Date Filed: October 15, 2026

Witness: FALLON, MATTHEW P
Request from: Office of Education, Outreach, and Enforcement

Question:
Refer to Exhibit CLP-TREASURY-1, p. 15. The Company stated that it performed scenario analyses for 10-, 15-, and 20-year terms. Please provide those analyses and any underlying calculations and assumptions associated with each term.

Response:

Following the July 13, 2026, PURA technical session, the Office of the State Treasurer ("OTT") and the Company focused their efforts to determine an appropriate customer payback period and resulting RRB term that would be in the best interests of customers. As part of this effort, the Company provided illustrative analysis to OTT based on PURA's preliminary storm cost determination in the June 29, 2026, proposed final decision in Docket No. 25-12-13, which showed $742,300,412 as eligible for securitization.

The Company-provided analysis illustrated the revenue requirements for recovery of the $742.3 million under traditional cost recovery (i.e., over 6 years at the weighted average cost of capital) as well as recovery over 10-, 15- and 20-year scenarios through securitization. Please refer to EOE-005 Attachment 1 for the analysis provided.

This analysis was used to illustrate the difference in customer bill impacts and the net present value benefits over the hypothetical securitization periods (10, 15 and 20 years) as compared to traditional cost recovery. The analysis was discussed by the working group in weekly meetings in July 2026 to assist the OTT in its determination of a recommendation for the RRB term.

OTT ultimately recommended the 12-year term at the end of July. Given that the storm costs were incurred between 2018 and 2023, OTT concluded that longer maturities would cause ratepayers who had no connection to those storms to bear a disproportionate share of their costs, raising intergenerational fairness concerns. OTT also concluded that the 12-year recommended period is well within market convention for storm cost securitizations of this size (see OTT Joint Direct Testimony of Kimberly Mooers, Michael Mace, and John M. Murphy, Oct. 12, 2026, at 12).