Date Filed: September 03, 2026

Witness: Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Office of Consumer Counsel

Question:

Exhibit CLP-ELP-1 Please provide a historical calculation of the S-Factor for each of the last 20 years using the methodology proposed by the Company. For each year, provide (a) the Company's Core Operating Expense per customer; (b) the applicable inflation-adjusted benchmark; (c) the percentage by which Core Operating Expense per customer was above or below the benchmark; and (d) the resulting S-Factor that would have applied under the Company's proposed methodology. Please provide all calculations in an unlocked Excel workbook with formulas intact.

Response:

Please refer to OCC-432, Attachment 1. This Attachment provides a historical calculation of the S-Factor for each of the years 2018 through 2025 using the methodology proposed by the Company in this rate case. Any hypothetical calculations going back beyond 2018, the time of the last rate case, would not provide reliable data and would be difficult to create. Financial definitions and systems change over time, as well as base assumptions. The methodology to derive an S factor for O&M needs to be anchored to a rate-case-approved Core Operating Expense level. It can only be built consistently from the current chart of accounts and current tracker structure (i.e., cost categories cannot accurately be compared if cost categories have changed). Since the recovery mechanism and accounting treatment of various costs changed materially over the prior decade (e.g., storm reserve, vegetation management program), a pre-2018 Core Operating Expense would be based on a different set of assumptions and could not be compared.

The hypothetical calculation assumes two 4-year PBMRP plan terms during the 8-year period. The benchmark for the consumer dividend uses the Company's Core Operating Expense and customer count based on the data from the most recent rate case in Docket No. 17-10-46. The benchmark is then reset in 2022 for the next four years based on actual 2022 data.

In the attached spreadsheet, a floor of 0.30% is set for each PBR term as proposed in the Company's filing.

There are three sheets in the Excel version of OCC-432, Attachment 1, that provide:

- At Page 1, INPUTS: For each year 2018 through 2025: the historical customer count, core operating Expense, and inflation adjustments. In addition, this section provides a list of any other assumptions used.

- At Page 2, O&M TRIGGER: Calculates the applicable inflation-adjusted benchmark, the annual Core Operating Expense per customer for each year 2018 through 2025, and determines whether the Core Operating Expense is above or below the benchmark.

- At Page 3, RACHET ENGINE: Illustrative calculation of the S Factor for each year of the two hypothetical rate plan terms and the $/customer incurred each year.