Date Filed: October 29, 2026

Witness: Douglas P. Horton, Brendan J. O' Brien, Garrett J. Murray, and Matthew Fallon
Request from: ALLCO

Question:

(Follow-up to ALLCO-051 — capital structure, double leverage, and the earnings sharing mechanism.)
(a) ALLCO-051(a) states that the Company maintained "a higher percentage of equity in its capital structure" to "preserve its credit ratings" while funding storm and RAM deferrals, and reports a five-quarter-average common equity ratio of 54.56% at December 31, 2025 and 55.26% at June 30, 2026 against a requested 53.86%. State the Company's per-books common equity ratio at each quarter-end from December 31, 2020 through June 30, 2026; identify each decision, memorandum, rating-agency communication, or board or finance-committee material in which the decision to maintain a higher equity ratio to preserve ratings was made or reported, and produce it; and state whether any rating agency has stated, in writing, the equity ratio or FFO/debt or CFO pre-WC/debt level it requires for the Company's current ratings.
(b) ALLCO-051(b) did not state the amount of long-term debt outstanding at Eversource Energy (parent only) at December 31, 2025, which the interrogatory asked for and which the parent reports in its Form 10-K. State that amount, the amount of parent-only long-term debt at each year-end 2020 through 2025, the amount of equity contributions made by the parent to the Company in each year 2020 through 2026 to date, and the amount of dividends paid by the Company to the parent in each such year.
(c) State whether Moody's or S&P, in any published credit opinion or rating action on the Company or Eversource Energy since January 1, 2023, has referred to holding-company debt, "double leverage," structural subordination, or parent-level leverage as a factor in the Company's ratings, and produce each such document.
(d) ALLCO-051(c) states that the Company "does not anticipate that it will over-earn during the term of the PBMRP." State the Company's earned return on common equity, per its annual reports to the Authority and per FERC Form 1, for each year 2018 through 2025, and the authorized return in effect in each year; identify every analysis, model, or scenario the Company or its ROE Witness prepared of the expected value to shareholders of the proposed earnings sharing mechanism, and produce it; and if none exists, so state and explain how the Company concluded that a mechanism with 50/50 sharing above the authorized return and no downside adjustment has no value that should be reflected in the authorized return.

Response:

a. Please refer to the Company's response to EOE-062[i] for the Company's reported five-quarter-average common equity ratios at year-end for the requested period. Each five-quarter-average ratio incorporates five successive quarter-end capitalization measurements and therefore captures changes in capitalization over time rather than at a single point in time. Each ratio captures the cumulative effect of financing decisions, including debt issuances and maturities, equity contributions, retained earnings, and dividends, while reducing fluctuations associated with the timing of individual transactions. Accordingly, the year-end five-quarter-average ratios reflect the Company's capitalization over time and the cumulative financing decisions underlying that capitalization.

   In public disclosures, including investor calls, Eversource Energy's officers have repeatedly emphasized the importance of maintaining strong credit ratings across its operating companies and the role credit quality plays in financing decisions. In that regard, the Company explained in its response to ALLCO-142[ii] that financial metrics are not the sole determinant of credit ratings and the rating agencies consistently identify financial metrics as important, but not exclusive, components of their rating analyses. Therefore, CL&P's financing and capitalization decisions are the clearest indication of management's consideration of its overall financial condition, cash-flow requirements, capital-investment needs, access to capital, and credit quality.

   Moody's identifies CFO pre-working-capital-to-debt thresholds that could contribute to an upgrade or downgrade, while S&P identifies corresponding FFO-to-debt ranges or thresholds. For example, Moody's June 27, 2025 credit opinion states that CL&P could be downgraded if its CFO pre-WC-to-debt ratio falls below 17% on a sustained basis. S&P's July 23, 2026 credit opinion states that CL&P's stand-alone FFO-to-debt ratio is expected to average 20 to 22%. These thresholds do not represent a pre-determined requirement that CL&P maintain a particular equity ratio, nor do these thresholds permit a rating outcome to be determined mechanically from any single metric. As explained in the Company's response to ALLCO-142, the rating agencies consider financial metrics together with qualitative and quantitative factors, including regulatory supportiveness, cost-recovery timeliness, business risk, financial policy, and the agencies' independent judgment.

b. The assertion that the Company did not provide Eversource Energy Parent's outstanding long-term debt balance as of December 31, 2025 in response to ALLCO-051[iii](b) is false. The response specifically stated: "Eversource Energy Parent's outstanding balance of long-term debt as of December 31, 2025 was $11,348,927k." Table 1, below, provides

Eversource Energy Parent's outstanding long-term debt at each year-end from 2020 through 2025.

Table 1

Year	Eversource Parent Long-Term Debt
2020	$5,602,255k
2021	$6,163,521k
2022	$8,179,851k
2023	$10,317,004k
2024	$11,329,256k
2025	$11,348,927k

Table 2, below, provides CL&P's capital contributions received from Parent, CL&P's common dividends paid to Parent, and CL&P's retained earnings. As Table 2 demonstrates, CL&P has retained and reinvested more than 41 percent of the earnings generated since the start of 2018 rather than distributing those earnings to Parent as dividends. Over the same period, Eversource Parent contributed nearly $1.6 billion of additional equity capital to CL&P. Along with retained earnings, these contributions have provided an essential source of permanent capital to fund CL&P's substantial investment requirements and other financial obligations without creating the fixed interest and repayment obligations associated with additional debt. In doing so, it increases the capital available to support investment while preserving a balanced capital structure and CL&P's financial flexibility to meet its obligations and raise additional capital.

Table 2
($ Thousands)

Year	A per 10K/Q CL&P Net Income	B per 10K/Q CL&P Dividends Paid to Parent	C = A + B CL&P Retained Earnings	D = C / A Earnings % Retained	E per 10K/Q Capital Contributions to CL&P from Parent
2018	$ 377,717	($ 60,000)	$ 317,717	84.1%	$ 300,000
2019	410,852	(341,800)	69,052	16.8%	125,000
2020	457,934	(69,500)	388,434	84.8%	275,000
2021	401,725	(341,400)	60,325	15.0%	200,000
2022	532,920	(292,400)	240,520	45.1%	250,000
2023	518,733	(330,400)	188,333	36.3%	123,500
2024	512,598	(333,800)	178,798	34.9%	300,000
2025	551,329	(430,000)	121,329	22.0%	-
2026 June YTD	269,545	(176,800)	92,745	34.4%	-
Total	**$ 4,033,353**	**($ 2,376,100)**	**$ 1,657,253**	**41.1%**	**$ 1,573,500**

c. There is no reference to "double leverage" in any retrieved Moody's or S&P publication over the specified timeframe. Moody's and S&P consider structural subordination for CL&P and Eversource Energy differently. For CL&P, Moody's systematically applies no adjustment to CL&P for holding-company structural subordination. Moody's CL&P scorecards expressly contain a line for "HoldCo Structural Subordination Notching," which is assigned a value of zero in each of the June 24, 2024, June 27, 2025, and June 30, 2026 CL&P credit opinions.

In terms of credit considerations actually incorporated by the ratings agencies, Moody's has specifically identified Connecticut regulatory decisions that are contentious or unsupportive of credit quality, as well as a more unpredictable regulatory environment that has produced less timely cost recovery. Accordingly, the credit benefits associated with regulatory insulation (including the diversity of regulatory oversight) require an underlying regulatory framework that functions in a sufficiently predictable and credit-supportive manner and provides for timely cost recovery.

S&P considers Eversource's consolidated leverage and structural subordination through its group-credit methodology, recognizing structural and regulatory insulation that permits CL&P to be rated above the parent group credit profile. S&P's July 23, 2026 report on CL&P (filed as CIEC-014 Attachment 2) notes "Our view of Connecticut Light & Power Co. (CL&P) as an insulated subsidiary of its parent Eversource Energy allows us to rate

CL&P one notch above Eversource." Additionally, please refer to page 9 of 40 in CIEC-014 Attachment 2 discussing the "Group Influence".

Accordingly, although the rating agencies consider Eversource Energy's parent-level debt and structural subordination in their analysis of Eversource Energy, Moody's applies no structural-subordination notching adjustment to CL&P, while S&P recognizes structural and regulatory protections that insulate CL&P from the parent. Those structural protections, however, do not operate exclusive of the regulatory environment in which CL&P operates. The rating agencies place significant weight on the predictability and credit supportiveness of regulation, including the timeliness of cost recovery, in assessing CL&P's credit quality.

For Eversource Energy, Moody's has expressly identified holding-company debt and structural subordination as factors in Eversource Energy's rating. Moody's stated in its June 27, 2025 credit opinion that Eversource Energy's credit profile reflects "the structural subordination of parent level debt relative to the indebtedness of its operating utilities."

d. Please refer to the Company's response to EOE-062 for its authorized return and reported earned return on equity for the requested years. As stated in the Company's response to ALLCO-158[iv] regarding the proposed ESM:

> *By design, PBR plans are multi-year plans during which the utility waives its right to file a full distribution rate case in order to increase rates. As a result, earnings sharing mechanisms (ESM) are a common feature of PBR to provide a guardrail in the event that rates become misaligned with costs over the course of the plan for reasons not anticipated at the inception of the multi-year plan. Symmetrical ESMs serve to protect both the utility and its customer during the course of the plan from rates being set too high (a customer protection, since sharing is triggered when the utility earns above an established threshold) or too low (a protection for the utility, since sharing is triggered when the utility earns below an established threshold and does not have the ability to file a rate case, given its commitment to waive such right as part of the PBR framework).*
>
> *The Company has developed its proposed PBMRP in an effort to establish a regulatory framework that provides revenue support over the course of the PBR plan that aligns with the Company's costs over the same period, including the cost of equity capital. The Company's Proposed PBMRP is not designed to result in a scenario where the Company earns above its authorized ROE, thus triggering the ESM. In fact, the Company's analysis demonstrates that the PBMRP, if approved as proposed with no modification, the Company would earn below the authorized ROE.*

In this way, the benefit to customers of an ESM that is triggered only in cases where the company over-earns, is that it ensures that the PBR plan will not inadvertently establish rates that are 'too high' during the course of the PBR plan, by operation of the ESM in that event. The ESM allows for a 'sharing' of any over earnings, as a means to retain the overarching incentive properties of PBR as well as the other administrative benefits of PBR as a framework.

The Company's proposed ESM provides no downside protection to the Company and therefore does not reduce the Company's risk or provide a basis for reducing the independently determined authorized ROE. The asymmetrical ESM instead operates as a customer-protection guardrail in that, if actual earnings exceed the authorized ROE, customers receive 50 percent of the amount above the authorized ROE, while the Company remains exposed to earnings below its authorized ROE. This treatment is consistent with the Proposed Final Decision in Docket No. 21-05-15RE01 where PURA described an ESM as a "guardrail" that permits customers to share in surplus earnings while maintaining the utility's incentives to pursue cost savings. PURA's proposed PBR framework included an asymmetrical, upside-only ESM to further those objectives.

Moreover, the Company's analysis does not project that the proposed PBMRP will produce overearnings requiring sharing. The analysis presented in EOE-156, Attachment 1 used the currently authorized ROE of 9.25 percent and a 53 percent common-equity ratio for illustrative purposes. As shown in that analysis, projected earned returns remain below the authorized return during the plan period. Therefore, the Company's projected financial results do not contemplate the overearnings that would trigger the ESM. If overearnings nevertheless occur, 50 percent of the amount above the applicable threshold would be shared with customers, while the ESM provides no corresponding protection if actual earnings fall below the authorized ROE.

Prior Referenced Responses:

[i] EOE-062 Question:

(EARNINGS SHARING MECHANISM-ESM) Provide an unlocked Excel spreadsheet detailing the Company's annual ESM results (i.e., calculated return on equity-ROE) in comparison to the Company's authorized ROE each annual ESM filing since the Company's last rate case. Separately, provide a similar comparison of the Company's "hypothetical" annual ROE results to the Company's authorized ROE whereby the "hypothetical" ROE results are capped at the equity ratio authorized in the last rate case.

EOE-062 Response:

In accordance with Section 10(a) of the 2018 Rate Settlement approved by PURA in Docket No. 17-10-46, earnings at the end of each calendar year above the authorized return on equity ("ROE") of 9.25% shall be shared between customers and the Company on a 50/50 basis. The Company reports its ROE at the end of each calendar year in Docket No. 76-03-07 (2018 – 2020) or Docket No. 76-03-07RE01 (2021 – 2025) as the basis for any earnings sharing.1 The Company did not earn above the authorized 9.25% at the end of any calendar year between 2018 and 2025.

Please refer to Exhibit 1(C)(1) of Attachments 1a through 5a for each actual ROE for the period 2018 through 2022. Please refer to Exhibit 1(C)(1a) of Attachments 6 through 8 for each actual ROE for the period 2023 through 2025.

Please refer to Exhibit 1(C)(1) of Attachments 1b through 5b for each illustrative ROE for 2018 through 2022 utilizing the Company's authorized equity ratio from Docket No. 17-10-46. The Company began reporting an illustrative ROE utilizing the Company's authorized equity ratio from Docket No. 17-10-46, beginning with its year-end 2023 results. Please refer to Exhibit 1(C)(1b) of Attachments 6 through 8 for each illustrative ROE for 2023 through 2025 utilizing the Company's authorized equity ratio from Docket No. 17-10-46.
A table summarizing the results is presented below:

Year	Earned ROE w/ Actual Capital Structure	Illustrative ROE Using Authorized Capital Structure	Reference
2018	8.98%	9.00%	Attachments 1a and 1b
2019	8.70%	8.85%	Attachments 2a and 2b
2020	9.03%	9.26%	Attachments 3a and 3b
2021	9.09%	9.26%	Attachments 4a and 4b
2022	8.33%	8.60%	Attachments 5a and 5b
2023	7.35%	7.57%	Attachment 6
2024	6.13%	6.23%	Attachment 7
2025	6.51%	6.57%	Attachment 8

[ii] ALLCO-142 Question:

(Credit metrics and rating thresholds.) (a) State the Company's current long-term issuer and first mortgage bond ratings from Moody's, S&P, and Fitch, the date of each rating action since January 1, 2020, and the outlook. (b) For each calendar year 2020 through 2025 and the Test Year, state the Company's CFO pre-WC/debt, FFO/debt, debt-to-capitalization, and cash-flow-to-interest ratios as calculated by each rating agency (or, if the Company does not have the agency calculation, as calculated by the Company using the agency's published methodology), and produce the calculation. (c) Identify the ratio ranges or thresholds that each rating agency has published or communicated to the Company as consistent with the Company's current rating and with the next rating category below it, and produce each rating-agency report, credit opinion, or communication since January 1, 2023 that states such thresholds for the Company or Eversource Energy. (d) State the share of the Company's cash flow from operations in the Test Year that consists of net income, and the share that consists of depreciation, amortization, deferred income taxes, and other non-cash items. (e) Compute the Company's CFO pre-WC/debt and FFO/debt ratios for the Rate Year at authorized returns on common equity of 10.25%, 9.25%, 8.5%, 7.5%, and 6.5%, holding all other inputs at the Company's proposed levels, and state for each the rating category the Company contends would result and the basis for that contention.

ALLCO-142 Response:

(a) Please refer to ALLCO-142, Attachment 1, for CL&P's ratings and outlook from S&P Global Ratings since January 1, 2020.

Please refer to ALLCO-142, Attachment 2, for CL&P's ratings and outlook from Moody's Ratings since January 1, 2020.

Please refer to ALLCO-142, Attachment 3, for CL&P's ratings and outlook from Fitch Ratings since January 1, 2020.

(b) Please refer to ALLCO-142, Attachment 4, for the metrics requested.

(c) Please refer to ALLCO-142, Attachment 5, for reports from S&P Global Ratings on CL&P since January 1, 2023. As discussed on page 2 of 109, in ALLCO-142, Attachment 5, S&P expects "CL&P's stand-alone FFO to debt will average 20%-22% over the forecast period".

Please refer to ALLCO-142, Attachment 6, for reports from Moody's Ratings on CL&P since January 1, 2023. As discussed on page 3 of 73, in ALLCO-142 Attachment 6, "CL&P's stable outlook reflects our expectation that the utility will maintain a ratio of CFO pre-WC to debt of at least 17% over the next 12-18 months. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including regulators, state leaders and customers and the potential that storm costs could be recovered through pending regulatory proceedings or securitization" and "CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality or if CL&P's financial performance deteriorates such that its ratio of CFO pre-WC to debt falls below 17% on a sustained basis".

Please refer to ALLCO-142, Attachment 7, for reports from Fitch Ratings on CL&P since January 1, 2023. As discussed on page 2 of 19 in ALLCO-142, Attachment 7, "Through 2027, Fitch forecast CL&P's FFO leverage to average about 4.0x.". Additionally on page 2 of 19 in ALLCO-142 Attachment 7, factors that could, individually or collectively, lead to a downgrade include "FFO leverage exceeds 4.3x on a sustained basis" and "An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile".

(d) Please refer to exhibit CLP-REVREQ-2-H-1.2A for the Company's 2025 Form 10K. Per the Company's reported statement of cash flows:

Net Income: $551,329k
Non-Cash Items: $964,867k
Change In Current Assets & Liabilities: $158,970k
Cash from Operations: $1,675,166k

"Non-Cash Items" includes Depreciation, Amortization, Deferred Income Taxes, and Other Non-Cash items, as requested. Note that Test Year Amortization expense includes recovery of substantial under-recovered prior-period costs that built up as the direct result of artificially low RAM rates established over multiple years beginning in 2022. As a result, Test Year Amortization expense may not be indicative of future amortizations, to the extent that reconciling rate adjustments maintain closer alignment with current costs better than they have in the past.

(e) The requested computations would produce unreliable and misleading information regarding the Company's credit ratings because the computations would require broad speculation as to how independent rating agencies will evaluate hypothetical outcomes under circumstances that do not exist.

In particular, the request presumes that credit ratings can be determined solely by recalculating CFO pre-WC/debt and FFO/debt under a series of assumed ROEs and then assigned a corresponding rating category on that basis. Rating agencies do not evaluate utility credit quality in this manner. Moody's expressly states in its methodology that a "scorecard-indicated outcome is not expected to match the actual rating for each company" and further recognizes that there are "various reasons why scorecard-indicated outcomes may not map closely to actual ratings." Thus, Moody's itself cautions against the precise type of exercise requested here, which is the use of a limited set of quantitative measures to infer a specific rating outcome.

More fundamentally, Moody's does not evaluate utility credit quality through financial metrics alone. Moody's identifies the regulatory framework as "a key determinant of the credit quality of a utility" and recognizes that utilities can experience financial stress because of "a breakdown or obstacle in the regulatory framework." Consistent with that view, Moody's methodology focuses on the regulatory environment, the consistency and predictability of regulation, the utility's ability to recover its costs and earn returns, and the sufficiency and timeliness of cost recovery. As Moody's explains, the critical issue is whether rates are sufficient to allow the utility to recover its costs and earn a reasonable return, not whether a particular authorized ROE can be associated with a particular financial ratio.

These facts were proven by the experience of Aquarion Company of Connecticut (“Aquarion”) during and after its general rate case, Docket No. 22-07-01, which is particularly instructive on this point because it involved the precise type of exercise requested here. In that docket, PURA purported to evaluate projected credit metrics under multiple ROE and capital structure scenarios, ultimately concluding that "[Aquarion’s] credit metrics remain in acceptable ranges set by the credit rating agencies" and that "an ROE set within the ranges presented by EOE, OCC, and [Aquarion] (i.e., 7.765% to 10.35%) would not adversely affect [Aquarion’s A3] credit rating." PURA then relied upon that conclusion in establishing the authorized ROE, opining that "[a] key determinant in setting an ROE is whether the ROE will allow the utility to maintain its current financial condition and credit rating."

In its rationale, PURA asserted that it had conducted a "rigorous analysis" of the effect of various ROE levels on the company's credit rating.

In that instance, PURA evaluated alternative ROE scenarios, compared projected metrics against rating-agency benchmarks, concluded that the approved ROE would not adversely affect Aquarion's credit rating, and relied upon that conclusion in setting rates. That exercise involved the same basic premise underlying this interrogatory, which is that projected credit metrics and rating-agency thresholds can be used to predict the credit implications of alternative ROE outcomes. This proposition is invalid.

Despite PURA’s conclusions that Aquarion’s A3 credit rating would not be adversely impacted by the decision in Docket No. 22-07-01, approximately one year later, Moody's downgraded Aquarion Water Company of Connecticut from A3 to Baa1 and specifically attributed the downgrade to the consequences of the rate order. Moody's stated:

> The downgrade of Aquarion Water Company of Connecticut reflects a weakening financial profile resulting from the utility's rate order last year, which included a reduced revenue requirement as well as lower returns. The rate order was another indication that the

> Connecticut regulatory environment has become more challenging and less credit supportive for the state's regulated utilities."

Moody's further explained that Aquarion's lower rating reflected a Connecticut regulatory environment that had become less consistent and predictable, as evidenced by recent regulatory decisions affecting Connecticut utilities.7 Notably, the factors Moody's cited as driving the downgrade extended beyond the projected financial metrics on which PURA's analysis principally relied.

The requested computations suffer from the same fundamental flaw. The request assumes that all relevant rating considerations remain unchanged except for the effect of a lower ROE on two financial ratios. In reality, rating agencies do not assess utility credit quality that way. A lower ROE is not merely an input to a ratio calculation. Depending on the circumstances, the ROE may affect a rating agency's assessment of the utility's ability to earn its return, recover its costs, attract capital, maintain cash flow, and operate within a constructive regulatory framework. From a credit perspective, the relevant question is not what ROE appears in a rate order, but whether the utility can actually recover its costs, earn its authorized return, generate sufficient cash flow, and maintain access to capital. Those outcomes depend on numerous features of the regulatory framework and cannot be inferred from the authorized ROE alone.

Accordingly, the Company cannot reasonably assign hypothetical rating categories to the requested ROE scenarios. More importantly, the Aquarion outcome demonstrates that doing so would not provide a reliable indication of how the rating agencies would actually evaluate the Company's credit quality. The requested exercise would therefore create an appearance of precision that is unsupported by the methodology used by the rating agencies in practice and is contradicted by the directly analogous Connecticut experience.

[iii] ALLCO-051 Question:

With respect to capital structure and expected earnings: (a) state the Company's actual common equity ratio, per books, at the end of the Test Year and as of the most recent quarter, and reconcile any difference from the requested 53.86%; (b) state the amount of long-term debt outstanding at Eversource Energy (the parent) as of the end of the Test Year and state whether any proceeds of parent debt have been invested as common equity in CL&P, quantifying the amounts (i.e., the extent of double leverage); and (c) quantify the expected return on equity to shareholders under the proposed earnings sharing mechanism — 50/50 sharing above the authorized return with no downside adjustment — assuming the requested 10.25% authorized return, producing the distribution or scenario analysis used, and state whether the Company performed any analysis of the asymmetric value of that mechanism; if not, explain why an asymmetric mechanism does not require a lower authorized return.

ALLCO-051 Response:

a. In recent years, the Company has had to fund significant deferred balances relating to catastrophic storm restoration costs and the Company's Revenue Adjustment Mechanism ("RAM") reconciling rates, including the 2024 Non-bypassable Federally Mandated Congestion Charges ("NBFMCC"). As discussed in response to data request OCC-522i, including the attachment provided therein, the Company's capital resources are limited. With no foreseeable recovery of the costs in the near term, the Company had to support the growing deferral balance using its limited capital resources, although the deferral offered no operating cash flow with which the Company could service additional debt. To mitigate the financial risk that would otherwise result (from additional debt), the Company took steps to preserve its credit ratings, including maintaining a higher percentage of equity in its capital structure. Consequently, the Company's common equity ratio, per books, was considerably higher than the equity ratio in prior years. Once the artificially low RAM rates were

corrected and the corresponding deferred balances were reduced, the need to maintain a higher equity capitalization ratio was lessened.

Specifically, the Company's common equity ratio on a 5-quarter average basis was 54.56% as of December 31, 2025, and 55.26% as of June 30, 2026. The Company anticipates issuing $1.45 billion of First Mortgage Bonds over the two-year period July 1, 2026 through June 30, 2028, to fund ongoing operations as well as upcoming maturities of $500 million. Additionally, the Company expects to retain approximately $400 million of earned equity over the same timeframe. As shown in the table below, the Company has reflected an equity ratio of 53.86% in the rate year in this proceeding, incorporating assumptions of timely recovery of past and future storm costs, among other proposals in this proceeding.

Please refer to Table 1, below, as well as the Company's filed Exhibit CLP-REVREQ-2, Schedules D-1.0, WP-D-1.1, and D-5.0.

ALLCO-051 Table 1
($ Millions)

	End-of-Period Balance				Average
	June 30, 2026	June 30, 2027	June 30, 2028	2-Year Change	June 30, 2028
Long-term Debt *	$ 5,109.2	$ 5,751.7	$ 6,053.8	$ 944.5	$ 5,873.0
Common Equity	6,769.5	6,812.8	7,171.5	402.0	6,992.1
Preferred Stock	117.0	117.0	117.0	0.0	117.0
Total Capital	$ 11,995.7	$ 12,681.5	$ 13,342.3	$ 1,346.5	$ 13,011.9
Common Equity Percentage of Total Capital					53.86%

** Rate Year average balance is calculated on a 5-quarter average basis*

b. Eversource Energy is a public holding company that holds regulated electric, gas and water affiliates as well as unregulated affiliates. It is simply not possible to associate individual sources of funds, whether at the utility or holding company, with the uses of funds at the operating company level, nor is the business managed in that manner. The management of cash into and out of the Company is a daily undertaking that ultimately includes the passage of billions of dollars out of the Company, to suppliers and employees, as well as into the Company from various sources, including customers. Although the Parent company raises necessary capital through specific sources available, the uses are not connected to any specific source of funds.

Those sources of funds include equity issuances, retained earnings, the use of treasury shares for such programs as dividend reinvestment and 401k match, long-term debt issuances, and, temporarily, short-term debt. These sources of funds as well as the eventual uses vary significantly year to year. Moreover, the Company's credit ratings, such as those issued by Moody's, are determined at the subsidiary level based on the riskiness of its assets, specifically, as well as the degree of financial risk resulting from the Company's issuances of First Mortgage Bonds. Those bonds include protections, ring fencing, and covenants specific to

the Company (i.e not Eversource Energy Parent), and are backed by the Company's (again, not Eversource Energy Parent's) assets in the State of Connecticut.

c. There is no sharing of earnings caused by the setting of base rates with an authorized return incorporated into the approved revenue requirement. Further, the Company does not anticipate that it will over-earn during the term of the PBMRP.

[iv] ALLCO-158 Question:

Follow-up to the Company's response to Q-ALLCO-019 (recovery of DG dispute obligations through rates). The Company's response did not answer the final portion of Q-ALLCO-019. State whether the Company proposes, in this proceeding, to recover through rates — whether in base rates, through any rate adjustment mechanism, or through any deferral or regulatory asset — any judgment, settlement payment, refund, or interest obligation arising from any dispute with a distributed generation or qualifying facility customer, including without limitation any refund or interest obligation to Allco or its affiliates arising from overcharges for interconnection-related costs. If so, identify each such amount, the schedule and line item in which it appears, and the witness sponsoring it. If not, state the accounting treatment the Company proposes for any such judgment, settlement, refund, or interest obligation that becomes payable during the rate plan term, including the account to be charged and whether shareholders or ratepayers would bear the cost.

ALLCO-158 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.

Without waiving said objection, as the Company stated in response to ALLCO-019, there are no judgments and/or settlements resulting from lawsuits brought by distributed generation developers, qualifying facilities, or interconnection customers; therefore, the Company is not proposing to recover any such amounts through rates. Please refer to the Company's response to ALLCO-006 for the accounting treatment of interconnection refunds.