Date Filed: October 15, 2026

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

Question:
Refer to Exhibit CLP-TREASURY-1, Schedule 1, p.1. Please provide a detailed explanation of each line item cost included in the Upfront Transaction fees. Include in the response any underlying calculations, assumptions, personnel involved, or pricing information related to each charge.

Response:

As set forth below, the Upfront Transaction Fees are separated into costs that are calculated as a percentage of the principal amount of the bonds and costs that are not calculated as a percentage of the principal.

Estimated Upfront Transactions Costs Based Upon an RRB Issuance of $620,364,568 (costs that are calculated as a percentage of principal):

a. Underwriting fees – .40% ($2,481,458)

As utility securitizations have become more common with nearly half of the total $103 billion of utility securitizations occurring in the past five years, the market standard underwriting fee for SEC-registered utility securitizations is .40% of the principal amount of the bonds.

b. Rating agency fees – .055% per rating agency ($682,401)

Current rating agency fees are .055% of the principal amount of the bonds. Goldman Sachs recommends having at least two rating agencies rate the bonds for the best transaction execution.

c. SEC registration fees – .00927% ($57,508)

Current SEC registration fees are .00927% of the principal amount of the bonds.

Estimated Upfront Transactions Costs that are not Calculated as a Percentage of Principal:

a. Issuer's Counsel – $1,500,000

Please refer to the Company's response to Interrogatory EOE-007.

b. Finance Authority Legal and Advisory Fees – $490,000

The estimate was provided by OTT for the OTT's Finance Authority oversight function and reflects the legal and financial advisor work done by Pullman & Comley (OTT's regulatory and bond counsel) and PFM (OTT's independent financial advisor). Both have served as key participants and advisors to OTT and the Working Group since March 2026 and will continue this work through the bond issuance.

c. Accounting and Auditing Fees – $300,000

As it relates to the upfront work that Deloitte will be executing for the CL&P storm costs, Deloitte's securitization engagements are fixed fee, largely based on industry practice. Deloitte charged the same $300,000 fee in the 2023 Entergy Louisiana securitization and the Entergy Mississippi securitization application filed in October 2026.
Deloitte will issue two reports, which will cover the investor presentation, preliminary prospectus, pricing term sheet and final prospectus (there are times when there is a preliminary term sheet as well).
Deloitte's procedures consist of building an independent cash flow model based on the information, assumptions and methodologies provided to the Company by the bank and/or included in the related offering document. The cash flow model projects the future collections of the charges and distributions to the noteholders. Based on those cashflows, Deloitte checks the related analytics in the offering documents, including the weighted average lives, expected maturity dates, sinking fund schedule and expected note balances.
Additionally, using the provided forecasted and actual usage information, Deloitte will calculate the standard deviations from the mean at 5% and 15% stress scenarios and check the corresponding information in the offering documents.
Deloitte will also focus on testing to determine whether the calculations are correct, that disbursements are only made by authorized personnel, that reconciliations are performed on a monthly basis, that they have made the appropriate monthly and semi-annual reports to investors, and ensuring that payments on the pool assets are deposited into the appropriate custodial bank accounts.
Deloitte evaluates a waterfall calculation that governs which accounts get replenished / depleted first, based on whether there is an excess or shortfall of funds in a period.
This type of work is specialized in nature, so it tends to require higher-level expertise with much of the work done by partners, principals, managing directors, managers and senior managers.

d. Structuring agent fees – $300,000

The Company selected Goldman Sachs as the Structuring Agent based on Eversource's prior work with Goldman on the 2018 Public Service Company of New Hampshire ("PSNH") securitization and Goldman's industry expertise for utility securitizations. Since 2010, Goldman has served as the structuring lead on $19 billion of utility securitizations, just ahead of the second highest bank and nearly 3 times higher than the third highest bank.

As discussed in OTT testimony, Goldman has assisted the joint working group discussion and development of (i) which financing structure would be most suitable, (ii) the maturity of the RRBs, and (iii) the financing application.

As agreed by the Company and OTT, Goldman and Barclays's will serve as co-lead underwriters for the transaction, and therefore Goldman's Structuring Agent Fee will be reduced by 15%.

e. Underwriter's Counsel – $625,000

The Company requested that Goldman provide recommendations and pricing for Underwriter's Counsel based on their experience with utility securitizations. After discussing with the Company, Goldman chose Hunton as Underwriters Counsel based on pricing and Hunton's experience in nearly 60 utility securitizations since 2018, where Hunton was either Issuer Counsel or Underwriter Counsel on 44 of those transactions.

f. Trustee's Counsel – $50,000

The Company requested trustee fees from three banks and two banks submitted responses. The Company expects to select US Bank based on pricing and industry expertise, as US Bank has served as trustee on 25 utility securitizations in the past five years. In addition, the Company has an existing relationship with US Bank on other trustee work for the Company.

g. Servicer Set-up Costs – $50,000

As CL&P does not currently service RRB's, this estimate is for additional costs that may be incurred such as IT costs necessary to establish CL&P as the official servicer to handle customer billing, non-bypassable surcharge collections, true-up filings and bond trustee remittances.

h. Edgarization Fees – $40,000

The Company requested an estimate from Ropes and Gray's SEC registration team, which was reviewed and confirmed as market rate based on review of prior utility securitizations.

i. Estimated Miscellaneous – $50,000 and contingency of $323,633

These estimates are provided to account for potential increases during the PURA review process and through pricing that would result in additional Issuance Costs.

Overall, these costs are reasonable, market-based estimates of the expected issuance costs. Final costs will be reflected in the Issuance Advice Letter filed with PURA at the time of the bond closing. Issuance costs will be amortized over the 12-year term of the bonds.