Date Filed: October 20, 2026

Witness: Warren R. Boutin, Timothy J. Griffin, Leanne M. Landry and Jeffrey D. Turano
Request from: ALLCO

Question:

(Follow-up to ALLCO-064 — the CIAC Tax Adder and the Notice 2016-36 safe harbor.) The Company's response to ALLCO-064 states that it "generally deems distribution system interconnection payments to be taxable income and are therefore charged a tax adder/gross up," that "all CIAC Tax Adders charged on CIAC payments were treated as taxable CIAC (there were none under the safe harbor)," and that the CIAC Tax Adder "was calculated based on the full cost estimate of the project, including the Company's construction overhead costs and loaders." (a) State the legal and factual basis for the Company's position that the safe harbor of Notice 2016-36 does not apply to a generator interconnected to the Company's distribution system that sells its output to the Company under a power purchase agreement, a REC contract, or a PURPA legally enforceable obligation, identifying each requirement of the Notice the Company contends such a generator fails to meet, and produce every memorandum, opinion, or analysis (including any by the Company's Tax Department or outside tax advisers) addressing the application of Notice 2016-36 or its predecessor Notices to distribution-level generator interconnections. (b) State whether the Company has ever, since January 1, 2016, evaluated any individual distribution generator interconnection for eligibility under the safe harbor, and if so identify each and the conclusion reached. (c) For each Allco Application and each project in the Allco Clusters, state the CIAC Tax Adder amount charged, the CIAC estimate to which it was applied, the portion of that estimate consisting of percentage overhead, CIAC, or other loaders, and the CIAC Tax Adder computed on that loader portion. (d) State the total CIAC Tax Adder collected from distributed generation and qualifying facility interconnection customers (as distinct from all CIAC customers) in each year 2017 through 2025, and reconcile those amounts to the annual "CIAC Tax Gross-Up" totals in ALLCO-064, Attachment 1 (which sum to approximately $9.32 million on approximately $97.75 million of CIAC for 2017–2025). (e)The "Gross-Up Refund" column of ALLCO-064, Attachment 1 (Account 1864T0) is zero in every month of every year from 2017 through 2025. State whether the Company has ever refunded any portion of a CIAC Tax Adder to an interconnection customer when the final accounting showed actual cost below the estimate on which the Adder was computed; if not, explain why a tax gross-up computed on estimated overhead that was never incurred is retained; and state the amount of CIAC Tax Adder attributable to the difference between estimated and actual cost for each Allco Cluster final accounting. (f) State whether, when the Company computes the refund owed on a final accounting, the refund includes the CIAC Tax Adder on the refunded amount, and identify where in the four December 2024 Final Accounting Reports for the Allco Clusters any such Adder refund appears. (g) State whether the Company has ever amended a federal income tax return, or claimed a deduction or basis adjustment, on account

of a CIAC amount that was later refunded, and reconcile the statement in ALLCO-064(e) that refunds are "typically small amounts" with the $257,260.19 computed for the Allco Clusters.

Response:

CL&P objects to this request on the ground that it is an improper effort by ALLCO to use this rate case proceeding to obtain discovery for purposes of a lawsuit that it filed against the Company on August 10, 2026, in the United States District Court for the District of Connecticut (Civil Action No. 3:26-cv-1277), outside of and in contravention of the rules of procedure that govern discovery in that lawsuit.

CL&P further objects to this request on the ground that it is not within the scope of the proceeding to review the Company's application to amend its existing rates schedules because the interrogatory either seeks information specific to Allco projects or seeks information that Allco views as relevant to its specific projects.

CL&P further objects to this request on the ground that it calls for a legal conclusion.

Without waiving said objections, the Company states as follows:

(a) – (c) The Company has received inquiries, post-June 1, 2016, from distribution generator interconnection entities regarding the safe harbor. However, unless and until the Company secures written consent from such a generator, it cannot disclose such generator's tax compliance strategy to a third party.

(d) The Company does not track transaction level data associated with distributed generation and/or qualifying interconnection customers separate and distinct from all CIAC customers; therefore, this information cannot be provided as it cannot be queried.

(e) The Company performs a final reconciliation once the work is completed. If the requested CIAC payment exceeds actual charges, the customer is refunded the overpayment not including the CIAC Tax Adder. If the interconnection project was canceled, the Company returns the estimated CIAC and associated Tax Adder to the customer.

(f) The refund does not include a pro-rated CIAC Tax Adder in the refunded amount.

(g) The Company has not filed an amended federal income tax return related to an amount of CIAC, later refunded.