Date Filed: October 27, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(ENVIRONMENTAL REMEDIATION) Application, Ex. CLP-REVREQ-2, Schedule WP C-3.36, p. 2; Application, Ex. CLP-REVREQ-2 Schedule WP C-3.13. Describe whether any costs related to complex environmental remediation sites have ever been included in the Company's O&M expense item for environmental remediation shown in schedule C-3.13.

Response:

Please refer to the Company's response to RSR-037[i] for the justification for deferring complex environmental site costs; the Company's response to OCC-854[ii] for discussion of the environmental O&M expense requested in this proceeding; and OCC-061[iii] for the regulatory proceedings authorizing recovery of environmental remediation costs.

Prior Referenced Responses

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[i] RSR-037 Question:

(ENVIRONMENTAL REMEDIATION) Application, Ex. CLP-ENV-1, pp. 34–35. Regarding Site #103 Parsons Lane Durham Mineral Oil Dielectric Fluid Release:

a. Provide a copy of the settlement agreement;
b. Provide the total portion of project costs recovered through the settlement agreement and the portion of costs requested for recovery in this proceeding;
c. Explain why these costs are recovered through the deferred accounting mechanism rather than as a routine environmental remediation cost; and
d. Describe why the utility pole failed and provide the age of the pole at the time of failure.

RSR-037 Response:

a. Please refer to RSR-037, Attachment 1 CONFIDENTIAL, for a copy of the settlement agreement.

b. Please refer to RSR-037, Attachment 2 CONFIDENTIAL, for the requested information.

c. As noted in the testimony in Exhibit CLP-ENV-1 of Marc J. Richards, Gary A. Iadarola, and Clare B. Connolly, the sequence, timing, and magnitude of response activities can vary from site to site depending upon the size of the site, the degree of contamination, nearby sensitive receptors, land ownership, the degree of oversight and control exercised by regulators, and many other site-specific factors. These dynamic circumstances, on-site conditions and state and municipal requirements or expectations speed projects up or slow projects down, impacting not only timing but cost. All of these variables make it extremely difficult to

accurately forecast the level of expense to be incurred in a year and cause significant fluctuations year-over-year in the level of expense incurred. Therefore, these costs do not fit well with traditional base rate recovery which is designed to establish base distribution rates based on expected future levels of annual costs. The variability in these environmental remediation costs drives the need for the continuation of deferral treatment. This request is not a blank check, but rather a treatment that requires the Company to meet the burden of a prudence review on its environmental remediation costs in the next rate case.

d. The pole was installed in 1962. The reason for failure is unknown.

[ii] OCC-854 Question:

(Environmental Remediation) Per a footnote in Settlement Agreement Attachment 3, in Docket Number 17-10–46, the Company was allowed $2.289 million for environmental O&M expenses in Rate Year 1, $2.381 million in Rate Year 2, and $2.467 million in Rate Year 3.

a. Were the O&M expenses incurred in the prior rate plan's Rate Years of a similar nature to the $1.93 million requested in the current rate application? Explain.
b. Were there any environmental remediation costs being deferred prior to the time of the last rate case?
c. If yes, indicate the amounts deferred annually.
d. Were there any deferred environmental remediation costs being amortized or recovered prior to the time of the last rate case?
e. Were there any deferred environmental remediation costs being amortized/recovered and as a result of the approved settlement agreement in Docket No. 17-10-46?
f. If yes, indicate the amounts amortized or recovered annually.

OCC-854 Response:

a. Yes. As shown on WP C-3.13 of the Company's July 14, 2026, filing in this docket, the categories of cost that make up the $1.93 million requested in the current rate application include: (1) Clean Up & Disposal of Waste Material; (2) Manholes & Vaults; (3) Licensing & Permitting; and (4) Environmental Outside Services. There was also a fifth category, Reserve Site Remediation, but a pro forma adjustment removed the costs associated with this category that were related to reserve adjustment accruals associated with new environmental sites.

The environmental O&M expenses included in Docket No. 17-10-46 were presented in the Company's November 22, 2017, filing WP C-3.8, page 1 of 3, in categories identified as: (1) Overhead Environmental Cleanup; (2) Underground; (3) Environmental – Other; (4) Maintenance of Property Units; (5) Substation; and (6) Maintenance of Str. Lighting Equipment. Despite the differences in categories in each of the filings, the dollars that make up the costs in each filings' Environmental schedule were identified using the same cost elements from the Company's Powerplan cost repository, with two exceptions. First, there was one additional cost element for Compliance Assistance-Fees-Plans included in Environmental in the 2017 filing that was included in the Field Operations (Overhead Lines) and Residual schedules in the current filing (the Test Year amount in the 2017 filing was $28,382 and the Test Year amounts in the current filing were $5,795 in the Field Operations (Overhead Lines) schedule and $11,924 in the Residual schedule, for a total of $17,719). Second, the cost element for Reserve Site Remediation in the 2017 filing in the amount of $79,082 was not removed from the Environmental schedule using a pro forma adjustment the way it was removed in the current rate application.

b-d.

No. As explained in the November 22, 2017, testimony of Company witnesses Catherine Finneran and Timothy Griffin in Docket No. 17-10-46, there was no current recovery from customers for environmental investigation and remediation costs at the time of the last rate case. Between 1998 and 2003, with small amounts received through 2013, the Company had pursued and achieved recoveries of $15.170 million for environmental investigation and remediation costs from several of the Company's historical insurance carriers and a third party. Because the Company had not recovered expenses for environmental investigation and remediation costs in electric rates, in essence it had used these recoveries to pay for the Company's investigation and remediation of its environmental liabilities, including manufactured gas plants (MGPs) and other Company sites. By the end of September of 2017 (just prior to the filing of the Company's rate case in November 2017), the Company spent $8.4 million with an additional $4.9 million recorded to the environmental liability that was charged to shareholders via a "below the line" account. Therefore, the Company was $1.9 million away from spending or charging to shareholders an amount equal to the proceeds received.

e.-f.

No, as demonstrated in the March 29, 2018, Settlement Amendment Update to Settlement Agreement Attachment 5, Other Amortization Expense, there were no deferred environmental remediation costs being amortized/recovered as a result of the approved settlement agreement in Docket No. 17-10-46.

[iii] OCC-061 Question:

(Environmental Remediation) Identify all other proceedings by Company name and docket number in which the Company requested recovery of environmental remediation costs other than through operating expenses (e.g., regulatory asset, tracker, etc.).

OCC-061 Response:

As an example, the Company's legal counsel has informed the Company of the following proceeding and outcomes:

Importantly, Section 8 of the 2018 Rate Settlement approved by PURA in Docket No. 17-10-46, Application of The Connecticut Light and Power Company d/b/a Eversource Energy to Amend Rate Schedules, states "Environmental remediation costs shall be recovered as follows: (i) The Company shall be allowed to recover its environmental remediation costs in accordance with the proposal described in the Application; and (ii) **the Company is authorized to track and defer environmental costs for future review and recovery in each subsequent rate case.**