Date Filed: October 18, 2026

Witness: FALLON, MATTHEW P
Request from: Public Utilities Regulatory Authority

Question:
(Interest Rate) Does the Company support including a not-to-exceed interest rate in the financing order beyond which the Company must return to PURA for further approval? If not, explain why such consumer protection is inappropriate.

Response:

No, this is not advisable. The pricing of the bonds will ultimately be determined by investor interest and prevailing market rates at the time of pricing. A cap on interest rates is inadvisable because it could dampen or even extinguish investor interest in the bonds, resulting in a failed securitization and customers incurring a more immediate and substantial financial burden by having to cover the storm costs in a shorter period.

As discussed on pages 36-37 of the Direct Testimony of Matthew P. Fallon, CL&P anticipates that issuance of the bonds will reduce the revenue requirement that must be paid by customers to pay back the storm costs that are subject to the securitization. CL&P would not move forward with the securitization if this anticipated financial benefit to customers will not happen.

In addition, OTT will participate alongside CL&P in pricing discussions with the underwriters, and both CL&P and OTT will confirm their agreement with the final interest rate before the bonds are priced.