Date Filed: October 20, 2026

Witness: Julia Frayer
Request from: Public Utilities Regulatory Authority

Question:

(OM&A Partial Factor Productivity (PFP)) Exhibit CLP-PBR-1; Interrog. Resp. OCC-442. Identify any material differences, not identified in the response to Interrogatory OCC-442, between National Grid and FortisBC Inc. and the Company's proposed Performance-based multiyear rate plan (PBMRP) regarding which costs are subject to the revenue cap and how costs excluded from the cap, including capital costs, are treated and recovered.

Response:

Please refer to the table below for a comparison of the three plans of National Grid (2024-2029), FortisBC (2025 to 2027) and the Company's proposed PBMRP:

Comparison Item	National Grid – Massachusetts (Final Order, D.P.U. 23-150, September 30, 2024)	FortisBC Inc. (FBC) – British Columbia (Orders G-69-25/G-70-25, March 18, 2025)	CL&P Proposed PBMRP (Exhibit CLP-ELP-1, Exhibit CLP-PBR-1)
Costs subject to revenue cap	Revenue-cap formula applies only to O&M expenses.[1] O&M recovery is adjusted through the PBR-O formula using an O&M-specific inflation measure, O&M productivity factor, and Consumer Dividend.	Index-based formula applies to Formula (Base) O&M, i.e., controllable O&M included in Base O&M. Certain O&M categories are excluded from Formula O&M and receive forecast/flow-through treatment.	Partial revenue-cap formula applies only to the O&M component of the approved revenue requirement. O&M is adjusted annually through the I-X formula and Consumer Dividend.

[1] O&M expenses include the following expense categories: distribution labor, distribution materials, customer accounts and sales labor, customer accounts and sales materials, administrative and general labor, and administrative and general materials.

Comparison Item	National Grid – Massachusetts (Final Order, D.P.U. 23-150, September 30, 2024)	FortisBC Inc. (FBC) – British Columbia (Orders G-69-25/G-70-25, March 18, 2025)	CL&P Proposed PBMRP (Exhibit CLP-ELP-1, Exhibit CLP-PBR-1)
Treatment and recovery of costs excluded from the revenue cap	Core capital: Recovered separately through the modified Infrastructure, Safety, Reliability, and Electrification ("ISRE") mechanism, subject to annual review, prudence requirements, and a cap on the annual increase in the ISRE revenue requirement. Recovery through the ISRE mechanism is subject to a one-year lag, meaning that the revenue requirement incurred in a given calendar year is eligible for recovery through the following year's ISRE factor. Amounts exceeding the ISRE cap cannot be recovered through the mechanism but may be considered in the next base-rate case. Other excluded costs: Electric Sector Modernization Plan ("ESMP") investments and incremental ESMP O&M are addressed separately through the ESMP process. The	Capital: FBC's Growth, Sustainment, and Other capital is forecast separately from Formula O&M. BCUC-approved capital forecasts for the three-year Rate Framework are incorporated prospectively into rates, with variances between forecast and actual capital subject to earnings sharing. Other excluded costs: O&M not suited to Formula O&M is generally treated as Forecast O&M and/or flow-through, with applicable forecast-to-actual variances recorded in deferral accounts for subsequent recovery from or refund to customers. For example, the BCUC approved treating FBC's triennial Mandatory Reliability Standards (MRS) audit costs as Forecast (flow-through) O&M rather than Formula O&M, since these costs arise only once every three	Capital: Recovered separately through the proposed F-factor, capped during the PBMRP at the lesser of the capital forecast presented in this proceeding, or actual plant additions in the applicable Rate Year. Actual prudent, used-and-useful plant additions are reconciled annually through the RAM, and recovery is limited to the lesser of the approved forecasted capital revenue requirement or the revenue requirement associated with actual plant placed in service. Spending above the approved forecast is not recovered during the initial PBMRP term. Other excluded costs: Qualifying exogenous costs may be recovered or credited separately through the proposed Z-factor.

Comparison Item	National Grid – Massachusetts (Final Order, D.P.U. 23-150, September 30, 2024)	FortisBC Inc. (FBC) – British Columbia (Orders G-69-25/G-70-25, March 18, 2025)	CL&P Proposed PBMRP (Exhibit CLP-ELP-1, Exhibit CLP-PBR-1)
	DPU rejected the proposed Y-factor for incremental capital-related O&M expenses associated with core capital expenditures recovered through the ISRE mechanism. Qualifying exogenous costs may be addressed through the Z-factor.	years, with variances between forecast and actual expenditures recorded in a deferral account. Qualifying events may receive exogenous-factor treatment.	