

May 30, 2024

CENTRAL MAINE POWER COMPANY,
Annual Compliance Filing and Request for
Approval of Annual Price Change

STIPULATION

Central Maine Power Company (“CMP” or the “Company”), the Maine Office of Public Advocate (“OPA”), the Maine State Chamber of Commerce (“MSCC”), and Industrial Energy Consumer Group (collectively referred to as the “Parties”), agree and stipulate as follows:

I. INTRODUCTION

1. On June 22, 2023, the Commission issued an Order approving a stipulation filed on June 9, 2023, addressing CMP’s 2023 annual distribution price change presented in the Company’s 2023 Annual Compliance Filing. As part of the June 9, 2023, Stipulation, CMP was permitted to recover incremental storm costs totaling approximately \$117 million over a two-year period beginning July 1, 2023, which amount included \$10,064,156 in carrying costs for storm balances.

2. The June 9, 2023, Stipulation also stated that “CMP’s incremental storm costs will be the subject of an ongoing adjudicatory proceeding in this docket for the Commission to determine whether the incremental storm costs were prudently incurred.” The OPA commenced this adjudicatory proceeding by filing testimony on September 6, 2023, recommending the disallowance of \$53,576,496 in CMP’s 2022 storm costs. Thereafter, CMP and MSCC filed opposing direct testimony on December 5, 2023; the OPA filed rebuttal testimony on February 27, 2024; CMP filed surrebuttal testimony on April 2, 2024; and the Parties and the Commission Staff (“Staff”) conducted written discovery and technical conferences regarding the prudence of CMP’s 2022 storm costs and the Parties’ testimony.

3. This Stipulation now settles the adjudicatory proceeding regarding the prudence of CMP's 2022 incremental storm costs and is the result of settlement negotiations between the Parties and Staff.

4. Based on the record in this case, the Parties, with the support of Staff, agree and recommend that the Commission issue an Order that approves, accepts, and adopts this Stipulation, as just and reasonable and in the public interest including the following provisions:

II. RECOMMENDED APPROVALS AND FINDINGS

5. As reflected in Attachment 1 to this Stipulation, CMP will reduce the rate used to calculate carrying costs on the unamortized balance of the Company's 2022 incremental storm costs for the period July 1, 2024 to June 30, 2025, from the Company's weighted average cost of capital ("WACC") of 8.60% to 2.76%. This adjustment will reduce the carrying costs CMP may recover by \$850,000. This reduction will be reflected in the Company's January 1, 2025, price change. CMP will file in this docket a detailed quantification and accounting for how this reduction will be reflected in the January 1, 2025, price change by November 1, 2024.

6. The Parties agree that this adjustment in the carrying costs CMP will recover on the unamortized balance of the Company's 2022 incremental storm costs represents a settlement of disputed claims. It does not constitute an admission by the Company of any imprudence related to its 2022 storm restoration activities and costs, nor a disallowance or civil penalty under applicable law.

7. CMP will file its revised 2024 Emergency Response Plan within 30 days of the date of the Order approving this Stipulation. This 2024 Emergency Response Plan will reflect clarifications and enhancements in the processes CMP will follow to (a) set and document the pre-impact and post-impact Event Levels for storms and (b) retain, deploy and release external

contractor resources for such storms. This 2024 Emergency Response Plan will also reflect revisions in the external staffing guidelines applicable to storms based on their assigned Event Level. The OPA and other interested parties will be provided a reasonable opportunity to comment on the Company's 2024 Emergency Response Plan in the docket in which it is filed.

8. CMP agrees to use best efforts to follow the applicable external staffing guidelines in its 2024 Emergency Response Plan based on the relevant Event Level. CMP agrees to secure external crews consistent with the pre-impact Event Level prior to the impact of a storm. If the impact of a storm is different than CMP predicted, CMP will adjust the Event Level as appropriate under the Emergency Response Plan and re-evaluate and adjust external resources based on the updated Event Level. Notwithstanding the foregoing, should CMP determine that the circumstances of a particular storm event justify a material deviation from the external staffing guidelines, the Company shall have the right to make such deviation. In the event of any such material deviation from the external staffing guidelines in the Company's 2024 Emergency Response Plan, beginning on January 1, 2025, CMP will outline the basis for any such material variance with supporting documentation in any post-storm assessment filed with the Commission for such storm event or, if no such assessment is required for such storm event, CMP will prepare and submit to the Commission a separate filing outlining the basis for any such material variance with supporting documentation within 60 days of the date on which final accounting for such storm event is completed.

9. The OPA may challenge the prudence of CMP's 2024 storm costs as part of the 2025 Annual Compliance Filing process, however, any such challenge shall not be based on the extent to which the Company followed its external contractor staffing guidelines in its 2022 Emergency Response Plan.

10. Based on feedback in this proceeding, CMP has already adjusted and intends to continue identifying further enhancements to its internal processes and procedures to better manage external contractor resources and to demonstrate the reasonableness of contractor charges for storm restoration services. CMP has implemented, or will implement by January 1, 2025, the following enhanced processes and procedures to:

- a. Use best efforts to obtain rate sheets at the time of resource acquisition for new contractors;
- b. Maintain current rate sheets on file for existing contractors;
- c. Obtain timesheets for external resources as part of contractor invoices;
- d. Provide the applicable Avangrid Terms and Conditions and new vendor creation forms at the time of resource acquisition for new contractors;
- e. Perform storm invoice review and processing; and
- f. Verify customer outage calculations based on CMP's system of record for tracking outages.

CMP is in the process of documenting these enhanced processes and procedures and will make a compliance filing in this docket to document these changes within 120 days of the date of the Order approving this Stipulation.

11. As part of the enhanced procedures referenced above, CMP agrees to use best efforts to obtain fully completed time sheets from external contractors that are signed by both a contractor representative and the appropriate CMP representative responsible for supervising the external contractor, provided, however, that the preparation of such time sheets shall not delay or impede the contractors' performance of restoration activities. These time sheets will detail all

hours billed for each employee of each contractor for each day for which time is billed in the invoice. Such time sheets will specify:

- a. Whether the hours in the time sheet are for mobilization, restoration work, or demobilization;
- b. The location of the crews;
- c. A brief description of the work performed.

12. CMP agrees that the enhanced procedures will include an invoice and time sheet review process to ensure that all charges paid by the company to external contractors are reasonable. As part of this process, CMP agrees to:

- a. Compare rates billed by an external contractor to the rate sheets on file for the contractor;
- b. Ensure that time sheet rosters and hours match company records for contractor personnel that reported to work and the start and release times for those contractors; and
- c. Review travel time billed for reasonableness applying a standard industry metric (i.e. 1.25x travel time shown using mapping software).

13. Within 60 days of the date of the Order approving this Stipulation, CMP, without admitting that it did not have prior approval, will make a filing requesting Commission approval in accordance with 35-A M.R.S. § 707 of the current affiliate service agreements through which any CMP affiliate provides storm restoration services to the Company. CMP will make a filing requesting Commission approval of any new agreements within 60 days of the Order approving this Stipulation. In addition, CMP agrees to make subsequent filings within 90 days of any modifications to such agreements in the future.

14. The Parties agree that it will be beneficial to evaluate in a collaborative fashion, ways to reduce the costs of future storm events. As part of this evaluation, the Company agrees to consider at least the following:

- a. The costs and benefits of hiring additional internal crews to be available for storm response;
- b. The costs and benefits of right of first refusal contracts with storm contractors;
- c. The costs and benefits of storm hardening capital projects that will reduce storm costs; and
- d. The costs and benefits of adjusting the Company's vegetation management program to reduce storm costs.

CMP will present the results of the Company's evaluation and any proposals reflecting the recommendations produced from such evaluations in its next distribution rate case.

15. CMP also agrees to reasonably support any independent effort of the OPA commencing at any time but no later than December 31, 2024 to identify opportunities to help reduce the costs of future storms, in the following ways:

- a. Hold a meeting between CMP leadership, including the Company's President and Vice President of Electric Operations, and the OPA and its consultants to provide insights and background during the kickoff of the OPA's evaluation;
- b. Provide access to CMP personnel for the OPA and its consultants for a reasonable number of interviews and discussions;
- c. Provide access to non-confidential information regarding topics being assessed by the OPA and its consultants in this evaluation. To the extent the OPA and its consultants reasonably request access to confidential data

relevant to any analysis, CMP agrees to work with the OPA in good faith to provide such data in non-confidential format or subject to appropriate non-disclosure agreement. This data will be provided in whatever format it currently exists, and the Company agrees, at the OPA's request, to perform reasonable and non-burdensome new analyses with such data to assist the OPA's evaluation; and

- d. Review and provide feedback on draft materials prepared by the OPA and its consultants as requested.

16. In consideration of CMP's commitments in this Stipulation and notwithstanding any provision in the Stipulation in Docket No. 2024-00014 regarding such costs, the OPA agrees that it will not dispute the prudence of CMP's 2023 storm costs, as set forth in the Company's 2024 Annual Compliance Filing, or otherwise challenge the Company's recovery of such storm costs.

III. ADDITIONAL STIPULATION TERMS

17. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, foreclose any of the Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

18. The Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Parties also intend that this Stipulation shall be null and void, and not bind the Parties in the above-captioned

proceeding, in the event the Commission rejects or makes material modifications to this Stipulation.

19. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission or in any other trial or action.

20. The Parties to this Stipulation agree that the record in support of this Stipulation includes: (a) this Stipulation, (b) any and all confidential or public materials contained in the Commission's Record for this Docket No. 2023-00038 as of this date.


21. The Parties to this Stipulation hereby waive any rights that they have under 5 M.R.S. § 9062(4) and Chapter 110, Section 8(F)(4) of the Commission Rules of Practice and Procedure to the extent necessary to permit the Staff to discuss this Stipulation and the resolution of the issues addressed in this Stipulation with the Commissioners, either before or at the Commission's scheduled deliberations, without providing to the Parties an Examiner's Report or the opportunity to file Exceptions.

22. All Attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their respective attorneys or representatives or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

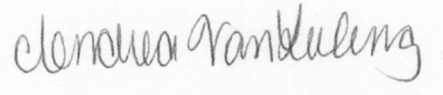
CENTRAL MAINE POWER COMPANY

Dated: 5/30/2023

By: 
Peter Cohen
Vice President, Regulatory

CENTRAL MAINE POWER COMPANY

Dated: 5/30/2023

By: 
Andrea VanLuling
Vice President, Controller, and Treasurer

OFFICE OF THE PUBLIC ADVOCATE

Dated: _____

By: _____

MAINE STATE CHAMBER OF COMMERCE

Dated: _____

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

Dated: _____

By: _____

CENTRAL MAINE POWER COMPANY

Dated: _____

By: _____

CENTRAL MAINE POWER COMPANY

Dated: _____

By: _____

OFFICE OF THE PUBLIC ADVOCATE

Dated: May 30, 2024

By: Brian Marshall

MAINE STATE CHAMBER OF COMMERCE

Dated: _____

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

Dated: _____

By: _____

CENTRAL MAINE POWER COMPANY

Dated: _____

By: _____

CENTRAL MAINE POWER COMPANY

Dated: _____

By: _____

OFFICE OF THE PUBLIC ADVOCATE

Dated: _____

By: _____

William Harwood

MAINE STATE CHAMBER OF COMMERCE

Dated: 5/30/24

By: 

INDUSTRIAL ENERGY CONSUMER GROUP

Dated: _____

By: _____

CENTRAL MAINE POWER COMPANY

Dated: _____

By: _____

CENTRAL MAINE POWER COMPANY

Dated: _____

By: _____

OFFICE OF THE PUBLIC ADVOCATE

Dated: _____

By: _____
William Harwood

MAINE STATE CHAMBER OF COMMERCE

Dated: _____

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

Dated: May 30, 2024 _____

By: Joseph D. Miller _____

Impact of modified carrying cost rate 7/1/24 - 6/30/25: (850,000)