STATE OF CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY

Docket No. 26-05-10

APPLICATION OF THE CONNECTICUT LIGHT AND POWER COMPANY
D/B/A EVERSOURCE ENERGY
TO AMEND ITS RATE SCHEDULES

JOINT REBUTTAL TESTIMONY OF

DAVID L. GLADEY, JOHN P. DIPAOLA-TROMBA, LEANNE M. LANDRY, AND JEFFREY D. TURANO

Capital Additions Panel

On behalf of

The Connecticut Light and Power Company
d/b/a Eversource Energy

November 18, 2026

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I. INTRODUCTION

Q. Please state the names of the witnesses on the Capital Additions Panel.

A. The Capital Additions Panel is comprised of David L. Gladey, John P. DiPaola-Tromba, Leanne M. Landry and Jeffrey D. Turano. We are providing this rebuttal testimony on behalf of The Connecticut Power and Light Company d/b/a Eversource Energy ("CL&P," "Eversource," or the "Company").

Q. Have the members of the Capital Additions Panel previously submitted testimony in this proceeding?

A. Yes. On July 14, 2026, we submitted direct, pre-filed testimony to the Public Utilities Regulatory Authority ("PURA") on behalf of CL&P in support of its application for approval of amended rate schedules. Our direct, pre-filed testimony was designated as Exhibit CLP-ADDITIONS-1.

Q. What is the purpose of this panel's joint rebuttal testimony?

A. On October 21, 2026, the Office of Consumer Counsel ("OCC") filed testimony in this proceeding in accordance with PURA's procedural schedule. Our joint rebuttal testimony addresses the claims and recommendations put forward by OCC in relation to the Company's proposed capital additions. Specifically, our testimony addresses the

recommendations of OCC's consultant, Mr. Nikhil Balakumar, to disallow costs associated with investment in direct-buried cable and capacity additions, as well as his criticisms of the Company's cost controls. Lastly, our testimony responds to his testimony on the documentation associated with actual plant additions completed through December 31, 2026, following the test year ending December 31, 2025.[1]

Q. Are you presenting any exhibits as part of your rebuttal testimony?

A. Yes. We are presenting the following exhibit with our rebuttal testimony:

Exhibit	Purpose/Description
CLP-ADDITIONS-REBUTTAL-1	Joint Rebuttal Testimony of the Capital Additions Panel
CLP-ADDITIONS-REBUTTAL-2	Order No. 11 Compliance, Docket No. 17-10-46 on 2018 Core Capital Additions, Budget Variances (May 31, 2019)
CLP-ADDITIONS-REBUTTAL-3	Order No. 11 Compliance, Docket No. 17-10-46 on 2023 Core Capital Additions, Budget Variances (May 31, 2024)
CLP-ADDITIONS-REBUTTAL-4	Order No. 4 Compliance, Docket No. 17-10-46 on Core Capital Additions
CLP-ADDITIONS-REBUTTAL-5	Documentation for Plant Additions Placed in Service through June 30, 2026 (filed as Supplement #1 September 15, 2026)
CLP-ADDITIONS-REBUTTAL-6	Documentation for Plant Additions Placed in Service through August 31, 2026. (filed as Supplement #2 October 19, 2026)
CLP-ADDITIONS-REBUTTAL-7	Documentation for Plant Additions Placed in Service through September 30, 2026. (filed as Supplement #3 November 18, 2026)
CLP-ADDITIONS-REBUTTAL-8	Project Authorization Forms for Capacity Projects

Q. How is your testimony organized?

A. Our testimony is organized into the following sections:

[1] The Company does not respond to every issue raised in the intervenor testimonies. Silence on any issue should not be construed as agreement on any issue.

- Section I is the introduction;
- Section II is the Company's response to arguments regarding the disallowance of certain capital additions;
- Section III is the Company's response to arguments regarding capital additions eligible for inclusion in rate base; and
- Section IV is the conclusion.

II. RESPONSE TO RECOMMENDED CAPITAL DISALLOWANCES

Q. Please summarize Mr. Balakumar's testimony regarding his recommended disallowances of certain capital additions.

A. Mr. Balakumar questions three categories of the Company's capital investments, contending that insufficient documentation has been provided to support their inclusion in rate base (Balakumar Testimony at 83). He also criticizes the Company's capital spending controls on the basis that expenditures exceeded Board-approved budgets by in eight years, 2017-2024, in the aggregate amount of $350.8 million, which is $44 million per year on average, or approximately 11% on the total expenditure (id. at 84). He posits that the largest variances were $84.0 million in 2018 and $91.5 million in 2023, which were variances of approximately 26 and 20 percent above plan, respectively (id.). Mr. Balakumar attributes these overruns primarily to additional work added during the year not to individual project cost overruns, where he notes that nearly half of the Company's individual projects came in more than 10 percent under estimate (id. at 84).

Q. What are the three categories of capital investment that Mr. Balakumar claims have insufficient documentation and are therefore questionable in relation to the prudence of the Company's cost management (Balakumar Testimony at 83)?

A. First, Mr. Balakumar recommends disallowances of costs associated with the Company's program to replace direct-buried cable. Mr. Balakumar acknowledges that, in 2019, the Company adopted a proactive approach to replace and upgrade longer segments of direct-buried cable around failure points, rather than repairing the cable as failures occurred (id. at 89). However, he claims that the cost-per-mile of replacement more than doubled when comparing the average cost-per-mile between 2019 and 2022 to the average cost-per-mile between 2022 and 2023, and that a "prudent utility" would have re-evaluated the program "when its unit cost doubled" (Balakumar Testimony at 89). More specifically, Mr. Balakumar asserts that the record does not contain any analysis, at the 2019 decision or when unit costs rose sharply in 2020 and 2022, comparing full replacement with repair (id.). On this basis, Mr. Balakumar recommends that PURA disallow approximately $26.5 million,[2] net of demonstrated inflation, absent a contemporaneous analysis supporting full replacement (id. at 9, 89, 92).

Second, Mr. Balakumar argues that the Company needs to provide more documentation to justify $145.4 million in projects that increase capacity. Specifically, he argues that the Company must provide evidence showing that non-wires alternatives were

[2] Mr. Balakumar calculates this as the difference between (1) the Company's cost of replacement for 67.6 miles between 2022 and 2023 at a cost of $76.45 million; and (2) the cost of the same work calculated using the 2019–2021 average cost of about $750,000 per mile, or about $50.0 million in total (Balakumar Testimony at 89). The difference between $76.5 million and $50 million equals $26.5 million.

considered and the load forecast and authorization documents for each Peak Load/Capacity project placed in service from 2023 through 2025 (id. at 9, 87-88, 92).

Third, Mr. Balakumar raises a number of issues in areas he identifies as "pending Company data," without discussing the basis for his conclusions or making specific recommendations and our testimony does not address these issues. Instead, our joint rebuttal testimony addresses his claims on alleged improper budget overruns, direct-buried cable replacements and capacity additions.

A. Actual Expenditures Exceeding Budget Plans

Q. How do you respond to Mr. Balakumar's criticism that the Company's capital expenditures show "weak cost control over the overall portfolio (Balakumar Testimony at 83)?

A. There is no validity to this claim whatsoever. The Company's rigorous practices and procedures are thoroughly documented in the record of this proceeding and the Company's capital spending is managed through a disciplined, multi-level process that incorporates risk-based analysis, cross-functional review, formal authorization, and independent oversight at every stage, from budget development to project execution (see, e.g., Exh. CLP-ADDITIONS-1, at 12-45; CLP-ADDITIONS-10A through 10C; OCC-966). Through the process, the capital expenditures in excess of budget represent very deliberate decisions to accommodate work in a given fiscal period that must get done in order to provide safe and reliable service to customers. Moreover, the alleged over-spending that he has identified averages only 11% per year, at his own admission. This is not a significant margin of variance given the pressing needs of the system and

the Company's obligations to provide safe and reliable service under a wide range of reasonably foreseeable circumstances and weather events.

Q. Is budget control an area that the Management Audit completed in 2025 examined in some detail?

A. Yes, considerable time and resources was devoted to the evaluation of the Company's capital and operating expense planning as part of the "Management Audit of Eversource Energy's Connecticut Companies," published by PURA in February 2025 (Exhibit CLP-ELP-4). With respect to the Company's annual capital plan and the controls applicable to the execution of the annual capital plan, the final management report made the following findings:

Chapter 1: Executive Management

- **Finding #29**: All three CT Companies participate in two forward-looking planning processes: 1) a long-term, five-year, strategic capital plan ("Strategic Capital Plan" for CL&P … and 2) a detailed short-term, one-year capital and O&M budget ("Corporate Operating Plan" for CL&P … the "Annual Budgets") that follows the Strategic Capital Plan/5-Year Plan processes.

- **Finding #33**: Continuous updates to the [Long Range Plan] are made throughout the year to reflect changes in legislation, regulatory outcomes, prevailing economic conditions, or any other significant events. The resultant LRP spans a six-year period: the current year plus a five-year forecast.

- **Finding #34**: Eversource's LRP includes both a capital spending component and a broader five-year financial forecast. Each CT Company submits capital spending templates for their organization for consolidation into the Eversource LRP. Eversource's Financial Strategy group maintains Eversource's five-year financial forecast … which is later consolidated with Eversource's.

- **Finding #36**: The Vice President of [Financial Planning & Analysis] is responsible for keeping the Eversource CEO, Eversource CFO, and Eversource Controller apprised of monthly financial results and explanations of material budget variances.

- **Finding #37**. Each CT Company President and their Operations and Planning departments, in collaboration with the Engineering department and embedded Eversource investment planning groups within the Finance organization, conduct more detailed capital and O&M budget planning processes after the Eversource LRP is reviewed by the Eversource [Board of Trustees] in June. The capital budgeting process starts with the first year of the LRP, which originates from the Strategic Capital Plan ….

- **Finding #38**: The CT Company Presidents are responsible for managing their respective capital and O&M budgets throughout the year. Embedded employees from Eversource's FP&A group communicate regularly with the CT Company Presidents to help them understand their results, and these employees review budget variances on a monthly basis. Each month, the CT Company Presidents and other direct reports present an operational, consolidated financial briefing to the Eversource COO. These briefings include key industry trends (supply chain disruptions, fuel pricings, etc.), O&M and capital budget variances at the operating company and major division level (safety, engineering, etc.), O&M budget and capital variances at the cost element level (Labor, Materials, etc.), … staffing capital and O&M budget variances including overtime analysis, storm expense and deferred costs to date by state, and operational items such as meter inventory and active work order counts.

- **Finding #40**: CL&P regularly files with the Connecticut Public Utilities Regulatory Authority ("the PURA") both the following year's capital budget and a budget-to-actual comparison to their long-term capital forecast. Any variances greater than 10% must be noted and justified in the filing.

(Exhibit CLP-ELP-4, at pages 19-21).

Based on this in-depth assessment of the Company's budget-control processes, the Management Audit Report concluded that "[t]he Capital Plan vs Actual spend across the three [CT] Companies were mostly within tolerance, and any variances were not deemed systemic in nature" (Exhibit CLP-ELP-4, at page 25 of 443).

Q. Would you provide additional detail on the formulation of the annual capital budget and the processes that apply to mid-year adjustments to the plan?

A. Yes. CL&P's capital program encompasses a range of project categories necessary to build, maintain, improve and operate the electric distribution system safely and reliably. The project categories are targeted at achieving safe and reliable operation, enabling new customer growth, eliminating capacity limitations, supporting business operations, and maintaining asset health, including remediation of equipment failures, transformer replacements and third-party/joint ownership work.

From an overall perspective, Eversource's capital-planning objective for its Operating Companies is to develop capital budgets that represent the optimal balance of executing infrastructure work necessary to maintain and improve the performance of the system, while assuring a cost-efficient use of the capital resources. Risk-based assessments are used to prioritize and rank potential infrastructure projects in accordance with budget targets. At the same time, Eversource maintains a level of flexibility in the budget process to deal with contingencies that inevitably occur during the year.

The Company's capital and operating expense budgets are developed through a rigorous, risk-based and cross-functional process. The capital planning process begins mid-year with a meeting of the Planning Group, which includes staff from Engineering, Electric Operations, and Finance. Each operating area submits its capital plan and resource needs to the CL&P President and Chief Operating Officer for review before submission to the Planning Group. The Planning Group evaluates these plans using

five-year planning models, measuring them against operational performance targets and financial objectives. The Company prioritizes and ranks projects through comprehensive analyses of system risks and requirements, aligned with budgetary targets. The Company selects individual projects based on analytical assessments from system modeling, methodological studies, and observed data, considering factors such as aging infrastructure, system conditions, reliability, customer growth, and resource availability.

The annual capital plan for CL&P is developed by Electric Engineering with input from Electric Operations (including the CL&P President) on a project-specific basis, in line with the financial and performance targets established within the Strategic Plan. The capital plan involves a combination of individual major capital projects; capital programs composed of "sub-projects;" and "line of business" work (for example, non-discretionary core projects) to be funded during the upcoming year. A variety of factors are considered in determining which capital investments are necessary to achieve operating objectives, including but not limited to aging infrastructure needs, system conditions, reliability performance, new customer growth and resource availability. Multi-year funding for major projects is also reviewed through the annual budgeting process. The CL&P capital plan is developed through a detailed prioritization process identifying the appropriate mix of work that will best address system-related issues while adhering to financial and performance targets established in the Strategic Planning process.

Second, the Company's spending plan undergoes rigorous senior and Board-level oversight. After finalization, the Chief Financial Officer presents the budget to the Eversource Board of Trustees Finance & Risk Committee for review. Multiyear funding for major projects is also reviewed as part of the annual budgeting process. Contrary to Mr. Balakumar's assertion, the plan reviewed by the Board is a budget forecast, not a spending cap. It is common for project needs to arise after Board approval, and deviations are a normal aspect of the capital program.

Third, every capital project is evaluated under a formal Project Authorization Policy ("PAP"), which establishes a clear framework for decision-making, evaluation, and approval of capital spending. The Company records authorizations in the PowerPlan system, the central repository for all authorizations, and approves projects according to the Delegation of Authority ("DOA"), with all required sign-offs. The Company has provided these policies as evidence in this proceeding (Exhs. CLP-ADDITIONS-10A through 10C).

Q. What types of controls apply over the course of the year, as individual projects are developed and initiated?

A. On a monthly basis, detailed O&M and Capital reports are generated for each functional organization in the Financial Performance System (FPS) dashboard application. These reports can be accessed by the owners of each functional organization, as well as subordinates and analysts that oversee cost control centers within the functional organization. The O&M detail reports provide actual, budget and

variance information by cost category. The capital detail reports provide actual, budget and variance information by project category. Budget analysts communicate regularly with the owners of each functional organization to assist in understanding their area financial results and the drivers of variances. In addition, budget analysts meet monthly with the Vice President and Director of Financial Planning and Analysis to review the O&M and capital detail reports by organization and discuss the major drivers of the variances.

In addition, as discussed in Exhibit CLP-ADDITIONS-1, the Company's PAP imposes strict cost controls on capital projects. A Project Authorization Form ("PAF") must be completed, and the project budget approved, for any project that meets or exceeds the PAP's cost thresholds. If a project's costs are anticipated to exceed the authorized budget, whether because of a change in scope or a revised cost estimate, the project manager and project originator must promptly submit a Supplemental Authorization Form ("SAF"). The SAF is approved under the DOA policy based on the project's revised total cost, and the Vice President of Financial Planning and Analysis or a designee must approve every SAF reflecting a cost increase of $1 million or more. This requirement keeps senior management informed of cost drivers while projects are still in development, so that management can assess near-term and long-term steps to contain costs and deploy the Company's resources efficiently. Any PAF or SAF may be rejected at any stage, including for insufficient detail, unsupported estimates, or

constructability concerns. In that event, the project initiator must address each reason for rejection before resubmitting the form for review and approval.

In this context, if individual projects emerge that were not part of the budget, or if project cost for individual projects increase due to various factors, then the Company may defer projects or shift construction schedules to remain within the overall annual expenditure budget. If additional funding is needed due to unforeseen circumstances, then the Project Manager is required to seek approval through a supplemental review for additional funding through CPAC or EPAC, which are the review committees for distribution line projects and substation projects, respectively. The total annual capital budget is not considered when evaluating and developing individual project cost. Instead, the summation of all the individual projects in the capital plan comprise the total annual expenditure and individual projects are prioritized and may be deferred or modified to meet the annual, overall expenditure budget.

CL&P also has enhanced independent oversight. In June 2022, as a provision of the 2021 Storm Settlement in Docket No. 17-12-03RE11, the CL&P Subsidiary Board was expanded to include three independent board members. This board now reviews CL&P's financial results, including capital investments, and approves larger-scale capital projects as required under the Delegation of Authority Policy. In addition, the Company has recently put in place an enhanced iteration of its existing capital governance process that pulls all internal stakeholders together in a monthly meeting

to discuss progress and performance on the capital plan centered around execution of project work and impact to capital budgets.

In this context of these controls, the Company's budget process is both disciplined and adaptable. The budget process remains flexible to accommodate contingencies and emerging system needs or financial developments throughout the year. The Company's primary objective is to maintain an optimal balance between essential infrastructure work and cost-effective capital allocation.

Q. Do you have an analysis of the drivers of the budget variance in 2018 and 2023, which are project years that Mr. Balakumar calls out in his testimony?

A. Yes. As part of the Company's compliance in Docket No. 17-10-46 and the 2018 Rate Settlement, the Company is required to file a report each year providing information on the capital budget plan and the drivers of variances by program category. Specifically, the Company is required to make filings each year as compliance with Order No. 11, in Docket No. 17-10-46, *Application of The Connecticut Light and Power Company d/b/a Eversource Energy for an Amendment of Rate Tariffs,* decision issued April 18, 2018. The Company is providing the Order No. 11 compliance reports for 2018 and 2023, herewith, as Exhibits CLP-ADDITIONS-REBUTTAL-2 and CLP-ADDITIONS-REBUTTAL-3, for ease of reference. These compliance filings provide specific information on the drivers of the budget variance and an explanation as to the reasons that the Company's capital additions were reasonable and prudent in those years.

B. Direct Buried Cable

Q. How do you respond to Mr. Balakumar's claims with respect to the costs-per-mile associated with the direct buried cable replacement program?

A. First, an important point to remember is the replacement of direct buried cable is part of the Company's Core Capital program, which means that the capital investment is recovered through the annual Electric System Infrastructure charge, which PURA reviews annually. More specifically, PURA reviewed the decision surrounding the Company's decision to transition to a replacement program in the 2019 timeframe in Docket No. 21-01-03 and found those projects to be eligible for recovery through rates. In addition, Exhibit CLP-CAPITAL-REBUTTAL-4 provides a copy of a compliance filing that the Company made on December 11, 2019, in Docket No. 17-10-46, *Application of The Connecticut Light and Power Company d/b/a Eversource Energy for an Amendment of Rate Tariffs,* decision issued April 18, 2018 (compliance with Order No. 4), which reviews the basis for the 2019 decision to transition the program from a repair to replacement strategy. This filing provided PURA with contemporaneous justification for its decision to modify its approach to the replacement of direct-buried cable.

Following this program change in 2019, the Company continued to innovate on its construction methods for this replacement program. As Mr. Balakumar acknowledges, beginning in 2024, the Company instituted a hybrid approach combining proactive replacements with repair work to extend the life of segments that had not experienced as many failures. This new approach has reduced the amount of miles replaced, the

time for construction and the inconvenience to customers associated with planned outages to accommodate the construction, helping to mitigate construction cost increases driven by increases in labor and materials costs.

Q. What was the basis for the Company's decision to transition to a full-scale replacement program for direct-buried cable beginning in 2019?

A. Capital additions made through the Company's URD/DB Cable Reliability program were completed to address direct buried cable for reliability performance and repetitive events. The distribution system encompasses a substantial component of direct-buried cable in residential areas, which was placed in the ground in the 1970s and 1980s. At the time, the installation of the cable did not include any conduit. Utility companies simply dug a trench, put the cable into the ground, and hooked it up to the system. In the last 10 to 20 years, the direct-buried cable has been failing at an exponentially increasing rate. Historically, the Company would repair the cable when it failed rather than replacing it because the cable could generally continue to be used and did not require elimination.

In 2018, it became clear that the repair strategy was no longer a viable method to triage direct-buried cable failures given that engineering analysis showed that the cable was failing repeatedly in the same areas requiring multiple field visits and repeat outages to customers. Through this assessment, the Company determined that the repair strategy should be substituted for a replacement strategy to achieve a more cost-effective outcome as well as address the cable asset condition as a result in being direct buried

installed where the soil conditions have accelerated the degradation of the cable integrity. A repair strategy works if the repairs are occasional and the remainder of the cable remains in good condition. However, the analysis showed that replacement of this failing cable over the long term was a superior, permanent solution that would greatly improve reliability of service, and replacement of this faulty equipment would eliminate the need to continue to remediate temporary repairs that require additional work in the future. From a customer and operations perspective, the issue with the failing direct-buried cable is resolved when the Company replaces it. Accordingly, starting in 2019, it was necessary to institute a course of replacement with annual replacement targets. The replacement program was designed to improve system reliability by minimizing the likelihood of recurring outages on the same cable and eliminating recurring field responses. The Company provided additional details about its URD-DB cable reliability program in its December 11, 2019 compliance filing in Docket No. 17-10-46 at Exhibit 1(b), Pages 2-3, which is reproduced as Exhibit CLP-ADDITIONS-REBUTTAL-4, with this testimony.

Q. What information did the Company rely on in making its decision to change its program approach in 2024 to implement a hybrid repair and replacement approach?

A. In 2024, based on its experience over the previous five years, the Company decided to make a change to its program approach to mitigate the impact on customers and to reduce the overall cost of the program. This change resulted primarily from an assessment of customer impact rather than any technical assessment. The Company's

experience over the years 2019 to 2024 was that customers were highly inconvenienced by the planned service outages that are necessary to accommodate the replacement of underground electric facilities providing service to customer premises. To address this inconvenience, the Company found it necessary to use temporary on-site generation to maintain a level of service to the affected customers during the replacement work, adding unanticipated complications and cost to the overall project. The Company determined that, with the hybrid approach, the Company can be more strategic about where and when it implements a replacement approach and can do so within implicating the need for on-site generation to mitigate the impacts of the work on customers.

Q. What is the inherent flaw in Mr. Balakumar's cost-per-mile view on prudence?

A. Mr. Balakumar's cost-per-mile approach is not a reasonable or valid perspective to determine the merits of the Company's operational strategy. For one thing, Mr. Balakumar's approach quite simply compares a pre-COVID program cost (2019-2021) to a post-COVID program cost (2022-2023), which is a cost change that had nothing to do with the Company's 2019 transition to a replacement approach, but rather coincides directly with the supply chain issues and inflation trends that occurred in 2022 and 2023. Reproducing the cost-per-mile information submitted by the Company in response to OCC-798, it is clear that there is a break between the 2019-2021 period and the 2022-2025 period, which coincides directly with the post-COVID inflation impacts on construction costs.

Cost Per Mile

Year	Cost Per Mile
2017	$399,571
2018	$653,419
2019	$567,974
2020	$906,990
2021	$803,309
2022	$1,229,449
2023	$1,050,430
2024	$1,190,929
2025	$1,250,441

Based on these figures, the average cost-per-mile in the 2019 to 2021 timeframe was approximately $750,000, as noted by Mr. Balakumar (Balakumar Testimony at 89), increasing to approximately $1,140,000 in the 2022 to 2023 timeframe, and now stabilized ($1,180,000 for the time frame 2022 through 2025). In this time period, the primary drivers of cost increased in the range of 50 percent between the pre-COVID and post-COVID time frame. The drivers of program costs reflect this increase, as follows:

Cost Element	Average Cost per Mile 2019-2021	Average Cost per Mile 2022-2023	Percent Change
Materials	$24,633	$35,653	45%
Contractors	$401,808	$604,828	51%
Engineering, supervision, lobby stock and vehicles	$320,211	$474,706	48%

In addition, the "cost-per-mile" is not simply the labor and material to replace a direct-buried cable, but for this program, it is the total cost to restore power to customer as

part of the replacement project, including the cost of civil work, on-site generation and other efforts that require additional cost to get the work done.

Thus, the central flaw of Mr. Balakumar's theory is that the changes in cost-per-mile ***do not coincide*** with the years in which the Company made changes to its replacement strategy. In the years 2017-2019, the Company's costs per mile were stable – in the range of $600,000 per mile, until COVID occurred in 2020, starting the upward cost trend. Similarly, the cost-per-mile in 2024 and 2025 is the same as in 2022 – in the range of $1.1 to $1.2 million per mile, although the Company transitioned to a hybrid repair/replacement strategy in 2024. As a result, it is not the Company's change in program strategy that is driving the cost change. Instead, the Company decided to transition to the repair/replacement strategy to mitigate the impact and inconvenience of the program for customers, while reducing the ***overall cost*** of the program as compared to other priorities that the Company has. This is a feasible transition because the Company can maintain reliability through the hybrid repair without needing to rely on as much replacement work as in the past.

Without accounting for the impact of post-COVID construction cost changes, Mr. Balakumar's extrapolation of historical average costs to subsequent years does not demonstrate that the additional expenditures were unreasonable or could have been avoided. Nor does the Company's adoption of a hybrid replacement and repair strategy suggest that the prior replacement program was imprudent – after COVID, the cost-per-mile for replacement is the same for the hybrid strategy as it was for the

replacement strategy. Instead, the Company's decision reflected a prudent reassessment of its approach in light of operating experience with customer impacts and changing system needs, calling for a reprioritization and reallocation of capital resources. The Company's modification of the program in response to new information does not mean the original decisions were unreasonable or imprudent when they were made.

As a result, Mr. Balakumar's proposed adjustment lacks a sound factual and analytical basis for concluding that the Company's expenditures were imprudent.

C. Capacity Projects

Q. Please summarize the portion of Mr. Balakumar's testimony that is specific to his conclusions and recommendations regarding certain capacity projects placed into service between 2023 and 2025.

A. Mr. Balakumar argues that PURA should require the Company produce, before the record closes, the contemporaneous evaluation of non-wires alternatives ("NWAs"), the load forecast and the authorization documents for each Peak Load/Capacity project placed in service from 2023 through 2025 with a total investment of $145.4 million (Balakumar Testimony at 92). In the event that the Company cannot provide the relevant documentation, Mr. Balakumar recommends that PURA determine that the project(s) were imprudent and disallow the cost above the least-cost alternative where one was available (id. at 92-93). We do not agree with this conclusion.

Q. What does Mr. Balakumar rely on to support this recommendation?

A. Mr. Balakumar contends that the record currently does not contain sufficient evidence to determine if the Company evaluated lower-cost alternatives before it built the capacity projects placed in service from 2023 through 2025 (Balakumar Testimony at 86). In reaching this conclusion, Mr. Balakumar relies primarily on the Company's response to OCC-805, which requested that the Company address each substation capacity project undertaken during 2017 through 2025, with the load forecast and planning criterion relied upon at authorization; the measured peak load in the five years after in-service; the total cost; and any non-wires alternative evaluation.

According to Mr. Balakumar, capacity needs that are modest in size or short in duration are where lower-cost alternatives are most likely to be viable (id. at 86). He references the Company's Project Authorization Forms ("PAFs"), as well as the 2021 NWA Framework (OCC-578, Attachment 1), as requiring NWA analyses for capacity projects (id.).

Next, Mr. Balakumar refers to the Company's response to OCC-805, Attachment 1, to arrive at the conclusion that the record does not show that the Company applied the required NWA analyses to the capacity projects included in OCC-805, Attachment 1 (id. at 88). This conclusion underpins his recommendations to PURA.

Q. Are his conclusions regarding the 2021 NWA Framework accurate?

A. No. In his testimony, Mr. Balakumar claims that the Company's response to OCC-805, Attachment 1 does not identify the NWAs considered, their cost relative to the

wires solution, or why they were not selected (Balakumar Testimony at 88). However, this statement rests on the presumption that the Company develops full NWA cost estimates for all capacity projects, which it does not – in accordance with the Company's screening framework.

Importantly, the Company endeavored to submit its 2021 NWA Framework to PURA as part of PURA's Docket No. 17-12-03RE07 several times and PURA chose not to engage with the Company on this framework, instead opting to create an entirely new process, which took several years to develop (PURA did not require Eversource to follow a PURA-mandated formal NWS framework until 1/1/2025). Consequently, the Company applied its own screening process to review solutions while PURA deliberated on its new process. Thus, as set out in OCC-578, Attachment 1, at 7, the Company utilized an NWA Screening Tool as part of its own 2021 NWA Framework to quickly evaluate the potential applicability of NWA solutions to meet capacity project needs at specific locations, with the intent that only sites that are suitable and viable for NWA solutions will move to a more detailed, engineering analysis stage.

The NWA Screening Tool enables rapid initial screening of NWA options against traditional system upgrade projects but does not provide detailed and accurate costing or technical solution design (id.). Once an NWA solution passes the NWA Screening stage as a suitable and technically viable solution, the Company will perform detailed steady-state and transient analysis studies as well as develop engineering designs and cost estimates for the identified solution (id.). It is important to note that it is still

possible that an NWA solution will ultimately not be selected as the preferred solution due to inferior technical or cost elements (id.).

Consistent with the Company's focus on using finite resources efficiently and effectively, Eversource uses this initial screening to ensure that, from a practical and Company policy standpoint, the identified capital project does not pose any insurmountable obstacles for an NWA solution before further analysis is conducted (id. at 9). To this end, the Critical Suitability Criteria included in the NWA Screening Tool poses a go-no-go decision point in the NWA screening process. Any project site that does not pass both criteria listed below will be disqualified from further NWA consideration and the Company will move forward with developing a traditional solution:

- Asset Health Index < 0.5: Any substation with a transformer's asset health index above 0.5 will not be considered as an NWA candidate; and

- Year of First Violation ≥ 2: Any constraint that appears with two or fewer years from the base year will not be considered for an NWA solution, as the timeframes for solution design and procurement would not be amenable, and a traditional solution provides a faster and safer alternative to address the issues identified at the site (id.).

Based on the design of the NWA Framework, as well as the Company's commitment to cost-effective utilization of its resources, no further analysis will be performed to

engineer or design an NWA solution for an identified capital project if the NWA solution does not pass the NWA Screening stage, and is therefore considered non-viable.

Accordingly, Mr. Balakumar is incorrect in concluding that NWA analyses will always be accompanied by well-developed designs and cost estimates.

Q. Were all of the capacity projects included in OCC-805, Attachment 1 required to be screened under the 2021 NWA Framework?

A. No. A review of the 10 in-service capacity projects included in OCC-805, Attachment 1 indicates that five of the projects (CS00273, CS00272, CS00247, 201444, and CS00061) were placed into service in either 2018 or 2019, well before the Company, on its own initiative, developed and implemented the 2021 NWA Framework. Further, the 2021 NWA Framework, which the Company developed and implemented on its own initiative, could not be utilized retroactively as the wires solutions were already placed into service.

Although Projects CS00273, CS00272, CS00247, 201444, and CS00061 could not be screened under the 2021 NWA Framework, the Company still identified and evaluated wires alternatives to the selected wires solution. All of the PAFs associated with Projects CS00273, CS00272, CS00247, 201444, and CS00061 include alternatives along with a technical and/or operational explanation supporting the chosen solution. The PAFs also include explanations regarding the limits or deficiencies associated with the alternatives that ultimately led the Company's subject matter experts to discard the

alternatives in favor of the selected solution. The relevant PAFs are being provided as Exhibit CLP-ADDITIONS-REBUTTAL-8 for ease of review.

Q. Are Mr. Balakumar's conclusions about the remaining projects on OCC-805, Attachment 1 correct?

A. No. Again, a review of the project documentation the Company provided for Projects CS00365, CS00284, CS00516, CS00261, and CS00166 demonstrates that these projects either failed to pass the NWA Screening or were presented to and approved by the Solution Design Committee ("SDC")[3] prior to the development and implementation of the 2021 NWA Framework. Given its focus on efficiently and effectively utilizing its resources and funds to ensure that customers receive safe and reliable service, the Company does not retroactively apply the 2021 NWA Framework to wires solutions that have already been approved by the SDC and are progressing through final design and construction. Due to this, a number of the projects were not analyzed under the 2021 NWA Framework based on the year they were presented to and approved by the SDC. We address each of the projects below. The relevant PAFs are being provided as Exhibit CLP-ADDITIONS-REBUTTAL-8 for ease of review.

[3] The SDC's role is to ensure that the best solution for the identified need is selected (Exhibit CLP-ADDITIONS-1, at 36). The SDC reviews the selected solution, as well as the project alternatives, scope and conceptual grade cost estimates during the solution vetting process (id.). Following its review, the SDC will confirm that the project initiator has selected the best solution for the identified need (id.).

- Project CS00166 – as shown on page 27 of the PAF, this project was presented to the SDC on November 13, 2019. The SDC reviewed the preferred solution, as well as the alternative solutions described on pages 27 through 29 of the PAF. Following this review, the SDC approved the chosen wires solution. Even if Project CS00166 had been subject to the 2021 NWA Framework, the information included in the PAF's project need and justification sections demonstrates that the capacity needs associated with the project could not be characterized as modest in size or short in duration, making them suitable for lower-cost alternatives such as NWAs (Balakumar Testimony at 86).

- Project CS00261 – As shown on pages 1 and 18 of the PAF, this project was presented to the SDC on February 19, 2020. The SDC reviewed the preferred solution, as well as the alternative solutions described on pages 18 through 21 of the PAF. Following this review, the SDC approved the chosen wires solution. Even if Project CS00261 had been subject to the 2021 NWA Framework, the information included in the PAF's project need and justification sections demonstrates that the capacity needs associated with the project could not be characterized as modest in size or short in duration, making them suitable for lower-cost alternatives such as NWAs (Balakumar Testimony at 86).

- Project CS00516 – As shown on page 1 of the PAF, the alternatives and complete preferred project scope was presented to the SDC on December 8,

2021. The information provided on pages 5 and 10 of the PAF demonstrate that this project did not pass the NWA Screening Tool due to the poor health index of the transformers at issue in connection with this project, meaning that an NWA was not viable to address the capacity issues identified by the Company. Accordingly, since the project did not pass the NWA Screening Tool, the Company did not expend further resources or funds on analyzing NWA solutions. The SDC reviewed the preferred solution, as well as the alternative solutions described on pages 9 and 10 of the PAF. Following this review, the SDC approved the chosen wires solution.

- Project CS00284 - As shown on page 21 of the PAF, this project was presented to the SDC on July 8, 2020. The SDC reviewed the preferred solution, as well as the alternative solutions described on pages 21-27 of the PAF. Following this review, the SDC approved the chosen wires solution. Even if Project CS00284 had been subject to the 2021 NWA Framework, the information included in the PAF's project need and justification sections demonstrates that the capacity needs associated with the project could not be characterized as modest in size or short in duration, making them suitable for lower-cost alternatives such as NWAs (Balakumar Testimony at 86).

Project CS00365 – following extensive technical review, the Company's subject matter experts ("SMEs") determined that an NWA was not an appropriate solution for this project. Specifically, the Company's SMEs

determined that a battery energy storage system ("BESS") was not feasible for a number of reasons, including: (1) the size of the BESS that would be required to address the identified capacity issues; (2) that the transformer assets, given their age and condition, would not pass the NWA screening; and (3) the fact that a BESS would not provide any of the same benefits that the Company, and its customers, would realize through converting the substation from 27.6 kV voltage to 23 kV. Following a review of the preferred project scope, as well as the alternatives, the SDC approved the preferred scope on May 26, 2021.

Q. Do you agree with Mr. Balakumar's recommendation that PURA disallow certain costs associated with the capacity projects listed OCC-805, Attachment 1 if the overload forecasts supporting those projects did not occur?

A. No, we do not agree with that. On page 88 of his testimony, Mr. Balakumar states that if after further discovery, the record shows that the Company built capacity without evaluating lower-cost alternatives, or that the forecast overloads did not occur, he plans to recommend that PURA disallow the difference between the cost of the project and the cost of the least-cost alternative. As discussed above, the Company did consider lower-cost alternatives to the chosen capacity solutions, either through its 2021 NWA Framework, which the Company implemented years prior to PURA establishing an NWS mandate showcasing the Company's commitment to evaluating all options (noting that the authority refused to discuss and admit into evidence the Company's NWA Framework in the original 17-12-03RE07 docket), or its analysis of alternate wires solutions. Moreover, the Company's forecast already considers a load offset for

all existing DER, in queue DER, and forecasted DER, as well as all impacts from energy efficiency and demand response programs. Thus, based on the evidence provided by the Company demonstrating the prudence of the capacity projects listed on OCC-805, Attachment 1, there is no basis for cost disallowances.

This is equally true for Mr. Balakumar's contention that failure of the forecast overload to occur forms the basis for cost disallowance. This conclusion is flawed in that it subverts PURA's prudence standard by applying hindsight bias to the Company's operational decisions. In selecting the solutions for the capacity issues identified for each of the projects listed in OCC-805, Attachment 1, the Company had to rely on the information that was available at the time, including the forecasted overloads within the ten-year planning horizon at that time. The fact that the forecasted overloads the Company relied upon did not exactly match actual loading conditions is not evidence that the Company acted imprudently. The Company's decisions as they relate to the projects at issue are the definition of prudence: utilizing the available information, the Company forecasted the potential for overload conditions based on its planning standards and industry-accepted practices, identified the risks to customers due to overloaded equipment, and developed solutions and alternatives to mitigate/eliminate the condition and the associated risks. Pursuant to its obligation to provide safe, reliable service to all customers, the Company was compelled to act on the available information and analysis that identified customers at risk of loss of service. To do otherwise, and risk prolonged customer interruptions and wide-scale disruption, would

have been imprudent. Consequently, the Company took reasonable steps to develop and construct projects that ensure the continued provision of safe and reliable service to all customers.

III. RESPONSE TO INCLUSION OF CAPITAL ADDITIONS IN RATE BASE

Q. Please summarize Mr. Balakumar's testimony regarding capital additions eligible for inclusion in rate base.

A. Mr. Balakumar argues that PURA should include in rate base only plant completed, in service and documented through the Company's "final supplemental filing before the record closes" (Balakumar Testimony at 91, 92, 93). Mr. Balakumar estimates that, of the $847.8 million in interim period plant the Company requested from January 2026 through June 2028, approximately $202.5 million will remain as forecasted plant at the close of the record and therefore should not be included in rate base. Additionally, he argues that the full $664.9 million requested for the Rate Year should also not be included in rate base (id. at 93).

Q. How do you respond to Mr. Balakumar's recommendations regarding capital additions eligible for inclusion in rate base?

A. Although the Company does not agree with all aspects of Mr. Balakumar's testimony on this topic, the Company does not dispute that PURA should rely on plant additions documentation produced to the evidentiary record. In this proceeding, the Company has made a proposal to implement a performance-based, multi-year rate plan ("PBMRP"), that would commence July 1, 2027, with the issuance of PURA's decision in this proceeding. As part of the PBMRP, the Company is proposing to implement an

F Factor component to address the cost of plant additions during the stay-out period. The Company's proposed F Factor is addressed in the testimony of the Company's Leadership Panel, Exhibit CLP-ELP-1 and Exhibit CLP-ELP-REBUTTAL-1, and is modelled on PURA's preliminary conception of the CT-Bar. If approved by PURA, the F Factor would recover the cost of capital additions placed into service on and after January 1, 2027, through the term of the PBMRP.

Although PURA's final decision in this case on the PBMRP is unknown, Mr. Balakumar's arguments are consistent with PURA's decisions in its recent rate cases of including in rate base only those capital additions for which there is project documentation available in the record, substantiating the in-service date. Therefore, the Company agrees with the testimony of OCC's witness, Mr. Balakumar that PURA should include the cost of plant additions in rate base for which there is such documentation, which the Company plans on producing through December 31, 2026, covering the gap year between the test year ending December 31, 2025 and December 31, 2026, which is the year prior to the implementation of the Company's proposed F Factor, if ultimately approved by PURA.

In response to Mr. Balakumar's claims and recommendations on this point, we are adopting our first, second and third supplements (separately filed in the docket), for the purposes of this rebuttal testimony, as Exhibits CLP-ADDITIONS-REBUTTAL-5 through CLP-ADDITIONS-REBUTTAL-7. Collectively, this documentation provides the necessary details for costs incurred in January through September 2026 for projects

placed in service prior to December 31, 2025, plus the cost documentation of 120 projects placed in service through the first nine months of 2026. All of these plant additions were included in the forecasted plant amounts shown in Schedule B-2.1 and Schedule B-2.2 of PURA's Standard Filing Requirements.

IV. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, subject to reserving the Company's right to respond to additional issues raised in discovery or at hearings.