Date Filed: September 30, 2026

Witness: Lavelle A. Freeman and Elli Ntakou
Request from: CLF and Acadia Center

Question:

(Performance-based Regulation) Refer to Exhibit CLP-PBR-1, page 66.
Is the Company proposing a System Reliability PIM as proposed in the RE02 Proposed Final Decisions that includes the downside-only structure and the methodology of measuring Blue-sky SAIDI and Blue-sky SAIFI against a fixed five-year historical average plus one standard deviation? If the System Reliability PIM is not proposed as described in the RE02 Proposed Final Decisions, please explain why.

Response:

As explained in the Company's initial filing, the Company has proposed System Reliability PIMs (Please refer to Exhibit CLP-TSP-1, at 72-75, 81-82, and Exhibit CLP-ELP-1, at 106-108). The proposed System Reliability PIMs include Blue-Sky SAIDI and Blue-Sky SAIFI as downside-only PIMs and the Company's proposal is very similar to the RE02 Proposed Final Decision in structure. Please refer to the Company's response to information request OCC-440[i], which discusses the differences in the PIM structure. The Company's response to interrogatory OCC-524[ii], further discusses the sliding penalty structure proposed for the System Reliability PIMs and the proposed fixed 5-year average.

Prior Referenced Response:

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[i] OCC-440 Question:

Exhibit CLP-ELP-3 Please identify each Metric and Scorecard adopted in the final Docket No. 21-05-15RE02, Performance Evaluation System that the Company proposes to implement differently from the RE02 design. For each, please identify and explain each substantive difference and the basis for the Company's proposed approach, including any analysis, data, or stakeholder input relied upon.

OCC-440 Response:

For clarification, the Company's response below is provided in reference to the Proposed Final Decision in Docket No. 21-05-15RE02 ("RE02-PFD"), received on July 27, 2026 (about two weeks after the Company filed its application to amend rates). The timing of the final decision for Docket No. 21-05-15RE02, has not been determined and therefore no metrics or scorecards have been adopted by PURA as of the time of this response.

As explained in the Company's initial filing, the Company has proposed System Reliability PIMs; a Customer Reliability PIM; and a Customer PIM Suite. The Company also proposed six reporting metrics designed to provide

transparency regarding specific key areas during the PBR term. Two of the reporting metrics are similar to the metrics proposed in RE02, which are Cost Efficiency and GHG Emissions. The System and Customer Reliability PIMs are similar to the proposals included in the RE02-PFD.

System Reliability PIM:

For Blue-Sky SAIDI and SAIFI, the Company's proposal is very similar to the RE02-PFD in structure. The Company's proposal calculates these metrics using the IEEE methodology, excluding Major Event Days (MEDs) and planned outages. IEEE blue-sky reliability includes planned interruptions; however, these actions are not reflective of the performance of the system on an average day. Planned interruptions are noticed to customers and are undertaken to connect a new customer or safely perform system upgrades or replacements. As a result, in the Company's proposed system reliability PIM, planned outages are excluded.

Similar to RE02-PFD target calculation, the Company proposes to use a fixed, five-year average with one standard deviation. However, the Company recommends setting a fixed target to apply to the full PBR term based on the most recent five years prior to the start of the PBR term. Fixing the target for the full PBR term provides clarity on the standard for performance during the PBR term. In addition, the RE02 method allows targets to vary each year, causing performance targets to rise or fall based on the system's most recent experience rather than focusing on a transparent measure of whether the Company has improved and maintained system reliability as compared to an established set of targets.

Please refer to Exhibit CLP-TSP-1, at 81-82, and Exhibit CLP-ELP-1, at 106-108, for more information.

Customer Reliability PIM:

For calculation of CEMI-5 and CELID-6, the Company's proposed methodology is very similar to the methodology in the RE02-PFD. The Company's proposal calculates these metrics using the IEEE methodology, excluding Major Event Days (MEDs), planned outages, and service line outages.

Regarding the composite average, the Company utilized the whole number count of Repeat CEMI-5 Customers and Repeat CELID-5 Customers only, which encourages the Company to reduce the likelihood a customer would experience multiple or prolonged outages in consecutive years. This differs from RE02, which averages the total unique CEMI-5 and CELID-6 customers with the percent of Repeat CEMI-5 Customers and percent of Repeat CELID-6 Customers, which could have unintended consequences. The number of annual CEMI-5 and CELID-6 customers can be driven by random, unique events that may not repeat. The Company's proposed metric reflects the Company's efforts to reduce the likelihood a customer would experience multiple or prolonged outages in consecutive years.

Similar to the System Reliability PIM, the Company also recommends that the target be fixed for the PBR term based on the most recent five years prior to the start of the PBR term, 2022-2026 to provide a defined benchmark for performance under the PBR framework.

Please refer to Exhibit CLP-TSP-1, at 81-83, and Exhibit CLP-ELP-1, at 106-108, for more information.

Customer PIM Suite – Level 1 DER Interconnection

Level 1 DER Interconnection in the Company's proposal is the same in principle as the PIM identified in RE02-PFD, with the difference being in the Company's proposed target and penalty/incentive structure. The RE02-PFD has Level 1 DER Interconnection as a standalone symmetrical bi-directional (penalty & incentive) PIM, while the Company proposes it be included in a Customer PIM Suite, with an asymmetrical bi-directional structure.

The other metrics included in the Company's proposed Customer PIM Suite are: Digital Customer Engagement; Controllable Average Call Handle Time; Post Transaction Survey - CSR Attributes; and Average Discount Rate Enrollment Time. These metrics, along with Level 1 DER Interconnection, ensure the Customer PIM Suite represents an array of interactions that can be quantifiably measured and are generally within the Company's control. Further, the asymmetrical PIM structure provides incentives to the Company to improve customer service in the identified areas but mitigates the potential rate impacts to customers.

Please refer to Exhibit CLP-Customer-1, at 31-45, and Exhibit CLP-ELP-1, at 109-112, for more information.

Cost Efficiency:

For Cost Efficiency, the Company focused on four sub-metrics for its proposal: Core Operating Expense per Customer; Core Operating Expense per Line Mile; Capital Expense per Customer; Capital Expense per Line Mile. Of these four sub-metrics, Capital Expense per Customer and Capital Expense per Line Mile are the same as proposed in RE02-PFD.

Core Operating Expense per Customer and per Line Mile are modified versions of the Controllable Opex per Customer and per Line Mile sub-metrics identified in RE02-PFD. Similar to Controllable Opex, the Company's proposal for Core Operating Expense excludes expenses recovered separately, as well as expenses outside of span of controllable operating cost, such as vegetation management costs, storm costs, and pension/retirement expense. This ensures that the metric captures costs that are controllable through decision-making practices rather than driven by outside factors.

The Company proposes Cost Efficiency to be a reporting metric.

Please refer to Exhibit CLP-ELP-1, at 113-114, for more information.

GHG Emissions:

For GHG Emissions, the proposed metric with its sub-metrics is consistent with the RE02-PFD in structure and calculation. The Company is actively working to achieve the capability to report Scopes 1 and 2, and Scope 3 emissions associated with customers' energy use at the operating company level for the 2027 GHG inventory. Therefore, the Company proposes to establish a baseline based on 2027 emissions and begin reporting operating company specific data instead of based on enterprise-wide emission data in 2028 for Reporting Year 2027.

Please refer to Exhibit CLP-ENV-1, at 43-44, for more information.

[ii] OCC-524 Question:

Targeted System Performance Plan Exhibit CLP-TSP-1: Reliability PIMs
The Company proposes a sliding penalty structure for each Blue-Sky SAIDI and Blue-Sky SAIFI PIM, with penalties beginning at one standard deviation above the five-year average and increasing through two standard deviations.

a. Please explain how the Company developed this penalty structure and provide any analysis demonstrating how the proposed financial consequences are expected to maintain or improve reliability performance, consistent with the company's stated goals.
b. Were any other five-year periods considered for the five-year average threshold? If yes, explain why the period 2022-2026 was selected for the calculation of the five-year average.

OCC-524 Response

a. The Company developed this penalty structure consistent with industry standards for non-symmetrical PIMs and with considerations for yearly deviations of blue-sky SAIDI and blue-sky SAIFI.

Major events are excluded from blue-sky reliability metrics because these events are significant outliers for the purposes of determining reliability. However, the reliability metrics maintain volatility because of the inclusion of impacts from the numerous minor storm events that occur across a year and that do not reach the exclusionary threshold. A well-designed PIM should base a penalty on the degree to which a value exceeds the threshold, and whether deviations are driven by factors within the Company's control or exogenous factors. For example, slight deviations due to weather patterns should be penalized less or not at all, as compared to larger deviations indicative of influence by the Company's own actions. Therefore, the Company's proposal accounts for normal deviations by establishing a standard for performance and gradual penalties, starting at the threshold of "average plus one standard deviation" and full penalty for performance exceeding "average plus two standard deviations".

In addition, although, PIMs set standards for performance, the penalty structure does not drive reliability performance. The PIM objectives or deadbands set the expectation for what level of performance the Company should target; however, absent regulatory approval of a commensurate spending level that enables the Company to achieve the identified objectives, penalties alone, regardless of their size or structure, will not be able to drive performance relative to PIM objectives.

b. No, the Company did not consider other 5-year periods. The 2022-2026 timeframe is the most recent complete 5-year data set at the time the PIMs and their penalties are expected to become applicable (i.e., 2027). Selecting a recent time period as a baseline has the benefit of incorporating the most recent system performance measures, with the associated standards and asset types. In contrast to resilience, where time periods further back may be needed in the baseline to capture major events that rarely occur, selecting the most recent time period for use as reliability baseline is necessary for a valid metric.