Date Filed: October 20, 2026

Witness: Julia Frayer
Request from: Public Utilities Regulatory Authority

Question:

(CONSUMER DIVIDEND) Exhibit CLP-PBR-3; Interrog. Resp. OCC-559(b). The Company states that Figure 16 is an "illustrative sample" and "was not intended to include every North American PBR plan reviewed by LEI." Provide a list of all North American PBR plans reviewed by LEI in connection with developing, evaluating, or supporting the proposed 0.30% Consumer Dividend, including plans not presented in Figure 16. For each plan, identify the jurisdiction, utility, applicable Consumer Dividend/stretch factor, and whether the plan was considered by LEI in selecting or evaluating the proposed 0.30% Consumer Dividend.

Response:

LEI clarifies that the plans and regulatory frameworks identified in Figure 16 of Exhibit CLP-PBR-3, reproduced in OCC-559[i](a), constitute the complete set of plans reviewed in connection with developing, evaluating, or supporting the proposed 0.30% Consumer Dividend. No additional plans were reviewed for those purposes. The jurisdiction, utility, and applicable Consumer Dividend/stretch factor for each reviewed plan are identified in Figure 16. The reference in OCC-559(b) to an "illustrative sample" was intended to distinguish the comparison from an exhaustive survey of North American utility regulatory frameworks, not to suggest that certain utility plans reviewed were omitted from Figure 16 or otherwise excluded from LEI's evaluation of the Consumer Dividend within the Company's PBMRP proposal.

Prior Referenced Response:

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[i] OCC-559 Question:

(Customer dividend) In Exhibit CLP-PBR-1, LEI states that approved Consumer Dividends or stretch factors in other North American jurisdictions generally range from 0.15% to 0.60%, as reflected in Figure 12 of Exhibit CLP-PBR-3:

a. Please provide a list of each utility and jurisdiction included in deriving this range, including the applicable PBR plan or regulatory proceeding, the approved Consumer Dividend/stretch factor, and the year(s) in which it applied.
b. Please explain the criteria used to select the utilities and PBR plans included in this comparison, including whether the comparison includes all relevant North American PBR plans reviewed by LEI or a subset.
c. Please explain how the 0.15%–0.60% range, and CL&P's position within that range, informed the selection of the proposed 0.30% Consumer Dividend, including any quantitative or qualitative analysis used to determine that 0.30% was appropriate for CL&P.

OCC-559 Response:

a. Figure 16 (not Figure 12) in CLP-PBR-3, which we are also including below, provides the jurisdictions, utilities, approved Consumer Dividends/stretch factors, applicable terms, and regulatory sources considered by LEI. The comparison includes, among others, Alberta's 2024–2028 PBR3 plan; FortisBC's 2025–2027 Rate Setting Framework; Massachusetts PBR plans for Massachusetts Electric/Nantucket Electric, NSTAR Electric, and Fitchburg Gas and Electric; New Hampshire's 2026–2029 alternative regulation plan for Public Service Company of New Hampshire; and the Ontario Energy Board's stretch-factor framework for Ontario electricity distributors.

Jurisdiction and EDC	Approved S Factor / Consumer Dividend	Term	Source
Alberta (ATCO Electric Ltd.; FortisAlberta Inc.; ENMAX Power Corp.; EPCOR Distribution & Transmission Inc.; ATCO Gas and Pipelines Ltd.; and Apex Utilities Inc.)	0.1% = Industry TFP + stretch factor 0.30% = "benefit-sharing premium" (X Factor premium)	2024-2028	Alberta Utilities Commission, *2024–2028 Performance-Based Regulation Plan for Alberta Electric and Gas Distribution Utilities*, Decision 27388-D01-2023, Proceeding 27388 (October 4, 2023)
British Columbia — FortisBC Inc.	0.25% Stretch Factor	2025-2027	British Columbia Utilities Commission, *FortisBC Energy Inc. and FortisBC Inc. 2025 to 2027 Rate Setting Framework*, Orders G-69-25 and G-70-25 (March 18, 2025)
Massachusetts — Massachusetts Electric Company and Nantucket Electric Company	0.40% Consumer Dividend (applicable only when inflation is at least 2%; 0.20% when inflation is between 1% and 2%; and 0% when inflation is 1% or lower.	2020-2024	Massachusetts Department of Public Utilities, *Petition of Massachusetts Electric Company and Nantucket Electric Company for Approval of General Increases in Base Distribution Rates for Electric Service*, D.P.U. 18-150 (September 30, 2019)
Massachusetts — NSTAR Electric Company	0.25% Consumer Dividend (applicable only when inflation exceeds 2%)	2023-2027	Massachusetts Department of Public Utilities, *Petition of NSTAR Electric Company for Approval of a General Increase in Base Distribution Rates and a Performance Based Ratemaking Plan*, D.P.U. 22-22 (November 30, 2022)
Massachusetts — Fitchburg Gas and Electric Light Company	0.25% Consumer Dividend (applicable only when inflation exceeds 2%)	2024-2029	Massachusetts Department of Public Utilities, *Petitions of Fitchburg Gas and Electric Light Company for Approval of General Increases in Base Distribution Rates and Performance-Based Ratemaking Plans*, D.P.U. 23-80 and D.P.U. 23-81 (June 28, 2024)
Massachusetts — Massachusetts Electric Company and Nantucket Electric Company	0.40% (applicable only when the composite inflation index exceeds 2%)	2024-2029	Massachusetts Department of Public Utilities, *Petition of Massachusetts Electric Company and Nantucket Electric Company for Approval of a General Increase in Base Distribution Rates, a Performance-Based Ratemaking Plan, and a Capital Recovery Mechanism*, D.P.U. 23-150 (September 30, 2024)
New Hampshire — Public Service Company of New Hampshire d/b/a Eversource Energy	0.15% (applicable only when GDP-PI inflation exceeds 2%)	2026-2029	New Hampshire Public Utilities Commission, *Public Service Company of New Hampshire d/b/a Eversource Energy – Request for Change in Distribution Rates: Order Establishing Permanent Rates and Alternative Regulation Through July 31, 2029*, Order No. 28,170, Docket DE 24-070 (July 25, 2025)
Ontario - All utilities	Based on benchmarking performance and ranges between 0.00% and 0.60%		Ontario Energy Board. *2025 PEG Benchmarking Report to the Ontario Energy Board*. Prepared by Pacific Economics Group LLC. August 18, 2025

b. Figure 16 was intended to provide an illustrative sample, rather than an exhaustive survey, of relatively recent North American PBR frameworks employing a formulaic revenue or rate-adjustment mechanism and an explicit Consumer Dividend, stretch factor, or comparable benefit-sharing component. LEI selected these examples to provide regulatory context for the magnitude of CL&P's proposed Consumer Dividend and to illustrate how such factors have been incorporated into PBR frameworks in other North American

jurisdictions. The comparison was not intended to include every North American PBR plan reviewed by LEI or to establish the minimum and maximum Consumer Dividend. Indeed, some jurisdictions have approved PBR frameworks without an explicit Consumer Dividend, stretch factor, or comparable benefit-sharing component, further demonstrating that the range shown in Figure 16 should not be interpreted as establishing regulatory minimum or maximum values.

c. LEI did not mathematically derive the proposed 0.30% Consumer Dividend from the 0.15%–0.60% range, nor was 0.30% selected specifically because it reflects the midpoint of that range. Rather, CL&P's modest above-benchmark OM&A costs historically indicated potential for additional efficiency improvements in the future and supported a positive, moderate Consumer Dividend. It is important to keep in mind that the benchmarking results on their own do not establish the annual rate at which those improvements can reasonably be achieved. The Company has therefore proposed an incentive-rich mechanism by which the 0.3% Consumer Dividend is just a starting point, and if efficiency improvements are achieved then the Consumer Dividend would grow over time to ensure that customers are immediately sharing in the financial benefits of achieved cost efficiencies.

   LEI considered the regulatory precedents in Figure 16 as a reasonableness check on the magnitude of the proposed starting value for the Consumer Dividend. CL&P's 0.30% falls within the observed range, and between the 0.25% FortisBC stretch factor and the 0.40% Massachusetts Electric/Nantucket Electric Consumer Dividend in the more directly comparable OM&A-focused frameworks. LEI therefore concluded that 0.30% was reasonable in light of CL&P's benchmarking results and relevant regulatory precedent. Please also refer to the responses to OCC-443 and OCC-539.