide additional reliability to only one customer that has a pressure guarantee requiring increased system pressure; however, all other customers can continue to be fully served even at the reduced pressures experienced on the coldest days. Accordingly, we recommend removing this $2.2 million project and either renegotiating the pressure guarantee with that customer or charging the upgrade cost to them.

Finally, the Company proposes spending $5.9 million on New Business. It is inappropriate to include additional investment in New Business while the Department is investigating the potential elimination of line extension credits, and we recommend the Company's plant additions forecast be reduced by this amount. Additionally, the revenue from any new customers should offset the costs of extending their service, if contributions-in-aid-of-construction are properly calculated, thereby imposing no financial harm to the Company from the disallowance of this from forecasted plant additions.

Q. Should the Company's two Gas Operations capital projects be pre-approved as requested?

A. No, neither the training center at North Adams nor the purchase of a vacuum truck should be preapproved. Pre-authorizing projects unnecessarily protects the Company from the consequences of its business decisions and weakens future prudency reviews. The projects may have merit;

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30 Exh. BGC-CPP-4B.

however, neither has gone through the project authorization process, and the total cost of the training center is not yet known, only that it will nearly quadruple training operating expenses going forward. [31] Cost savings and operational improvements related to the vacuum truck have been calculated, but they are not yet reflected in any spending forecasts.[32] The Company should not be prevented from moving forward with these projects; however, they should not be pre-authorized, and the Company should bear the burden of demonstrating prudence and ensuring the effects are accurately reflected.

Q. Should GSEP spending (2021–2024) be allowed to roll into the rate base?

A. GSEP spending is reviewed for prudency within separate GSEP and Gas System Enhancement Reconciliation Adjustment Factor ("GREC") dockets. However, we believe these reviews are inadequate because the actual projects constructed each year vary significantly from the approved annual GSEP plans. Additionally, GSEP projects are not evaluated to ensure that prioritization is based on balancing the risk factors of a particular project, expected benefits in actual emissions and leak reduction, and project cost. As such, we recommend that GSEP spending be subject to a full prudency review, including examination of benefits provided and risk prioritization, as part of any general rate case requesting a roll-in of GSEP spending. Additionally, we recommend that the Department require the Company to demonstrate the benefit to ratepayers of rolling GSEP spending into rate base instead of keeping it in the GREC.

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31 Exh. AG-10-7.

32 Exh. AG-6-44.

III. PBR SCORECARD METRICS AND PIMs

Q. Please introduce this section of testimony.

A. Putting aside the merits of the Company's overall PBR proposal, should the Department adopt some form of a PBR plan, we offer the following recommendations regarding the PBR scorecard metrics and PIMs.

Q: Please provide your overall perspective on PBR scorecard metrics and PIMs.

My overriding concern regarding PBR is that the spending required to perform at the levels indicated by the scorecard metrics is not adequately addressed in the metrics. In my opinion, the overall challenge for utility spending generally, and in capital planning specifically, is how to secure the best outcomes for the least cost. In my experience, few PBR programs or PIMs are designed to influence utility decision-making to provide customers with the best outcomes at the lowest cost.

Q. Why is it important to include scorecard metrics in PBR plans?

A. If properly designed and implemented, scorecard metrics can provide transparency and accountability around a Company's performance under a PBR plan. By implementing scorecard metrics, the Department and other intervenors can monitor whether a utility meets performance expectations and ensure that the company is maintaining and/or improving performance over the term of the PBR. To serve their intended purpose, scorecard metrics must be well-designed to measure performance across a range of relevant performance categories, measure outcomes achieved, minimize the influence of factors outside the company's control, and remain consistent over the PBR term.

Q. Do Berkshire's proposed scorecard metrics function as effective performance measures to ensure that the Company is maintaining or improving performance during the term of the PBR?

A. No. Overall, Berkshire's scorecard metrics should be better designed to measure outcomes, such as safety incidents and emissions reductions, rather than processes, such as training completed and miles of main replaced. As discussed below, each of the Company's proposed scorecard metrics suffers from at least one fatal weakness.

Q. Please discuss the Emergency Response Rate within 45 minutes metric and any flaws with its proposed design.

A. The Company proposes responding to gas Odor Calls within 45 minutes of receiving such a call at least 95.5 percent of the time. This represents maintaining the baseline performance that was achieved in 2021–2024.[33] The Department currently requires that gas utilities respond to 97 percent of gas Class I and Class II Odor Calls within 60 minutes.[34] The proposed metric closely aligns with the Department's Service Quality guidelines, only reducing the time from 60 minutes to 45 minutes. However, the Company is already consistently meeting both metrics.[35] The proposed metric does not require any improvement over the baseline and will likely be met if the annual Service Quality metric is met. This scorecard metric should be rejected because it lacks an improvement target. Further, the Company's performance in this area can be monitored just as

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33 Exh. BGC-METRICS-2, at 1.

34 *Revised Service Quality Guidelines*, D.P.U. 12-120-D, Order, at 11 (referencing Attachment A) (Dec. 18, 2015). *See Revised Service Quality Guidelines*, D.P.U. 12-120-D, Att. A, at 14 ("Each Gas Company shall respond to 97 percentage of all Class I and Class II Odor Calls in 60 minutes.").

35 Exh. DPU-12-1, at 1.

well through the annual Service Quality metric. Therefore, this metric does not provide any value, such as offering additional transparency or advancing an important policy goal.

Q. What would you recommend to improve the Company's Emergency Response Rate within 45 minutes scorecard metric?

We recommend replacing this metric with an Average Emergency Response Time metric, measuring the average time the Company takes to respond to Class I and Class II Odor calls. This change is designed to provide useful information beyond the Service Quality metrics. An average response time also allows for differentiation between calls beyond just the cut-off times, factoring in quicker-than-required responses and giving weight to extremely long response times.

Q. Please discuss the Environmental Health and Safety ("EHS") Training Completion metric and any flaws with its proposed design.

A. The EHS Training Completion metric measures the number of EHS training courses that are completed each year, with a target of 95 percent completion. EHS training courses are essential for ensuring that employees are trained to perform their jobs safely and to identify and appropriately respond to safety and environmental hazards. The Company's performance in completing EHS courses has historically been poor but has improved a bit recently. Completion rates for EHS courses have increased from 89.44 percent in 2021 to 97.73 percent in 2024,[36] and the percentage of employees failing to complete all assigned EHS courses has fallen from 25 percent in 2022 to 6 percent in 2025.[37] The flaw with this metric is that measuring the number of

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[36] Exh. AG-8-25.

[37] Exh. DPU-12-2.

classes completed may not present an accurate or consistent representation of performance. The Company has significantly varied the number of EHS classes offered each year and the number of employees assigned to complete each class.[38] This allows the Company to inadvertently, or intentionally, affect completion percentages by changing the number of classes and which employees are assigned to them. The proposed metric also does not provide insight into how many employees are only partially trained each year, nor does it measure the actual outcomes of the training. The value of EHS training lies in reducing and preventing safety and environmental incidents, which is not effectively measured by this metric.

Q. What would you recommend to improve the Company's EHS Training Completion scorecard metric?

We recommend replacing this metric with a Safety and Environmental Incidents metric, which would measure the outcomes of EHS and other safety training, and increase understanding of possible performance issues in these areas. As there is ideally an expectation of zero incidents, there would not be a baseline for this metric. It is meant to be informative in the annual PBR review rather than punitive and to encourage honest reporting of all safety and environmental incidents and drive improvements.

Q. Please discuss the Customer Satisfaction metric and any flaws with its proposed design.

A. The Customer Satisfaction metric measures the percentage of customers who are satisfied with their interactions with the Company using the Residential Customer Satisfaction Survey.[39] This

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38 Exhs. AG-8-24; DPU-12-2.

39 Exh. BGC-METRICS-1, at 14.

survey is measured on a 7-point scale, ranging from 1 (very dissatisfied) to 7 (very satisfied).[40] The Company proposes a baseline of 6.0, which is below the 2021–2024 average results of 6.22.[41] This metric is flawed because it measures only a subset of customers who contacted customer service. Measuring customer satisfaction among those who have contacted customer service does not reflect overall customer satisfaction. Instead, the findings will likely focus on that specific interaction. A more complete and accurate measure of customer satisfaction would assess satisfaction based on information on or included with their bill, the information and issue resolution available through digital tools, interactions with Company field personnel, and other experiences beyond a call to customer service. Further, customer satisfaction surveys are not objective, and customer sentiment is commonly influenced by factors outside the Company's control, such as natural gas commodity prices, general utility costs, or concerns about the environmental effects of natural gas use, which can affect results and scores.

Q. What would you recommend to improve the Company's Customer Satisfaction scorecard metric?

We recommend revising this metric to measure customer satisfaction across all customers using an outside survey that can be normalized using a pool of other utilities. A survey administered to a sample of all customers by an outside firm with access to data from other utilities on the same measures would reduce potential Company influence through design or administration and would allow for results to be adjusted based on outside factors affecting the industry or region.

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40 Exh. BGC-CSP-1, at 8.

41 Exh. BGC-METRICS-1, at 15.

Q. Please discuss the Digital Engagement metric and any flaws with its proposed design.

A. Berkshire proposes to measure the number of online registrations to the Company's My Account solution on the Company's website. Berkshire proposes a target of increasing registrations from the current level of 59.5 percent of customers to 65 percent by the end of the five-year PBR plan.[42] The Company wants to focus on digital engagement because it believes that increased use of digital tools is correlated with higher customer satisfaction, lower costs, and greater ability for customer service agents to focus on higher-value, more complex customer issues.[43] The improvements the Company aims to achieve could provide meaningful benefits and potentially improve customer experience and satisfaction. However, this metric fails based on an insufficient target. Increasing the number of My Account enrollments by 147 customers per year[44] will not necessarily yield the desired benefits. Additionally, this metric measures the increasing use of a digital tool. However, it does not measure the outcomes of increased use, increased customer satisfaction, or quicker resolution of customer issues.

Q. What would you recommend to improve the Company's Digital Engagement scorecard metric?

We recommend revising this metric to measure customer satisfaction with digital tools. Recommended measurements are the percentage of customer inquiries resolved digitally without further follow-up, satisfaction with digital tools, and the ratio of customer contacts made via digital

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42 *Id*. at 16.

43 Exh. AG-8-22.

44 Exh. DPU-12-3.

versus non-digital tools. These metrics would provide insight into the outcome of the Company's digital efforts, whether it is meeting customer needs, and whether the expected benefits of increased overall customer satisfaction, cost savings, and increased focus by customer service on more complex inquiries are likely to occur.

Q. Please discuss the Methane Emissions metric and any flaws with its proposed design.

A. The Company proposes to measure the annual reduction of methane emissions that result from the replacement of leak-prone pipe through the GSEP program.[45] The reductions will be calculated using the Massachusetts Department of Environmental Protection ("MassDEP") emissions factors, which are consistent with MassDEP's reporting requirements under 310 CMR 7.73. The Company will report estimated emissions reductions based on the miles of main it plans to replace under GSEP and the actual miles of main replaced. The emissions reduction from the planned miles of main replaced will be the baseline each year, and the metric will measure how much additional emissions reduction was achieved by replacing additional miles of main under GSEP.

This metric has several flaws. First, it is based on emissions factors that, by their nature, assume that every mile of cast iron pipe emits the same amount of emissions regardless of actual pipe condition or leak history. This approach incentivizes replacing mains based on ease of construction and the lowest cost per mile replaced, rather than on risk factors such as leaks and pipe condition. Second, as the Company is nearing completion of its GSEP program and

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45 Exh. BGC-METRICS-1, at 17–18.

anticipates increasing System Betterment Non-GSEP spending,[46] this metric will cease to provide information during the PBR term and will, at best, incentivize the Company to move a few GSEP projects forward. Third, this metric ignores methane emission reductions from sources other than pipe replacements. Other sources of emissions reductions include joint sealing, repair of known leaks, and reductions in venting and flaring of gas. By excluding these sources of methane emissions reduction, the Company is discounting the value of measurable, and potentially lower-cost methods in favor of capital-intensive pipe replacements.

Q. What would you recommend to improve the Company's Methane Emissions scorecard metric?

We recommend removing this metric from the scorecard and developing it as a PIM to measure the reduction in Scope 3 emissions for implementation in a future proceeding. For the Company to impact Scope 3 emissions, it needs to undertake multiple efforts beyond business-as-usual that utilities have been reluctant to fully embrace. A properly designed PIM would provide incentives for the Company to support the energy transition and view it as a performance opportunity rather than a regulatory burden to be resisted.

Q. Please discuss the Grade 3 Environmentally Significant Leaks metric and any flaws with its proposed design.

A. The Company proposes to target the repair of all environmentally significant Grade 3 leaks within 18 months of designation. The Department currently requires that Grade 3 leaks with a footprint greater than 10,000 square feet must be repaired within twelve months; if the leak is on a facility

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46 Exh. AG-11-11.

scheduled for replacement under GSEP within three years, then the leak shall be repaired or eliminated within two years.[47] For Grade 3 leaks with a footprint of 2,000 to 10,000 square feet, repair is required within two years of designation; if the leak is on a facility scheduled for replacement under GSEP within five years, then the leak shall be repaired or eliminated within three years.[48] The proposed metric exceeds the Department's current requirement for all except leaks greater than 10,000 square feet on facilities not designated for replacement under GSEP. The Company has repaired all environmentally significant Grade 3 leaks in an average of about sixty-seven days during 2021–2025, with the longest taking just over nine months.[49] The metric, as proposed, would allow for significantly longer leak repair times than have occurred over the last five years, representing a degradation in performance. Additionally, the Company has experienced only eight environmentally significant Grade 3 leaks over the past five years, indicating that this metric applies to a very small subset of leaks and would not be reportable in some years.

Q. What would you recommend to improve the Company's Grade 3 Environmentally Significant Leaks scorecard metric?

We recommend replacing this metric with a broader Average Leak Repair Time metric that calculates the average repair time for each of the three leak grades. The baseline for the average repair time would be set at or below the average repair times for each leak grade during 2021–2025,

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47 *Rulemaking establishing requirements for Uniform Natural Gas Leaks Classification*, D.P.U. 16-31-C, Order, at 24–25. (March 8, 2019).

48 *Id*.

49 Exh. AG-8-26.

with a target of reasonable improvement. This metric would apply to all leaks, measuring performance that affects both actual emissions and public safety.

Q. Why is it important to include PIMs?

A. The Department has found that PIMs can be useful in advancing public policy goals as long as threshold regulatory principles and incentive mechanism design guidelines are met.[50] We concur with this perspective, and with the threshold principles and incentive mechanism guidelines the Department has established.[51]

Q. Why is it important for PIM to be defined before the Department approves the Company's PBR proposal?

A. Compensation determined in part by performance is a critical feature of performance-based ratemaking, making well-defined PIMS a critical part of any PBR plan. Department requires that "a PIM must first be found to meet the threshold principles that (1) it advances specific public policy goals and (2) the affected activity is clearly outside a distribution company's public service obligations."[52] Additionally, once those thresholds are met, the Department will determine whether an incentive mechanism is appropriately designed. An appropriately designed incentive mechanism must: (1) be designed to encourage program performance that best achieves the Commonwealth's energy goals; (2) be designed to enable a comparison of (i) clearly defined goals and activities that can be sufficiently monitored, quantified, and verified after the fact to (ii) the

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50 *National Grid*, D.P.U. 18-150, Order, at 120 (Sept. 30, 2019).

51 *Id*. at 121.

52 *Id*.

cost of achieving the target to the potential quantifiable benefits; (3) be available only for activities where the distribution company plays a distinct and clear role in bringing about the desired outcome; (4) be consistent across all electric and gas distribution companies, where possible, with deviations across companies clearly justified; (5) be created to avoid perverse incentives; and (6) ensure that the distribution company is not rewarded for the same action through another mechanism.[53]

Critically, a PIM must be fully developed and defined before these criteria can be properly evaluated. Here, the Company proposal is more of a plan to propose PIMs in the future, with scarce detail regarding the specifics of either PIM. Accordingly, we cannot properly consider either PIM for compliance with the Department's established criteria.

Q. What are your concerns with each of the PIMs?

A. Low-Income PIM

As noted above, the Company has not put forth a complete proposal for either PIM. Given the lack of detail, such as baseline, targets, or thresholds for incentives and penalties, it is impossible to evaluate whether the Low-Income PIM is well-designed and complies with the requirements previously set forth by the Department. Nonetheless, we note that the Company's proposed Low-Income PIM would seek to measure and increase enrollment in the Company's low-income discount rate. This certainly advances a public policy goal; however, ensuring that customers are assigned to the correct rate is a typical utility obligation. Accordingly, to satisfy the Department's

53 *Id*. at 121–122 (citation omitted).

second threshold principle, the proposed PIM would need to *enhance* the Company's efforts to increase low-income discount enrollment.[54]

Customer Education PIM

Like the Low-Income PIM, the Customer Education PIM is not yet developed and therefore suffers from a lack of detail, including no baseline, no targets, no incentive or penalty thresholds, and no measurement method. We note the Customer Education PIM would seek to help customers better understand changes in their bills and broader developments in the utilities services marketplace. Providing customer information about their bills and other matters related to utility services is clearly within a utility's public service obligations. Accordingly, the proposed PIM violates the Department's second threshold principle because affected activity is *not* clearly outside a company's public service obligations.[55]

Q. Do you have a recommendation regarding the Company's proposed PIMs?

A. The Company's proposal to implement a Low-Income PIM and a Customer Education PIM at a future date provides insufficient information for a full evaluation of either PIM. However, based on the scant information provided in the Company's filing, it appears each PIM the Company proposes will likely violate a Department threshold principle.[56] Accordingly, we recommend the Commission reject the proposed PIMs in their entirety. As noted above, we recommend removing

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54 *See*, *e.g*. *National Grid*, D.P.U. 23-150, Order, at 152.

55 *Id*.

56 *Id*.

the Company's Methane Emissions scorecard metric and instead proposing it as a fully developed and defined PIM in a future proceeding.

IV. SUMMARY OF RECOMMENDATIONS

Q. Please review your testimony and summarize your recommendations.

A. Section I included some customer perspectives for Department consideration as it reviews this testimony. In summary, these perspectives indicate that increased priority should be given to affordability as the Commonwealth pursues its climate objectives, particularly when it comes to constraining investments in the Commonwealth's gas distribution systems.

Section II recommended cost disallowances and reductions in the Company's historical and proposed capital spending. These included projects identified as unnecessary, premature, or cost-ineffective, totaling $1,009,731 in cost disallowances and $23 million in proposed capital spending reductions over the five-year PBR plan term.

Section III recommended improving scorecard metrics and rejecting the PIMs for failure to fully define either proposal.[57]

Q. Does this conclude your testimony?

A. Yes, but we reserve the right to supplement this testimony should new information become available.

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[57] *Id*.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

The Berkshire Gas Company	**D.P.U. 25-170**

AFFIDAVIT OF PAUL ALVAREZ

Paul Alvarez does hereby depose and say as follows:

I, Paul Alvarez, on behalf of the Massachusetts Attorney General's Office, certify that the testimony, including information responses, which bear my name was prepared by me or under my supervision and is true and accurate to the best of my knowledge and belief.

Signed under the pains and penalties of perjury this 27th day of March, 2026.

Paul Alvarez

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

The Berkshire Gas Company	**D.P.U. 25-170**

AFFIDAVIT OF NICHOLAS ONYSZCZAK

Paul Alvarez does hereby depose and say as follows:

I, Nicholas Onyszczak, on behalf of the Massachusetts Attorney General's Office, certify that the testimony, including information responses, which bear my name was prepared by me or under my supervision and is true and accurate to the best of my knowledge and belief.

Signed under the pains and penalties of perjury this 27th day of March, 2026.

N. Onyszczak

Nicholas Onyszczak