Date Filed: September 15, 2026

Witness: Elli Ntakou and Lavelle A. Freeman
Request from: Office of Consumer Counsel

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.

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.