

Public Service Company of New Hampshire  
Docket No. DE 11-250

Date Request Received: 09/16/2013  
Request No. DEPOSITION-010  
Request from: TransCanada

Witness: Gary A. Long

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ORIGINAL	
N.H.P.U.C. Case No.	DE 11-250
Exhibit No.	#54
Witness	Thomas C. Frantz
DO NOT REMOVE FROM FILE	

Date of Response: 11/14/2013  
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**Request:**

Provide anything in writing describing specific goals regarding completion of the Scrubber related to Gary Long's or John MacDonald's compensation package.

**Response:**

Attached are specific goals regarding completion of the Scrubber related to Gary Long's and John MacDonald's compensation package.

**2006 Executive Incentive Program**

**John M. MacDonald**

**B. Merrimack Refurbishment Planning (5%)**

Develop a comprehensive plan to implement mercury and SOx reductions at PSNH's Merrimack Station in accordance with any new applicable New Hampshire legislation.

**Measurement Criteria:**

Achievement of the goal shall be based on the completeness of the plan, progress toward reaching internal consensus and understanding of the plan, and the feasibility of the plan as determined by the Utility Group President in consolidation with the President – PSNH.

## 2007 Executive Incentive Program Goals

**Officer Name:** John M. MacDonald

### Strategic Goals

#### Merrimack Station Scrubber Project (10% Weight)

Develop and implement first year (2007) activities required for project planning and progress toward successful completion of the project before the 2013 deadline.

#### Measurement Criteria:

##### Project Milestones

- a. Issue purchasing contract strategy plan
- b. RFP, bid and select owner's engineer
- c. Prepare and finalize bid specifications for key equipment/systems
- d. Manage project external risk factors (HB 1673 Reporting)
- e. Achieve 2007 milestones for Merrimack HP/IP turbine replacement strategy

MIN	TARGET	MAX
Subjective*	Complete Project Milestones	Subjective*

\* Above or below target performance will be subjective determinations by the Executive Vice President of Operations, taking into consideration special project subjective dynamics or events not contemplated during the goal setting process, regulatory or legislative oversight, or factors outside the control of the PSNH Generation group.

## 2008 Executive Incentive Program Goals

**Officer Name: Gary A. Long**  
**PSNH 2008 Operating Plan Measures**

	MIN	TARGET	MAX
<b>Merrimack Clean Air Project:</b>			
RFP for Major Project Components	Subjective	Issue RFP by end of Q1	Subjective
RaCC Project Approval	"	RaCC Approval by end of Q2	"
Submit for Board Review	"	Submit for Review by end of Q2	"
Select Major Equipment Suppliers	"	Selection by end of Q3	"
Begin Site Preparation	"	Begin Preparation by end of Q4	"
Provide Updated Capital Estimate	"	Provide Estimate by end of Q4	"
Manage External Risk Factors	"	Manage by end of Q4	"

**Officer Name: John M. MacDonald**  
**Individual Goals (80% Weight of Total Payout)**

### 1. Merrimack Station Clean Air Project (40% weight)

Develop and implement second year (2008) activities required for project planning and progress toward successful completion of the project before the 2013 deadline.

#### Measurement Criteria:

##### Project Milestones

- Issue RFP for major components (e.g. material handling system, waste water treatment system, etc.) by the end of the first quarter of 2008
- Obtain final RaCC approval by the end of the second quarter of 2008
- Submit for Board review by the end of the second quarter of 2008
- Select major equipment suppliers; negotiate contracts, terms and conditions, and award contracts by the end of the third quarter of 2008
- Begin site preparation (e.g. demolition, relocations, etc.) by the end of the fourth quarter of 2008
- Provide an updated capital estimate by the end of the fourth quarter of 2008
- Manage project external risk factors (HB 1673 Reporting) by the end of the fourth quarter of 2008

MIN	TARGET	MAX
Subjective	Complete Milestones a-g	Subjective

\* Above or below target performance will be subjective determinations by the Executive Vice President of Operations, taking into consideration special project subjective dynamics or events not contemplated during the goal setting process, regulatory or legislative oversight, factors outside the control of the PSNH Generation group or additional progress on major milestones above the intended scope of objectives for 2008.



Applies to: VP Generation

2009 EIP

Strategic  
objective

Operations

Goal  
area

Operating &  
capital plans

Weight

20%

### Goal description

Complete Merrimack Scrubber project milestones on schedule and on budget.

### Key initiatives that support goal achievement

1. Award component contracts
2. Begin construction
3. Manage project external risk factors

### Key metrics\*

Minimum

Target

Maximum

#### Merrimack Scrubber Project Milestones\*\*:

Start Foundation Installation	Subj.	Q1	Subj.
Stack Foundation Complete	Subj.	Q2	Subj.
Site Ready for FGD Contractor to Mobilize	Subj.	Q2	Subj.
Award Ductwork Fabrication Contract	Subj.	Q3	Subj.
Stack Shell Complete	Subj.	Q4	Subj.
Award Steel Fabrication Contract	Subj.	Q4	Subj.

#### Merrimack Scrubber Project Capital Budget

Subj.	\$123.0M	Subj.
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\*Measurement Criteria: Inclusive of milestones being achieved on budget and demonstrate performance improvement, where applicable.

\*\*These milestone dates are predicated on the assumption that no external forces, or extraordinary events, or circumstances beyond our control prevent PSNH from completing these milestones on time.

Applies to: PSNH President & COO

2010 EIP

Strategic  
objective

Operations

Goal  
area

Operating &  
Capital Plans

Weight

25%

### Goal description

Improve PSNH operational performance.

### Key initiatives that support goal achievement

1. Continue progress on the Merrimack "Clean Air Project" (Scrubber) with primary focus on cost and schedule

### Key metrics

Minimum

Target

Maximum

As defined in VPs' goals

Aggregate  
performance of VPs'  
operational metrics



Applies to: VP Generation

2010 EIP

Strategic  
objective

Operations

Goal  
area

Operating &  
Capital Plans

Weight

20%

### Goal description

Continue progress on the Merrimack Scrubber Project ("Clean Air Project") with primary focus on cost and schedule.

### Key initiatives that support goal achievement

1. Manage the sitework with continued emphasis on interactions with contractors
2. Continued attention to the detailed integrated work schedule
3. Insure adequate resources are on hand

Key metrics	Weight	Minimum	Target	Maximum
Merrimack Scrubber Project Milestones *:				
Complete limestone silo foundation	10%	Subj.	Q1	Subj.
Erect absorber rings 5, 6, and 7	10%	Subj.	Q1	Subj.
Award BOP electrical contract	10%	Subj.	Q2	Subj.
Mobilize BOP mechanical contractor	10%	Subj.	Q2	Subj.
Complete rough set of Unit 1 booster fans	10%	Subj.	Q3	Subj.
Complete rough set of Unit 2 booster fans	10%	Subj.	Q3	Subj.
Complete installation of recycle pumps discharge piping	10%	Subj.	Q4	Subj.
Enclose FGD building – complete siding and roofing	10%	Subj.	Q4	Subj.
Merrimack Scrubber Project Capital Budget	10%	Subj.	\$148.6M	Subj.
External risks managed to maintain project cost and schedule	5%	Subj.	Subj.	Subj.
Project status at year-end (expected % complete)	5%	72%	75%	78%

\*These milestone dates are predicated on the assumption that no external forces, or extraordinary events, or circumstances beyond our control prevent PSNH from completing these milestones on time.

Applies to: PSNH President & COO

2011 EIP

Strategic  
objective

Operations

Goal  
area

Operating  
Plan

Weight

25%

### Goal description

PSNH operational performance

### Key initiatives that support goal achievement

1. Continue progress on the Merrimack "Clean Air Project" (Scrubber) with primary focus on cost and schedule

### Key metrics

Weight

Minimum

Target

Maximum

As defined in VPs' goals

100%

Aggregate  
performance of  
VPs' operational  
metrics



Applies to: VP Generation

2011 EIP

Strategic  
objective

Operations

Goal  
area

Merrimack  
Scrubber Project

Weight

20%

### Goal description

Continue progress on the Merrimack Scrubber Project ("Clean Air Project") with primary focus on cost and schedule.

### Key initiatives that support goal achievement

1. Manage the sitework with continued emphasis on close interactions with contractors and adherence to contract terms and conditions
2. Continued attention to the detailed integrated work schedule of all vendors
3. Insure adequate resources are on hand focused on critical path work

Key metrics	Weight	Minimum	Target	Maximum
Merrimack Scrubber Project Milestones *:				
Place FGD Substation in Service	10%	Subj.	Q1	Subj.
Permanent Electric Power Available to Island Contractors	10%	Subj.	Q1	Subj.
Begin Testing Material Handling System	10%	Subj.	Q2	Subj.
DCS Available to Island Contractors	10%	Subj.	Q2	Subj.
Award Site Finalization – Phase 2 Contract	10%	Subj.	Q3	Subj.
FGD Island Mechanical Completion	10%	Subj.	Q3	Subj.
Complete MK2 Tie-In Outage	10%	Subj.	Q4	Subj.
Start FGD System Performance Testing	10%	Subj.	Q4	Subj.
Merrimack Scrubber Project Capital Budget **	10%	Subj.	\$106.8M	Subj.
External risks managed to maintain project cost and schedule	5%	Subj.	Subj.	Subj.
Project status at year-end (expected % complete)	5%	93%	95%	In service and in rate base by 12/31/2011

\* These milestone dates are predicated on the assumption that no external forces, or extraordinary events, or circumstances beyond our control prevent PSNH from completing these milestones on time.

\*\* Includes \$29.7M of unbudgeted expenditures

Applies to: VP Generation

## 2012 EIP

Strategic  
objective

Operational  
Performance

Goal  
area

Major  
Projects

Weight

5%

### Goal description

Meet the 2012 milestones associated with the Clean Air Project (CAP) completion.

### Key initiatives that support goal achievement

1. Manage the project effectively to complete the remaining work for 2012 on schedule and in support of a final project capital cost as published
2. Meet or exceed FGD performance guarantees
3. Operate the FGD effectively

Key metrics	Weight	Minimum	Target	Maximum
2012 capital cost *	10%	\$25.2M	\$23.2M	\$21.2M
Substantial completion of FGD System	20%	Subj.	Q1	Subj.
Substantial completion of primary Wastewater Treatment System	20%	Subj.	Q1	Subj.
Secondary Wastewater Treatment System in service	15%	Subj.	Q2	Subj.
Complete closeout of 75% of major contracts/purchase orders	10%	Subj.	Q2	Subj.
Demonstrate the ability to operate the plant and scrubber to achieve early mercury reduction credits	15%	Subj.	Subj.	Subj.
Operate the plant to optimize the synthetic gypsum manufacturing process quality	10%	Subj.	Subj.	Subj.

\* Includes \$2.45M of unbudgeted carryover expenditures from 2011 for a total project budget of \$422M

**2007 Officer Goals  
Projected Year-end Results Summary**

01/18/2008

**Officer: John M. MacDonald**

**Individual Goals (80% Weighting of Total Payout)**

Goal #	Personal Goal	Weight (%)	Rating	
			0=min 10=target 20=max	Score Calculation
7	Merrimack Scrubber Project	10.0%	15	150



2008 Officer Goals  
Year-End Results Summary

Officer: *John M. MacDonald*

Individual Goals (80% Weighting of Total Payout)

Goal #	Personal Goal	Weight (%)	Rating	Score Calculation
			0=min 10=target 20=max	
1	Operations - Merrimack Station Clean Air Project	40.0%	10	40.0

**2009 Officer Goals  
Year-End Results Summary**  
Revised February 4, 2010

Officers: PSNH - Gary A. Long, John M. MacDonald, Paul E. Ramsey

Individual Goals (70% (Long)/80% (MacDonald, Ramsey) Weighting of Total Payout)

Goal #	Personal Goal	Rating On-Plan 10=Target 20=Max	Gary A. Long		John M. MacDonald		Paul E. Ramsey	
			Weight (%)	Score Calculation	Weight (%)	Score Calculation	Weight (%)	Score Calculation
JMM 1.4	Operations - Improve PSNH Operational Performance - Achieve Merrimack Scrubber Targets	15.0			20.0%	30.0		

**2011 Officer Goals  
Year-End Results Summary**  
February 13, 2012

Officer: *John M. MacDonald, PSNH VP - Generation*  
Individual Goals (80% Weighting of Total Payout)

Goal #	Personal Goal	Year-End Rating	Weight (%)	Score Calculation
		0=min 10=target 20=max		
1.4	Operations - Merrimack Scrubber Project (Clean Air Project)	15.0	20.0%	30.0



**PSNH Year-End EIP Goal Results**  
**Officer: Gary A. Long, PSNH President & COO**

Strategic objective	Operations	Goal area	Operating Plan	Weight	25%						
				Weight	Min	Target	Max	Year-End Target	Year-End Results	Year-End Rating 0 - 20	Weighted Rating
Memmack Station Scrubber Project (milestones & budget):											
Place FGD Substation in Service				2.0%	Subj	Q1	Subj	Q1	Completed Above Target	15.0	0.3
Permanent Electric Power Available to Island Contractors				2.0%	Subj	Q1	Subj	Q1	Completed Above Target	15.0	0.3
Begin Testing Material Handling System				2.0%	Subj	Q2	Subj	Q2	Completed On Target	10.0	0.2
DCS Available to Island Contractors				2.0%	Subj	Q2	Subj	Q2	Completed Above Target	15.0	0.3
Award Site Finalization - Phase 2 Contract				2.0%	Subj	Q3	Subj	Q3	Completed Above Target	15.0	0.3
FGD Island Mechanical Completion				2.0%	Subj	Q3	Subj	Q3	Completed Above Target	15.0	0.3
Complete M9-2 Tie-in Outage				2.0%	Subj	Q4	Subj	Q4	Completed Above Target	20.0	0.4
Start FGD System Performance Testing				2.0%	Subj	Q4	Subj	Q4	Completed On Target	10.0	0.2
Memmack Scrubber Budget (** budget reduced to \$102.9M in October 2011)				2.0%	Subj	\$106.8M	Subj	\$102.9M ***	\$101.1M	18.0	0.4
External risks managed to maintain project cost and schedule				1.0%	Subj	Subj	Subj	Subj	Above Target	14.0	0.1
Project status at year-end (expected % complete)				1.0%	53%	55%	95% <small>as percent goal or cost saved by 12/31/2011</small>	95%	55%	20.0	0.2
Total Weight - Scrubber Project				20%						15.0	3.0

PSNH Distribution/Generation - Key Focus Areas through December 2012

Key Focus Area	Date	Milestones	Rating	Comments
<b>Merrimack Scrubber Project</b>  Objective: Complete Merrimack Scrubber Construction on schedule, within budget; implement regulatory/legislative initiatives on cost recovery  Responsible: John MacDonald	3/1/2012	Obtain cost recovery of Scrubber project.		Briefs submitted to NRPUC to address the right to seek variance related to scrubber order anticipated in November. Expected that opponents will appeal PUC decision to NH Supreme Court.
	6/30/2012	Complete construction of Scrubber on schedule and within cost.		Scrubber placed in service on June 21st. Final cost projections indicate project came in \$36m under the original \$467m budget.
	Q4	No significant findings in NRPUC prudency review of Scrubber project.		Jacobs prudency review and Staff audit reports issued to NRPUC and remain in the discovery phase. Data request responses filed, with hearings scheduled to begin in January. Both reports were favorable.