STATE OF CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY
OFFICE OF EDUCATION, OUTREACH & ENFORCEMENT

November 12, 2026

Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 26-04-04 – Financing Order for 2018-2023 Storm Costs of the Connecticut Light and Power Company d/b/a Eversource Energy

Dear Commissioners:

The Public Utilities Regulatory Authority (Authority) Office of Education, Outreach, and Enforcement (EOE) respectfully submits this Brief in response to the Petition of Eversource Energy to securitize storm 2018-2023 storm costs, dated September 25, 2026.

Sincerely,
By: /s/*Alexander Sahi*
Alexander Sahi
Attorney
PUBLIC UTILITIES REGULATORY AUTHORITY
Office of Education, Outreach, and Enforcement

CERTIFICATE OF SERVICE

I hereby certify that on this day the foregoing document was filed with the Public Utilities Regulatory Authority, and copies thereof were served upon each person designated on the official service list in this proceeding in accordance with R.C.S.A. § 16-1-15.

Sincerely,
By: /s/ *Alexander Sahi*
Alexander Sahi
Attorney
PUBLIC UTILITIES REGULATORY AUTHORITY
Office of Education, Outreach and Enforcement

BRIEF OF THE OFFICE OF EDUCATION, OUTREACH, AND ENFORCEMENT

I. Introduction

The Office of Education, Outreach, and Enforcement (EOE) submits this brief to provide its perspective on a few topics relating to securitization. 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 Storms (Storm Cost Decision), the Authority found that the net impact to ratepayers of the 2018-2023 catastrophic storms prudently incurred and eligible for recovery by Eversource Energy (Eversource or Company) was $667,930,008. Additionally, the Authority stated that it will determine the amount of prudently incurred storm costs eligible for securitization that is in the best interest of ratepayers in Docket No. 26-04-04, Financing Order for 2018-2023 Storm Costs of the Connecticut Light and Power Company D/B/A Eversource Energy. Finally, "The Authority will address any necessary adjustments for taxes, including ADIT, in Docket Nos. 26-04-04 and 26-05-10." Storm Cost Decision, p. 143. On September 25, 2026, the Company submitted its petition in which it proposed to securitize $667,930,008 of storm costs, calculated a total ADIT balance of $183.8 million, and proposed to return $54 million of ADIT to customers via a reduction in the total amount securitized. Corresp., Sep. 25, 2026, CLP-TREASURY-1, pp. 9-10.

Eversource's proposal to credit its ratepayers with $54 million of accumulated deferred income taxes (ADIT) fails to reimburse Eversource's ratepayers with the amount required by law. EOE believes the correct amount to credit to customers, based on the amounts currently reflected in Eversource's filing, is approximately $129.28 million. In the alternative, EOE believes that, at minimum, Eversource's proposal should be adjusted to reflect the historical benefits of ADIT from 2019 to the present. Either of these alternatives reflects a more accurate reading of the applicable law than Eversource's proposal.

II. Discussion

a. Customers Must Receive the Appropriate Credit for the Accumulated Deferred Income Tax Benefit Pursuant to General Statutes § 16-245e(m)

Eversource's proposal to credit its ratepayers with $54 million of accumulated deferred income taxes (ADIT) fails to reimburse Eversource's ratepayers with the amount required by law. To comply with General Statutes § 16-245e(m), the total amount of securitized bonds must be properly reduced by the net benefits of ADIT. Generally, a utility is permitted to defer taxes on expenses when there have not been corresponding revenues for tax reporting purposes. This reduces a utility's "taxable income at the time" and results in accumulated deferred income taxes which "provides a tax benefit…as a result of the deferral." Exhibit CLP-Financing Order-1, p. 21. Once the expenses are authorized for recovery and amortized, the ADIT associated with the amortized costs is used as a reduction to the total cost over the time period of the amortization. Therefore, ADIT is initially a tax benefit for Eversource because it reduces their taxable income but

then becomes a benefit for customers when that same ADIT is returned to them as a credit, reducing amortization costs. In theory that transfer is equal, the ADIT benefit received by Eversource is then transferred to customers. General Statutes § 16-245e(m) requires that the ADIT benefit, which customers typically receive through traditional cost recovery, must be fully returned to them in the securitization process, the important determination that must be made in this proceeding is what the total ADIT amount to be credited back to customers.

In any determination of the ADIT returned to customers, it is important to note that the examples provided throughout EOE's brief are used for illustrative purposes. The numbers provided in this brief are as of a point in time and are changing every day until the securitization is finalized. The total ADIT balance, credit returned to customers, and interest rate are only estimated numbers currently. Other factors, such as the Authority's determination of the length of the bonds (6-30 years) will also impact the calculations performed. It is important then to consider that any financing order approving these costs for securitization must include orders specifically detailing the method by which these numbers are to be calculated. If Eversource's proposal is approved as is, ratepayers will invariably be harmed because the full benefit has not been appropriately calculated consistent with the plain language in General Statutes § 16-245e(m).[1] The numbers included in this discussion are for the sake of discussion and to illustrate how slight changes in these calculations can have significant impacts. However, this does not mean that EOE recommends Eversource's proposed methodology or final numbers. To the contrary, the Company's method is inconsistent with General Statutes § 16-245e(m) and produces a result that reduces the amount of the ADIT benefit returned to customers. One of the goals of this proceeding is to securitize storm costs which the Company inefficiently waited years to ask for a prudency review and recovery. However, and EOE is not alone in this concern, as the Company stated in the Hearing held on October 20, 2026, another goal in the determination of securitization is "the preservation of the ADIT benefit for customers." Hr'g Tr., Oct. 20, 2026 p. 93: 1-3.

The General Assembly permitted securitization of storm costs because securitization benefited customers. General Statutes § 16-245e(m) is part of a larger section of securitization statutes (General Statutes §§ 16-245e to 16-245k) and "[t]he exercise of the powers granted by sections 16-245e to 16-245k, inclusive, shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare, and prosperity…" General Statutes § 16-245j(c)(3).[2] Therefore, any authorized

[1] EOE assumes that certain factors remain constant in this statement such as the length of the bonds and makes this statement for the purpose of highlighting that it is the method delineated not the actual number which is most important. EOE acknowledges that the amount may be higher due to a change in the length of bonds, increase in interest rates, and other factors discussed in this section.

[2] In furtherance of its purpose to serve customers, that statute continues, "…and as the exercise of such powers shall constitute the performance of an essential public function, neither the finance authority, any electric distribution company, any affiliate of any electric distribution company, any financing entity, or any collection or other agent of any of the foregoing shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred, or used by the finance authority, any electric distribution company, any affiliate of any electric distribution company, any financing entity, or any collection or other agent of any of the foregoing under the provisions of sections 16-245e to 16-245k,

amount for securitization of the storm costs must account for the full benefit due to customers, meet the requirements of General Statutes § 16-245e(m), and be for the benefit of all people of this state to appropriately comply with the law. General Statutes § 16-245e(m) states:

> Notwithstanding any provision of the general statutes, the net benefits of accumulated deferred income taxes relating to amounts that will be recovered through the issuance of rate reduction bonds for financed utility services shall be credited to retail customers of electric distribution companies by reducing the amount of such rate reduction bonds that would otherwise be issued **by the net present value of the related tax cash flows**, using a discount rate equal to the expected interest rate on such rate reduction bonds. (emphasis added)

The statute is clear, return to customers what is rightfully and lawfully their benefit. When interpreting statutes, "the meaning of a statute shall, in the first instance, be ascertained from the text of the statute itself and its relationship to other statutes." General Statutes § 1-2z.[3] The text of General Statutes § 16-245e(m) provides three clear requirements. First, the net benefits of ADIT related to the securitization amount shall be credited to customers. Second, the credit shall reduce the total amount of bonds to be securitized. Third, the net benefits of ADIT are calculated by taking the net present value the related tax cash flows, using a discount rate quest to the expected interest on such bonds. Accordingly, in determining the correct ADIT amount returned to customers, the statute must be interpreted liberally in favor of customers.

How much ADIT should be credited back to customers can be ascertained from the text of the statute itself. Using Eversource's proposed numbers for illustrative purposes, the net benefits of ADIT are calculated by taking the net present value of $183.8 million (related tax cash flows), discounted at 5.48% (expected interest rate of bonds), over a given time period (length of bonds). See Exhibit CLP-Treasury-2-ADIT Calculation. Calculation, cell G35. In Eversource's proposed transaction, approximately $667 million securitized over a 12-year period would result in a $129.28 million net benefit of ADIT.[4]

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inclusive, or upon or in respect of the income therefrom, and any rate reduction bonds shall be treated as issued by or on behalf of a public instrumentality created under the laws of the state for purposes of chapter 229."

[3] Additionally, statutes must be interpreted according to their plain meaning in light of their remedial purposes. State v. Courchesne, 262 Conn. 537, 577 (2003); General Statutes § 1-2z (articulating the plain meaning rule, which requires PURA to first look to the text of the statutes. If the text is clear, then PURA interprets the statute using the plain meaning of the text. "Remedial statutes should be construed liberally in favor of those whom the law is intended to protect…" Northland Investment Corp. v. Public Utilities Regulatory Authority, 349 Conn. 35, 48 (2024).

[4] With this information, the calculation of the net benefits of ADIT is a relatively simple calculation. Under the proposed 12-year transaction schedule, customers would hypothetically be credited back an ADIT benefit via a reduction in the amount collected through the rate reduction charge equal to approximately $15.316 million per year ($183.8 million/12 years). The amount for each subsequent year after the first, is then discounted at a rate of 5.48% per the NPV calculation. For example, in year two the net present value of that same $15.316 million would be approximately 5.48% less. Each total is then added up to provide the NPV of the ADIT benefit being returned to customers. This is the basic mechanics of the NPV calculation

This provision of the securitization statutes is clearly intended to protect ratepayers by reducing the total amount of securitization by the ADIT benefits owed to them. General Statutes § 16-245e(m) should be construed liberally in their favor. See Northland. In construing the statute liberally in the ratepayers' favor, the net benefits of ADIT are therefore the net benefits to the ratepayers, not Eversource, and should be returned to them pursuant to General Statutes § 16-245e(m).[5] Consequently, the net benefit of taking the NPV of the total ADIT balance is $129.28 million and must be credited back to customers pursuant to General Statutes § 16-245e(m).

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It appears to EOE that the correct methodology for calculating the net benefits of ADIT, adhering to the plain language of the statute, results in an ADIT benefit of $129.28 using the information provided in the record that should be recalculated by the Company should the Authority agree with EOE's interpretation. However, even if the Authority disagrees with EOE's analysis of the statute, the Company's proposal of $54.5 million is still questionable under General Statutes § 16-245e(m). The Company has enjoyed the benefit of ADIT since 2019. Despite this, Eversource's proposal does not reflect this retrospective benefit. General Statutes § 16-245e(m) does not state that it applies solely prospectively. As noted above, the General Assembly intended for the statute to work to the benefit of customers, therefore there is no justification for reading the Company's limitation that historical benefits should not be included in the calculation of ADIT into the statute. In its proposal, the Company calculated the total ADIT balance by taking the costs to be securitized ($667.93 million) and multiplying that by the combined federal and state tax rate (27.52%) as of the point of the Company's petition in this docket to reach $183.8 million. Exhibit CLP-Treasury-2-ADIT Calculation. However, this does not take into account the historical ADIT benefits the Company received starting in 2019. Eversource received a tangible ADIT benefit; it was able to defer the income taxes associated with the storm costs, keep the money that would otherwise have been used to pay the income tax, and invest that money.[6] This is a real tangible benefit that should properly be included in the "net benefits" of ADIT required by law. The inclusion of the benefits the Company received historically effectively increases the total ADIT balance because the net present value of those related tax cash flows from the past compounds the total ADIT value. In order to calculate the historical ADIT benefits the Company received, General Statutes § 16-245e(m) provides that the rate to be used in the calculation is the expected interest rate of the bonds. Using the 5.48% as an example interest rate, pursuant to General Statutes § 16-245e(m), each year the Company deferred taxes related to the storm costs, it could invest those deferred tax savings at a rate of 5.48%. Therefore, the ADIT amounts

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which calculates the present value of a future dollar. While the total amount calculated will vary depending on whether the NPV calculation is done quarterly or yearly, the quarterly calculation of the net benefits of ADIT under Eversource's proposed transaction is approximately $129.28 million. Exhibit CLP-Treasury-2-ADIT Calculation. Calculation, cell G35.

[5] Eversource incorrectly assumes and reads into the statute that the net benefits belong to the Company: stating, "reduced by the net present value of the net benefits to CL&P." Exhibit CLP-FINANCING ORDER-1, p. 7; "the net benefits to CL&P of the accumulated deferred income taxes ("ADIT")." Exhibit CLP-REGULATORY-1, p. 19; "reduced by the net present value of the net benefits to CL&P." Exhibit CLP-FINANCING ORDER-1D, p. 2.

[6] ADIT reduces a utility's "taxable income at the time" and results in accumulated deferred income taxes which "provides a tax benefit…as a result of the deferral." Exhibit CLP-Financing Order-1, p. 21.

claimed by the Company for each year starting in 2019 through the point of securitization accumulated earnings of 5.48% and increases the total ADIT balance by approximately $18 million.[7]

Eversource's securitization amount must be properly reduced by the net benefits of ADIT in order to comply with General Statutes § 16-245e(m) by construing the plain meaning of the statute to calculate the net benefit to customers and taking into consideration the historical benefits of the Company's ADIT in the calculation of the total ADIT balance. The Company's interpretation of General Statutes § 16-245e(m) calculating a reduction amount of $54 million fails to return to customers the credit which the legislature intended those customers to have when codifying the statute. General Statutes § 16-245e(m) on its face is a statute intended to protect ratepayers from losing the ADIT benefit and not benefit the company due to a misconstrued reading of the law or creative accounting. The issue, at its core, is how much of the ADIT benefit should customers receive due to the Company pursuing securitization. Using the Company's calculations for illustrative purposes, the answer is simple if this were not securitization, it would be $183.8 million. This is the starting point for the calculation and provides a gauge of the reasonableness of the Company's request. General Statutes § 16-245e(m) states that the $667 million of storm costs is then reduced based on the NPV of that $183.8 million, using a discount rate of 5.48%. Just based on those numbers, EOE questions if it seems reasonable or logical that $183.8 million spread out over 12 years and reduced by 5.48% each year results in approximately $54 million or just under a third of the original amount. EOE believes that it is both illogical and unreasonable, in addition to unlawful. See General Statutes §16-245e(m).

b. Eversource's Appeal of Docket No. 25-12-13 Raises Concerns Regarding the Underlying Costs in this Docket

The following section addresses EOE's concerns regarding Eversource's appeal of the underlying docket. On October 15, 2026, the Company filed an administrative appeal in the Superior Court for the Judicial Court of New Britain appealing certain aspects of the Authority's Decision in Docket No. 25-12-13. The Connecticut Light and Power Company d/b/a Eversource Energy v. Public Utilities Regulatory Authority et. al., HHB-CV26-6110529-S (filed Oct. 15, 2026). In the appeal, the Company alleged that the Authority's determination on the disallowance of retrospective carrying charges and disallowance of external vendor costs based on extrapolation were in error. Id. The Company's position is that the appeal has "no impact whatsoever on the $668 million that were found to be prudent to the subject matter of the petition for securitization, and the appeal simply challenges matters that were disallowed." Tr., 11: 16-20. EOE believes that the underlying appeal must be considered and factored into the securitization decision using a more nuanced approach.

[7] The Company claimed the following ADIT in each year: $13,065,458 in 2019, $96,382,900 in 2020, $144,490,144 in 2021, $175,911,285 in 2022, and $211,315,140 in 2023, before reducing the balance to $183,797,640 based on the expected RAM CTA credit. LFE-001, Att. 1.

The Company's position that the appeal will have no impact on the securitization in the current docket fails to account for the uncertainty in any appeal process. The Company believes that since it is only challenging disallowed costs, the $668 million securitization amount will not change as a matter of fact because it has not considered any alternatives. For example, as a purely hypothetical situation, a judge may remand the portion of the decision disallowing vendor costs. Upon remand, the Authority would have to potentially admit new evidence, review the evidence, hear new arguments, and reach a decision based upon the remanded proceeding. Eversource's response that the underlying storm cost amount will remain undisturbed fails to consider that if this were to occur, there is the potential that the proceeding will produce additional evidence indicating the error rate should be greater, resulting in a larger reduction of the storm costs. That is a real possibility in this hypothetical situation which would result in additional costs unduly borne by ratepayers in the securitized amount and is worth consideration in this docket.[8]

III. Conclusion

EOE acknowledges that this proceeding contains underlying factors such as carrying charges which are being weighed by all parties in consideration of authorizing and proceeding forward with securitization. In Docket No. 25-12-13, the Authority determined that Eversource may prospectively accrue carrying charges "from the date of this decision through the date of securitization or other recovery authorized in a base distribution rate case proceeding." Although carrying costs are now required by the Docket No. 25-12-13 Decision, the Authority still may determine securitization is not the best option. This docket has exposed administrative costs associated with securitization that would not be present otherwise. Exhibit CLP-TREASURY-1, Schedules 1 & 2. It has further shown additional compensation to the Company, that results from securitization. Id.; See Exhibit CLP-FINANCING ORDER-1B, p. Annex I-5 (discussing investment of RRB charge collections). Given that the Authority may also extend the recovery period through a traditional rate proceeding, the relative benefits of securitization should be evaluated in light of the financing costs, administrative expenses, and other ratepayer impacts associated with each approach..[9] The Authority's Decision in Docket No. 26-04-04, set a hard deadline for the accrual of carrying charges to June 28, 2027, the date of the Final Decision in 26-05-10 regardless of how long securitization ultimately takes. At a maximum this is only a five-month difference from the date of the Final Decision in Docket 26-04-04, which at approximately $4 million a month equals $20 million. However, that extreme scenario assumes securitization occurs the day after the Final Decision (January 15, 2027) which is implausible based on the Company's reported timeline. Even in this extreme scenario, which might save ratepayers $20 million dollars in carrying charges,

[8] A similar situation as described in the hypothetical occurred in the CNG/SCG remand. CNG/SCG appealed their rate case decisions in Docket No. 23-11-02. Upon remand, the Authority found CNG's rate base should be adjusted downward more than $4 million based on the evidence currently in the docket. While the remand of CNG/SCG is not the same as the appeal Docket No. 25-12-13, it illustrates that the potential for further downward adjustments as a result of a remand do in fact occur.

[9] For example, in a rate case the Authority has options regarding the length of recovery time and the appropriate interest rate cost of debt, WACC, etc... "The recovery of "a regulatory asset in a rate proceeding is a matter within the department's broad discretion as limited by the considerations set forth in § 16–19e (a) (4)." Office of Consumer Counsel v. Dept. of Public Utility Control, 279 Conn. 601.

the potential to save ratepayers over $70 million dollars (plus future interest on the overall principal of the securitized bonds due to the increased total securitized amount) by ensuring the Company returns the required ADIT benefit to customers, as required pursuant General Statutes §16-245e(m), illustrates why ensuring the proper calculation methodology of the ADIT credit is essential to determining whether securitization is in ratepayers' best interests.

However, the more likely scenario is that securitization occurs “Mid-Summer 2027.” Corresp., July 9, 2026, Joint Letter to PURA-Presentation for Technical Session, p. 7. Although earlier securitization remains possible, the current timeline suggests that carrying charges may cease accruing before securitization is completed. Accordingly, the potential carrying-charge savings associated with accelerating securitization appear limited and should not outweigh the need to ensure that securitization adequately protects ratepayers and preserves the ADIT benefits required by General Statutes § 16-245e(m).

Ultimately, EOE recommends that the Authority require a calculation of the full ADIT benefit consistent with § 16-245e(m), establish a clear methodology for determining the final credit to customers, and consider the potential implications of Eversource's pending appeal in determining whether, and under what conditions, to authorize securitization. The Authority’s determination should be guided by the overall economic benefit to ratepayers, rather than the timing of securitization alone.