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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 Customer Reliability PIM as set forth in the RE02 Proposed Final Decisions that includes the upside-only structure and the repeat-customer CEMI-5/CELID-6 composite score methodology? If the Customer Reliability PIM 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 Customer Reliability PIMs (Please refer to Exhibit CLP-TSP-1, at 76-77, 81-83, and Exhibit CLP-ELP-1, at 106-108). The proposed Customer Reliability PIM does include repeat CEMI-5 customers and repeat CELID-6 customers and is structured as an upside-only PIM. For the calculation of CEMI-5 and CELID-6, the Company's proposed methodology is very similar to the RE02 Proposed Final Decision, although the Company's proposed composite average focuses on the repeat customer counts, rather than a composite of number of CEMI-5 and CELID-6 customers and average repeat customers. Please refer to the Company's response to information request OCC-440[i], which discusses the differences between the Company's proposal and the RE02 Proposed Final Decision issued after the Company's filing. The Company's response to information request OCC-525[ii], further discusses the differences in the composite calculation between the Company's proposal and the RE02 Proposed Final Decision.

Prior Referenced Responses:

[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-525 Question:

Targeted System Performance Plan Exhibit CLP-TSP-1: Reliability PIMs

The final RE02 Performance Evaluation System identifies a potential Customer Reliability PIM based on CEMI-5, the percentage of repeat CEMI-5 customers, CELID-6, and the percentage of repeat CELID-6 customers. The

Company instead proposes to use the average count of repeat CEMI-5 and repeat CELID-6 customers. Please explain why the Company selected this methodology and how it is expected to better incentivize improved reliability for customers experiencing frequent or long-duration outages.

OCC-525 Response:

The Company's proposed Customer Reliability PIM shares the same core purpose as the customer reliability PIM in the RE02 Proposed Final Decision, which is that this PIM should encourage the Company to reduce repeat customers that experience long-duration interruptions and/or frequent interruptions.

As explained in Exh. CLP-TSP-1, at 81-83, the Company proposes that the customer reliability PIM be calculated as the total number of repeat CEMI-5 customers and repeat CELID-6 customers. This slightly deviates from the customer reliability PIM in the RE02 Proposed Final Decision to ensure that the PIM measures performance based on factors within the Company's control and encourages the Company to reduce the repeat customers with long-duration interruptions and frequent interruptions. The RE02 Proposed Final Decision contemplated Customer Reliability PIM based on a composite of four sub-metrics: (1) total number of CEMI-5 customers; (2) the percent of repeat CEMI-5 customers; (3) total number of CELID-6 customers; (4) and the percent of repeat CELID-6 customers.

The Company's Customer Reliability PIM is focused on repeat customers because the frequency and/or duration of interruptions for CEMI-5 and/or CELID-6 customers in a particular year can be due to one-off events without repeat in a subsequent year. In other words, while CEMI-5 and CELID-6 represent edge cases of performance, isolated events that result in CEMI-5 or CELID-6 customers should not all be actionable as those events would drive investment to resolve largely isolated or infrequent events. However, customers that experience long duration or frequent service interruptions in multiple years should be addressed by the Company, since these situations are more likely to be due to systemic issues. Accordingly, the Company has designed the PIM to focus on repeat CEMI-5 and CELID-6 customers.

In addition, the composite metric proposed in the RE02 Proposed Final Decision could have unintended consequences due to the disproportionate scale of the submetrics. The percent of repeat CEMI-5 and repeat CELID-6 are numerically much smaller than submetric (a) and do not meaningfully impact the value of the composite metric. Therefore, the proposed customer reliability PIM in the RE02 Proposed Final Decision would be driven by annual CEMI-5 and CELID-6 customers, rather than repeat customers. The Company's historical data shows that annual CEMI-5 and CELID-6 customer counts are orders of magnitude higher than repeat CEMI-5/CELID-6 customers, because of the isolated events discussed above.

Also, Company data shows that annual CEMI-5 and CELID-6 customers have large year-to-year variability. Therefore, the customer PIM identified in the RE02 Proposed Final Decision could reward the Company for CEMI-5 and/or CELID-6 reductions driven by random events rather than driven by targeted investments to reduce repeat service interruptions, which is more tailored result that the Company's proposed customer reliability PIM would achieve.