STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

Docket No. 26-04-04

FINANCING ORDER FOR 2018 -2023 STORM COSTS OF
THE CONNECTICUT LIGHT AND POWER COMPANY
D/B/A EVERSOURCE ENERGY

JOINT DIRECT TESTIMONY OF

BRENDAN J. O'BRIEN, GARRETT J. MURRAY AND EDWARD A. DAVIS

Exhibit CLP-REGULATORY-1

On Behalf of

The Connecticut Light and Power Company
d/b/a Eversource Energy

September 25, 2026

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I. INTRODUCTION

Q. Please state the names of the witnesses on the Regulatory panel.

A. The panel consists of Brendan J. O'Brien, Garrett J. Murray and Edward A. Davis. We are testifying on behalf of The Connecticut Light and Power Company d/b/a Eversource Energy ("CL&P" or the "Company").

Q. Mr. O'Brien, please state your full name and business address.

A. My name is Brendan J. O'Brien. My business address is 107 Selden Street, Berlin, Connecticut 06037.

Q. By whom are you employed and in what position?

A. I am the Vice President of Distribution Rates and Revenue Requirements for Eversource Energy Service Company ("ESC"). ESC provides centralized services to the natural gas and electric operating subsidiaries of Eversource Energy, including CL&P. In this role, I have overall responsibility for rates and rate-related policies and procedures, as well as the preparation and presentation of regulatory filings by Eversource Energy's operating affiliates to their respective regulatory commissions in Connecticut, Massachusetts and New Hampshire.

Q. Please describe your educational background and employment experience.

A. I graduated from the University of Connecticut in Storrs, Connecticut, with a Bachelor of Science degree in Accounting. I began my career at Deloitte & Touche, LLP in Hartford, Connecticut, and worked there for approximately eight and a half years, as an Audit Senior Manager. During that time, I became a Certified Public Accountant. In 2019, I left Deloitte to join Mahoney Sabol & Company, LLP, another public accounting firm located in Glastonbury, Connecticut. I worked there for approximately two years and served as Audit Senior Manager before joining Eversource Energy as the Director of Revenue and Regulatory Accounting. In that role, I was responsible for all aspects of the accounting and financial reporting for revenue, accounts receivable, and regulatory matters for each of the Eversource Energy operating utility subsidiaries, including CL&P. In August 2025, I was promoted to my current position.

Q. Have you previously testified in any formal hearings before regulatory bodies?

A. Yes, I have previously testified before the Public Utilities Regulatory Authority ("PURA") in the annual revenue adjustment mechanism ("RAM") proceeding (Docket Nos. 24-01-03 and 25-01-03), the Yankee Gas rate case (Docket No. 24-12-01), CL&P's catastrophic storm cost proceeding (Docket Nos. 24-03-30 and 25-12-13), and submitted pre-filed testimony in CL&P's current distribution rate case (Docket No. 26-05-10). Additionally, I have testified before both the Massachusetts Department of Public Utilities and the New Hampshire Public Utilities Commission on numerous occasions.

Q. Mr. Murray, please state your full name and business address.

A. My name is Garrett J. Murray. My business address is 107 Selden Street, Berlin, Connecticut 06037.

Q. By whom are you employed and in what capacity?

A. I am employed by ESC as Director of Revenue Requirements for Eversource Energy's Connecticut electric and gas utility companies. In this role I am responsible for preparing and presenting regulatory filings and revenue requirements calculations for Eversource's Connecticut subsidiaries, including CL&P.

Q. Please describe your educational and employment experience.

A. I received a Bachelor of Science degree in Accounting from Southern Connecticut State University and earned a Master of Business Administration with a concentration in Finance from the University of Connecticut. I have worked at Eversource for over 17 years, joining Northeast Utilities, Eversource's predecessor, in 2009. I have worked in the transmission and distribution regulatory and revenue requirements organizations, holding roles of increasing responsibility. I assumed my current position as Director of Revenue Requirements, in January 2026.

Q. Have you previously testified in any formal hearings before regulatory bodies?

A. Yes, I have previously testified before PURA in multiple proceedings. Most recently, I testified on behalf of the Company in storm proceedings in Docket Nos. 24-03-30 and 25-12-13. I have also previously testified before PURA in other dockets, including the Yankee Gas rate case in Docket No. 24-12-01, the CL&P RAM proceeding in Docket

No. 26-01-03, and submitted prefiled testimony case in Docket in CL&P's current Distribution rate No. 26-05-10.

Q. Mr. Davis, please state your full name and business address.

A. My name is Edward D. Davis. My business address is 107 Selden Street, Berlin, Connecticut 06037.

Q. By whom are you employed and in what capacity?

A. I am the Director of Rates for ESC. As Director of Rates, I am responsible for activities related to the design, regulation and administration of rates for the Eversource Energy operating subsidiaries, including CL&P.

Q. Please describe your educational and employment experience.

A. I hold a Bachelor of Science degree in Electrical Engineering from the University of Hartford and a Master of Business Administration degree from the University of Connecticut. I joined Northeast Utilities in 1979 and have held various positions in the areas of consumer economics, engineering and operations, wholesale and retail marketing and rate design, regulation and administration.

Q. Have you previously testified in any formal hearings before regulatory bodies?

A. Yes, I have testified before PURA on multiple occasions. Most recently, I testified on behalf of the Company in the annual RAM proceeding in Docket No. 26-01-03. I have also previously testified before PURA in numerous other dockets, including the Yankee Gas rate case in Docket No. 24-12-01 and submitted prefiled testimony in the recently filed CL&P distribution rate case in Docket No. 26-05-10.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of our testimony is to support CL&P's petition for the issuance of a financing order (the "Financing Order") authorizing the issuance of Rate Reduction Bonds ("RRBs"), pursuant to Conn. Gen. Stat. §§ 16-245e to 16-245k, as amended (the "Securitization Law").[1] In its petition, CL&P requests that PURA 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"). In the Storm Costs Order, PURA approved the use of a securitized financing through the issuance of Rate Reduction Bonds as authorized by the Securitization Law.

In our testimony, we explain how the Storm Costs to be securitized have been calculated; how the Company proposes to establish a portion of the competitive transition assessment ("CTA") from which the Financed Utility Services will be

[1] Effective July 1, 2025, the Securitization Law was amended by sections 10 – 16 of Public Act No. 25-173, An Act Concerning Energy Affordability, Access and Accountability (the "Act").

recovered and from which the Rate Reduction Bonds will be issued, serviced and retired (such portion of the CTA, the "RRB Charge"); how the RRB Charge will be allocated amongst CL&P's rate classes; and explain the tariff changes necessary to CL&P's CTA Tariff to reflect and implement the securitization financing process.

Q. Are you presenting any exhibits in addition to your testimony?

A. Yes. We are providing the following exhibits in support of the Company's financing petition:

Exhibit Reference	Exhibit Description
Exhibit CLP-REGULATORY-1	Joint Direct Testimony of Brendan J. O'Brien, Garrett J. Murray and Edward A. Davis
Exhibit CLP-REGULATORY-2	Storm Costs to be Securitized
Exhibit CLP-REGULATORY-3	Traditional Cost Recovery
Exhibit CLP-REGULATORY-4	RRB Cost Allocation
Exhibit CLP-REGULATORY-5	Updated CTA Tariff

Q. How is your testimony organized?

A. Our testimony is organized into the following sections:

- Section I provides the introduction;
- Section II discusses the calculation of the balance of Storm Costs to be securitized;
- Section III discusses the proposed ratemaking treatment for the RRB Charge and inclusion in the CTA;
- Section IV discusses the alternative ratemaking treatment for the 2018 - 2023 catastrophic storm and pre-staging event costs through base distribution rates;

- Section V discusses the detailed cost allocations for the RRB Charge for each customer class and the changes necessary to CL&P's CTA Tariff to reflect and implement the securitization financing process; and

- Section VI provides the conclusion to our pre-filed testimony.

II. CATASTROPHIC STORM COSTS TO BE SECURITIZED

Q. Provide an overview of the types of costs that qualify for the securitized financing.

A. Effective as of July 1, 2025, the Act amended the Securitization Law to provide that an electric distribution company may submit a petition to PURA for a financing order to authorize the issuance of Rate Reduction Bonds to recover Financed Utility Services, including any costs determined by PURA to have been prudently and efficiently incurred to prepare for and restore power to customers between January 1, 2018 and January 1, 2025. 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 application of an electric distribution company shall become effective in accordance with its terms after the electric distribution company files with PURA the electric distribution company's written consent to all terms and conditions of the financing order.

Q. What are the catastrophic storm and pre-staging event costs included in the Company's financing order application?

A. 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.[2] 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.[3] 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."[4]

The Storm Costs approved by PURA and presented by the Company in its petition were incurred during the applicable statutory period identified. As a result, the prudently incurred storm costs presented herein qualify for securitized financing through RRBs under the applicable statutes.

Q. Did the Company offset the prudently incurred storm costs to be securitized with any customer contributions?

A. Yes. 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;[5] and (2) customer contributions

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[2] 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").

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

[4] Storm Costs Order at 143.

[5] 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.

authorized for recovery through the CTA during the period May 1, 2026 through April 30, 2027 in the amount of $100 million within Docket No. 26-01-03.[6]

Q. How did the Company calculate the total Storm Costs balance to be securitized?

A. The Company relied upon the Storm Costs Order to determine the final storm balance to be securitized. In the Storm Costs Order, PURA authorized the recovery of $667.9 million (Storm Costs Order at 20). This amount represents the prudently incurred catastrophic storm and pre-staging costs of approximately $869.4 million[7] net of approximately $201.5 million[8] of customer funding. Our testimony provides a breakout of those costs as Exhibit CLP-REGULATORY-2. See Table 1 below for a summary of the costs to be securitized.

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[6] 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.

[7] This amount represents the sum of the total catastrophic storm costs approved of $861,478,785 (Final Decision at 2), less the $2,642,850 in mutual aid credits applied (Final Decision at 2) and plus $10,563,865 of approved pre-staging costs (Final Decision at 3).

[8] This amount represents the sum of the $90,905,927 storm reserve accrual (Final Decision at 2), the $10,563,865 of prestaging cost reserves (Final Decision at 3) and the $100,000,000 of RAM CTA Credits (Final Decision at 2).

Table 1: Storm Costs to be Securitized[9]

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**

Q. Is the total principal storm balance included in the financing application presented in accordance with the Storm Costs Order?

A. Yes, the amounts presented within Table 1 above were approved by PURA in the Storm Costs Order in Table 10 (see page 20).

III. PROPOSED RATEMAKING TREATMENT FOR THE RRB CHARGE

Q. How is the Company proposing to recover the deferred Storm Costs approved in Docket No. 25-12-13?

A. The Company is proposing to establish a portion of the CTA as the RRB Charge, from which the Financed Utility Services will be recovered and from which the Rate Reduction Bonds will be issued. The Company is presenting this proposal in accordance with the Storm Costs Order, which stated CL&P could "file a petition in Docket No. 26-04-04 to request a determination of whether the issuance of rate

[9] See Storm Costs Order, Table 10 (page 20).

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reduction bonds is in the best interest of ratepayers with respect to the 2018 - 2023 approved storms."[10]

Q. Does securitization provide a benefit for customers?

A. Yes. As discussed at length in both Docket Nos. 24-03-30 and 25-12-13, and in other PURA proceedings, securitization provides significant value and savings for customers. These significant savings 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. Please refer to the direct testimony of Company witness Matthew P. Fallon for more information on how securitization is in the best interest of customers.

Q. What is the rate mechanism the Company proposes to use to recover the costs of the Rate Reduction Bonds?

A. Conn. Gen. Stat. § 16-245e(l) governs the recovery of the RRB Charge. Specifically, § 16-254e(l) 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***

[10] Storm Costs Order at 143.

> ***competitive transition assessment*** pursuant to section 16-245g, as amended by this act. (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).

Q. Will the RRB Charge be reconciled to actual revenues received?

A. Yes. The RRB Charge will be calculated to recover all debt service on the Rate Reduction Bonds, as well as ongoing transaction costs.[11] CL&P proposes to file adjustments, up or down, to the RRB Charge pursuant to a true-up mechanism (the "True-Up Mechanism"), as explained in detail in Mr. Fallon's testimony. As proposed, the True-Up Mechanism will be 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.

Similar to the recovery governance noted above, Conn. Gen. Stat. § 16-245e(l) also provides for reconciliation of the RRB Charge to the actual revenues received. Specifically, § 16-254e(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***

[11] As described in Mr. Fallon's testimony, the initial RRB Charge will be set forth as per the proposed Financing Order in the Issuance Advice Letter to be filed by CL&P after the pricing date, but before the issuance of, the RRBs.

> ***the competitive transition assessment to the actual cost of such bonds***. (emphasis added)[12]

Q. What does the Company propose with respect to the timing of the RRB Charge reconciliation filings?

A. In accordance with § 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 RAM filing. The current RAM process consists of a January 15 known and measurable filing, a February 15 rates filing, and a March 1 comprehensive RAM reconciliation and supporting documentation filing. 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.

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. As required to achieve a triple-A rating, the RRB Charge must be automatically included in rates, barring any mathematical errors. 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 ensure the Company can receive a triple-A bond rating that maximizes customer benefits.

[12] See also Conn. Gen. Stat. § 16-245i(b)(2).

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. 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.

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. The actual RRB Charge filed on April 15 each year will be included in CTA rates and become effective May 1. 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.

Q. Is it necessary for the Financing Order to include a mechanism for the RRB Charge to be adjusted more frequently than annually?

A. Yes. 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. 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.

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, barring any mathematical errors). More detail on the True-Up Mechanism required to achieve the desired triple-A rating is included in Mr. Fallon's testimony.

Q. How is the RRB Charge, as a component of the CTA, accounted for in the billing process and reconciled subsequently?

A. As described below, the RRB Charge will be set on a per kWh basis at the customer class level, and shall apply equally for all rate classes within each customer class. At the customer level, the actual billed RRB revenue is determined by multiplying the billed kWh by the RRB Charge. The sum of the actual RRB revenue billed within the total CTA rate over a given period is compared with the corresponding actual RRB

payment requirements, and the difference would be reconciled through a subsequent adjustment to the RRB Charge, as described above.

Q. Is the RRB Charge subject to Gross Earnings Tax?

A. No. Unlike other cost elements of the CTA, Conn. Gen. Stat. § 12-264(c)(2) excludes CTA-related "Transition Property" from Gross Earnings Tax ("GET"). Section 16-245e defines "Transition Property" as "the irrevocable property right created pursuant to this section and sections 16-245f to 16-245k, inclusive, as amended by this act, in respect to the economic recovery transfer or in respect of disbursements to the General Fund to sustain funding of conservation and load management and renewable energy investment programs or those stranded costs or *financed utility services that are eligible to be funded with the proceeds of rate reduction bonds pursuant to section 16-245f, as amended by this act..."* (emphasis added). Connecticut General Statute § 16-245e defines "Financed Utility Services" as "costs determined by the Public Utilities Regulatory Authority consistent with the principles set forth in sections 16-11, 16-19, as amended by this act, and 16-19e that (A) have been *prudently and efficiently incurred between the period of January 1, 2018, to January 1, 2025, by an electric distribution company to prepare for and restore power to customers following storms*..." (emphasis added).

Based on these statutes, the revenues collected through the CTA relating to the recovery of prudently incurred storms for the period 2018 through 2023 are not subject to GET.

Q. How will CL&P credit customers for the net present value of accumulated deferred income taxes relating to amounts that will be recovered through the issuance of RRBs for Financed Utility Services?

A. As set forth in the proposed Financing Order, pursuant to Conn. Gen. Stat. § 16-245e(m), the net benefits to CL&P of the accumulated deferred income taxes ("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 net present value of the related tax cash flows, using a discount rate equal to the expected interest rate on such RRBs. In order to ensure that the expected interest rate used in such net present value 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 with respect to the Rate Reduction Bonds. The amount of such credit, as calculated by CL&P at such time, and the principal amount of the RRBs will be set forth in the Issuance Advice Letter.

After the actual interest rate of the RRBs has been determined on their pricing date, CL&P will re-calculate the net present value of the ADIT tax benefit using a discount rate equal to the actual weighted average interest rate of the RRBs. To the extent that the net present value of such tax benefit, as calculated by CL&P after such pricing date, is greater than the net present value of such 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. To the extent that the net present value

of such tax benefit, as calculated by CL&P after such pricing date, is less than the net present value of such 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. The CTA shall be adjusted accordingly at the time of the next CTA rate change when this information is available.

Q. What is the proposed rate-making treatment for the 0.05 percent annual Servicing Fee and the $50,000 Administrative Fee that CL&P will receive under the Servicing Agreement and Administration Agreement, respectively?

A. As explained in Mr. Fallon's testimony, the annual Servicing Fee to be paid to CL&P by the Special Purpose Entity will be 0.05 percent of the initial principal balance of the RRBs, payable semi-annually or more frequently, and represents a reasonable, good faith estimate of the ongoing marginal cost to CL&P of fulfilling servicing responsibilities. The Administration Fee shall be an annual amount of up to $50,000 that will be recovered on a semi-annual basis through the RRB Charge as consideration for the performance of 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. The Servicing Fees and Administrative Fees collected by CL&P will be reflected in CL&P's cost of service and credited to customers in distribution rates through the normal ratemaking process.

IV. ALTERNATIVE RATEMAKING TREATMENT THROUGH BASE DISTRIBUTION RATES

Q. In the absence of securitization, how would the Company recover its Storm Costs, and why is that relevant to this proceeding?

A. PURA's precedent recovery for deferred catastrophic storm and pre-staging costs is to establish an amount for recovery in rates over a period of years (in the case of CL&P, this has been six years historically) with carrying charges at the Company's Weighted Average Cost of Capital ("WACC"). This form of recovery would only be necessary in the event that PURA determines as part of this proceeding that securitizing the Storm Costs is not in the customer's best interest. In addition, the Company has presented illustrative analysis of precedent recovery for CL&P for purposes of comparison to securitization cost recovery in order to demonstrate the customer benefits of securitization as compared to traditional recovery.

Q. How does the Company define and model the traditional storm cost recovery method?

A. The traditional storm cost recovery method reflects how the Company has historically recovered storm-related costs in general rate proceedings. Under the traditional recovery method, a utility is granted approval to defer incremental O&M expenses associated with storm recovery as a regulatory asset on the balance sheet, to be amortized over a multi-year period approved by PURA in a general rate proceeding. The unamortized regulatory asset is included in rate base, allowing the utility to collect its carrying costs at its approved WACC. Once base distribution rates are established, both the amortization expense and return on rate base are locked into rates until the

Company's next base distribution rate case. Customers then pay a monthly charge over the life of the regulatory asset that includes both the amortization expense of the regulatory asset and carrying costs on the unamortized balance as described above.

Q. Please describe the key dates and assumptions in the traditional storm cost recovery method calculation.

A. Absent securitization, the Company has put forth a traditional storm cost recovery proposal in its current base distribution rate case application in Docket No. 26-05-10.[13] In its rate case application, the Company has proposed that the effective date of new rates is July 1, 2027. The revenue requirement on the 2018 – 2023 catastrophic storm and pre-staging costs includes an amortization expense over a 6-year period through June 30, 2033 and calculates a WACC return for the unamortized balance in rate base. The accumulated deferred tax liability related to the unamortized deferred balance is included as a rate base offset in the return or carrying charge calculation.

Q. What is the resulting bill impact from the traditional storm cost recovery method?

A. As shown in Exhibit CLP-REGULATORY-3 (Traditional Cost Recovery) residential customers would expect a monthly rate increase of approximately $6.57 beginning on July 1, 2027.

[13] Please note that the Company's proposal in Docket No. 26-05-10, filed on July 14, 2026, does not yet incorporate the outcome of the Storm Costs Order. The Company will update its rate proposal in Docket No. 26-05-10 once a final determination is made on securitization in this proceeding.

V. COST ALLOCATIONS

Q. How does the Company propose to allocate the RRB Charge across each customer class?

A. The Company proposes to allocate the RRB Charge to four separate customer classes based on their respective share of the PURA-approved base distribution revenues, as shown in the table below. The cost allocation percentages shown are based on the class Distribution revenues, exclusive of customer charge related revenue, approved for Rate Year 3 in Docket No. 17-10-46. See Exhibit CLP-REGULATORY-4 for supporting information.

Table 2: Cost Allocations by Customer Class

Customer Class	Cost Allocation Percentage (%)
Residential	59.204%
Small Commercial & Industrial	20.059%
Large Commercial & Industrial	20.362%
Street Lighting	0.375%

Q. How has the Company determined the rates included in each customer class?

A. Within the four customer classes related to residential, commercial, industrial and street lighting customers, each classification is based on the underlying rates, as outlined in the table below:

Table 3: Rates by Customer Class

Customer Class	Rates Included
Residential	Rates 1, 5, 7 and 6[14]
Small Commercial & Industrial	Rates 18, 27, 27A, 29, 30[15], 30A, 40 and 115
Large Commercial & Industrial	Rates 35, 37, 39, 41, 55, 56, 57, 58 and 119
Street Lighting	Rates 116 and 117

Q. How does the Company propose to charge and collect the RRB Charge from customers within each customer class?

A. The Company proposes that the RRB Charges for each Customer Class and associated Rate Class be recovered from customers on a per kilowatt-hour ("kWh") basis each month. As noted previously, the RRB Charge is a component of the overall CTA rate charged to customers. While the Company will apply the total CTA rate on customer bills, it will simultaneously calculate the RRB Charge included within the CTA rate using the corresponding billed kWh and associated RRB Charge rate per kWh.

Q. Does the Company's rate proposal require any tariff modifications?

A. Yes, as outlined in Exhibit CLP-REGULATORY-5, the Company has outlined all necessary tariff modifications to reflect the inclusion and collection of all RRB Charge within the CTA, as required by the Securitization Law.

[14] Rate 6 outlined herein represents the Company's proposed alternative residential space heating rate currently proposed and under consideration in Docket No. 26-05-10.

[15] Rate 30 includes Rate EV-S; Rate 37 includes Rate EV-M and Rate 56 includes Rate EV-L and Rate MHD.

Q. Has the Company calculated the CTA rates in accordance with the Securitization Law as amended?

A. Yes. As stated in Conn. Gen. Stat. § 16-245g(c), the CTA "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…"

As outlined above, the Company has allocated the RRB Charge to each customer class based on the level of approved base distribution revenues, which will be charged to each rate within the respective customer class on a per kWh basis and thereby will be applied "equally" to each customer within the identified rate class.

Q. Does the Company's petition propose a specific RRB Charge for each customer class as part of the proposed Financing Order?

A. No. The initial RRB Charge for each customer class cannot be determined until the principal amount and pricing of the Rate Reduction Bonds are determined on the pricing date of the bonds. As described in Mr. Fallon's testimony, the initial rates will be set forth in the Issuance Advice Letter to be filed by CL&P after the pricing date, but before the issuance of the RRBs. However, CL&P is able to provide a preliminary estimate of the initial RRB Charge rates for each customer class, as shown in the table below. Initial rates would become effective upon issuance of the RRBs and implementation of the RRB Charge. Please note the rates presented in the table below do not include GET, which is inapplicable to the RRB Charge.

Table 4: Rates per kWh by Customer Class

Customer Class	Rate per kWh
Residential	$0.00523
Small Commercial & Industrial	$0.00501
Large Commercial & Industrial	$0.00297
Street Lighting	$0.00668

Q. What is the resulting bill impact from the securitization calculation for residential customers?

A. Based on the residential rate of $0.00523 shown in the above table and assuming monthly electricity usage of 700 kWhs, residential customers would expect a monthly bill impact of approximately $3.66 upon issuance of the RRBs and implementation of the RRB Charge.

VI. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does.