Date Filed: September 03, 2026

Witness: Douglas P. Horton
Request from: Office of Consumer Counsel

Question:

Exhibit CLP-ELP-1 Please quantify the incremental annual revenue requirement for each Rate Year attributable solely to including WACC/return on rate base in the F Factor.

Response:

As shown in Table 1, below, the annual incremental revenue requirement (excluding Uncollectible and Gross Earnings Tax), solely attributable to return on rate base, is $15.6 million, $32.8 million, $36.4 million, and $39.5 million for Rate Year 1, Rate Year 2, Rate Year 3, and Rate Year 4 respectively. The absence of revenue supporting these real costs necessary for the provision of essential electric service is worth approximately -33 basis points of ROE in Rate Year 1, -98 basis points in Rate Year 2, -164 basis points in Rate Year 3, and -228 basis points in Rate Year 4.

That is, even if the cost of service is otherwise perfectly supported with rates, the exclusion of WACC from a capital revenue support mechanism yields an ROE deficit of approximately 228 basis points (2.28%) by Rate Year 4. This is consistent with the Company's analyses and comments provided throughout Docket No. 25-15-05RE01, specifically the Company's response to information request UPA-076[1], and a crucial deficiency of PURA's adaptation of the Company's K-bar proposal ("CT-Bar").

Table 1.

Line	$ Millions	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4
1	Incremental Rate Base	158	333	369	401
2	Pre-tax Cost of Capital	x 9.85%	x 9.85%	x 9.85%	x 9.85%
3	Annual Incremental Revenue Requirement	15.6	32.8	36.4	39.5
4	Cumulative Revenue Requirement	$ 15.6	$ 48.3	$ 84.7	$ 124.1
5	Return on Equity Impact	-0.33%	-0.98%	-1.64%	-2.28%

[1] https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/ebc2c52ae306ca8585258c590069aa7d?OpenDocument