Date Filed: October 06, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray and Timothy J. Griffin
Request from: Office of Consumer Counsel

Question:

(Environmental Remediation) Per a footnote in Settlement Agreement Attachment 3, in Docket Number 17-10–46, the Company was allowed $2.289 million for environmental O&M expenses in Rate Year 1, $2.381 million in Rate Year 2, and $2.467 million in Rate Year 3.

a. Were the O&M expenses incurred in the prior rate plan's rate years of a similar nature to the $1.93 million requested in the current rate application? Explain.
b. Were there any environmental remediation costs being deferred prior to the time of the last rate case?
c. If yes, indicate the amounts deferred annually.
d. Were there any deferred environmental remediation costs being amortized or recovered prior to the time of the last rate case?
e. Were there any deferred environmental remediation costs being amortized/recovered and as a result of the approved settlement agreement in Docket No. 17-10-46?
f. If yes, indicate the amounts amortized or recovered annually.

Response:

a. Yes. As shown on WP C-3.13 of the Company's July 14, 2026, filing in this docket, the categories of cost that make up the $1.93 million requested in the current rate application include: (1) Clean Up & Disposal of Waste Material; (2) Manholes & Vaults; (3) Licensing & Permitting; and (4) Environmental Outside Services. There was also a fifth category, Reserve Site Remediation, but a pro forma adjustment removed the costs associated with this category that were related to reserve adjustment accruals associated with new environmental sites.

The environmental O&M expenses included in Docket No. 17-10-46 were presented in the Company's November 22, 2017, filing WP C-3.8, page 1 of 3, in categories identified as: (1) Overhead Environmental Cleanup; (2) Underground; (3) Environmental – Other; (4) Maintenance of Property Units; (5) Substation; and (6) Maintenance of Str. Lighting Equipment. Despite the differences in categories in each of the filings, the dollars that make up the costs in each filings' Environmental schedule were identified using the same

cost elements from the Company's Powerplan cost repository, with two exceptions. First, there was one additional cost element for Compliance Assistance-Fees-Plans included in Environmental in the 2017 filing that was included in the Field Operations (Overhead Lines) and Residual schedules in the current filing (the test year amount in the 2017 filing was $28,382 and the test year amounts in the current filing were $5,795 in the Field Operations (Overhead Lines) schedule and $11,924 in the Residual schedule, for a total of $17,719). Second, the cost element for Reserve Site Remediation in the 2017 filing in the amount of $79,082 was not removed from the Environmental schedule using a pro forma adjustment the way it was removed in the current rate application.

b - d.

No. As explained in the November 22, 2017, testimony of Company witnesses Catherine Finneran and Timothy Griffin in Docket No. 17-10-46, there was no current recovery from customers for environmental investigation and remediation costs at the time of the last rate case. Between 1998 and 2003, with small amounts received through 2013, the Company had pursued and achieved recoveries of $15.170 million for environmental investigation and remediation costs from several of the Company's historical insurance carriers and a third party. Because the Company had not recovered expenses for environmental investigation and remediation costs in electric rates, in essence it had used these recoveries to pay for the Company's investigation and remediation of its environmental liabilities, including manufactured gas plants (MGPs) and other Company sites. By the end of September of 2017 (just prior to the filing of the Company's rate case in November 2017), the Company spent $8.4 million with an additional $4.9 million recorded to the environmental liability that was charged to shareholders via a "below the line" account. Therefore, the Company was $1.9 million away from spending or charging to shareholders an amount equal to the proceeds received.

e. - f.

No, as demonstrated in the March 29, 2018, Settlement Amendment Update to Settlement Agreement Attachment 5, Other Amortization Expense, there were no deferred environmental remediation costs being amortized/recovered as a result of the approved settlement agreement in Docket No. 17-10-46.