STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

FINANCING ORDER FOR 2018-2023 STORM COSTS OF THE CONNECTICUT LIGHT AND POWER COMPANY D/B/A EVERSOURCE ENERGY	:	Docket No. 26-04-04
	:	November 12, 2026

BRIEF OF THE CONNECTICUT LIGHT AND POWER COMPANY d/b/a EVERSOURCE ENERGY

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I. INTRODUCTION

On September 25, 2026, The Connecticut Light and Power Company d/b/a Eversource Energy ("CL&P" or the "Company") filed a petition (the "Petition") with the Public Utilities Regulatory Authority ("PURA") for certain findings of fact and issuance of a financing order (the "Financing Order") authorizing the issuance of rate reduction bonds (the "Rate Reduction Bonds" or "RRBs"), pursuant to Conn. Gen. Stat. §§ 16-245e to 16-245k, as amended (the "Securitization Law").[1] Specifically, the Petition requests PURA to issue a Financing Order for the purpose of recovering approximately $668 million of costs previously determined by PURA in a final decision dated July 29, 2026, in Docket No. 25-12-13, Application of The Connecticut Light and Power Company d/b/a Eversource Energy for Order to Securitize 2018-2023 Catastrophic Storm Costs (the "Storm Costs Order"), to have been prudently and efficiently incurred by CL&P to prepare for and restore power to customers following storms between the period January 2018 to December 2023 (the "Storm Costs"), and any fees, expenses and transaction costs incurred in connection with the issuance, servicing and retirement of such RRBs (together with Storm Costs, the "Financed Utility Services").

[1] Effective July 1, 2025, the Securitization Law was amended by sections 10 – 16 of Public Act 25-173, An Act Concerning Energy Affordability, Access and Accountability (the "Act").

As demonstrated by the evidence provided by the Company in this docket, PURA's approval of a Financing Order for the purpose of authorizing the recovery by CL&P of the Financed Utility Services, including the Storm Costs, through the issuance of Rate Reduction Bonds (the "RRB Transaction"), is in the best interest of customers consistent with Conn. Gen. Stat. § 16-245e(l). With PURA's approval of the RRB Transaction, customers will benefit from the lower interest rate on the RRBs, as compared to CL&P's weighted average cost of capital, which reduces the revenue requirement that must be paid by customers to cover the deferred Storm Costs balance and mitigates customer bill impacts for recovery of these costs (Exh. CLP-TREASURY-1, at 5; Exh. CLP-REGULATORY-1, at 11). These benefits produce significant savings that will be realized through the ability to rely exclusively on securitized debt, rather than on a combination of long-term debt and equity, and through achieving a triple-A rating through the securitization financing process (Exh. CLP-TREASURY-1, at 5; Exh. CLP-REGULATORY-1, at 11). As of the date of the Petition, CL&P estimated the net present value ("NPV") savings of the RRB Transaction at approximately $120 million, as compared to typical rate recovery, and only a 0.6 percent difference in total revenue requirements between the two scenarios on a nominal basis (Exh. CLP-TREASURY-1, at 5 – 6). In addition, with PURA's approval of the RRB Transaction, customers will benefit from a substantial reduction in bill impacts associated with the recovery of the Financed Utility Services, which is a benefit only available with approval of the RRB Transaction (Exh. CLP-REGULATORY-1, at 20, 24).

Moreover, it would be highly beneficial to the efficiency of the securitization process -- and the correlating interests of customers -- if PURA was able to render its final decision on CL&P's petition by the end of 2026. CL&P is fully committed to finalizing the arrangements to complete the securitization at the earliest possible date in 2027, which has the benefits of mitigating carrying costs on the prudently incurred deferred balance eligible for securitization, and would

provide the Company with flexibility to complete the securitization as quickly as possible in the new year, or to adjust for changes as needed. This outcome is directly enabled by the receipt of PURA's final decision no later than December 31, 2026.[2]

In this brief, CL&P provides an overview of the RRB Transaction and the proposed Financing Order that is necessary to implement the transaction. CL&P also addresses several issues pertinent to PURA's review of the Petition, including those raised in the discovery process and the evidentiary hearing. Following this introduction, Section II of this brief provides relevant background related to the Storm Costs Order and summarizes the procedural history to date in this docket. Section III provides a summary of the legal standards in the Securitization Law that apply to PURA's review of the Petition and issuance of the Financing Order. Section IV provides a description of the RRB Transaction, including certain key elements such as the process for setting and periodically updating the charge that customers pay to recover the costs of the RRBs (the "RRB Charge"), the proposed true-up mechanism, and the use of proceeds. Section V discusses the benefits of securitization and the important role of the Office of the State Treasurer ("OTT") in finalizing and implementing the transaction, along with several other issues that are pertinent to PURA's review of the Petition. Section VI is the conclusion, summarizing the Company's request for relief and the findings, authorizations and orders that are necessary to implement the RRB Transaction.

[2] On November 6, 2026, CL&P filed correspondence in the docket to offer comments in support of accelerating the remaining procedural schedule to facilitate completion of the proposed securitization on as short a timeline as possible. The correspondence notes several factors that could facilitate a PURA final decision by year end.

II. BACKGROUND

A. Storm Costs Order

In the Storm Costs Order, PURA determined that $767,930,008 in Storm Costs incurred by CL&P between January 2018 and December 2023 to prepare for and restore power to customers following storms had been prudently and efficiently incurred, and authorized CL&P to request securitization of up to that amount. More specifically, PURA authorized CL&P to file a petition in Docket No. 26-04-04 to request a determination from PURA as to whether the issuance of Rate Reduction Bonds to recover a net amount of $667,930,008 is in the best interests of ratepayers.[3] In its Petition, CL&P seeks certain findings of fact and the issuance of a financing order to authorize the issuance of Rate Reduction Bonds to recover the Financed Utility Services, including the Storm Costs (Exh. CLP-REGULATORY-1, at 8).[4] In the Storm Costs Order, PURA authorized the Company to "file a petition in Docket No. 26-04-04 to request a determination of whether the issuance of rate reduction bonds is in the best interest of ratepayers."[5]

B. Procedural History

PURA established this docket on its own motion on April 6, 2026. PURA subsequently issued a Notice of Proceeding on May 4, 2026, stating that it established the docket "to consider whether the issuance of rate reduction bonds is in the best interest of ratepayers, with respect to

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[3] Storm Costs Order, at 144 ("Accordingly, the Authority will consider the securitization of up to $767,930,008 in prudently incurred storm costs, and application of the $100,000,000 RAM CTA credit in Docket No. 26-04-04, pursuant to General Statutes § 16-245e").

[4] See Conn. Gen. Stat. § 16-245e(a)(21), defining "Financed Utility Services."

[5] Storm Costs Order at 143. On October 15, 2026, the Company filed an appeal of the Storm Costs Order to the Connecticut Superior Court that was docketed as HHB-CV26-6110529-S. The Connecticut Light and Power Company d/b/a Eversource Energy v. Public Utilities Regulatory Authority (Oct. 15, 2026). However, the appeal has no impact on PURA's decision as to the Storm Costs that were found in the Storm Costs Order to be prudent and are the subject of the Petition (Tr. 10/20/26, at 11). The appeal challenges elements of the PURA decision with respect to retrospective carrying costs and certain disallowed vendor costs. The appeal does not challenge the finding of prudency for the Storm Costs to be securitized. Further, the net amount of Storm Costs to be securitized ($667,930,008) does not include carrying charges, which will be addressed in the Company's pending rate case in Docket No. 26-05-10 (see Exh. CLP-REGULATORY-1, at 12, Table 1).

any of the 2018–2023 storm costs of The Connecticut Light and Power Company d/b/a Eversource Energy . . . that are deemed prudent in Docket No. 25-12-13. . . ."[6] PURA issued revised notices of proceeding on September 11, 2026 (the "Revised Notice of Proceeding") and October 18, 2026 (the "Second Revised Notice of Proceeding"); the Second Revised Notice of Proceeding indicates that PURA is conducting the docket as a contested case pursuant to Conn. Gen. Stat. §§16-245e(*l)*; 16-245f; 16-245g; 16-245h; 16-245i; 16-245j; and 16-245k.[7]

On April 22, 2026, the Company, OTT and the Office of Consumer Counsel ("OCC") filed joint correspondence in the docket to provide a status report to PURA on their meetings to discuss the securitization process, potential structures for the securitization, coordination on the filing of a securitization application, and establishment of a working group comprised of representatives from OTT, OCC and CL&P, among other matters. On June 23, 2026, the parties filed additional correspondence to report on developments since the April 2026 status report, including that a series of constructive meetings had occurred that allowed the parties to conduct an exhaustive evaluation of all feasible financing options, including the designation of CL&P as the preferred "financing entity" for the securitization. The June 2026 correspondence also noted that the parties met to discuss possible favorable federal tax treatment, OTT's oversight and participation as the finance authority, and other factors. The June 2026 correspondence included a request by the parties for PURA to convene a technical session to review the structure of the securitization plan. PURA convened the technical session on July 13, 2026, and received a joint presentation on the securitization from CL&P and OTT.

CL&P filed its Petition on September 25, 2026. The Petition included three pieces of pre-filed direct testimony sponsored by five witnesses, and supporting exhibits that included a

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6 Notice of Proceeding, May 4, 2026, at 1.

7 Second Revised Notice of Proceeding, at 1.

proposed Financing Order with provisions that are required to maximize the likelihood of achieving triple-A ratings on, and enhance the marketability of, the Rate Reduction Bonds.[8] PURA also received pre-filed direct testimony from OTT on October 12, 2026, in support of the Petition. No other parties filed testimony.

The Company received and responded to nine interrogatories from the Office of Education, Outreach and Enforcement, 18 interrogatories from PURA staff, and five late-filed exhibits ("LFEs").

PURA convened an evidentiary hearing on October 20, 2026. PURA tentatively scheduled an LFE hearing for November 4, 2026, but cancelled it upon determining that no parties required cross-examination on the Company's LFEs. The evidentiary record closed on November 4, 2026.

III. LEGAL STANDARDS

Effective as of July 1, 2025, Public Act 25-173 amended the Securitization Law (Conn. Gen. Stat. §§ 16-245e to 16-245k, inclusive), to provide that an electric distribution company ("EDC") may submit a petition to PURA for a financing order to authorize the issuance of Rate Reduction Bonds to recover Financed Utility Services through securitization. "Financed Utility Services" are defined, in relevant part, as costs an EDC has prudently and efficiently incurred between January 1, 2018, and January 1, 2025, to prepare for and restore power to customers following storms and that have been determined by PURA to have been prudently and efficiently incurred. Conn. Gen. Stat. § 16-245e(a)(21). The Securitization Law further provides that Rate Reduction Bonds issued to recover Financed Utility Services are secured by a non-bypassable charge on customer bills (as previously defined, the RRB Charge) as a component of the competitive transition assessment ("CTA"). Conn. Gen. Stat. § 16-245e(a)(1), (2).

[8] The testimony and exhibits were marked as Exhibits CLP-TREASURY-1 through -3, Exhibits CLP-REGULATORY-1 through -5, Exhibit CLP-GOLDMAN-1, and Exhibits CLP-FINANCING ORDER-1 through -1D, all of which were entered into the evidentiary record in the docket.

To accomplish a securitization, the Securitization Law requires an EDC to petition PURA for a Financing Order to recover its costs for Financed Utility Services, including Storm Costs that PURA has determined in a separate proceeding to be appropriate for cost recovery under the statutory rate-making standards in Conn. Gen. Stat. §§ 16-19 and 16-19e. Conn. Gen. Stat. § 16-245f(a)(2).

Conn. Gen. Stat. §§ 16-245i(a) and 16-245j(a) provide that a financing entity may issue Rate Reduction Bonds upon approval by PURA in the pertinent financing order, and that a financing order adopted following the petition of an EDC shall become effective in accordance with its terms after the EDC files with PURA the EDC's written consent to all terms and conditions of the financing order.

Pursuant to Conn. Gen. Stat. § 16-245j(b), the State of Connecticut (the "State") has pledged and agreed with the owners of the Transition Property[9] and holders of the Rate Reduction Bonds that neither the State, nor any agency of the State shall limit, alter, amend, reduce or impair the RRB Charge (as a portion of the CTA), the Transition Property, any financing order or any rights thereunder, until the Rate Reduction Bonds, together with the interest thereon, are fully met and discharged, unless adequate provision is made by law for the protection of the owners and holders. Pursuant to Conn. Gen. Stat. § 16-245e(a)(2), the RRB Charge (as a portion of the CTA) is non-bypassable.

[9] Conn. Gen. Stat. 16-245e(a)(13): "Transition property" is defined in relevant part as "the irrevocable property right created pursuant to [the Securitization Law] in respect to . . . financed utility services that are eligible to be funded with the proceeds of rate reduction bonds pursuant to section 16-245f, including, without limitation, the right, title, and interest of an electric distribution company or its transferee or the financing entity (A) in and to the rates and charges established pursuant to a financing order, as adjusted from time to time in accordance with subdivision (2) of subsection (b) of section 16-245i, and the financing order, (B) to be paid the amount that is determined in a financing order to be the amount that the electric distribution company or its transferee or the financing entity is lawfully entitled to receive pursuant to the provisions of [the Securitization Law], and the proceeds thereof, and in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the rates and charges or constituting the competitive transition assessment that is the subject of a financing order including those nonbypassable rates and other charges referred to in [§16-245e(a)(2)], and (C) in and to all rights to obtain adjustments to the rates and charges pursuant to the terms of subdivision (2) of subsection (b) of section 16-245i, and the financing order."

In summary, the Securitization Law provides a comprehensive framework for the issuance of Rate Reduction Bonds to recover Financed Utility Services and empowers PURA to issue financing orders approving such Rate Reduction Bonds, subject to the requirements and conditions set forth therein.

IV. DESCRIPTION OF THE PROPOSED RRB TRANSACTION

A. Transaction Structure

Section II of the proposed Financing Order (LFE-003, Att. 1, at pages 5 – 22) provides a comprehensive description of the RRB Transaction (Exh. CLP-TREASURY-1, at 17). The transaction description in the proposed Financing Order is consistent with maximizing the likelihood of achieving the targeted triple-A rating, and therefore the lowest cost on the Rate Reduction Bonds consistent with market conditions at the time the Rate Reduction Bonds are priced and the terms of the Financing Order (LFE-003, Att. 1, at 5; RRU-014). The proposed structure is subject to certain limited modifications, subsequent to the issuance of the Financing Order, to allow for negotiations with rating agencies that will assign credit ratings to the Rate Reduction Bonds and market conditions at the time the Rate Reduction Bonds are issued (LFE-003, Att. 1, at 5). The final structure of the RRB Transaction will be determined by CL&P at the time the Rate Reduction Bonds are priced, while remaining substantially and materially consistent with the transaction structure described in the Financing Order and approved by PURA (id.). OTT, in its capacity as Finance Authority, has reviewed the transaction structure described in the proposed Financing Order, and, consistent with its active role in overseeing the transaction pursuant to Conn. Gen. Stat. § 16-245e(a)(11), will review the terms and conditions of the Rate Reduction Bonds prior to their finalization (including to confirm that the final transaction structure is substantially and materially consistent with the transaction structure described in the proposed Financing Order) (id.; see Tr. 10/20/26, at 150 ("we've worked collaboratively…with Eversource

and we worked on the financing order and agreed with the terms and conditions that were submitted in the financing order")).[10]

The proposed transaction structure "is substantially similar to that employed in typical utility securitization bond offerings" (Exh. CLP-GOLDMAN-1, at 23). More specifically, the proposed transaction "employs the same well-established structural framework used in dozens of utility securitizations since the mid-1990s, including the creation of a bankruptcy-remote special purpose entity, the true sale of an irrevocable transition property right, the pledge of that property as collateral under an indenture, and a statutorily mandated non-bypassable charge subject to periodic true-up adjustments, all designed to achieve the highest possible credit ratings and therefore the lowest cost of financing for ratepayers consistent with market conditions at the time the bonds are priced and the terms of the financing order" (Exh. CLP-GOLDMAN-1, at 16-17). Utility securitizations are structured based upon well-established rating criteria and have been utilized since 1995 (Exh. CLP-GOLDMAN-1, at 18).[11]

As summarized in Exhibit CLP-TREASURY-1, at pages 17 – 20, the following steps illustrate the key elements of the proposed RRB Transaction and the cash flows involved:

1. CL&P is seeking approval to securitize the Financed Utility Services costs and to recover those costs through the RRB Charge, which is a portion of the CTA.

2. The right to recover the RRB costs via the RRB Charge will be irrevocable, pursuant to the Securitization Law and the declaration by PURA that the Financing Order shall be irrevocable (as previously defined, this irrevocable right is the Transition Property).

3. CL&P will create a bankruptcy-remote special purpose entity ("SPE"), which will be wholly owned by CL&P. If recommended by the structuring agent in light of market conditions at the time of the issuance of the RRBs, and after consultation

[10] Exhibit CLP-TREASURY-1 at pages 12 – 14 describes the working group process and how the working group determined the transaction structure.

[11] Commissioner Smith stated at the evidentiary hearing: "There's nothing new here. We're not breaking any new ground. It's been done before by other utilities. And the investors, for the most part, I think understand this asset class. We have solid partners in Eversource and Goldman Sachs. Goldman's a great shop that can do this with their eyes closed." (Tr. 10/20/26, at 7).

with OTT, CL&P may create more than one bankruptcy-remote SPE, which will be wholly owned by CL&P. However, CL&P views it as unlikely that multiple SPEs will be required. CL&P will capitalize the SPE in an amount anticipated to be at least 0.50% of the initial principal balance of the RRBs, which will be deposited into the Capital Subaccount (as defined below). This capitalization is required by the rating agencies in order to provide a source of credit enhancement.[12]

4. The SPE will enter into an Administration Agreement with CL&P (a draft of which was provided as Exhibit CLP-FINANCING ORDER-1A) pursuant to which CL&P shall perform administrative services and provide facilities for the SPE to ensure that it is able to perform such day-to-day operations as are necessary to maintain its existence and perform its obligations under the RRB transaction documents. Pursuant to the Administration Agreement, CL&P will be paid a fee (the "Administration Fee").

5. CL&P will sell all of its rights in the Transition Property to the SPE in a transaction that will be intended and treated as a legal true sale and absolute transfer to the SPE. The SPE will issue and sell RRBs to capital markets investors. The RRBs will be non-recourse to CL&P and will be payable solely from the Transition Property, including collections of the RRB Charge, and the Other SPE Collateral (defined below).

6. All of the assets of the SPE, including the Transition Property and the other collateral of the SPE (the "Other SPE Collateral") will be pledged as collateral to secure the RRBs. The Other SPE Collateral will include, without limitation: (i) the rights of the SPE under the RRB Transaction documents including the purchase agreement by which the SPE acquires the Transition Property and the agreement setting forth the servicing arrangements between the servicer (the "Servicer" and any successor servicer, the "Successor Servicer") and the SPE (a draft of the Servicing Agreement is provided as Exhibit CLP-FINANCING ORDER-1B); (ii) the Collection Account and any subaccounts contained in the Collection Account, including the General Subaccount, the Excess Funds Subaccount and the Capital Subaccount (each as defined in Exh. CLP-GOLDMAN-1, at 43 – 45 and Exh. CLP-TREASURY-1, at 20 – 22);[13] and (iii) any return on investment on amounts held by the SPE (with the exception of any return on investment on the Capital Subaccount). The Other SPE Collateral will not include any return on investment on amounts held in the Capital Subaccount, which return on investment will be

[12] The only circumstances that the Company is aware of under which more than one SPE would be necessary would be if market conditions required the RRBs to be issued in more than one series (i.e., in installments rather than all at once) (LFE-002). In that case, a separate SPE would likely be required for each series of RRB issued. The Company does not anticipate this being necessary but has prepared the proposed Financing Order to accommodate this circumstance and provide for the flexibility to have more than one SPE in the event that market conditions require (LFE-002).

[13] The Collection Account will be established by the SPE as a trust account to be held by the RRB Trustee. The Collection Account will have the following subaccounts: (i) a General Subaccount; (ii) a Capital Subaccount; and (iii) an Excess Funds Subaccount. Each subaccount is designed to facilitate the payment of principal, interest, and other costs associated with the RRBs. The SPE's interest in the Collection Account will be pledged as collateral for the benefit of the bondholders (Exh. CLP-GOLDMAN-1, at 43; Exh. CLP-TREASURY-1, at 20).

remitted on a monthly basis to CL&P, in its capacity as the equity holder of the SPE.

7. The proceeds of the RRBs will be received by the SPE and remitted to CL&P as consideration for the Transition Property.

8. After the RRB issuance, CL&P, acting as Servicer on behalf of the SPE, or any Successor Servicer, will bill and collect the RRB Charge from customers. CL&P will transfer the RRB Charge collections to the Collection Account and the trustee for the holders of the RRBs (the "RRB Trustee") will use these collections to make payments of principal and interest to holders of the RRBs, as well as any ongoing transaction costs. The Servicer or any Successor Servicer will be paid a fee by the SPE for performing its servicing duties (the "Servicing Fee").

9. CL&P will bill customers the RRB Charge regardless of who they have chosen as their energy supplier and regardless of whether or not they are self-generating (so long as they are connected to CL&P's distribution system for back-up power), thus, the RRB Charge shall be non-bypassable as set forth in the Act.

CL&P will confirm to PURA the final terms, pricing and costs of the RRB Transaction through an Issuance Advice Letter. After pricing of the RRBs, but before issuance, the Company will file an Issuance Advice Letter with PURA (a draft of which is provided in Exhibit CLP-FINANCING ORDER-1D), which will set forth the final structure and repayment terms of the RRB Transaction, the identity of the SPE, the total principal amount and pricing of the RRBs, the initial RRB Charge by customer class to be implemented upon issuance of the RRBs, the capital contribution amount and the actual upfront transaction costs (Exh. CLP-TREASURY-1, at 16). The final terms and conditions of the RRBs, including the schedule of principal amortization, credit enhancement, the frequency of principal or interest payments, the interest rates on the RRBs, the number of credit ratings and the terms of the final transaction documents, shall be determined by the Company consistent with the provisions of the Financing Order and subject to OTT

oversight as the Finance Authority (Exh. CLP-TREASURY-1, at 16; OTT Test. at 13; see Tr. 10/20/26, at 159-60).[14]

B. Estimated Amount to be Securitized

In the Storm Costs Order, PURA determined that $767,930,008 in Storm Costs incurred by CL&P between January 2018 and December 2023 to prepare for and restore power to customers following storms had been prudently and efficiently incurred, authorizing CL&P to file a petition in Docket No. 26-04-04 to request a determination from PURA as to whether the issuance of Rate Reduction Bonds to recover the net amount of $667,930,008 is in the best interests of ratepayers (Exh. CLP-REGULATORY-1, at 7 – 8).[15] The Storm Costs approved by PURA and presented in the Petition were within the applicable statutory period in the Securitization Law (i.e., between January 1, 2018, and January 1, 2025) (Exh. CLP-REGULATORY-1, at 8). As a result, the prudently incurred storm costs presented in the Petition qualify for securitized financing through RRBs under the law (Exh. CLP-REGULATORY-1, at 8).

The Storm Costs authorized for securitization are summarized as follows:

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[14] It is not advisable for PURA to incorporate conditions into the Financing Order that will render it open to future changes (RRU-003). The pricing of the bonds will be determined by investor interest and prevailing market rates at the time of pricing; if the Financing Order were to incorporate language that PURA might require future approvals or changes, it could dampen investor interest in the bonds, resulting in a failed securitization (RRU-003). OTT will participate alongside the Company in pricing discussions with the underwriters, and both the Company and OTT will confirm agreement with the final interest rate before the bonds are priced (RRU-003; see also, Tr. 10/20/26, at 159-60).

[15] In accordance with the Storm Costs Order, the Company partially offset the principal storm balance to be securitized with: (1) customer contributions recovered through base distribution rates over the period January 1, 2018 through December 31, 2023 in the amount of approximately $101.4 million (see total storm reserve accrual of $90.9 million and total prestaging reserve of $10.6 million approved in the Storm Costs Order at 2 – 3 and 20); and (2) customer contributions authorized for recovery through the CTA during the period May 1, 2026 through April 30, 2027 in the amount of $100 million in the 2026 RAM docket (see Docket No. 26-01-03, Annual Review of the Rate Adjustment Mechanisms of the Connecticut Light and Power Company, Interim Decision (Apr. 22, 2026) at 9; see also Storm Costs Order at 2).

Table 1: Storm Costs to be Securitized[16]

Description	Amount
2018 – 2023 Storm Costs	$869,399,800
Catastrophic Storm Reserve Accrual	($90,905,927)
Pre-Staging Reserve	($10,563,865)
RAM CTA Credit	($100,000,000)
Net Storm Costs to be Securitized	**$667,930,008**

In the Petition, CL&P estimated securitization principal amount to be financed to be $620,364,568, which equals the sum of:

- The amount of net Storm Costs authorized in the Storm Costs Order to be securitized, which is $667,930,008; and
- Estimated upfront transaction costs as shown on Schedule 1 of Exhibit CLP-TREASURY-1 (the "Upfront Transaction Costs") of approximately $6,950,000;

Minus the sum of:

- The net present value ("NPV") of the related tax cash flows that reflect the net benefits of accumulated deferred income taxes ("ADIT") relating to amounts that will be recovered through the issuance of RRBs, using a discount rate equal to the expected interest rate on the rate reduction bonds. Such amount is estimated to be equal to $54,515,440.

(Exh. CLP-TREASURY-1, at 9 – 10; Exh. CLP-TREASURY-2; LFE-001).

The final principal amount for securitization will be determined at the time of issuance of the RRBs (Exh. CLP-TREASURY-1, at 16).

C. RRB Charge

The RRB Charge shall be a non-bypassable charge authorized by PURA pursuant to the Financing Order to recover Financed Utility Services that are eligible to be funded with the proceeds of Rate Reduction Bonds (Exh. CLP-REGULATORY-1, at 11 – 12). Conn. Gen. Stat.

[16] See Storm Costs Order, at 2 – 3 and 20 (Table 10) (see also Exh. CLP-REGULATORY-1, at 8; Exh. CLP-REGULATORY-2).

§ 16-245e(l) governs the recovery of the RRB Charge. Specifically, Conn. Gen. Stat. § 16-254e(l), as amended by the Act, states:

> Subject to the reconciliation process set forth in this subsection, the costs of any rate reduction bonds, including all principal, interest, premium, costs and arrearages on such bonds, ***shall be recovered through the competitive transition assessment*** pursuant to section 16-245g. (emphasis added)

As noted, the Company is proposing to recover the Financed Utility Services, including the Storm Costs, through the RRB Charge, which is a reconciling component of the CTA, in accordance with § 16-245e(l) (Exh. CLP-REGULATORY-1, at 12). The RRB Charge will be calculated to recover all debt service on the Rate Reduction Bonds, as well as ongoing transaction costs (Exh. CLP-REGULATORY-1, at 12).

As set forth in the proposed Financing Order, the RRB Charge will be calculated to cover: (i) the principal (in accordance with the expected amortization schedule set forth at pricing) and interest on, the RRBs; (ii) ongoing transaction costs (including the Servicing Fee, the Administration Fee, RRB Trustee fees and expenses, rating agency fees, legal, accounting and auditing fees, SPE independent managers' fees and any indemnity obligations that are anticipated to be payable under the RRB Transaction documents on or prior to the next RRB payment date); (iii) the cost of establishing and maintaining any credit enhancement required for the RRBs, including replenishment of any amounts drawn from the Capital Subaccount such that the balance is equal to the targeted level; and (iv) to pay any amounts of previous RRB payment requirements not satisfied in the previous payment period for any reason (Exh. CLP-TREASURY-1, at 22 – 23). The projected RRB Charge will be calculated using assumptions set forth in the Issuance Advice Letter and each subsequent true-up filing (as described below), which shall include but not be limited to projected kWh usage, expected charge-offs and expected weighted average days sales outstanding (Exh. CLP-TREASURY-1, at 22 – 23; Exh. CLP-GOLDMAN-1, at 52). The RRB

Charge will be billed until the SPE has collected RRB Charges sufficient to discharge the total RRB payment requirements (Exh. CLP-TREASURY-1, at 3).

CL&P proposes to file the initial RRB Charge for each rate class with the Issuance Advice Letter after the RRBs are priced, but prior to their issuance, in compliance with the proposed Financing Order (Exh. CLP-TREASURY-1, at 24). CL&P requests PURA's approval of the method for determining the initial RRB Charge so that the RRB Charge set forth in the Issuance Advice Letter will automatically become effective as of such filing (Exh. CLP-TREASURY-1, at 24; RRU-014).[17]

As discussed in more detail below, the Petition includes a proposed rate design for the RRB Charge that shall be assessed to all customers at a rate that is applied equally to all customers of the same customer class (Exh. CLP-REGULATORY-1, at 21; EOE-009). Consistent with the Securitization Law, the RRB Charge must be sufficient to recover all amounts approved by PURA, including to pay the principal of and the interest and any credit enhancement or premium on the Rate Reduction Bonds as the same shall become due and payable, and to pay all reasonable and necessary expenses relating to the RRB Transaction. Conn. Gen. Stat. § 16-245g(d). The RRB Charge is to be adjusted periodically, but not less frequently than annually, as specified in the proposed Financing Order. Conn. Gen. Stat. § 16-245i(c).

[17] The initial RRB Charge will include: (1) the securitized amount; (2) estimated annual ongoing transaction costs; (3) payments of principal and interest on the RRBs; (4) the number of days after a customer is billed that RRB Charge is deemed collected (based on historical collections experience); (5) daily remittances of deemed RRB Charge collections to the General Subaccount; (6) projected kWh sales by rate class for the upcoming year; (7) an estimated charge-off rate determined based on historical collections experience at the time of issuance of the RRBs; (8) any lags between a payment date and the latest date for which deemed RRB Charge collections available to the RRB Trustee are applied to a payment date (a time period which allows the Servicer to properly account for deemed RRB Charge collections); and (9) weighted average coupon rates (Exh. CLP-TREASURY-1, at 24).

D. True-Up Mechanism

The RRB Charge will be calculated to recover all debt service on the Rate Reduction Bonds, as well as ongoing transaction costs (Exh. CLP-REGULATORY-1, at 12). The RRB Charge will vary over the life of the RRB Transaction as a result of several factors, including changes in the principal and interest payments resulting from different payment periods; any amounts required to replenish the Capital Subaccount to the targeted balance if necessary; any amounts of previous periodic RRB payment requirements not satisfied in the previous year; any balance in the Excess Funds Subaccount; the impact of the variability of energy sales and forecasts; changes in payment patterns and charge-off experience; as well as changes in any ongoing RRB transaction costs (Exh. CLP-TREASURY-1, at 23). The calculation of the RRB Charge incorporates each of these factors (Exh. CLP-TREASURY-1, at 24).

Based on these factors, CL&P will file adjustments, up or down, to the RRB Charge pursuant to a periodic true-up mechanism established (the "True-Up Mechanism") (Exh. CLP-REGULATORY-1, at 12; RRU-005). As proposed, the True-Up Mechanism is a periodic adjustment to the RRB Charge to ensure that the aggregate RRB Charge billed for the applicable period will result in RRB Charge collections that are sufficient to meet periodic RRB payment requirements (Exh. CLP-REGULATORY-1, at 12; Exh. CLP-TREASURY-1, at 25; RRU-007).[18]

In accordance with Conn. Gen. Stat. § 16-245e(l), the Company is proposing to reconcile the RRB Charge to the actual revenues received through an annual true-up in the Company's annual rate adjustment mechanism ("RAM") filing (Exh. CLP-REGULATORY-1, at 13; RRU-014). The current RAM process consists of a January 15 known and measurable filing, a February

[18] Conn. Gen. Stat. § 16-245e(l) states: "Upon the issuance of any rate reduction bonds as ordered by the authority to recover any financed utility services, the authority shall periodically adjust the competitive transition assessment in accordance with section 16-245j, as amended by this act, to allow the recovery of the cost of such bonds, including ***through a reconciliation of the actual revenues from the competitive transition assessment to the actual cost of such bonds***" (emphasis added); see also Conn. Gen. Stat. § 16-245i(b)(2).

15 rates filing, and a March 1 comprehensive RAM reconciliation and supporting documentation filing (Exh. CLP-REGULATORY-1, at 13; Tr. 10/20/26, at 75-76). These filings are followed by a Phase I discovery process, hearings, and an interim decision issued in late April for rates effective May 1 each year (Exh. CLP-REGULATORY-1, at 13; Tr. 10/20/26, at 75-76).

The Company proposes that the RRB Charge, including the annual reconciliation and the upcoming year's RRB Charge, will be filed no later than April 15 each year for inclusion in CTA rates effective May 1 (Exh. CLP-REGULATORY-1, at 13; Tr. 10/20/26, at 77-78). As required to achieve a triple-A rating, the RRB Charge must be automatically included in rates, absent manifest error (Exh. CLP-REGULATORY-1, at 13; Exh. CLP-TREASURY-1 at 26; RRU-014; Tr. 10/20/26, at 72-76).[19] Although this proposal is unique to the typical RAM ratemaking schedule and process, it is a necessary requirement to enable automatic rate changes specific to the RRB Charge to enable the Company to receive a triple-A bond rating that maximizes customer benefits (Exh. CLP-REGULATORY-1, at 13; Tr. 10/21/26, at 72-76).

It is essential that the true-up filing be finalized and submitted as close in time as possible to the rate effective date to take into account the latest information in setting the RRB Charge for the upcoming period (Exh. CLP-REGULATORY-1, at 14). As such, the Company intends to submit the actual RRB charge by April 15 annually to be effective May 1. This cadence is consistent with the timing of filings for the Company's New Hampshire affiliate, Public Service Company of New Hampshire ("PSNH"), in establishing the RRB charge for securitized costs in that jurisdiction, where RRB charges are filed January 15 for effect February 1 (Exh. CLP-REGULATORY-1, at 14; Tr. 10/20/26, at 75-76).

[19] Absent manifest error in a routine true-up letter, the resulting upward or downward adjustments to the RRB Charge will be deemed approved by PURA and effective: (i) in the case of any Annual Routine True-Up Letter, on the ensuing May 1; (ii) in the case of any Mid-year Routine True-Up Letter, on the ensuing November 1; or (iii) in the case of an Other Routine True-Up Letter, on the first day of the ensuing month (Exh. CLP-TREASURY-1 at 26).

In order to provide a preliminary indication of the upcoming year's RRB Charge ahead of the formal April 15 true-up filing for PURA and all docket participants, the Company will provide for informational purposes an estimate of the RRB Charge as part of the annual March 1 comprehensive RAM filing, based on calculation inputs available at that time (Exh. CLP-REGULATORY-1, at 14; Tr. 10/20/26, at 76-78). The actual RRB Charge filed on April 15 each year will be included in CTA rates and become effective May 1 (Exh. CLP-REGULATORY-1, at 14; see RRU-014). The RRB Charge may vary substantially from the March 1 estimate based on a number of factors but should assist in providing indicative information to PURA (Exh. CLP-REGULATORY-1, at 14).

As part of the True-Up Mechanism, the RRB Charge would be set annually as part of the reconciliation process described above, but in order to receive a triple-A bond rating, the process must also provide for semi-annual routine true-up filings and other true-up filings as needed in order to ensure that expected collections of the RRB Charge will be sufficient at all times to cover upcoming periodic RRB payment requirements (Exh. CLP-REGULATORY-1, at 14 – 15). As part of this process, the Financing Order must provide for additional automatic optional true-ups in circumstances where the actual revenues received through the RRB Charge are expected to be insufficient to cover the upcoming periodic RRB payment requirements (Exh. CLP-REGULATORY-1, at 15; Tr. 10/20/26, at 73-74 (true-up mechanism is a zero-cost credit enhancement specific to utility securitization that allows for no over-collateralization, lowest cost

and highest credit rating)).[20] In addition, if the methodology used to calculate the RRB Charge adjustments must be modified to more accurately project and generate adequate RRB Charge collections, CL&P, as Servicer, may file a Non-Routine True-Up Letter with the resulting RRB Charge adjustments (reflecting such modification to the methodology or model) to be effective upon review and approval by PURA as provided in the proposed Financing Order.[21]

E. Use of Proceeds

The proposed Financing Order provides that the use of proceeds from the issuance of the Rate Reduction Bonds shall be applied for the purposes approved by PURA in the Financing Order. Conn. Gen. Stat. § 16-245j(c)(4)(A). The Financing Entity will transfer the proceeds from the issuance of the Rate Reduction Bonds, net of its transaction costs, if any, to CL&P as consideration for the transfer of the Transition Property to the Financing Entity (LFE-003, Att. 1, at 21). The RRB proceeds received by CL&P will be used by CL&P as follows:

- To recover the Storm Costs approved for recovery in the Storm Costs Order (i.e., the $667,930,008 in net costs incurred between January 2018 and December 2023 to prepare for and restore power to customers following storms that have been determined by PURA to have been prudently and efficiently incurred).
- To pay upfront transaction costs incurred in connection with the issuance of the Rate Reduction Bonds.

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[20] If a rate adjustment is necessary, the Company would file a true-up to update the RRB Charge no later than: (a) in the case of a semi-annual true-up, October 15 of the relevant year; or (b) in the case of an optional true-up, the date that is 15 days before the end of the then-current calendar month. The rate change would become automatically effective: (a) in the case of a semi-annual true-up, on the ensuing November 1; and (b) in the case of an optional true-up, on the first day of the following month (in each case, absent manifest error) (Exh. CLP-REGULATORY-1, at 15; Exh. CLP-TREASURY-1 at 26). More detail on the True-Up Mechanism required to maximize the likelihood of achieving the desired triple-A rating is included in Exhibit CLP-TREASURY-1, at 25 – 29 and Exhibit CLP-GOLDMAN-1, at 46 – 48.

[21] The proposed Financing Order provides that an adjustment based on a Non-Routine True-Up Letter would become effective upon review and approval by PURA, "with such review and determination to occur within thirty (30) days of such filing, in accordance with Conn. Gen. Stat. § 16-245i(c)" (LFE-003 Att. 1, at 16) (in summarizing the true-up mechanism, Exh. CLP-TREASURY-1 at 27 stated that such review and approval would occur within 90 days of filing; however, the Company's proposal is for the 30-day period as reflected in the proposed Financing Order).

- To redeem short term debt and to pay a return of capital to Eversource Energy to maintain an appropriate capital structure at CL&P.

(Exh. CLP-TREASURY-1, at 16 – 17).

F. Summary

Please refer to the proposed Financing Order (LFE-003, Att. 1) at Section II for a comprehensive description of all elements of the proposed RRB Transaction.

V. DISCUSSION

A. PURA's Issuance of the Proposed Financing Order is in the Best Interest of Customers

The proposed RRB Transaction is in the best interest of customers, consistent with the Securitization Law. Conn. Gen. Stat. § 16-245e(l). As discussed at length in Docket Nos. 24-03-30 and 25-12-13, and in other PURA proceedings, securitization provides significant value and savings for customers (Exh. CLP-REGULATORY-1, at 11). These benefits will be realized through the ability to rely exclusively on securitized debt, rather than on a combination of long-term debt and equity, and through achieving a triple-A rating through the securitization financing process, which together will significantly lower the bill impacts to customers for recovery of the Storm Costs as compared to traditional recovery under PURA precedent, and to lower the interest costs customers will experience over the extended recovery period as compared to other forms of financing (Exh. CLP-REGULATORY-1, at 11; see EOE-005; EOE-005 Att. 1).

The Company's long-term capital sources supporting regulatory assets are comprised of long-term debt and equity, which come at the currently authorized weighted average cost of capital of 7.09 percent (Exh. CLP-TREASURY-1, at 36). The effect of the RRB Transaction is to change the rate of return from CL&P's weighted average cost of capital, as authorized from time to time by PURA, to the weighted average interest rate on the RRBs, estimated at time of the Petition to be 5.482 percent. This rate changes day to day with fluctuations in market rates (Exh. CLP-

TREASURY-1, at 36; Exh. CLP-GOLDMAN-1 at 27; see Tr. 10/20/26, at 128 – 129; RRU-001; RRU-001 Att. 1; RRU-002). This financing benefit for extraordinary costs outside of what is collected in rates is achieved through securitization. The securitization financing is anticipated to receive a triple-A rating, and can be achieved without a return to equity investors and paid back over time by customers through the non-bypassable and irrevocable RRB Charge (Exh. CLP-TREASURY-1, at 36). The difference between CL&P's cost of capital and the lower interest rate on the RRBs reduces the revenue requirement that must be paid by customers to pay back the deferred balance and mitigates customer bill impacts for recovery of these costs (Exh. CLP-TREASURY-1, at 36).

In the Petition, CL&P estimated an overall level NPV savings to customers of $120 million based on: (a) the effective all-in costs of RRBs; (b) the amount to be securitized; and (c) a 5.482 percent interest rate on the RRBs, as compared to recovery of the same costs over six years at CL&P's authorized weighted average cost of capital (Exh. CLP-TREASURY-1, at 36; Exh. CLP-TREASURY-3). The actual savings will depend on the principal repayment schedule, interest rate, actual ongoing transaction costs, amount of credit enhancement, if any, and other factors which will be established at the time RRBs are priced (Exh. CLP-TREASURY-1, at 36 – 37; Tr. 10/20/26, at 128 – 129).[22]

Thus, the proposed RRB Transaction is in the best interest of customers, consistent with the Securitization Law. Conn. Gen. Stat. § 16-245e(l).

[22] The Petition utilized interest rates as of September 11, 2026. Based on current rates, the Company estimated a coupon rate of 5.65% (compared to 5.482%), which would result in a monthly bill increase of approximately three cents per month on average and an insignificant decline in the $120 million NPV (Tr. 10/20/26 at 128 – 129). In fact, a hypothetical one percent increase in the coupon rate would result in a 20-cent bill increase and only a $25 million decrease to the NPV savings, still yielding substantial overall NPV savings to customers in the mid-$90 million range (Tr. 10/20/26, at 129).

B. Customers Will Benefit from the Transaction Structure and OTT's Role as Finance Authority

The working group engaged in an approximately seven-month long process to arrive at the proposed transaction structure presented in the Petition. As described in the status reports provided to PURA in April and June 2026, the working group comprised of OTT, OCC and CL&P began meeting in March 2026 to discuss the securitization process, potential structures for the securitization, and coordination on the development and filing of the Petition (Exh. CLP-TREASURY-1, at 13). This work continued through the spring and summer. The working group parties ultimately agreed with OTT's recommendation in June 2026 that CL&P would be the issuer and serve as the Financing Entity for the securitization, with close coordination of efforts with OTT and OCC (Exh. CLP-TREASURY-1, at 13). The working group parties also agreed that this structure would best preserve maximum benefits for customers, while assuring OTT's overall oversight of the project (Exh. CLP-TREASURY-1, at 13).

Following the PURA technical session on July 13, 2026, CL&P moved expeditiously to put in place the necessary underwriting and legal resources to develop the Petition documents (Exh. CLP-TREASURY-1, at 13). The working group parties continued to meet on a weekly basis during this period (Exh. CLP-TREASURY-1, at 13 – 14). The Company provided OTT and OCC initial drafts of Petition documents on August 18, 2026, and received comments from OTT on August 31, 2026 (Exh. CLP-TREASURY-1, at 14). The Company provided updated drafts on September 8, 2026, and received additional feedback from OTT on September 16, 2026 (Exh. CLP-TREASURY-1, at 14). Over the following week, the parties engaged in further discussions to review and finalize the Petition ahead of filing on September 25, 2026 (Exh. CLP-TREASURY-1, at 14).

In the proposed transaction structure, OTT will serve a critical role to ensure that the Storm Cost securitization produces maximum benefits for customers. In its testimony, OTT explained

that the Securitization Law designates OTT as the Finance Authority for the transaction (OTT Test. at 13 (citing Conn. Gen. Stat. 16-245e)). "In this capacity, OTT has authority to specify the final terms and conditions of the RRBs, including principal amount (as defined in the Financing Order), tranche structure, repayment schedule, pricing, and total issuance costs before the bonds may be issued" (OTT Test. at 13). OTT testified that it is not "passively reviewing a final transaction," but is taking an active role "from the earliest stages of the transaction through to its completion, with a thorough, proactive review process by OTT and its advisors" (OTT Test. at 13). OTT testified that "[t]his ensures the transaction proceeds on terms that are in the best interests of ratepayers" (OTT Test. at 13). OTT identified several aspects of its role that will benefit the transaction and customers:

- Non-Impairment: OTT's participation in providing the non-impairment pledge,[23] which is a "cornerstone of the AAA credit rating that will deliver the lowest possible interest rates and provide material ratepayer savings," will directly reinforce the creditworthiness of the RRBs (OTT Test. at 14).

- Market Oversight and Benchmarking: OTT, working with its financial advisor, "will evaluate the proposed transaction economics against the national market for utility securitizations throughout the transaction process" (OTT Test. at 14).

- Issuance Advice Letter: The Issuance Advice Letter ("IAL") to be filed by CL&P will contain final pricing, tranche terms, the securitization charge calculation and allocation method (Exh. CLP-TREASURY-1, at 16; OTT Test. at 15). "Consistent

[23] By statute, the State covenants with bondholders that as long as the RRBs are outstanding it will take no action that would impair the rights of bondholders, meaning that the State will not impair the securitized property or take any action that would reduce charges below the level necessary to pay principal, interest, and transaction costs (OTT Test. at 14). Conn. Gen. Stat. § 16-245j(b).

with its active role as Finance Authority, at or prior to the pricing of the RRBs, OTT will confirm to CL&P that the draft of the IAL and the final terms of the RRBs are consistent with the terms and conditions specified and agreed by the Finance Authority in connection with the finalization of the terms of the bonds" (OTT Test. at 15). CL&P will provide a final draft of the IAL reflecting the final terms of the RRBs to OTT for review prior to filing, and "OTT will confirm that the IAL is consistent with the final terms of the RRBs and authorize CL&P to so represent to PURA" (OTT Test. at 15). CL&P will then file the final IAL with PURA the IAL. "The IAL review process ensures that OTT has an affirmative gate on final bond economics, specifically, that the transaction at final pricing continues to meet the ratepayer benefit standard before the transaction can close" (OTT Test. at 15). Consistent with Section II.F of the proposed Financing Order, OTT's substantive review and confirmation of the final terms of the RRBs occurs at or before pricing. After pricing, OTT's confirmation of the final IAL confirms that the IAL accurately reflects the final terms of the RRBs as priced (LFE-003, Att. 1, at 9 – 10).

- Timing and Execution Oversight: OTT "is committed to working expeditiously at each stage of the process and to using its oversight authority to streamline, not delay, execution" (OTT Test. at 16).

C. The RRB Transaction Cost Estimates are Reasonable

In order to effectuate the RRB Transaction, the Company must incur transaction costs. These include "Upfront Transaction Costs," which will enable the Company to issue the RRBs, and "Ongoing Transaction Costs" during the life of the RRBs (Exh. CLP-TREASURY-1, at 31-33). Assuming an initial principal amount of $620,364,568, as supported in Section IV.B, above,

the Company developed reasonable, market-based estimates of approximately $6,950,000 in Upfront Transaction Costs and approximately $742,682 annually in Ongoing Transaction Costs (id.). The estimated Upfront Transaction Costs include accounting and auditing fees, legal fees and expenses, printing and filing costs, rating agency fees, Securities and Exchange Commission ("SEC") registration fees, service set-up costs, the Structuring Agent fee, RRB Trustee fees, underwriting costs, original issue discount, and other costs to establish the securitization structure and effect the RRB Transaction (id.). The actual Upfront Transaction Costs will be determined when the principal amount of financing is determined, applicable agreements are negotiated, and actual costs are incurred (id.). The Ongoing Transaction Costs include ongoing rating agency fees, fees and expenses to the RRB Trustee, legal, accounting, and auditing fees, SPE independent managers fees and related costs (id.).

The undisputed record evidence demonstrates that the Upfront Transaction Costs and Ongoing Transaction Costs are reasonable, market-based estimates of necessary costs that should be approved as provided in the proposed Financing Order (LFE-003, Att. 1 at 6, 18-19).

1. The Company's Upfront Transaction Costs are Reasonable

The record evidence demonstrates that the Company's Upfront Transaction Costs are reasonable (Exh. CLP-TREASURY-1, at 31-32; id., at Schedule 1; EOE-006; EOE-007; Tr. 10/20/26, at 56-58, 145). In its initial filing, the Company testified that the estimated $6,950,000 in Upfront Transaction Costs is "based on commercially reasonable assumptions" and provided a detailed schedule of anticipated costs in Schedule 1 to Exhibit CLP-TREASURY-1 (Exh. CLP-TREASURY-1, at 31). The Company's response to Interrogatory EOE-006 provides additional detailed support for the Upfront Transaction Costs (EOE-006). The Company explained that underwriting fees, ratings agency fees, and SEC registration fees are calculated as a percentage of the principal amount to be financed (EOE-006). Other fees, including issuer's counsel fees,

Finance Authority legal and advisory fees, accounting and auditing fees, Structuring Agent fees, underwriter's counsel, trustee's counsel, Servicer set-up costs, Edgarization fees, and miscellaneous fees are not based on a percentage of the principal (id.). For each of these line items, the Company provided both the estimated expense total, and the basis for the estimate provided; the Company also noted that it evaluated precedent transactions in developing its estimates (id.; Tr. 10/20/26, at 57-58).

The legal fees estimate of $1,500,000 is based on the cost of issuance-related legal work, which includes preparation of key transaction documents and work necessary to support offering the RRBs, regulatory legal work, which includes the work necessary to prepare and support the Petition, and other legal work, which includes tax advice and additional legal support needed to timely close the transaction (EOE-007). The securitization process requires a substantial and sustained effort over a significant period of time, and will require additional work that continues after the issuance of the Financing Order, culminating in issuance of the RRBs (id.). This specific, long-term, high-impact, and high-priority work requires the expertise of the Company's selected law firms and represents a reasonable and necessary cost (EOE-006; EOE-007; Tr. 10/20/26, at 57).

The proposed Financing Order provides that the Upfront Transaction Costs shall be recovered out of the proceeds of the RRB Transaction, and includes these costs as securitized costs pursuant to the Securitization Law (Exh. CLP-TREASURY-1, at 32; Tr. 10/20/26, at 30-31). If payment is required prior to issuance, the costs will be paid by CL&P on behalf of the SPE, and reimbursed from the proceeds of the RRB Transaction (id.). Final costs will be reflected in the IAL, which will be filed with PURA after pricing and before issuance of the RRBs, and will be amortized over the 12-year term of the RRBs (EOE-006). Through the IAL and its ongoing

participation in the working group, the Company will provide transparency into the final values of the Upfront Transaction Costs (Tr. 10/20/26, at 58-59).

The Company has demonstrated that its estimated Upfront Transaction Costs are reasonable, market-based projections for necessary work that must be incurred to implement the RRB Transaction, and that it will transparently present those final costs when they are known through the Issuance Advice Letter (Exh. CLP-TREASURY-1, at 31-32; id., at Schedule 1; EOE-006; EOE-007).

2. The Company's Ongoing Transaction Costs are Reasonable

The Company provided documentation for its estimated Ongoing Transaction Costs of $742,682 (Exh. CLP-TREASURY-1, at 32-35; id. at Sch. 2; EOE-008). The Company's response to Interrogatory EOE-008 outlines the estimate for each of the Ongoing Transaction Costs, and the basis for the estimated expense (EOE-008). Approximately half of the Ongoing Transaction Costs relate to the Servicing Fee and Administration Fee, which are based on industry-standard amounts, critical to show the bankruptcy-remoteness of the SPE and support a triple-A rating for the RRBs (EOE-008; Tr. 10/20/26, at 60).[24] In addition to the evidentiary support provided by the Company, OTT testified that they "are comfortable with the five basis point fee" which is "very much industry …standard…." (Tr. 10/20/26, at 152-53).[25] These fees will be recovered through the RRB Charge in consideration of the administrative services and providing facilities for the Financing Entity to ensure that it is able to perform day-to-day operations under the RRB Transaction documents (i.e.,

[24] Given the size of the bond issuance, the estimated annual Servicing Fee of $310,182 and Administration Fee of $50,000 are also consistent with the level of those costs in the 2001 CL&P RRB transaction of $719,200 and $75,000, respectively (LFE-005).

[25] OTT further testified that the 60-basis point fee included in the transaction for a potential alternate servicer was one that "rating agencies would be comfortable" provided adequate compensation should a new servicer be required, and that it was "comfortable with the 60 basis point number as an outside number that could potentially be required…." (Tr. 10/20/26, at 152-53). OTT went on to state that "it usually works out in these circumstances where the utility, who already has the infrastructure in place to do the billing and set up, is more…attractively pricing their services than if they had to go to a third party and implement a whole new system" (id.).

the cost of collecting revenue and remitting to the trustee and accounting for the same) (Exh. CLP-REGULATORY-1, at 20; Tr. 10/20/26, at 61-62). Importantly, the Servicing Fee and Administrative Fee will be reflected in CL&P's cost of service and will be credited to customers in rates (Tr. 10/20/26, at 62). Specifically, the administration and servicing fees will be credited back to customers through the Company's Revenue Decoupling Mechanism and irrespective of the amount will result in a net-zero cost to customers (id. at 62-63).

Not only are Ongoing Transaction Costs a necessary component of the RRB Transaction, they help to satisfy the "stress tests" of the ratings agencies, whereby the ratings agencies evaluate the repayment stream for bonds based on an assumption that the utility (i.e., CL&P) can no longer perform the repayment function (Tr. 10/20/26, at 62). These costs support the need for "bankruptcy remoteness" and support the triple-A rating sought by the Company (id.). The Company has demonstrated that the Ongoing Transaction Costs are reasonable and are included in the proposed Financing Order to cover necessary costs and demonstrate bankruptcy remoteness (Exh. CLP-TREASURY-1, at 32-35; EOE-008; Exh. CLP-REGULATORY-1, at 20; Tr. 10/20/26, at 61-62).

D. The RRB Charge Customer Allocation is Consistent with the Securitization Law

Conn. Gen. Stat. §16-245g(c) provides:

> The competitive transition assessment shall be determined by the authority in a general and equitable manner and, in accordance with the provisions of subsection (b) of section 16-245f, ***shall be imposed on all customers at a rate that is applied equally to all customers of the same class in accordance with methods of allocation in effect on July 1, 1998, or a later date determined by the authority in a finance order with respect to any subsequent issuance of rate reduction bonds***

(emphasis added).

Accordingly, the Company has proposed a customer allocation that imposes the RRB Charge equally to all customers in the same class, based on the class Distribution revenues

(exclusive of customer charge related revenue), approved by PURA for Rate Year Three in the Company's last rate case, Docket No. 17-10-46 (Exh. CLP-REGULATORY-1, at 23). This proposal is consistent with the Securitization Law in that it allocates the RRB costs on a per kWh basis at the customer class level and shall be applied equally to all customers within each customer class (Exh. CLP-REGULATORY-1, at 17, 23).[26] The proposed cost allocation "corresponds to the period in which the storm costs were incurred" and uses "relevant approved distribution of revenues as the basis for the allocation" while "aligning the time of cost occurrence with the relationship of approved revenues from the same period." (Tr. 10/20/26, at 89-90; see also, RRU-011). Fundamentally, the Company's proposal is "anchored on [the] relevant time period of when storm costs were incurred" (Tr. 10/20/26, at 90; see also RRU-011 ("The distribution revenue-based allocation has been applied in developing the RRB Charge in a manner consistent with cost causation associated with the costs being recovered. Since storm costs are distribution system costs incurred during the periods in which rates authorized by PURA have been in effect, where such rates are based on the Company's distribution cost of service and on revenue requirements excluding customer-related costs, the allocations applied in developing the RRB Charge for each customer class most closely align with those non-customer-charge revenue requirements and rates approved by PURA.").

No party challenged CL&P's cost allocation or offered evidence in support of an alternative methodology that would comport with the statutory requirement that the RRB Charge be set at a "rate that is applied equally to all customers of the same class." Conn. Gen. Stat. §16-245g(c). At the evidentiary hearing, the Company responded to hypothetical questions on the propriety of "alternative theories" of cost allocation and whether there was "flexibility" with respect to the

[26] At a customer level, the actual billed RRB revenue is determined by multiplying the billed kWh by the RRB Charge (Exh. CLP-REGULATORY-1, at 17).

allocation of the RRB Charge, but ultimately stood by its proposed cost allocation (Tr. 10/20/26, at 89-94, 106-116).

While PURA has discretion to determine the final allocation methodology in its Financing Order, the methodology must either be: (1) based on the allocation method in effect in 1998; or (2) as determined in the Financing Order with respect to the issuance of the RRBs. Conn. Gen. Stat. §16-245g. The methodology proposed by CL&P is grounded in the Securitization Law, in that the proposed Financing Order utilizes the above-described methodology that is based on the customer class allocations in PURA's approval from the last rate case; there is no evidence in the record to support the use of an alternative allocation methodology (Tr. 10/20/26, at 108-09).

Moreover, while PURA has discretion to determine the allocation methodology in the Financing Order, once the Financing Order is issued, the terms become irrevocable and not subject to modification (id.).[27] In addition, potential changes to the rate design method after the Financing Order is issued would cause "significant concern" among the ratings agencies, and could imperil the Company's ability to obtain a triple-A rating on the bonds (Tr. 10/20/26, at 115-16). The terms of the proposed Financing Order, including the allocation methodology, support the achievement of a triple-A rating as proposed, and should not be altered after the fact (LFE-003, Att. 1 at 6, 27 (pages 3 and 24 of proposed Financing Order)). Accordingly, PURA should not incorporate into the Financing Order additional language that would call into question the irrevocability of the order, such as future changes to cost allocation.

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[27] Conn. Gen. Stat. § 16-245i(b) (1) provides in relevant part: "Notwithstanding any general or special law, rule, or regulation to the contrary, except as otherwise provided in this subsection with respect to transition property that has been made the basis for the issuance of rate reduction bonds, the financing orders and the competitive transition assessment ***shall be irrevocable*** and the authority ***shall not have authority either by rescinding, altering, or amending the financing order or otherwise***, to revalue or revise for rate-making purposes the . . . financed utility services, or the costs of providing, recovering, financing, or refinancing the stranded costs and financed utility services . . ., determine that the competitive transition assessment is unjust or unreasonable, or in any way reduce or impair the value of transition property either directly or indirectly by taking the competitive transition assessment into account when setting other rates for the electric distribution company; nor shall the amount of revenues arising with respect thereto be subject to reduction, impairment, postponement, or termination" (emphasis added).

The Company acknowledges the unique nature of the securitization process and that the irrevocability of the Financing Order may differ from typical final decisions. However, in order to ensure that the securitization moves forward in a timely manner and is viewed favorably by the rating agencies, the Company's methodology should be accepted without modification.

E. The ADIT Credit Offset is Calculated Properly

As set forth in the proposed Financing Order, pursuant to Conn. Gen. Stat. § 16-245e(m), the net benefits to CL&P of the ADIT relating to amounts that will be recovered through the issuance of the RRBs for Financed Utility Services shall be credited to CL&P customers by reducing the amount of such RRBs that would otherwise be issued by the NPV of the related tax cash flows, using a discount rate equal to the expected interest rate on such RRBs (Exh. CLP-REGULATORY-1, at 17; Exh. CLP-TREASURY-1, at 10). At the time of the Petition, this amount was estimated to be equal to $54,515,440 (Exh. CLP-TREASURY-1, at 10; Exh. CLP-TREASURY-2; see also LFE-001 Att. 1).[28]

In order to ensure that the expected interest rate used in the NPV calculation is as close as possible to the actual interest rate of the RRBs, the amount of such credit, and thus the principal amount of the RRBs, will not be calculated until shortly before the commencement of marketing of the RRBs (Exh. CLP-REGULATORY-1, at 17). The amount of such credit, as calculated by CL&P at that time, and the principal amount of the RRBs, will be set forth in the IAL (Exh. CLP-REGULATORY-1, at 17).

After the actual interest rate of the RRBs has been determined on the pricing date, CL&P will re-calculate the NPV of the ADIT tax benefit using a discount rate equal to the actual weighted average interest rate of the RRBs (Exh. CLP-REGULATORY-1, at 17). To the extent that the

[28] The Company appropriately calculated the ADIT credit offset (Exh. CLP-TREASURY-1, at 10; Exh. CLP-TREASURY-2; see also LFE-001 Att. 1; EOE-004). Adjustment, modification or recalculation of the Company's proposed ADIT credit offset will imperil timely execution of the securitization.

NPV of the tax benefit, as calculated by CL&P after such pricing date, is greater than the NPV of the tax benefit that was calculated by CL&P at the time that it determined the principal amount of the RRBs, the difference shall be credited to CL&P customers through the CTA (Exh. CLP-REGULATORY-1, at 17). To the extent that the NPV of the tax benefit, as calculated by CL&P after such pricing date, is less than the NPV of the tax benefit that was calculated by CL&P at the time that it determined the principal amount of the RRBs, CL&P shall recover the difference from customers through a corresponding increase to the CTA (Exh. CLP-REGULATORY-1, at 17 – 18). Any such adjustment will be made only to the portion of the CTA that is not the subject of the Financing Order; it will not reduce or impair the RRBs, the Transition Property, or the RRB Charge (LFE-003, Att. 1, at 18). The CTA will be adjusted accordingly at the time of the next CTA rate change when this information is available (Exh. CLP-REGULATORY-1, at 18).

The ADIT benefit resulted from the Company's outlay of its own capital (net of any customer contributions) for which the Company has not been reimbursed by customers for the net Storm Costs (LFE-001, LFE-001 Att. 1). The deferred Storm Cost asset is not reflected in rates (i.e. rate base) and therefore the associated ADIT is not reflected in rates (i.e. rate base) (LFE-001). In other words, the ADIT benefit recognized by the Company only exists as a result of the fact that the Company has had to expend approximately $870 million of capital to contemporaneously pay its storm restoration costs with no corresponding revenues (LFE-001; LFE-001, Att. 1). This 'benefit' only served to modestly reduce the carrying costs incurred by the Company in the intervening years since the time that the Company incurred the storm restoration costs and when it collects those costs in rates from customers (LFE-001). This creates a tax "benefit" in the short term that is ultimately transferred to customers once the Company has

received the cash resulting from the close of the financing and is reflected in the balance the Company is ultimately securitizing (LFE-001).[29]

VI. CONCLUSION

CL&P is fully committed to finalizing the arrangements to complete the securitization at the earliest possible date in 2027. In its Petition, the Company stated that if PURA approves the Petition within the 120-day time period from the date of filing, the Company anticipates pricing and closing the bonds by early June 2027 (Exh. CLP-TREASURY-1, at 15). However, the Company explained at the evidentiary hearing that it can potentially shorten the time to issuance by working in parallel, pending PURA's final decision, to prepare necessary materials for the rating agency and SEC processes (Tr. 10/20/26, at 101). This preparatory work will be based on the assumption that the Financing Order will be substantially similar to the proposed Financing Order, without material deviations (Tr. 10/20/26, at 101).[30] Further, in its correspondence on November 6, 2026, CL&P offered comments in support of accelerating the remaining procedural schedule to facilitate completion of the proposed securitization on as short a timeline as possible, noting several factors that could facilitate a PURA final decision by year end.

To that end, CL&P, at PURA's request, filed a revised version of the proposed Financing Order to streamline the order for PURA's review (LFE-003). This enabled the Company to eliminate some redundancies and reduce the proposed Financing Order by several pages, while retaining all elements that are necessary for issuance of the RRBs and to achieve the desired triple-

[29] The Company has consistently presented its carrying charge calculations net of ADIT and net of customer contributions. In the Storm Cost Order, although disputed by the Company, PURA declined to recognize carrying charges on either storm restoration costs or on customer receipts received prior to the date of prudence. It would similarly not be appropriate to attribute any benefit to customers of the ADIT balance prior to the date of securitization (LFE-001).

[30] If, however, PURA's final decision deviates from the proposed Financing Order, this could set the Company back in the development of the rating agency and SEC materials.

A rating on the bonds (LFE-003).[31] In the judgment of the Company and its advisors, the proposed Financing Order, as revised, has been streamlined to the greatest extent possible, such that all of the remaining content is needed to satisfy the rating agencies and prospective bondholders, which will enable CL&P to yield the best results for customers (LFE-003). CL&P respectfully requests that PURA adopt the proposed Financing Order, as revised, in its final decision approving the proposed securitization.

As part of these approvals, CL&P requests that PURA:

1. find that securitization of the Financed Utility Services is in the best interest of customers;

2. approve the Company's issuance of Rate Reduction Bonds in a principal amount sufficient to recover the Financed Utility Services, with such amount to be calculated as set forth in Exhibit CLP-TREASURY-1 and in the proposed Financing Order (LFE-003, Att. 1);

3. issue the proposed Financing Order as revised in LFE-003 Attachment 1, including but not limited to the Transaction Description in Section II of LFE-001 Attachment 1, the Findings of Fact in Section III of LFE-001 Attachment 1, and the Conclusion, Authorizations and Orders in Section IV of LFE-001 Attachment 1; and

[31] The updated proposed Financing Order was restructured at PURA's request to include four discrete sections: (i) an Introduction, containing procedural background and applicable law, (ii) an Analysis, containing the transaction description, (iii) Findings of Fact, and (iv) Conclusion, Authorizations and Order. As a result, LFE-003 Attachment 1 covers all of the elements of a draft regulatory order necessary to maximize the likelihood of achieving a triple-A rating on the securitization bonds. In addition, the updated proposed Financing Order generally tracks the structure of a PURA final decision, and in particular the final decision in Docket No. 00-05-01 for the Company's 2001 rate reduction bond issuance. The 2001 order provided an appropriate template for the Financing Order, and LFE-003 Attachment 1 might also provide an appropriate template for PURA's final decision in this docket, thereby streamlining PURA's timeline for development of the proposed final decision (LFE-003).

4. grant such other and further relief as it deems just and proper.

RESPECTFULLY SUBMITTED,

THE CONNECTICUT LIGHT AND POWER COMPANY d/b/a EVERSOURCE ENERGY

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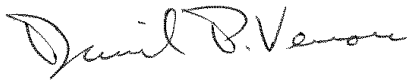
CERTIFICATION

This is to certify that on November 12, 2026, the foregoing document was filed with the Public Utilities Regulatory Authority, and copies of the foregoing document were served upon each person designated on the PURA's official service list in this proceeding in accordance with R.C.S.A. § 16-1-15.



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