Date Filed: October 27, 2026

Witness: Douglas P. Horton
Request from: Department of Energy and Environmental Protection

Question:

(PBMRP Z- factor) Refer to Exhibit CLP-ELP-1 p. 99. Discuss whether the proposed Z-factor would apply only to increases and decreases in distribution costs resulting from qualifying exogenous events.

Response:

Yes, the proposed Z-factor would apply only to increases and decreases in distribution costs resulting from qualifying exogenous events. The proposed Z-factor would apply equally to both qualifying cost increases as well as qualifying cost decreases. A qualifying event would be reflected through the Z-Factor only to the extent its impact is appropriately borne by distribution customers and is not otherwise captured through another PURA-approved rate mechanism. The positive or negative distribution revenue impact of qualifying events would also need to satisfy the proposed 0.5 percent materiality threshold.