Date Filed: November 23, 2026

Witness: Brendan J. O'Brien, Matthew J. Correia, Garrett J. Murray and Marisa B. Paruta
Request from: Public Utilities Regulatory Authority

Question:

(WORKING CAPITAL) Ex. CLP-REVREQ-2, Sch. WP B-4.0, Sch. G-1.2, p. 1 and Sch, H-1.0, p. 66. Regarding the proposed material and supplies (M&S) balance for the Rate Year:

a. Provide an unlocked Excel worksheet, with formulas intact, showing the calculation of the 4.726% escalation factor, including all supporting exhibits;
b. Provide an unlocked Excel worksheet, with formulas intact, showing the calculation of the 1.641% escalation factor, including all supporting exhibits;
c. Provide an exhibit listing all of the Company's warehouses and showing for each facility the annual M&S inventory balances as of December 31, 2018, through December 31, 2025;
d. Explain why Schedule WP B-4.0 reports an M&S balance of $151,831,000 as of December 31, 2025, while both Schedule G-1.2 and Schedule H-1.0 show the M&S distribution portion as $132,023,103 for the same period; and
e. Explain why the distribution portion of $112,143,099 ($194,058,877 - $81,915,778) is labeled as "Assigned to – Construction."

Response:

a. Please refer to OCC-893, Attachment 1, page 8 of 8 for the calculation of the 4.726% escalation factor.

b. Please refer to OCC-893, Attachment 1, page 8 of 8 for the calculation of the 1.641% escalation factor.

c. Please refer to RRU-209, Attachment 1, which provides a listing of all the Company's warehousing inventory pulled from the Company's Materials Management source system (Maximo), by location and year-end, as of December 31, 2018 through December 21, 2025. Since 2022, the inventory value has increased due to a combination of:

    - Inflationary pressures, including increased material costs and higher supplier labor costs associated with skilled-labor shortages and capacity constraints;

- Longer supplier lead times, particularly during and following the COVID-19 period, which required the Company to maintain additional inventory coverage; and,

- A shift toward more technologically advanced and higher-value materials that support system reliability, grid modernization, and growing customer demand.

The increase in inventory value is not solely attributable to an increase in material quantities and values. Extended lead times and supply chain constraints drove the Company to increase its inventory coverage of critical materials to support system operations, emergency response, reliability work, and infrastructure investment.

d. The M&S distribution balance of $132,023,103 included in Schedule G-1.2 and Schedule H-1.0 reflect the balance reported in the 2025 FERC Form No. 1. However, as noted in footnote 4 of the Company's testimony in Exhibit CLP-REVREQ-1, page 28, "the Company identified a reclassification of materials and supplies between the distribution and transmission business segment, which has been appropriately adjusted in the rate filing herein." The $151,831,000 M&S balance included in Schedule WP B-4.0 reflects the reclassification.

e. The $112,143,099 represents the portion of the CL&P Distribution materials and supplies balance as of December 31, 2025 that is estimated to be used to support capital construction projects in future periods. Based on CL&P Distribution's usage of materials and supplies in 2025, a future-use estimate was calculated to determine the split between what would likely be used to support capital investments, as opposed to what would likely be used to support O&M work, for the materials and supplies balance as of December 31, 2025. This is disclosure only and does not impact the FERC Accounts' recognition and measurement as of December 31, 2025 where all inventory continues to be accounted for in FERC Account 154 (not in FERC Account 101/106/107 or O&M) until such inventory is issued for construction or O&M.