Date Filed: October 06, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray, Marc J. Richards and Gary A. Iadarola
Request from: Office of Consumer Counsel

Question:

(Environmental Remediation) Refer to Exhibit CLP-ENV-5. In estimating 2026-2028 environmental remediation costs, the Company utilized a 30% contingency factor. Please provide prior precedent where the Authority has allowed the recovery of forecasted costs that included escalation for a contingency factor. Indicate how a contingency factor meets the "known and measurable" standard.

Response:

Remediation budgets that have been approved in prior rate cases (CL&P and Yankee Gas) have included contingencies. Due to the variability in the type and volume of remediation conducted from site to site, the amount of contingency that is warranted will always vary. The amount of investigation data and complexity of the geology and constituents of concern (COC) affect the amount of contingency that is warranted. If the project is a straight forward excavation of impacted soil at a site where the geology is consistent and the impacts are well defined, the contingency is usually set at 10%. At sites where the impacts may not be as well defined due to many factors (complex geology, multiple COCs, soil and groundwater contamination is present, multiple remediation technologies are needed, etc.) the contingency would therefore need to be larger (sometimes up to 50%). This is standard practice in the industry and no environmental cleanup projects are initiated without a project-specific contingency.

Recognizing that the sequence, timing, and magnitude of response activities can vary from site to site depending upon the size of the site, the degree of contamination, nearby sensitive receptors, land ownership, the degree of oversight and control exercised by regulators, and many other site-specific factors, the Company's testimonies at Exhibit CLP-ENVIRONMENTAL-1, beginning at page 6 and Exhibit CLP-REVREQ-1, beginning at page 43, describes its proposal to continue the deferral treatment of such costs rather than putting a fixed amount into base distribution rates.