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**Witness: Julia Frayer**
**Request from: Public Utilities Regulatory Authority**

**Question:**

(OM&A PFP AND S-FACTOR) Exhibit CLP-PBR-3 Provide the OM&A and total-cost benchmarking results with Account 908 included and compare CL&P's resulting benchmark performance with the preferred specifications excluding Account 908.

**Response:**

Please refer to UPA 060, Attachment 1, for the requested information. When Account 908 is included for all utilities for all years in LEI's benchmarking analysis, CL&P's OM&A costs averaged approximately 23.6% above benchmark, while its total costs averaged approximately 4.9% above benchmark, over the 2015–2024 period. By comparison, under LEI's preferred specifications excluding Account 908, CL&P's OM&A costs averaged approximately 11.9% above benchmark, while its total costs averaged approximately 2.3% below benchmark over the same period. Thus, including Account 908 results in less favorable benchmark performance for CL&P: wherein the OM&A cost deviation increases by approximately 11.7 percentage points, and the total-cost deviation increases by approximately 7.2 percentage points.

As explained in Exhibit CLP-PBR-3, LEI excluded Account 908 (Customer Assistance Expenses) because it primarily includes expenditures associated with customer assistance and public policy programs, such as energy efficiency, demand-side management, low-income assistance, and customer education. These expenditures are largely driven by legislative and regulatory requirements and can vary significantly across jurisdictions based on differences in state policy objectives, rather than differences in the operating efficiency, which is the ultimate objective of the benchmarking analysis. Therefore, LEI's professional opinion is that excluding Account 908 is a more valid and reliable approach because it improves comparability across utilities and focuses the benchmarking analysis on costs more directly associated with the provision of electric distribution service.