Date Filed: October 09, 2026

Witness: Julia Frayer
Request from: Public Utilities Regulatory Authority

Question:

(OM&A PFP AND X-FACTOR) Exhibit CLP-PBR-2, p. 25. LEI interpolated isolated missing observations when data were unavailable for a single year but available for the immediately preceding year and following years.

a. Identify each interpolated observation, including the utility, year, and variable, and provide the value before and after interpolation and the method used to calculate the interpolated value.
b. Recalculate the OM&A PFP growth rate and resulting X-factor excluding interpolated observations and compare the results with LEI's proposed –0.03 X-factor.
c. Identify whether any observations used in Exhibit CLP-PBR-3 were interpolated, imputed, estimated, or otherwise constructed to address missing data. If so, identify each such observation and the method used.

Response:

a. Please refer to Table 1 below. LEI used interpolation where one or more annual observations were missing but reported observations were available for the same EDC both before and after the missing period. For each such gap, LEI used the nearest available observations preceding and following the gap and linearly interpolated the intervening years, thereby smoothing the change between the two observed endpoints across the missing period. Where multiple consecutive years were missing, the change between the two available endpoint observations was distributed across the intervening years rather than treating each missing year independently.

   This treatment maintains continuity in the historical series and avoids treating the absence of a reported observation as an actual change in the utility's underlying plant or other input. The table below identifies each interpolated observation, including the utility, variable, year, original value, and interpolated value.

Table 1

Company	Variable	Year	Original value	Interpolated value (nominal, 000s)	Bounding years used
Versant Power (Bangor Hydro Electric Company)	Plant in Service – Beginning of Year	1991	Missing	$ 96,888	1990 and 1994
Versant Power (Bangor Hydro Electric Company)	Plant in Service – Beginning of Year	1992	Missing	$ 109,573	1990 and 1994
Versant Power (Bangor Hydro Electric Company)	Plant in Service – Beginning of Year	1993	Missing	$ 122,257	1990 and 1994
Maine Public Service Company	Plant in Service – Beginning of Year	1990	Missing	$ 30,467	1989 and 1992
Maine Public Service Company	Plant in Service – Beginning of Year	1991	Missing	$ 32,058	1989 and 1992
Maine Public Service Company	Plant in Service – Beginning of Year	1993	Missing	$ 34,793	1992 and 1994
Versant Power (Bangor Hydro Electric Company)	Plant in Service - Retirements	1991	Missing	$ 484	1990 and 1992
Versant Power (Bangor Hydro Electric Company)	Plant in Service - Retirements	1993	Missing	$ 611	1992 and 1994
Maine Public Service Company	Plant in Service - Retirements	1990	Missing	$ 305	1989 and 1992
Maine Public Service Company	Plant in Service - Retirements	1991	Missing	$ 321	1989 and 1992
Maine Public Service Company	Plant in Service - Retirements	1993	Missing	$ 348	1992 and 1994

b. The interpolated observations identified in subpart (a) relate to historical plant-in-service balances and retirements used in constructing the capital input series. These observations are not inputs to the calculation of OM&A PFP. Accordingly, excluding the interpolated capital observations does not change the industry OM&A PFP growth rate or the resulting X Factor; both remain approximately -0.03%.

The interpolated observations may affect the construction of the capital input series and, therefore, capital PFP and total TFP, but those measures are not used to establish the Company's proposed X Factor.

c. Exhibit CLP-PBR-3 uses several data series developed for LEI's Industry TFP Study. The unit-cost benchmarking analysis uses the same OM&A costs, capital costs, and customer counts as the TFP Study, and the econometric benchmarking analysis similarly uses the capital and OM&A cost measures developed using the TFP methodology.

Accordingly, the historical plant-in-service and retirement observations identified in response to subpart (a) were used in constructing the capital cost series that is also used in Exhibit CLP-PBR-3. These were not separate interpolations performed for the benchmarking analysis; rather, the benchmarking analysis uses the resulting capital cost series developed from the same underlying historical data. See the response to subpart (a) for the utility, year, variable, and interpolation method.

With respect to variables developed separately for the econometric benchmarking analysis, LEI used one data substitution to address unavailable data. For Potomac Electric Power Company's District of Columbia operations, LEI used Maryland's BLS Quarterly Census of Employment and Wages ("QCEW") utility-industry average annual pay as a proxy for the District of Columbia labor-price variable for each year from 2015 through 2024 because the corresponding District of Columbia series was unavailable. The Maryland value for each year was used and transformed into natural logarithmic form consistent with the model specification. This treatment is a proxy substitution, not an interpolation.