Date Filed: October 18, 2026

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

Question:
(Bond Terms) What risks does the securitization process present for the Company and ratepayers? How should the Authority consider such risks in the financing order?

Response:

The financing will be set up to be non-recourse to CL&P, so there should be no direct financial risk to CL&P. With regard to customers, the securitization allows storm costs to be spread out and paid over a period of years, smoothing the impact of increased costs to customers that would otherwise be a more immediate and substantial financial burden by having to cover the storm costs in a shorter period of time. The RRB Charge itself is designed to be sufficient to pay debt service and ongoing financing costs. Therefore, if there is a significant reduction in electricity consumption or a significant decrease in the number of customers, the RRB Charge will be increased pursuant to the true-up mechanism to make up the difference. Conversely, if there is an increase in consumption or the number of customers, the RRB Charge to each individual customer would be reduced over time.