Date Filed: September 23, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee and Douglas P. Horton
Request from: National Railroad Passenger Corp. (Amtrak)

Question:

Explain the circumstances under which the Company may seek recovery of capital expenditures in excess of the approved capital forecast during the PBMRP term. Specifically, describe how the proposed framework would address material changes in capital requirements arising from load growth, large customer additions, electrification, reliability needs, or other unforeseen circumstances that occur after approval of the PBMRP.

Response:

The Company's proposal is fundamentally designed to align the Targeted System Plan ("TSP") with revenue support necessary to perform the required system investments. That design includes a cap on the level of revenue support provided in each year through the F-Factor mechanism, in relation to the Company's actual core system investment, as ultimately determined in this docket. Therefore, to the extent the actual core system investments are greater than currently forecast, the Company's proposed revenue framework does not adjust upwards during the pendency of the PBMRP.

During the PBMRP, the F-Factor would be subject to a downward-only reconciliation in the event actual plant additions are less than the allowance reflected in the F-Factor calculation. If actual system investments exceed the amounts budgeted, the F-Factor would not be adjusted upward to reflect the increase. Instead, at the time of the Company's next rate case and prospectively from that point forward, projects costs (including amounts placed in service above the forecasted level identified in the TSP) would be subject to a prudence review and eligible for inclusion in rate base, as part of the next base-rate proceeding.

Under this design, the Company does not anticipate having the opportunity to seek recovery of capital additions in excess of the approved capital forecast during the PBMRP term, unless capital investments were required by PURA or legislatively mandated by statute that are not considered in the current capital investment forecast. In these rare circumstances, the cap on the level of investment related revenue support would need to be increased to accommodate the incremental regulatory or statutory requirement. Should that unlikely need arise, the increase to the cap and the resulting impact to the revenue requirement would be an amount deemed appropriate in dockets established to advance those programs and objectives.

Please refer also to the Company's response to data request OCC-436[i], which states:

"a. The Company has not proposed any flexibility with respect to the capital investment that would be permitted to be recovered via the proposed F-Factor. That is, the capital investment forecast provided in this proceeding would serve as a hard cap of the core capital investment eligible for the F-Factor. Incremental capital investment programs mandated by PURA or the state of Connecticut that have not been contemplated as of the time of this submission, or capital programs for which there is or will be distinct cost recovery (such as SHARE, if approved at some point in the future) would not be subject to the cap on investment for purposes of calculating F-Factor revenue requirements. As described on page 102 of Exhibit ES-CLP-ELP-1, the Company's current forecast of capital expenditures presented in Figure 7 of testimony does not include the anticipated capital costs associated with an AMI deployment. If PURA were to approve an AMI deployment before or during the PBMRP term, the Company would need to increase the forecasted budget to incorporate those investments."

Prior Referenced Response:

[i] OCC-436 Question:

Exhibit CLP-RATES-3 Please clarify whether, in any Rate Year, the Company may recover the revenue requirement in excess of the Forecasted Budget amount included in the F-Factor allowance for that Rate Year that may result from capital additions placed in service in a prior year that have not yet been reflected in base rates. In your response, please:

a. Explain the circumstances under which F-Factor recovery may exceed the Forecasted Budget amount for the applicable Rate Year;
b. Explain how the revenue requirement associated with prior-year capital additions is calculated and incorporated into the F-Factor;
c. Explain whether such prior-year capital additions are subject to the same annual downward-only reconciliation and Forecasted Budget cap as capital additions placed in service during the applicable Rate Year;
d. Explain how recovery of prior-year capital additions is consistent with the Company's characterization of the Forecasted Budget as a cap on capital recovery during the PBMRP term; and
e. Explain how this treatment supports the Company's stated customer affordability and rate-stability objectives and preserves the customer protections associated with the downward-only reconciliation.

OCC-436 Response:

Please refer to the Company's responses below. Please also refer to the Company's response to interrogatories OCC-423i and OCC-426ii.

a. The Company has not proposed any flexibility with respect to the capital investment that would be permitted to be recovered via the proposed F-Factor. That is, the capital investment forecast provided in this proceeding would serve as a hard cap of the core capital investment eligible for the F-Factor. Incremental capital investment programs mandated by PURA or the state of Connecticut that have not been contemplated as of

the time of this submission, or capital programs for which there is or will be distinct cost recovery (such as SHARE, if approved at some point in the future) would not be subject to the cap on investment for purposes of calculating F-Factor revenue requirements.

As described on page 102 of Exhibit ES-CLP-ELP-1, the Company's current forecast of capital expenditures presented in Figure 7 of testimony does not include the anticipated capital costs associated with an AMI deployment. If PURA were to approve an AMI deployment before or during the PBMRP term, the Company would need to increase the forecasted budget to incorporate those investments.

b. Please refer to the Company's detailed response to information request OCC-423. The Company's proposed F-Factor is an annual adjustment taking effect July 1 of each year that reflects an allowance based on the annual revenue requirement on the capital expenditures budgeted for the current calendar year (per Exhibit TSP-3), plus a downward-only reconciliation comparing the actual plant additions placed in service as of December 31 of the calendar year prior to rates taking effect. In this way, the F-Factor provides an allowance for capital investment in the Rate Year based on the expected capital expenditures projected in this proceeding (same as the CT-Bar), but is reconciled such that in the end the F Factor measures the actual capital investment, including plant additions, plant retirements, accumulating depreciation, cost of removal, and plant-related accumulated deferred income taxes, cumulatively from the investment allowed in base rates.

c. Yes, that is correct. Prior-year capital additions are subject to the same annual downward-only reconciliation and Forecasted Budget cap as capital additions placed in service during the applicable Rate Year.

d. The Company's proposal to implement an F Factor allowance based on the forecasted budget presented in this proceeding, subject to a downward only adjustment upon reconciliation of prior-year capital additions is consistent with the Company's characterization of the Forecasted Budget as a cap on capital recovery during the PBMRP term because the F Factor reconciliation will only reconcile downward, meaning that if, in the end, the Company's actual costs in a given year are more than it has forecasted in this proceeding, the Company would not be entitled to reconcile the F Factor to reflect the higher (i.e., above the cap) level of spending. It will only be reconciled downward, which will occur if the Company invests less than the amounts budgeted in this proceeding, and used in establishing the F Factor in a given year.

e. Rate stability is enabled by prescribed, annual adjustments, consistent with the Company's experience during the first four years following settlement of Docket No. 17-10-46. By providing the Company with incremental revenues to cover a portion of the rising costs of service, the rate increase requested in the subsequent rate case (for rates effective July 2031) would be significantly reduced both in dollar amount and in percentage change relative to then-effective rates. Moreover, the adoption of the PBMRP will enable the Company to stay-out of a rate case for the duration of the PBMRP, whereas in the absence of a properly designed PBR plan and adequate cast-off rates, the Company will not be in a position to stay out for any period of time and will require more frequent filing of base rate cases, resulting in larger and more choppy rate changes for customers than would be experienced under the PBMRP. The Company's proposed PBMRP incorporates multiple customer protections, including the effect of the cap on capital investment eligible to be supported by the F-Factor, the earnings sharing mechanism, and the consumer dividend.