Date Filed: October 28, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray, and Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(EQUITY RATIO) Application, Ex. CLP-ROE-1 (Bulkley Pre-Filed Test.), pp. 68–71. Provide the revenue requirement change with a reduction of one, two, and three basis points in the equity component of the capital structure (and a corresponding increase to the long-term debt component).

Response:

As an initial matter, this question raises concerns with both Ms. Bulkley and the Company because there is no evidentiary basis for an arbitrary modification to the actual capital structure, nor is such an adjustment appropriate. The Company's actual capital structure is the computation of the capitalization recorded on the Company's books and is the actual "cost of capital" supporting rate base. In addition, arbitrarily ratcheting down the actual capital structure is the type of regulatory change that is closely monitored by credit rating agencies and investors alike and bears negatively in their perspective.

To be responsive, the Company is providing the revenue requirement change for a one-, two-and three-percentage point reduction to the Company's equity ratio, with a corresponding increase to the long-term debt ratio. Please refer to RRU-091, Attachment 1, for the calculations starting from the Company's proposed 53.86% equity ratio to a 50.86% equity ratio.

Date Filed: October 30, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL STRUCTURE) For the following questions, include all assumptions, workpapers, worksheets and source data. Where relevant provide unlocked Excel worksheets with formulas intact.

a. Describe the process by which the Company might receive a capital infusion from Eversource Energy Service Company (EESCO) or an Eversource affiliate company.
b. When was the last time that EESCO or an affiliate company provided a capital infusion? Specify the entity providing the infusion, the amount, the purpose, and timing. Additionally, provide a listing of all capital infusions from EESCO to CL&P since the Company's September 21, 2018, Decision in Docket No. 17-10-16, Application of The Connecticut Light and Power Company d/b/a Eversource Energy to Amend its Rate Schedules (2018 Decision).
c. Has EESCO issued new equity since its CL&P's 2018 Decision? If so, when and what were the circumstances related to the new equity offerings?

Response:

a. CL&P does not ever receive equity infusions from Eversource Energy Service Company ("ESC"), nor any other affiliate. Any equity infusions that CL&P receives are obtained from Eversource Energy. These infusions are only made at such time that it is necessary to supplement CL&P's capital resources so that it can finance infrastructure projects while maintaining an appropriate and balanced capital structure. When CL&P does receive an equity contribution from the Parent Company (Eversource Energy), actual cash is wired from the bank account of Eversource Energy to the bank account of CL&P.

b. Please refer to Table 1 for a listing of all equity infusions from Eversource Energy to CL&P since September 21, 2018. Each of these equity infusions was made to assure that CL&P has adequate capital resources to undertake necessary capital projects in order to provide safe and reliable service to customers, while maintaining an appropriate capitalization of CL&P's business. Please note that there is no equity infusion from Eversource Energy to CL&P in 2025 due to the fact that, in 2024, PURA allowed recovery of the significant deferred amounts applicable to the RAM (i.e., the Millstone/Seabrook contract dollars). Because CL&P was able to recover its deferred amounts through the RAM, it was not in need of an equity infusion from the Parent company in 2025.

Table 1

Equity Infusions from Eversource Energy to CL&P	
Date Paid	**Amount**
12/31/2018	$200,000,000
12/31/2019	$125,000,000
9/30/2020	$125,000,000
12/31/2020	$150,000,000
12/31/2021	$200,000,000
3/31/2022	$100,000,000
6/30/2022	$100,000,000
12/30/2022	$50,000,000
9/29/2023	$123,500,000
3/28/2024	$100,000,000
5/24/2024	$100,000,000
9/30/2024	$100,000,000

c. ESC does not issue equity. Eversource Energy issues equity for the enterprise and it has continually done so since CL&P's 2018 Decision.

OCC-513, Attachment 1, provides a schedule detailing equity offerings between 2021 and 2026. Please refer to RRU-092, Attachment 1, for a schedule detailing equity offerings between 2018 and 2020.

Date Filed: November 02, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(DIVIDENDS) Application, Ex. CL&P-REVREQ-2, Sch. D-5.0. Respond to the following:

a. Describe the process that EESCO or Eversource uses to set the dividend obligation from the Company to the parent company. Include all intermediary steps up to Eversource shareholders. Identify the methodology used and the person(s) responsible.

b. Does Eversource target a certain dividend payout ratio (DPR) from its affiliate companies? Does the target vary depending on the type of affiliate (e.g., local distribution company versus an electric distribution company) or by geographic location of the affiliate? Explain.

c. Does Eversource target a certain DPR from CL&P? Is CL&P's targeted DPR the same as or different from Eversource other affiliates? Explain.

d. Does Eversource target a certain DPR to the shareholders? Explain.

e. Does the Company target paying out a certain amount of dollars as dividends to its shareholders? If so, explain how the Company's dividend strategy impacts cash flow in years with reduced cash flow.

Response:

a. Eversource operating subsidiaries are not obligated to make dividend payments to Eversource Parent or any other Eversource affiliate. However, as an operating affiliate within a public utility holding company structure, CL&P expects to distribute a portion of its earnings to Eversource Parent from time to time, while retaining the equity capital necessary to support its distribution system capital requirements and maintain an appropriate capital structure.

   From 2018 through 2025, CL&P paid approximately 59 percent of its aggregate earnings to Eversource Parent as common dividends and retained approximately 41 percent, as reflected in ALLCO-156[i]. The actual amount of dividends paid to Eversource Parent varies from year-to-year based on CL&P's earnings, cash requirements, financing needs and necessity for maintaining an adequate capital structure.

   Each year the Assistant Treasurer for CL&P provides a recommendation to CL&P's Board based on projected earnings, cash flow requirements, liquidity position and financing plans, while maintaining an appropriate regulatory capital structure. The CL&P Board then evaluates

the dividend recommendation and authorizes the dividend if the Board deems the recommendation appropriate.

Both CL&P's and Eversource's common dividends are paid quarterly on the last business day of each quarter and are generally one-quarter of the planned annual common dividend. The regular common dividends, and special dividends if applicable, paid by CL&P to Eversource Parent, as well as the equity infusions (capital contributions) that CL&P receives from Eversource Parent are considered in terms of timing and amount so that CL&P meets an appropriate capital structure over time.

Due to the fixed maturity schedule of CL&P's existing first mortgage bonds ("FMBs"), combined with the dynamic nature of the flow of funds related to the operation of the electric system and the variability of customer payments, it is inevitable that monthly fluctuations in the relative proportions of long-term debt and equity capitalization will occur. Dividend payments and Parent equity contributions therefore are not mechanical consequences of a fixed payout ratio. The timing and amount may be adjusted as financial conditions and cash requirements change so that CL&P preserves liquidity and maintains an appropriate capital structure.

b. Please refer to the Company's response to RRU-093, subpart (a), above.

c. Please refer to the Company's response to RRU-093, subpart (a), above.

d. Eversource Parent does not have a targeted payout ratio. However, Eversource Parent has publicly communicated, subject to Board approval, its intention to keep dividends generally in line with earnings growth, which occurs as a result of increasing asset bases for the distribution companies (and not so much as an increase in earnings per dollar of invested capital). This factors in financial condition, capital requirements, financing needs and other business considerations.

e. CL&P does not target a specific dollar amount of common dividends to pay to Eversource Parent. Rather, dividends are estimated through the financial planning process described above, taking into consideration CL&P's projected earnings, cash requirements, financing needs and maintenance of an appropriate capital structure.

Prior Referenced Response:

[i] ALLCO-156 Question:

(Follow-up to ALLCO-051 — capital structure, double leverage, and the earnings sharing mechanism.) (a) ALLCO-051(a), states that the Company maintained "a higher percentage of equity in its capital structure" to "preserve its

credit ratings" while funding storm and RAM deferrals, and reports a five-quarter-average common equity ratio of 54.56% at December 31, 2025 and 55.26% at June 30, 2026 against a requested 53.86%. State the Company's per-books common equity ratio at each quarter-end from December 31, 2020 through June 30, 2026; identify each decision, memorandum, rating-agency communication, or board or finance-committee material in which the decision to maintain a higher equity ratio to preserve ratings was made or reported, and produce it; and state whether any rating agency has stated, in writing, the equity ratio or FFO/debt or CFO pre-WC/debt level it requires for the Company's current ratings. (b) ALLCO-051(b) did not state the amount of long-term debt outstanding at Eversource Energy (parent only) at December 31, 2025, which the interrogatory asked for and which the parent reports in its Form 10-K. State that amount, the amount of parent-only long-term debt at each year-end 2020 through 2025, the amount of equity contributions made by the parent to the Company in each year 2020 through 2026 to date, and the amount of dividends paid by the Company to the parent in each such year. (c) State whether Moody's or S&P, in any published credit opinion or rating action on the Company or Eversource Energy since January 1, 2023, has referred to holding-company debt, "double leverage," structural subordination, or parent-level leverage as a factor in the Company's ratings, and produce each such document. (d) ALLCO-051(c), states that the Company "does not anticipate that it will over-earn during the term of the PBMRP." State the Company's earned return on common equity, per its annual reports to the Authority and per FERC Form 1, for each year 2018 through 2025, and the authorized return in effect in each year; identify every analysis, model, or scenario the Company or its ROE Witness prepared of the expected value to shareholders of the proposed earnings sharing mechanism, and produce it; and if none exists, so state and explain how the Company concluded that a mechanism with 50/50 sharing above the authorized return and no downside adjustment has no value that should be reflected in the authorized return.

ALLCO-156 Response:

a. Please refer to the Company's response to EOE-062[i], for the Company's reported five quarter-average common equity ratios at year-end for the requested period. Each five quarter-average ratio incorporates five successive quarter-end capitalization measurements and therefore captures changes in capitalization over time rather than at a single point in time. Each ratio captures the cumulative effect of financing decisions, including debt issuances and maturities, equity contributions, retained earnings, and dividends, while reducing fluctuations associated with the timing of individual transactions. Accordingly, the year-end five-quarter-average ratios reflect the Company's capitalization over time and the cumulative financing decisions underlying that capitalization.

   In public disclosures, including investor calls, Eversource Energy's officers have repeatedly emphasized the importance of maintaining strong credit ratings across its operating companies and the role credit quality plays in financing decisions. In that regard, the Company explained in its response to ALLCO-142[ii], that financial metrics are not the sole determinant of credit ratings and the rating agencies consistently identify financial metrics as important, but not exclusive, components of their rating analyses. Therefore, CL&P's financing and capitalization decisions are the clearest indication of management's consideration of its overall financial condition, cash-flow requirements, capital-investment needs, access to capital, and credit quality.

   Moody's identifies CFO pre-working-capital-to-debt thresholds that could contribute to an upgrade or downgrade, while S&P identifies corresponding FFO-to-debt ranges or thresholds. For example, Moody's June 27, 2025 credit opinion states that CL&P could be downgraded if its CFO pre-WC-to-debt ratio falls below 17% on a sustained basis. S&P's July 23, 2026 credit opinion states that CL&P's stand-alone FFO-to-debt ratio is expected to average 20 to 22%. These thresholds do not represent a pre-determined requirement that CL&P maintain a particular equity ratio, nor do these thresholds permit a rating outcome to be determined mechanically from any single metric. As explained in the Company's response to ALLCO-142, the rating agencies consider financial metrics together with qualitative and quantitative factors, including regulatory supportiveness, cost-recovery timeliness, business risk, financial policy, and the agencies' independent judgment.

b. The assertion that the Company did not provide Eversource Energy Parent's outstanding long-term debt balance as of December 31, 2025 in response to ALLCO-051[iii](b), is false. The response specifically stated: "Eversource Energy Parent's outstanding balance of long term debt as of December 31, 2025 was $11,348,927k." Table 1, below, provides Eversource Energy Parent's outstanding long-term debt at each year-end from 2020 through 2025.

Table 1

Year	Eversource Parent Long-Term Debt
2020	$5,602,255k
2021	$6,163,521k
2022	$8,179,851k
2023	$10,317,004k
2024	$11,329,256k
2025	$11,348,927k

Table 2, below, provides CL&P's capital contributions received from Parent, CL&P's common dividends paid to Parent, and CL&P's retained earnings. As Table 2 demonstrates, CL&P has retained and reinvested more than 41 percent of the earnings generated since the start of 2018 rather than distributing those earnings to Parent as dividends. Over the same period, Eversource Parent contributed nearly $1.6 billion of additional equity capital to CL&P. Along with retained earnings, these contributions have provided an essential source of permanent capital to fund CL&P's substantial investment requirements and other financial obligations without creating the fixed interest and repayment obligations associated with additional debt. In doing so, it increases the capital available to support investment while preserving a balanced capital structure and CL&P's financial flexibility to meet its obligations and raise additional capital.

Table 2
($ Thousands)

Year	A per 10K/Q CL&P Net Income	B per 10K/Q CL&P Dividends Paid to Parent	C = A + B CL&P Retained Earnings	D = C / A Earnings % Retained	E per 10K/Q Capital Contributions to CL&P from Parent
2018	$ 377,717	($ 60,000)	$ 317,717	84.1%	$ 300,000
2019	410,852	(341,800)	69,052	16.8%	125,000
2020	457,934	(69,500)	388,434	84.8%	275,000
2021	401,725	(341,400)	60,325	15.0%	200,000
2022	532,920	(292,400)	240,520	45.1%	250,000
2023	518,733	(330,400)	188,333	36.3%	123,500
2024	512,598	(333,800)	178,798	34.9%	300,000
2025	551,329	(430,000)	121,329	22.0%	-
2026 June YTD	269,545	(176,800)	92,745	34.4%	-
Total	**$ 4,033,353**	**($ 2,376,100)**	**$ 1,657,253**	**41.1%**	**$ 1,573,500**

c. There is no reference to "double leverage" in any retrieved Moody's or S&P publication over the specified timeframe. Moody's and S&P consider structural subordination for CL&P and Eversource Energy differently. For CL&P, Moody's systematically applies no adjustment to CL&P for holding-company structural subordination. Moody's CL&P scorecards expressly contain a line for "HoldCo Structural Subordination Notching," which is assigned a value of zero in each of the June 24, 2024, June 27, 2025, and June 30, 2026 CL&P credit opinions.

In terms of credit considerations actually incorporated by the ratings agencies, Moody's has specifically identified Connecticut regulatory decisions that are contentious or unsupportive of credit quality, as well as a more unpredictable regulatory environment that has produced less timely cost recovery. Accordingly, the credit benefits associated with regulatory insulation (including the diversity of regulatory oversight) require an underlying regulatory framework that functions in a sufficiently predictable and credit-supportive manner and provides for timely cost recovery.

S&P considers Eversource's consolidated leverage and structural subordination through its group-credit methodology, recognizing structural and regulatory insulation that permits CL&P to be rated above the parent group credit profile. S&P's July 23, 2026 report on CL&P (filed as CIEC-014, Attachment 2) notes "Our view of Connecticut Light & Power Co. (CL&P) as an insulated subsidiary of its parent Eversource Energy allows us to rate CL&P one notch above Eversource." Additionally, please refer to page 9, of 40, in CIEC 014, Attachment 2, discussing the "Group Influence".

Accordingly, although the rating agencies consider Eversource Energy's parent-level debt and structural subordination in their analysis of Eversource Energy, Moody's applies no structural-subordination notching adjustment to CL&P, while S&P recognizes structural and regulatory protections that insulate CL&P from the parent. Those structural protections, however, do not operate exclusive of the regulatory environment in which CL&P operates. The rating agencies place significant weight on the predictability and credit supportiveness of regulation, including the timeliness of cost recovery, in assessing CL&P's credit quality.

For Eversource Energy, Moody's has expressly identified holding-company debt and structural subordination as factors in Eversource Energy's rating. Moody's stated in its June 27, 2025 credit opinion that Eversource Energy's credit profile reflects "the structural subordination of parent level debt relative to the indebtedness of its operating utilities."

d. Please refer to the Company's response to EOE-062, for its authorized return and reported earned return on equity for the requested years. As stated in the Company's response to ALLCO-158[iv], regarding the proposed ESM:

> *By design, PBR plans are multi-year plans during which the utility waives its right to file a full distribution rate case in order to increase rates. As a result, earnings sharing mechanisms (ESM) are a common feature of PBR to provide a guardrail in the event that rates become misaligned with costs over the course of the plan for reasons not anticipated at the inception of the multi-year plan. Symmetrical ESMs serve to protect both the utility and its customer during the course of the plan from rates being set too high (a customer protection, since sharing is triggered when the utility earns above an established threshold) or too low (a protection for the utility, since sharing is triggered when the utility earns below an established threshold and does not have the ability to file a rate case, given its commitment to waive such right as part of the PBR framework).*
>
> *The Company has developed its proposed PBMRP in an effort to establish a regulatory framework that provides revenue support over the course of the PBR plan that aligns with the Company's costs over the same period, including the cost of equity capital. The Company's Proposed PBMRP is not designed to*

result in a scenario where the Company earns above its authorized ROE, thus triggering the ESM. In fact, the Company's analysis demonstrates that the PBMRP, if approved as proposed with no modification, the Company would earn below the authorized ROE.

In this way, the benefit to customers of an ESM that is triggered only in cases where the company over-earns, is that it ensures that the PBR plan will not inadvertently establish rates that are 'too high' during the course of the PBR plan, by operation of the ESM in that event. The ESM allows for a 'sharing' of any over earnings, as a means to retain the overarching incentive properties of PBR as well as the other administrative benefits of PBR as a framework.

The Company's proposed ESM provides no downside protection to the Company and therefore does not reduce the Company's risk or provide a basis for reducing the independently determined authorized ROE. The asymmetrical ESM instead operates as a customer-protection guardrail in that, if actual earnings exceed the authorized ROE, customers receive 50 percent of the amount above the authorized ROE, while the Company remains exposed to earnings below its authorized ROE. This treatment is consistent with the Proposed Final Decision in Docket No. 21-05-15RE01, where PURA described an ESM as a "guardrail" that permits customers to share in surplus earnings while maintaining the utility's incentives to pursue cost savings. PURA's proposed PBR framework included an asymmetrical, upside-only ESM to further those objectives.

Moreover, the Company's analysis does not project that the proposed PBMRP will produce overearnings requiring sharing. The analysis presented in EOE-156, Attachment 1, used the currently authorized ROE of 9.25 percent and a 53 percent common-equity ratio for illustrative purposes. As shown in that analysis, projected earned returns remain below the authorized return during the plan period. Therefore, the Company's projected financial results do not contemplate the overearnings that would trigger the ESM. If overearnings nevertheless occur, 50 percent of the amount above the applicable threshold would be shared with customers, while the ESM provides no corresponding protection if actual earnings fall below the authorized ROE.

Date Filed: October 30, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL MARKETS) Explain the process that CL&P used to access the debt and equity markets following the Company's 2018 Decision. Detail any policy changes directed by Eversource.

Response:

The process that CL&P uses to access the debt capital markets is unchanged following PURA's 2018 Decision. CL&P's goal continues to be to obtain least cost financing. In assessing when to access the debt capital markets, CL&P, in consultation with its investment banks, considers prevailing capital market conditions, short-term debt balances, upcoming long-term debt maturities and the Company's capital requirements. Additionally, CL&P only issues long-term debt with prior PURA approval and in compliance with any parameters set by PURA.

For equity, CL&P relies primarily on retained earnings as a source of capital and, from time to time, receives equity contributions from Eversource Energy. CL&P does not access the equity capital markets directly.

Date Filed: October 30, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL STRUCTURE) Application, Ex. CL&P-REVREQ-2, Sch. D-1.0. Since the Company's 2018 Decsion, explain if the Company's actual capitalization use of common equity has been 53.86% or greater. As applicable, identify and document the financial quarter or year end when the Company has operated with less than 53.86% common equity since the September 21, 2018 Decision in Docket No. 17-10-16, Application of The Connecticut Light and Power Company d/b/a Eversource Energy to Amend its Rate Schedules.

Response:

Please refer to RRU-095, Attachment 1, for the Company's actual quarterly capital structures as filed in Docket Nos. 76-03-07 and 76-03-07RE01. As shown in RRU-095, Attachment 1, the Company's actual common equity ratio exceeded 53.86% in 30 out of the 32 quarters requested. The only quarters in which the Company's actual common equity ratio was below 53.86% were Q3 2018 and Q4 2018. The Company has provided copies of the quarterly ROE filings in Docket No. 76-03-07 for each of those two quarters, as RRU-095, Attachment 2, and RRU-095, Attachment 3, respectively.

CL&P's actual capital structure varies over time as a result of the fixed maturity schedule of its existing first mortgage bonds ("FMBs"), the dynamic flow of funds required to operate and invest in the electric system, and variability in customer payments. As a result, the relative proportions of long-term debt and common equity will fluctuate between financing transactions. For example, catastrophic storm events, which cannot be reasonably forecasted, can create immediate funding requirements that influence financing decisions. These considerations require CL&P to maintain financial flexibility rather than manage its actual capital structure to a precise percentage at every point in time.

The longer-term experience is therefore more informative than an individual quarter-end observation. As shown in RRU-095, Attachment 1, following Q4 2018, the Company's actual common equity ratio exceeded 53.86% for 30 consecutive quarters.

Date Filed: November 02, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL STRUCTURE) Application, Ex. CL&P-REVREQ-2, Sch. D-1.0. For the following questions, provide unlocked Excel workbooks with formulas intact, including all assumptions, worksheets, and working spreadsheet models to verify the computations:

a. Provide the optimal or target capital structure for the Company.
b. If the proposed 53.86% common equity capital structure is not optimal, then explain how it is in the best interest of ratepayers.
c. Provide a worksheet that clearly depicts the components of the target structure. Compare it to the proposed ratemaking capital structure.
d. Explain how the Company plans on moving towards its target and/or optimal capital structure over the next five years.

Response:

a. The Company has a target equity ratio of 53.86% because this is the level of equity capitalization that the Company views as necessary to maintain adequate credit ratings to support the business and deliver a reasonable cost of capital to customers, given the Company's obligations for financial stability. The ratings agencies do not provide the Company with a specific target level and, instead, the Company routinely evaluates its financial costs, commitments, revenues and other factors in order to identify a capitalization balance that will be viewed positively by the credit-rating agencies through their intensive rating process. The outcome of this rate case proceeding will be a critical input to the rating agencies process. Whether rating agencies view the outcome of this proceeding as supportive of the Company's credit ratings will be a function of the overall revenue requirement authorized by PURA (rather than a single component of the revenue requirement) and the overall capital recovery support environment. However, the rate-case outcome related to the authorized capital structure for ratemaking will matter as it is a key component of the overall revenue requirement and is a component that is interpreted as a signal of the regulatory climate.

   Currently, CL&P has a target capital structure with an equity ratio of approximately 53.86%. CL&P's assessment of its operating environment is that an equity ratio of approximately 53.86% is consistent with those in place at other similar utilities and is appropriate to enable the Company to maintain its financial integrity thereby providing access to capital at

competitive rates under a variety of economic and financial market conditions. In that regard, utilities generally do not have the option to avoid raising external funds during periods of capital market distress. Capital-intensive companies are financed with a view on the risks and funding requirements associated with their assets and operations. Additionally, companies operating within a given sector are likely to have comparable financing requirements, face common financing constraints and have comparable financing practices. For this reason, CL&P assesses its capital structure relative to prevailing industry practice, comparative to other utilities with similar financing requirements and business risks.

The reason that the credit-rating agencies pay attention to capital structure is that utilities have a public-service obligation to provide safe and reliable service to customers and therefore require the ability to access capital markets in the provision of that service. The credit-rating agencies view capital structure as a pivotal element in that analytical construct. For example, as discussed in ALLCO-136, Attachment 1 – Moody's Ratings Methodology, 50 percent of the overall ratings weight is derived from Moody's assessment of Regulatory Framework and Ability to Recover Costs and Earn Returns. An appropriate level of equity capitalization is a critical element of this analysis.

More specifically, 40 percent of the overall ratings weight is based on Moody's assessment of Financial Strength, with 7.5 percent of that 40 percent attributed to Capital Structure. Given that relatively material weighting (for a singular component of the revenue requirement), the Company's target capital structure, as it relates to the Company's proposed total revenue requirement, is maintained in a manner to be supportive of the Company's credit ratings, which provides a tangible benefit to customers in the form of reasonable capital costs and assured liquidity.

b. As discussed in subpart (a), the Company has a target capital structure with an equity ratio of approximately 53.86%. This capital structure appropriately balances the interests of customers with the Company's need to maintain financial strength and access to capital on reasonable terms. Over the past few years, the Company has carried a higher equity ratio as necessary to finance long-term deferrals for RAM and storm costs. More specifically, the Company has had to fund approximately $1 billion in deferred catastrophic storm costs. Carrying substantial unrecovered balances requires the Company to finance those costs and, all else being equal, places pressure on credit metrics. However, the Company recognizes that this higher equity ratio is not appropriate as a long-term capital structure for distribution ratemaking and is not generally aligned with capital structure of other operating utilities across the industry, including the Company's own affiliates. For ratemaking purposes, therefore, the Company is working to issue incremental long-term debt to bring the equity ratio toward its target level. Conversely, the Company's assessment is that a lower equity ratio (particularly one that is materially lower) would weaken its financial position and could impair its ability to maintain credit ratings that support access to debt capital on reasonable terms. That outcome would not

benefit customers. The Company must finance substantial and continuing capital investment, and more debt necessarily increases fixed interest and repayment obligations. At a time when interest costs have increased and competition for capital remains significant, increasing debt beyond an appropriate level would not simply substitute lower-cost debt for higher-cost equity. It would increase financial risk and could ultimately increase the cost at which the Company is able to finance investments required to serve customers.

c. Please refer to Schedule D-1.0 for a worksheet that depicts the components of the Company's target capital structure.

d. Although CL&P has a target equity ratio of approximately 53.86%, the actual ratio will vary around the range naturally over time due to normal variations in cash flows that arise in the course of doing business. Over the next five years, to manage the Company's actual capital structure toward the target capital structure of approximately 53.86% equity, CL&P will evaluate the timing and amount of its long-term debt issuances, equity infusions from Eversource Energy, and dividends to Eversource Energy. Those financing decisions will reflect the Company's cash requirements, capital investment needs, financial condition, and then-prevailing capital-market conditions.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL STRUCTURE) Application, Ex. CL&P-REVREQ-2, Sch. D-1.0. For the following questions, provide unlocked Excel workbooks with formulas intact, including all assumptions, worksheets, and working spreadsheet models to verify the computations:

a. Identify and explain the Company's planned changes to its current capital structure over the next five years (2026–2031).
b. Provide the annual actual capital structures, including dollar balances, at year end for December 31, 2024, through December 31, 2026. Include dollar balances weighted as a percentage of the total cost and weighted cost.
c. Provide the actual capital structures that include quarterly dollar balances for March 31, 2025; June 30, 2025; September 30, 2025; and December 31, 2025. Include dollar balances weighted as a percentage of the total cost and weighted cost.
d. Show the impact of the Company's projected capital structure on its Long-term Debt to Common Equity ratio.

Response:

a. The Company does not currently foresee any change to its current capital structure over the next five years (2026-2031), except for temporary fluctuations, and plans to maintain a target capital structure with an equity ratio of 53.86%[1]. Please refer to the Company's response to RRU-096[i] for a discussion of why a capital structure with an equity ratio of 53.86% is necessary and appropriate. Additionally, please refer to the Company's response to ALLCO-051[ii] for a discussion of how CL&P's target capital structure, including 53.86% equity, compares to CL&P's historical capital structure.

   As the Company explained throughout Docket No. 26-09-03, including in its response to RRU-11 provided below, the Company is committed to preserving its credit ratings to be able to secure the lowest cost funds necessary to provide safe and reliable distribution service on a daily basis now and into the future. The Company explained:

[1] As discussed in response to RRU-095, CL&P's actual capital structure varies over time as a result of the fixed maturity schedule of its existing first mortgage bonds ("FMBs"), the dynamic flow of funds required to operate and invest in the electric system, and variability in customer payments. As a result, the relative proportions of long-term debt and common equity will fluctuate between financing transactions.

The Company maintains a regulatory equity ratio of 53.86% because this is the level of equity capitalization that the Company perceives is necessary to maintain adequate credit ratings to support the business and deliver a reasonable cost of capital to customers, given what the Company's obligations are for financial stability. CL&P's assessment of its operating environment is that an equity ratio of approximately 53.86% is consistent with those in place at other similar utilities and is appropriate to enable the Company to maintain its financial integrity thereby providing access to capital at competitive rates under a variety of economic and financial market conditions.

Utilities have a public service obligation to provide safe and reliable service to customers, and require the ability to access capital markets in the provision of that service. In addition, utilities generally do not have the option to avoid raising external funds during periods of capital market distress. Capital-intensive companies are financed with a view on the risks and funding requirements associated with their assets and operations. Additionally, companies operating within a given sector are likely to have comparable financing requirements, face common financing constraints, and, therefore, have comparable financing practices. For this reason, CL&P assesses its capital structure relative to prevailing industry practice, as compared to other utilities with similar financing requirements and business risks.

The Company is also focused on the role capital structure plays with respect to its credit ratings. The credit rating agencies view capital structure as a pivotal element in their analytical construct. For example, 50 percent of Moody's overall ratings weight is derived from Moody's assessment of Regulatory Framework and Ability to Recover Costs and Earn Returns. An appropriate level of equity capitalization is a critical element of this analysis. In addition, the Moody's Ratings Methodology gives Capital Structure a 7.5% weighting for the rating. The Company's target capital structure of 53.86% is supportive of the Company's credit ratings, which provide benefits to customers in the form of reasonable capital costs and assured liquidity. Lastly, the Company has met this threshold for a credit-supportive capital structure for many years and changes to this structure attempted by the Company (or imposed by a regulatory outcome) would be detrimental to the Company's efforts to show financial and regulatory stability in the Connecticut regulatory environment.

In order to achieve its target equity ratio of 53.86%, CL&P will coordinate its proposed 2026-2027 long-term debt issuances with the timing and amount of earnings, capital contributions from Eversource Energy, and dividends to Eversource Energy.

b. Please refer to RRU-097 Attachment 1 for CL&P's actual capital structure at year-end 2024 and 2025. For Q4 2026, the Company expects its common equity ratio to be within a range of 53.86% to 54.50% and, for Q1 2027, to be at the Company's target common equity ratio of 53.86%, consistent with the capital structure requested in this proceeding. The Company will provide PURA with its actual capital structure as of December 31, 2026, as soon as that information is final and available.

   The Company continues to manage its capital structure toward the 53.86% target common equity ratio while balancing near-term liquidity and financing requirements, including the $500 million of first mortgage bonds that mature in Q1 2027. In addition, the Company currently has a pending application before PURA in Docket No. 26-09-03 – Application of the Connecticut Light and Power Company d/b/a Eversource Energy to issue Long-Term Deb, for which a decision is scheduled to be issued November 4, 2026, which is a pre-requisite to the Company's ability to issue long term debt. Accordingly, the Company's actual capital structure may vary from the target at particular points in time as a result of normal and practical timing differences associated with debt maturities, new debt issuances, and other financing transactions. Such variations are expected to be short-term and do not represent a change in the Company's target capital structure of approximately 53.86% common equity for the foreseeable future.

c. Please refer to RRU-097, Attachment 1.

d. Please refer to RRU-097, Attachment 2.

Prior Referenced Responses:

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[i] RRU-096 Question:

(CAPITAL STRUCTURE) Application, Ex. CL&P-REVREQ-2, Sch. D-1.0. For the following questions, provide unlocked Excel workbooks with formulas intact, including all assumptions, worksheets, and working spreadsheet models to verify the computations:

a. Provide the optimal or target capital structure for the Company.
b. If the proposed 53.86% common equity capital structure is not optimal, then explain how it is in the best interest of ratepayers.
c. Provide a worksheet that clearly depicts the components of the target structure. Compare it to the proposed ratemaking capital structure.
d. Explain how the Company plans on moving towards its target and/or optimal capital structure over the next five years.

RRU-096 Response:

a. The Company has a target equity ratio of 53.86% because this is the level of equity capitalization that the Company views as necessary to maintain adequate credit ratings to support the business and deliver a reasonable cost of capital to customers, given the Company's obligations for financial stability. The ratings agencies do not provide the Company with a specific target level and, instead, the Company routinely evaluates its financial costs, commitments, revenues and other factors in order to identify a capitalization balance that will be viewed positively by the credit-rating agencies through their intensive rating process. The outcome of this rate case proceeding will be a critical input to the rating agencies process. Whether rating agencies view the outcome of this proceeding as supportive of the Company's credit ratings will be a function of the overall revenue requirement authorized by PURA (rather than a single component of the revenue requirement) and the overall capital recovery support environment. However, the rate-case outcome related to the authorized capital structure for ratemaking will matter as it is a key component of the overall revenue requirement and is a component that is interpreted as a signal of the regulatory climate.

   Currently, CL&P has a target capital structure with an equity ratio of approximately 53.86%. CL&P's assessment of its operating environment is that an equity ratio of approximately 53.86% is consistent with those in place at other similar utilities and is appropriate to enable the Company to maintain its financial integrity thereby providing access to capital at competitive rates under a variety of economic and financial market conditions. In that regard, utilities generally do not have the option to avoid raising external funds during periods of capital market distress. Capital-intensive companies are financed with a view on the risks and funding requirements associated with their assets and operations. Additionally, companies operating within a given sector are likely to have comparable financing requirements, face common financing constraints and have comparable financing practices. For this reason, CL&P assesses its capital structure relative to prevailing industry practice, comparative to other utilities with similar financing requirements and business risks.

   The reason that the credit-rating agencies pay attention to capital structure is that utilities have a public-service obligation to provide safe and reliable service to customers and therefore require the ability to access capital markets in the provision of that service. The credit-rating agencies view capital structure as a pivotal element in that analytical construct. For example, as discussed in ALLCO-136, Attachment 1 – Moody's Ratings Methodology, 50 percent of the overall ratings weight is derived from Moody's assessment of Regulatory Framework and Ability to Recover Costs and Earn Returns. An appropriate level of equity capitalization is a critical element of this analysis.

   More specifically, 40 percent of the overall ratings weight is based on Moody's assessment of Financial Strength, with 7.5 percent of that 40 percent attributed to Capital Structure. Given that relatively material weighting (for a singular component of the revenue requirement), the Company's target capital structure, as it relates to the Company's proposed total revenue requirement, is maintained in a manner to be supportive of the Company's credit ratings, which provides a tangible benefit to customers in the form of reasonable capital costs and assured liquidity.

b. As discussed in subpart (a), the Company has a target capital structure with an equity ratio of approximately 53.86%. This capital structure appropriately balances the interests of customers with the Company's need to maintain financial strength and access to capital on reasonable terms. Over the past few years, the Company has carried a higher equity ratio as necessary to finance long-term deferrals for RAM and storm costs. More specifically, the Company has had to fund approximately $1 billion in deferred catastrophic storm costs. Carrying substantial unrecovered balances requires the Company to finance those costs and, all else being equal, places pressure on credit metrics. However, the Company recognizes that this higher equity ratio is not appropriate as a long-term capital structure for distribution ratemaking and is not generally aligned with capital structure of other operating utilities across the industry, including the Company's own affiliates. For ratemaking purposes, therefore, the Company is working to issue incremental long-term debt to bring the equity ratio toward its target

level. Conversely, the Company's assessment is that a lower equity ratio (particularly one that is materially lower) would weaken its financial position and could impair its ability to maintain credit ratings that support access to debt capital on reasonable terms. That outcome would not benefit customers. The Company must finance substantial and continuing capital investment, and more debt necessarily increases fixed interest and repayment obligations. At a time when interest costs have increased and competition for capital remains significant, increasing debt beyond an appropriate level would not simply substitute lower-cost debt for higher-cost equity. It would increase financial risk and could ultimately increase the cost at which the Company is able to finance investments required to serve customers.

c. Please refer to Schedule D-1.0 for a worksheet that depicts the components of the Company's target capital structure.

d. Although CL&P has a target equity ratio of approximately 53.86%, the actual ratio will vary around the range naturally over time due to normal variations in cash flows that arise in the course of doing business. Over the next five years, to manage the Company's actual capital structure toward the target capital structure of approximately 53.86% equity, CL&P will evaluate the timing and amount of its long-term debt issuances, equity infusions from Eversource Energy, and dividends to Eversource Energy. Those financing decisions will reflect the Company's cash requirements, capital investment needs, financial condition, and then prevailing capital-market conditions.

[ii] ALLCO-051 Question:

With respect to capital structure and expected earnings: (a) state the Company's actual common equity ratio, per books, at the end of the Test Year and as of the most recent quarter, and reconcile any difference from the requested 53.86%; (b) state the amount of long-term debt outstanding at Eversource Energy (the parent) as of the end of the Test Year and state whether any proceeds of parent debt have been invested as common equity in CL&P, quantifying the amounts (i.e., the extent of double leverage); and (c) quantify the expected return on equity to shareholders under the proposed earnings sharing mechanism — 50/50 sharing above the authorized return with no downside adjustment — assuming the requested 10.25% authorized return, producing the distribution or scenario analysis used, and state whether the Company performed any analysis of the asymmetric value of that mechanism; if not, explain why an asymmetric mechanism does not require a lower authorized return.

ALLCO-051 Response:

a. In recent years, the Company has had to fund significant deferred balances relating to catastrophic storm restoration costs and the Company's Revenue Adjustment Mechanism ("RAM") reconciling rates, including the 2024 Non-bypassable Federally Mandated Congestion Charges ("NBFMCC"). As discussed in response to data request OCC-522i, including the attachment provided therein, the Company's capital resources are limited. With no foreseeable recovery of the costs in the near term, the Company had to support the growing deferral balance using its limited capital resources, although the deferral offered no operating cash flow with which the Company could service additional debt. To mitigate the financial risk that would otherwise result (from additional debt), the Company took steps to preserve its credit ratings, including maintaining a higher percentage of equity in its capital structure. Consequently, the Company's common equity ratio, per books, was considerably higher than the equity ratio in prior years. Once the artificially low RAM rates were corrected and the corresponding deferred balances were reduced, the need to maintain a higher equity capitalization ratio was lessened.

   Specifically, the Company's common equity ratio on a 5-quarter average basis was 54.56% as of December 31, 2025, and 55.26% as of June 30, 2026. The Company anticipates issuing $1.45 billion of First Mortgage Bonds over the two-year period July 1, 2026 through June 30, 2028, to fund ongoing operations as well as upcoming maturities of $500 million. Additionally, the Company expects to retain approximately $400 million of earned

equity over the same timeframe. As shown in the table below, the Company has reflected an equity ratio of 53.86% in the rate year in this proceeding, incorporating assumptions of timely recovery of past and future storm costs, among other proposals in this proceeding.

Please refer to Table 1, below, as well as the Company's filed Exhibit CLP-REVREQ-2, Schedules D-1.0, WP-D-1.1, and D-5.0.

ALLCO-051 Table 1
($ Millions)

	End-of-Period Balance				Average
	June 30, 2026	June 30, 2027	June 30, 2028	2-Year Change	June 30, 2028
Long-term Debt *	$ 5,109.2	$ 5,751.7	$ 6,053.8	$ 944.5	$ 5,873.0
Common Equity	6,769.5	6,812.8	7,171.5	402.0	6,992.1
Preferred Stock	117.0	117.0	117.0	0.0	117.0
Total Capital	$ 11,995.7	$ 12,681.5	$ 13,342.3	$ 1,346.5	$ 13,011.9
			Common Equity Percentage of Total Capital		53.86%

** Rate Year average balance is calculated on a 5-quarter average basis*

b. Eversource Energy is a public holding company that holds regulated electric, gas and water affiliates as well as unregulated affiliates. It is simply not possible to associate individual sources of funds, whether at the utility or holding company, with the uses of funds at the operating company level, nor is the business managed in that manner. The management of cash into and out of the Company is a daily undertaking that ultimately includes the passage of billions of dollars out of the Company, to suppliers and employees, as well as into the Company from various sources, including customers. Although the Parent company raises necessary capital through specific sources available, the uses are not connected to any specific source of funds.

Those sources of funds include equity issuances, retained earnings, the use of treasury shares for such programs as dividend reinvestment and 401k match, long-term debt issuances, and, temporarily, short-term debt. These sources of funds as well as the eventual uses vary significantly year to year. Moreover, the Company's credit ratings, such as those issued by Moody's, are determined at the subsidiary level based on the riskiness of its assets, specifically, as well as the degree of financial risk resulting from the Company's issuances of First Mortgage Bonds. Those bonds include protections, ring fencing, and covenants specific to the Company (i.e not Eversource Energy Parent), and are backed by the Company's (again, not Eversource Energy Parent's) assets in the State of Connecticut.

c. There is no sharing of earnings caused by the setting of base rates with an authorized return incorporated into the approved revenue requirement. Further, the Company does not anticipate that it will over-earn during the term of the PBMRP.

Date Filed: November 02, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL STRUCTURE) Provide the following information:

a. The actual capitalization mixes for CL&P at year end for the years 2022 to Q3 2026; and
b. A projection of the capitalization mix for year end 2027 to year end 2028 for CL&P.

Response:

a. Please refer to RRU-097, Attachment 1. Data is provided through Q2 2026, which is the most recent data available.

b. Please refer to Table 1, below, for projected capitalization for periods ending December 31, 2027 and December 31, 2028.

Table 1
($ Thousands)

End-of-Period	Dec-27	Percentage Total Capital	Dec-28	Percentage Total Capital
Long-term Debt	5,754,186	44.70%	6,056,300	44.96%
Common Equity	7,001,621	54.39%	7,295,702	54.17%
Preferred	117,020	0.91%	117,020	0.87%
Total Capital	12,872,827	100.00%	13,469,022	100.00%

Average	Dec-27	Percentage Total Capital	Dec-28	Percentage Total Capital
Long-term Debt	5,713,135	44.99%	5,994,359	45.21%
Common Equity	6,868,313	54.09%	7,148,662	53.91%
Preferred	117,020	0.92%	117,020	0.88%
Total Capital	12,698,468	100.00%	13,260,041	100.00%

Date Filed: October 30, 2026

Witness: Rima Hyder
Request from: Public Utilities Regulatory Authority

Question:

(INVESTOR REPORTS) Provide stock analyst reports related to CL&P and Eversource, from January 1, 2023, through the present.

Response:

Please refer to the attachments listed below for stock analyst reports related to CL&P and Eversource Energy from January 1, 2023 through December 31, 2023 and for September 1, 2026 through the present. The attachments include reports from Mizuho Securities USA LLC, Morningstar Equity Research, UBS Global Research, and Wolfe Research. These reports are confidential analyst reports that are not within the proprietary control of Eversource Energy and no public version is available.

- RRU-099, Attachment 1 CONFIDENTIAL, Mizuho
- RRU-099, Attachment 2 CONFIDENTIAL, Morningstar
- RRU-099, Attachment 3 CONFIDENTIAL, UBS
- RRU-099, Attachment 4 CONFIDENTIAL, Wolfe

Please refer to the response to OCC-511[i] for the security analyst reports describing Eversource Energy from January 1, 2024 through August 31, 2026.

Eversource also received reports from Bank of America Securities/Global Research, Citi Research, Goldman Sachs Research, J.P. Morgan Equity Research, and Wells Fargo Equity Research in this time period. However, these five entities denied permission to reproduce their research.

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Prior Referenced Response:

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[i] OCC-511 Question:

Please provide a copy of all reports prepared by security analysts that describe Eversource for the period 2024 to present.

OCC-511 Response:

Please refer to the attachments listed below for security analyst reports that describe Eversource Energy from January 1, 2024, through the present date. The attachments include reports from Mizuho Securities USA LLC, Morningstar Equity Research, TD Cowen, UBS Global Research, and Wolfe Research. These reports are confidential analyst reports that are not within the proprietary control of Eversource Energy and no public version is available.

- OCC-511, Attachment 1 CONFIDENTIAL, Mizuho
- OCC-511, Attachment 2 CONFIDENTIAL, Morningstar
- OCC-511, Attachment 3 CONFIDENTIAL, TD Cowen
- OCC-511, Attachment 4 CONFIDENTIAL, UBS
- OCC-511, Attachment 5 CONFIDENTIAL, Wolfe

Eversource also received reports from Bank of America Securities/Global Research, Citi Research, Goldman Sachs Research, J.P. Morgan Equity Research, and Wells Fargo Equity Research in this time period. However, these five entities denied permission to reproduce their research.

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Date Filed: October 30, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CREDIT RATING) Provide all credit rating reports issued by the applicable credit rating agencies that rate CL&P and Eversource from January 1, 2023 to present.

Response:

Please refer to ALLCO-142, Attachment 5, for reports from S&P Global Ratings on CL&P since January 1, 2023.

Please refer to ALLCO-142, Attachment 6, for reports from Moody's Ratings on CL&P since January 1, 2023.

Please refer to ALLCO-142, Attachment 7, for reports from Fitch Ratings on CL&P since January 1, 2023.

Please refer to RRU-100, Attachment 1, for reports from S&P Global Ratings on Eversource since January 1, 2023.

Please refer to RRU-100, Attachment 2, for reports from Moody's Ratings on Eversource since January 1, 2023.

Please refer RRU-100, Attachment 3, for reports from Fitch Ratings on Eversource since January 1, 2023.

Date Filed: October 30, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CREDIT RATING) Application, Ex. CLP-ELP-2. Provide the S&P Ratings Action for Eversource Energy and Subsidiaries released on April 10, 2026, and the Moody's rating action for Eversource Energy and NSTAR Electric released on July 6, 2026.

Response:

Please refer to RRU-100, Attachment 1, pages 1-11 for the S&P rating action for Eversource Energy and Subsidiaries released on April 10, 2026.

Please refer to RRU-100, Attachment 2, pages 13-18 for the Moody's rating action for Eversource Energy and NSTAR Electric released on July 6, 2026.

Date Filed: November 03, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(PROXY GROUP) Bulkley Pre-Filed Test. Provide the source data for the proxy group capital structure analysis in an unlocked Excel worksheet with formulas intact. Specifically, provide all subsidiary company data, including name and Eversource-affiliated companies used to compute both the common equity and long-term debt ratios.

Response:

Ms. Bulkley provided all workpapers in response to OCC 365.[i] Please refer to AEB-WP-D9 CONFIDENTIAL for the analysis of the capital structure.

Please refer to RRU-102-Attachment 1, CONFIDENTIAL, for the workpaper supporting Exhibit CLP-ROE-12, which contains the average proportion of common equity, long-term debt, and preferred equity for the most recent eight quarters for each of Ms. Bulkley's proxy group companies at the operating subsidiary level. As shown in Figure 5 on page 21 of Exhibit CLP-ROE-1, Eversource Energy was not included in Ms. Bulkley's proxy group and therefore, was also excluded from Ms. Bulkley's calculation of the capital structures of the proxy group companies at the operating subsidiary level.

Prior Referenced Response:

[i] OCC 365 Question:

Workpapers. Please provide all workpapers the Company utilized in preparing its schedules, if not previously filed with PURA. Provide the workpapers in electronic format, with all formulas and calculations intact.

OCC-365 Response:

Please refer to the Attachments listed below for the requested workpapers:

- OCC-365, Attachment 1, for workpapers used in the preparation of Exhibit CLP-RATES-2.
- OCC-365, Attachment 2 through OCC-365, Attachment 9, for workpapers used in the preparation of Exhibit CLP-DEPRECIATION-3 and CLP-DEPRECIATION-4.
- OCC-365, Attachment 10, for excel versions of Exhibit CLP-ROE-2 through CLP-ROE-12 with formulas and calculations intact. For all supporting workpapers to Exhibit CLP-ROE-2 through CLP-ROE-12, refer to OCC-365, Attachment 10 through 24.

- OCC-365, Attachments 25 and 26, for the workpapers to Exhibit CLP-ACOS-2.
- OCC-365, Attachment 27 through OCC-365, Attachment 37, for the workpapers to Exhibit CLP-MCOS-2.

Date Filed: October 30, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(PROXY GROUP) Bulkley Pre-Filed Test.. Provide a list of Electric companies that were considered but excluded from the Company's proxy group and the rationale for each exclusion.

Response:

Please refer to RRU-103, Attachment 1 CONFIDENTIAL, for the requested information. Ms. Bulkley relied on five screening criteria to establish a proxy group that is reasonably comparable to the Company. In reviewing the attachment, the companies with a score of 5 were included in the proxy group. Any company that did not meet all criteria were not considered comparable and were eliminated from the proxy group.

Date Filed: October 30, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(PROXY GROUP) Bulkley Pre-Filed Test.. Provide the capital structure of the Company's proposed proxy group using the holding company's capital structure. If the utility in the proxy group does not have a holding company, or if there are multiple lines of ownership (i.e., holding companies and ultimate parent companies), provide the capital structure for each of the subsidiaries and holding companies.

Response:

Ms. Bulkley's testimony provides an analysis of the capital structures of the utility operating companies owned and operated by the proxy group companies. For reference in authorizing a capital structure in this proceeding for CL&P, the capital structures of the utility operating companies are the correct comparative benchmark as those capital structures properly reflect the operating risks of a utility company, like CL&P, whereas the holding company capital structures are not comparative and do not reflect the necessary operating risks for a utility company.

Capitalization at the holding company level typically includes unregulated operations and often reflects the diversification of the holding company across multiple regulatory jurisdictions and is not therefore comparable to the Company. Ms. Bulkley's testimony explains why the operating company capital structures are the appropriate benchmarks to rely on for comparison. However, to be responsive to this request, please refer to RRU-104, Attachment 1 CONFIDENTIAL, providing the capital structure for each proxy group company at the holding company level, using the market value of debt and equity.

The market value of debt and equity was used for consistency with data relied on to develop the cost of equity models such as the DCF and the CAPM. For example, Ms. Bulkley's constant growth DCF analysis relies on the share prices for each of the companies in her proxy group, which is the market value of equity. Similarly, Ms. Bulkley's CAPM analysis relied on beta coefficients, which are calculated using the returns of each company in the proxy group based on that company's market value. Since the cost of equity models rely on the market value of equity, the estimated cost of equity would reflect the financial risk of the market value debt-to-equity ratio and not the book value debt-to-equity.

Therefore, if the book value is used, and the book value of debt and equity deviates from the market value of debt and equity, the expected return on book equity will be much different than the

expected return on the market value of equity, which is the estimate produced by the DCF and CAPM models. As a result, it is the market value of debt and equity and not the book value of debt and equity that should be relied on when estimating the capital structure for each company in Ms. Bulkley's proxy group at the holding company level.

Lastly, it must be emphasized that short-term debt may be included in the computation of capital structures at the holding company level, but is not appropriate for inclusion in capital structure at the operating company level where long-lived assets are actually paid for and held using permanent sources of capital. Utility holding companies and utility operating companies are very distinct entities in terms of their capital funding and overall capitalization and there is no theoretical or actual basis for imputing the capital structure of the holding company to the operating company, which is engaged in the financing of rate base.

Date Filed: October 30, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(PROXY GROUP) Provide an exhibit that shows the percentage of annual regulated electric distribution revenue to total company revenue and annual regulated utility revenue to total company revenue for each company in the proposed proxy group.

Response:

Please refer to RRU-105, Attachment 1 CONFIDENTIAL, for the requested information.

Date Filed: October 28, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(PROXY GROUP) Provide an exhibit that shows the bond rating and rating agency for each company in the proposed proxy group. For each proposed proxy company with a Moody's bond rating of Baa3/BBB- or lower, explain why that company should be accepted as a proxy company.

Response:

Please refer to RRU-106, Attachment 1. All companies in Ms. Bulkley's proxy group have ratings equal to or higher than Baa3/BBB-.

Date Filed: October 28, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(FTE ALLOCATIONS) Provide a detailed summary explaining how the Company allocates Full Time Equivalent (FTE) positions between distribution rates and other rate mechanisms (i.e., RAM Mechanisms, Conservation and Load Management, etc.). Additionally, provide a narrative on how the Company intends to handle FTEs on a forward looking basis once new distribution rates are approved.

Response:

Please note that all employees charge their labor costs in accordance with the Company's cost charging policies, which are designed to (1) directly assign costs where possible; (2) when costs cannot be direct charged they should be allocated via a causal-based cost charging methodology; and (3) when costs cannot be direct charged or allocated using causal-based cost charging methodologies, the common allocator should be used. Further, when the Company has included internal labor costs as part of the costs for which it is seeking recovery through another rate mechanism such as those included in the RAM, those labor costs are for incremental full-time equivalents ("FTEs") who have been hired as a result of newly established or altered programs that PURA has ordered the Company to support or perform since its last base distribution rate case in Docket No. 17-10-46. As such, these programs and the associated labor costs incurred to administer them are incremental to the level of costs being recovered through distribution rates set in the Docket No. 17-10-46 base distribution rate case. When the incremental FTEs work on these programs, they ensure their time is charged to the correct Company and program which is then reviewed and approved by their supervisor. To the extent the incremental FTEs hired to support these programs work on other non-incremental work, they would charge their time accordingly and such cost would not be recovered through the RAM.

As part of this proceeding, the Company is proposing to roll into base distribution rates the cost of FTEs which are incremental to current base distribution rates and have been recovered in the Company's RAM. These FTEs were either hired after the Company's last base distribution rate case into newly established roles or were transferred into newly established roles, which were created after the last rate case. These FTEs were hired to support various initiatives such as energy storage solutions, innovative energy solutions, electric vehicle programs, shared clean energy facility initiatives, low/zero emission renewable energy certificates and residential/non-residential solar programs.

The Company views the interim recovery of incremental FTEs through the RAM as a best practice. There have been numerous instances where, in order for PURA initiatives to move forward, the Company has had to hire incremental resources and has incurred incremental costs. The costs of implementing and administering these programs cannot be included in base distribution rates if such programs do not exist at the time of the base distribution rate case. As described elsewhere in this filing, the Company is proposing to implement a Performance Based Multi-Year Rate Plan ("PBMRP") as part of this proceeding, inclusive of an exogenous factor to allow for rate adjustments up or down for exogenous events that impose costs (or reduce them) to a level of significance warranting a rate change. The Company has proposed the exogenous cost threshold will be set at 0.5 percent of distribution revenues. Therefore, if PURA adopts the Company's proposed PBMRP, additional FTE costs to support new programs or initiatives would be eligible for recovery upon a showing that they have exceeded the exogenous cost threshold.

Finally, please note that Conservation and Load Management employees are not included in the Company's base distribution rate request as they charge their time to the Conservation and Load Management line of business and not the distribution line of business. Further, the Company is not proposing to roll Conservation and Load Management employees into base distribution rates in this proceeding. Costs associated with the administration of energy efficiency programs, including the Conservation and Load Management FTEs supporting such programs, will continue to be collected through the Conservation Adjustment Mechanism ("CAM") charge included within the Combined Public Benefits Charge on customers' bills.

Date Filed: October 30, 2026

Witness: Danielle J. Munson
Request from: Public Utilities Regulatory Authority

Question:

(EMPLOYEE BENEFITS) Ex. CLP-REVREQ-2, Sch. C-3.12. Provide an explanation for the allocation methodology used to distribute costs from EESCO across each of the employee benefit cost categories listed on Schedule C-3.12, page 1. Show the total costs incurred on the EESCO level for each category prior to the allocation and the associated calculation that derives the Test Year.

Response:

For an explanation of the allocation methodologies, please refer to RRU-108, Attachment 1, for Eversource Energy Service Company ("ESC") FERC Form 60 annual filing that present these methodologies on Schedule XXI.

Please also refer to EOE-066, Attachment 1, for the ESC Cost Allocation Manual and additional details regarding the allocation methodologies and a list of rate codes.

Please refer to RRU-108, Attachment 2, for the 2025 Test Year ESC allocation methodologies and allocation rate codes used to distribute costs to each of the employee benefit categories listed on Schedule C-3.12, page 1. The Labor Misc 1 methodology was utilized to allocate costs to the subsidiaries and business segments as the cost causation of benefit costs relates to Eversource Energy Service Company employees; therefore, distributed labor is the methodology utilized to allocate these costs. The Labor Misc 2 methodology was utilized for benefit costs that also relate to the operating company employees.

Date Filed: October 28, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(EMPLOYEE BENEFITS) Ex. CLP-REVREQ-2, Sch. WP C-3.12, pp. 2-12. For each page of Schedule C-3.12, provide an explanation for how the Company calculated the pro forma adjustments. Explain the methodology or factor used in each case for calculating the capitalized portion for both CL&P and EESCO.

Response:

The Company's explanations for the expense portion of the Employee Benefits pro forma adjustments are listed below. The Company notes there are no pro forma adjustments in pages 4 through 11, of Schedule C-3.12.

- **Healthcare (Page 2)**: The CL&P and ESC Test Year pro forma healthcare expense was calculated using the 2026 working rates (i.e. cost per employee), and applying them to actual employee healthcare plan elections as of 12/31/2025. The pro forma adjustment represents the difference between the 2025 Test Year Healthcare expense and the calculated Test Year pro forma healthcare expense.

- **Disability (Page 3):** The CL&P and ESC Test Year pro forma adjustment represents the removal of a non-recurring reserve adjustment for Long Term Disability expense.

- **Benefit Consultant, Actuarial Fees, and Other Benefits (Page 12):** The ESC Test Year pro forma adjustment represents the removal of certain other benefit expense and consulting services expense that are not representative of a test year level of expense necessary to provide safe and reliable service.

The Company's explanations for the capitalized portion of the Employee Benefits pro forma adjustments are listed below:

- **Pages 2 to 12**: The Test Year pro forma adjustment related to the capitalized portion incorporates the capitalization rate as shown in RRU-015, Attachment 1, at page 2, and is 52.36% capitalization (47.64% O&M) for CL&P Direct and 28.07% capitalization (71.93% O&M) for ESC Allocated charges. Please note, not all costs are subject to capitalization, and therefore the overall capitalization percentage for the schedule may not

align. For further detail regarding the capitalized portion for each page (pages 2-12) of the Employee Benefits schedule, please refer to RRU-044, Attachment 3.

Date Filed: October 30, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(EMPLOYEE BENEFITS) Ex. CLP-REVREQ-2, Sch. WP C-3.12, pp. 2-12. For each page of Schedule C-3.12, provide an explanation for how the Company calculated the Rate Year 1 adjustments. Explain the methodology or factor used in each case for calculating the capitalized portion for both CL&P and EESCO.

Response:

The Company's explanations for the expense portion of the Employee Benefits Rate Year adjustments are listed below. For each of the pages 3 and 5 there are no Rate Year adjustments. Please note, the Company will update the Rate Year in Schedule C-3.12 for the latest ESC allocation rates in the next cost of service update.

- **Healthcare (Page 2)**: The CL&P and ESC Rate Year healthcare expense, for July 2027 through June 2028, was calculated using the same method as the Test Year pro forma (described in the Company's response to RRU-109[i]) using 2026 working rates and 12/31/25 actual employee healthcare plan elections. Next, the amount was inflated using healthcare escalation rates (i.e., medical, dental, and vision) as shown in table 13 of Exhibit CLP-EMPLOYEE-1. These rates were 11.1%, 4.5%, and 4.0% respectively. The Rate Year adjustment represents the difference between the 2025 Test Year Pro Forma Healthcare expense and the calculated Rate Year healthcare expense.

- **Workers' Compensation (Page 4):** The CL&P and ESC Rate Year adjustment reflects an increase in the expense accrual per the actuary for the Rate Year. Please refer to RRU-110 Attachment 1, page 1 for the Rate Year calculation.

- **Pension (Page 6):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year Pension expense and the actuarial forecasted pension expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 2 for the Rate Year calculation.

- **Supplemental Retirement Plan 401(k) (Page 7):** The CL&P and ESC Rate Year 401(k) expense is based on the actual Test Year 401k Plan expense escalated for the projected payroll escalations from Schedule C-3.5. Additionally, certain union employees that participated in the K-Vantage plan in 2025 but transitioned to the Cash Balance Pension Plan as of January 1, 2026 was also taken into account. The Rate Year adjustment

represents the difference between the 2025 Test Year 401(k) expense and the calculated Rate Year 401(k) expense. Please refer to RRU-110, Attachment 1, page 3 for the Rate Year calculation.

- **SERP Expense (Page 8):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year SERP expense and the actuarial forecasted SERP expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 4 for the Rate Year calculation.

- **Non-SERP Expense (Page 9):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year Non-SERP expense and the actuarial forecasted Non-SERP expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 5 for the Rate Year calculation.

- **Post Employment Benefits FAS 106 Expense (Page 10):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year FAS 106 expense and the actuarial forecasted FAS 106 expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 6 for the Rate Year calculation.

- **MedVantage Expense (Page 11):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year MedVantage expense and the actuarial forecasted MedVantage expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 7 for the Rate Year calculation.

- **Benefit Consultant, Actuarial Fees, and Other Benefits (Page 12):** The CL&P and ESC education reimbursement expense was escalated from the Test Year Pro Forma to the Rate Year based upon an average of the annual increase in participation in the program from 2021-2025. The remaining expenses were escalated in the Rate Year for inflation. The Rate Year adjustment represents the difference between the 2025 Test Year Pro Forma expense and the calculated Rate Year expense. Please refer to RRU-110, Attachment 1, page 8 for the Rate Year calculation.

The Company's explanations for the capitalized portion of the Employee Benefits Rate Year adjustments are listed below:

- **Pages 2 to 12**: The Rate Year adjustment related to the capitalized portion incorporates the capitalization rate as shown in RRU-015, Attachment 1, Page 2 and are 52.36% capitalization (47.64% O&M) for CL&P Direct and 28.07% capitalization (71.93% O&M) for ESC Allocated charges. Please note, not all costs are subject to capitalization, and therefore the overall capitalization percentage for the schedule may not align. For further detail regarding the capitalized portion for each page (Pages 2 to 12) of the Employee Benefits schedule, please refer to RRU-044, Attachment 3.

Prior Referenced Response:

[i] RRU-109 Question:

(EMPLOYEE BENEFITS) Ex. CLP-REVREQ-2, Sch. WP C-3.12, pp. 2-12. For each page of Schedule C-3.12, provide an explanation for how the Company calculated the pro forma adjustments. Explain the methodology or factor used in each case for calculating the capitalized portion for both CL&P and EESCO.

RRU-109 Response:

The Company's explanations for the expense portion of the Employee Benefits pro forma adjustments are listed below. The Company notes there are no pro forma adjustments in pages 4 through 11, of Schedule C-3.12.

- **Healthcare (Page 2)**: The CL&P and ESC Test Year pro forma healthcare expense was calculated using the 2026 working rates (i.e. cost per employee), and applying them to actual employee healthcare plan elections as of 12/31/2025. The pro forma adjustment represents the difference between the 2025 Test Year Healthcare expense and the calculated Test Year pro forma healthcare expense.
- **Disability (Page 3):** The CL&P and ESC Test Year pro forma adjustment represents the removal of a non-recurring reserve adjustment for Long Term Disability expense.
- **Benefit Consultant, Actuarial Fees, and Other Benefits (Page 12):** The ESC Test Year pro forma adjustment represents the removal of certain other benefit expense and consulting services expense that are not representative of a test year level of expense necessary to provide safe and reliable service.

The Company's explanations for the capitalized portion of the Employee Benefits pro forma adjustments are listed below:

- **Pages 2 to 12**: The Test Year pro forma adjustment related to the capitalized portion incorporates the capitalization rate as shown in RRU-015, Attachment 1, at page 2, and is 52.36% capitalization (47.64% O&M) for CL&P Direct and 28.07% capitalization (71.93% O&M) for ESC Allocated charges. Please note, not all costs are subject to capitalization, and therefore the overall capitalization percentage for the schedule may not align. For further detail regarding the capitalized portion for each page (pages 2-12) of the Employee Benefits schedule, please refer to RRU-044, Attachment 3.

Date Filed: October 30, 2026

Witness: Kara A. O'Connor
Request from: Public Utilities Regulatory Authority

Question:

(HEALTHCARE EXPENSE) Ex. CLP-REVREQ-2, Sch. C-3.12, p. 2; Ex. CLP-EMPLOYEE-1, p. 70. The Company states, "Employers create working rates by looking at several years of past claims, current enrollment, expected medical and prescription drug trends, and known upcoming risks. Actuaries and benefits experts help translate this information into an expected per-employee cost, which the company sets aside each month." Provide the analysis or reports that the actuaries prepared for the Company that shows the calculation of the working rate per employee for the Rate Year for CL&P and EESCO individually, and how those working rates build up to the $31.942 million of proposed Rate Year costs for Healthcare Benefits presented on Schedule C-3.12, page 2.

Response:

Actuarial working rates are calculated on a Company-wide basis to allow the largest number of medical plan participants to smooth out year-to-year fluctuations in claims cost that would occur with smaller populations within the Company such as EESCO and CL&P. Please refer to RRU-064, Attachment 2, for a detailed description of the annual working rate calculations by medical, dental and vision plans, which is the analysis we receive annually from the actuary

Additionally, please refer to OCC-380, Attachment 1, (Rate Year Summary (Pg 5) tab) for an explanation of how the working rates build up to the $31.942 million of proposed Rate Year costs.

Date Filed: October 28, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray and Kara A. O'Connor
Request from: Public Utilities Regulatory Authority

Question:

(HEALTHCARE EXPENSE) Ex. CLP-EMPLOYEE-1, Table 13, p. 76. In an unlocked Excel worksheet with formulas intact, provide an update to Table 13 that includes the actual incurred costs for each year by Medical/Rx, Dental, and Vision. Show the total costs prior to any capitalization ratio applied, as well as the annual portion expensed by year after incorporating the capitalization ratio.

Response:

Please refer to RRU-112, Attachment 1, for actual incurred costs for 2021 to July 2026 YTD for Medical/Rx, Dental, and Vision in addition to the data provided in Exhibit CLP-EMPLOYEE-1, Table 13. The Company does not have expense and capitalization information readily available prior to 2021.

The five years of data follows similar logic to the Company's Exhibit CLP-REVREQ-3 that is consistent with the schedules submitted for Yankee Gas Services Company pursuant to the Settlement Agreement in Docket No. 18-05-10, which provides, "Beginning with the Company's next rate case, the Company will file with its SFRs five years of historical expense data in the form of Schedule C-3.0," (See Motion 43, *Joint Motion to Approve Settlement Agreement*, Docket No. 18-05-10, Application of Yankee Gas Services Company d/b/a Eversource Energy to Amend its Rate Schedules, p. 12). The historical data is provided only for informational purposes. During the preparation of the Company's cost of service, the Company performs a detailed review of the Test Year data. This detailed review is not performed for historical years where that data does not impact the Company's Test Year nor its cost of service.

Date Filed: October 30, 2026

Witness: Kara A. O'Connor
Request from: Public Utilities Regulatory Authority

Question:

(HEALTHCARE EXPENSE) Explain how the Company and/or the actuarial consultant account for CL&P's and EESCO's employees who waive their right to enroll in the healthcare benefits. Explain whether the employee healthcare waivers are incorporated into the working rates calculated by the Company's actuary.

Response:

The Company together with the actuarial consultant do not incorporate employees who waive healthcare into the working rates. Please refer to RRU-064, Attachment 2, for the *Average Employee* figure that factors in the average number of employees actively participating in the medical plans.

Date Filed: October 28, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(Healthcare Expense) Ex. CLP-REVREQ-2, Sch. WP C-3.12, p. 2. Provide the detail for how the Company calculated the pro forma adjustments of the healthcare expenses of $1.931 million for CL&P and $1.955 million for EESCO. Also, provide the detail explaining the Rate Year 1 adjustments of $5.625 million for CL&P and $2.695 million for EESCO.

Response:

Please refer to the Company's response to OCC-380[i] for detail on the calculation of the Pro Forma and Rate Year adjustments for healthcare expense. Additionally, please refer to RRU-114, Attachment 1, for the specific references to the CL&P and EESCO health care expense for the Test Year Pro Forma and the Rate Year that are included in OCC-380, Attachment 1.

Prior Referenced Response:

[i] OCC-380 Question:

Employee Benefits. Refer to WP C-3.12, page 2 of 12. Explain and provide the calculations for the proforma and Rate Year adjustments.

OCC-380 Response:

The CL&P and EESCO Test Year pro forma healthcare expense was calculated using the 2026 working rates, or cost per employee, and applying them to actual employee healthcare plan elections as of 12/31/2025. Please refer to OCC-380, Attachment 1, Pages 2 to 4 for the Medical, Dental, and Vision calculations showing the annual cost per employee and the actual plan elections as of 12/31/2025 for both Non-Represented and Represented Employees. For CL&P, this resulted in total healthcare expense of $33,261,483, which is then multiplied by the O&M rate of 47.64% to calculate $15,845,771 after capitalization as shown on OCC-380, Attachment 1, Page 1, line 16. This amount also agrees to WP C-3.12, page 2, line 23. For EESCO, the total healthcare expense of $89,350,244 was multiplied by the M9C rate code, using the Miscellaneous Labor methodology for EESCO employees to calculate the amount attributed to CL&P. This product of $15,957,954 was then multiplied by the O&M rate of 71.93% to calculate EESCO healthcare expense of $11,478,556 after capitalization as shown on OCC-380, Attachment 1, Page 1, line 23. This amount also agrees with WP C-3.12, page 2, line 30.

The CL&P and EESCO Rate Year healthcare expense, for July 2027 through June 2028, was calculated using the same method as the Test Year using 2026 working rates and 12/31/25 actual employee healthcare plan elections. Next, the amount was inflated using healthcare escalation rates (i.e., medical, dental, and vision) as shown in table 13 of Exhibit CLP-EMPLOYEE-1. Those rates are:

- Medical/Rx – 11.1%
- Dental – 4.5%
- Vision – 4.0%

Please refer to OCC-380, Attachment 1, Pages 6 to 8 for the Medical, Dental, and Vision calculations showing the annual cost per employee and the actual plan elections as of 12/31/2025 for both Non-Represented and Represented Employees, escalated for the Rate Year. For CL&P, this resulted in total healthcare expense of $38,885,560, which was then multiplied by the O&M rate of 47.64% to calculate $18,525,081 after capitalization as shown on OCC-380, Attachment 1, Page 5, line 16. This amount also agrees to WP C-3.12, page 2, line 23. The approximately $2,679,000 Rate Year adjustment is the difference between the Rate Year and Test Year Pro Forma amounts.

For EESCO, the total healthcare expense of $104,437,336 was multiplied by the M9C rate code, using the Miscellaneous Labor methodology for EESCO employees to calculate the amount attributed to CL&P. This product of $18,652,508 was then multiplied by the O&M rate of 71.93% to calculate the Rate Year EESCO healthcare expense of $13,416,749 after capitalization. This amount also agrees with WP C-3.12, page 2, line 30. The approximately $1,938,000 Rate Year adjustment is the difference between the Rate Year and Test Year Pro Forma amounts.

Date Filed: October 30, 2026

Witness: Sasha P. Lazor
Request from: Public Utilities Regulatory Authority

Question:

(SERP EXPENSE) Ex. CLP-REVREQ-2, Sch. WP C-3.12, p. 8. Provide an explanation for which tier of employees are eligible for the Supplemental Executive Retirement Plan (SERP) and the details of this benefit provided for executives.

Response:

Please refer to the Company's response to OCC-356[i] for additional information about the SERP plan.

Executive Management employees with the classification of Vice President and above **and who participate in a qualified defined benefit pension plan** are eligible for the SERP.

It is common practice among companies with qualified defined benefit pension plans to provide executive management with a benefit that addresses the limits on pensionable earnings that the Internal Revenue Service imposes on qualified pension plans. The objective is for these employees to receive a pension that is similar to non-executive pensions relative to their pay. A "SERP" is a non-qualified plan that accomplishes that objective by providing a retirement benefit to supplement the benefit provided under the qualified plan.

Prior Referenced Response:

[i] OCC-356 Question:

Supplemental Executive Retirement Plan Expense.

a. Please provide the total amount (direct and allocated) of all SERP (SERP, Non-SERP, 401(k) SERP, etc.) expenses for each of the years 2021, 2022, 2023, 2024, 2025 and the amount included in the rate year.
b. Please describe the benefits provided by the Company's SERP plan.
c. Please identify both the total number of employees (direct and allocated) eligible for SERP and the total number of employees ineligible for SERP for each of the years 2021, 2022, 2023, 2024, 2025.
d. Please explain how eligibility for SERP is determined.

OCC-356 Response:

a. Please refer to OCC-356, Attachment 1, for the total amount (direct and allocated) of all SERP and Non-SERP expenses for the years 2021 through 2025, and the Rate Year.

b. It is common practice among companies with qualified defined benefit pension plans to provide executive management with a benefit that addresses the limits on pensionable earnings that the Internal Revenue Service imposes on qualified pension plans. The objective is for these employees to receive a pension that is similar to non-executive pensions relative to their pay. A "SERP", which is a non-qualified plan that accomplishes that objective by providing a retirement benefit to supplement the benefit provided under the qualified plan.

c.

	2021	**2022**	**2023**	**2024**	**2025**
Executive Management - in Pension (SERP eligible)	36	36	36	34	33
Executive Management not in Pension	24	29	32	31	31

d. Executive Management employees with the classification of Vice President and above **and who participate in a qualified defined benefit pension plan** are eligible for the SERP.

Date Filed: October 30, 2026

Witness: Sasha P. Lazor
Request from: Public Utilities Regulatory Authority

Question:

(SERP EXPENSE) Ex. CLP-REVREQ-2, Sch WP C-3.12, p. 9. Provide an explanation for which tier of employees are eligible for the Non-Supplemental Executive Retirement Plan (Non-SERP) and the details of this benefit to employees.

Response:

Please refer to the Company's response OCC-938[i] for details regarding the Non-SERP account.

Non-SERP eligibility is limited to some employment agreements to make up for benefits lost at previous employers by some mid-career hires or as part of a separation agreement with Eversource.

The Non-SERP account is used to record expenses related to specifically negotiated post-employment benefits, including pension enhancements not covered by the Eversource Retirement Plan or the SERP. Such enhancements are provided in some employment agreements to make up for benefits lost at previous employers by some mid-career hires or as part of a separation agreement with Eversource. Non-SERP benefits help to attract and retain qualified personnel.

Prior Referenced Response

[i] OCC-938 Question:

Non-SERP. Refer to the response to OCC-356.

a. Please describe the benefits provided by the Company's Non-SERP plan.
b. Please identify both the total number of employees (direct and allocated) eligible for Non-SERP and the total number of employees ineligible for Non-SERP for each of the years 2021, 2022, 2023, 2024, 2025.
c. Please explain how eligibility for Non-SERP is determined.

OCC-938 Response:

a. The non-SERP account is used to record expenses related to specifically negotiated post-employment benefits, including pension enhancements not covered by the Eversource Retirement Plan or the SERP. Such enhancements are provided in some employment agreements to make up for benefits lost at previous employers by some mid-career hires or as part of a separation agreement with Eversource. As with the SERP, non-SERP benefits help to attract and retain qualified personnel.

b. Active employees are not eligible for non-SERP payments. The number of employees eligible for non-SERP payments are as follows:

Year	**CLP (no. of employees eligible)**	**Eversource Energy Service Company (no. of employees eligible)**
2021	6	43
2022	6	42
2023	6	41
2024	6	36
2025	6	36

c. Non-SERP eligibility is limited to some employment agreements to make up for benefits lost at previous employers by some mid-career hires or as part of a separation agreement with Eversource.

Date Filed: November 06, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray and Jenifer B. Rizza
Request from: Public Utilities Regulatory Authority

Question:

(BENEFITS CONSULTING AND ACTUARIAL FEES) Ex. CLP-REVREQ-2, Sch WP C-3.12, p. 12. Provide all the benefit consulting, actuarial and other reports that support all the employee benefits expenses, pro forma adjustments, and Rate Year 1 adjustments presented on Schedule C-3.12, p. 1.

Response:

Please refer to the Company's response to RRU-109[i], for detail on the Test Year pro forma adjustments included within Schedule WP C-3.12, page 12, and RRU-110[ii], for detail on the Rate Year adjustments included within Schedule WP C-3.12, page 12.

Prior Referenced Response

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[i] RRU-109 Question:

(EMPLOYEE BENEFITS) Ex. CLP-REVREQ-2, Sch. WP C-3.12, pp. 2-12. For each page of Schedule C-3.12, provide an explanation for how the Company calculated the pro forma adjustments. Explain the methodology or factor used in each case for calculating the capitalized portion for both CL&P and EESCO.

RRU-109 Response:

The Company's explanations for the expense portion of the Employee Benefits pro forma adjustments are listed below. The Company notes there are no pro forma adjustments in pages 4 through 11, of Schedule C-3.12.

- **Healthcare (Page 2)**: The CL&P and ESC Test Year pro forma healthcare expense was calculated using the 2026 working rates (i.e. cost per employee), and applying them to actual employee healthcare plan elections as of 12/31/2025. The pro forma adjustment represents the difference between the 2025 Test Year Healthcare expense and the calculated Test Year pro forma healthcare expense.

- **Disability (Page 3):** The CL&P and ESC Test Year pro forma adjustment represents the removal of a non-recurring reserve adjustment for Long Term Disability expense.

- **Benefit Consultant, Actuarial Fees, and Other Benefits (Page 12):** The ESC Test Year pro forma adjustment represents the removal of certain other benefit expense and consulting services expense that are not representative of a Test Year level of expense necessary to provide safe and reliable service.

The Company's explanations for the capitalized portion of the Employee Benefits pro forma adjustments are listed below:

- **Pages 2 to 12**: The Test Year pro forma adjustment related to the capitalized portion incorporates the capitalization rate as shown in RRU-015, Attachment 1, at page 2, and is 52.36% capitalization (47.64% O&M) for CL&P Direct and 28.07% capitalization (71.93% O&M) for ESC Allocated charges. Please note, not all costs are subject to capitalization, and therefore the overall capitalization percentage for the schedule may not align. For further detail regarding the capitalized portion for each page (pages 2-12) of the Employee Benefits schedule, please refer to RRU-044, Attachment 3.

[ii] RRU-110 Question:

(EMPLOYEE BENEFITS) Ex. CLP-REVREQ-2, Sch. WP C-3.12, pp. 2-12. For each page of Schedule C-3.12, provide an explanation for how the Company calculated the Rate Year 1 adjustments. Explain the methodology or factor used in each case for calculating the capitalized portion for both CL&P and EESCO.

RRU-110 Response:

The Company's explanations for the expense portion of the Employee Benefits Rate Year adjustments are listed below. For each of the pages 3 and 5 there are no Rate Year adjustments. Please note, the Company will update the Rate Year in Schedule C-3.12 for the latest ESC allocation rates in the next cost of service update.

- **Healthcare (Page 2)**: The CL&P and ESC Rate Year healthcare expense, for July 2027 through June 2028, was calculated using the same method as the Test Year pro forma (described in the Company's response to RRU-109i) using 2026 working rates and 12/31/25 actual employee healthcare plan elections. Next, the amount was inflated using healthcare escalation rates (i.e., medical, dental, and vision) as shown in table 13 of Exhibit CLP-EMPLOYEE-1. These rates were 11.1%, 4.5%, and 4.0% respectively. The Rate Year adjustment represents the difference between the 2025 Test Year Pro Forma Healthcare expense and the calculated Rate Year healthcare expense.

- **Workers' Compensation (Page 4):** The CL&P and ESC Rate Year adjustment reflects an increase in the expense accrual per the actuary for the Rate Year. Please refer to RRU-110, Attachment 1, page 1, for the Rate Year calculation.

- **Pension (Page 6):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year Pension expense and the actuarial forecasted pension expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 2, for the Rate Year calculation.

- **Supplemental Retirement Plan 401(k) (Page 7):** The CL&P and ESC Rate Year 401(k) expense is based on the actual Test Year 401k Plan expense escalated for the projected payroll escalations from Schedule C-3.5. Additionally, certain union employees that participated in the K-Vantage plan in 2025 but transitioned to the Cash Balance Pension Plan as of January 1, 2026 was also taken into account. The Rate Year adjustment represents the difference between the 2025 Test Year 401(k) expense and the calculated Rate Year 401(k) expense. Please refer to RRU-110, Attachment 1, page 3, for the Rate Year calculation.

- **SERP Expense (Page 8):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year SERP expense and the actuarial forecasted SERP expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 4, for the Rate Year calculation.

- **Non-SERP Expense (Page 9):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year Non-SERP expense and the actuarial forecasted Non- SERP expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 5, for the Rate Year calculation.

- **Post Employment Benefits FAS 106 Expense (Page 10):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year FAS 106 expense and the actuarial forecasted FAS 106 expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 6, for the Rate Year calculation.

- **MedVantage Expense (Page 11):** The CL&P and ESC Rate Year adjustment reflects the difference between the Test Year MedVantage expense and the actuarial forecasted MedVantage expense in the Rate Year. Please refer to RRU-110, Attachment 1, page 7, for the Rate Year calculation.

- **Benefit Consultant, Actuarial Fees, and Other Benefits (Page 12):** The CL&P and ESC education reimbursement expense was escalated from the Test Year Pro Forma to the Rate Year based upon an average of the annual increase in participation in the program from 2021-2025. The remaining expenses were escalated in the Rate Year for inflation. The Rate Year adjustment represents the difference between the 2025 Test Year Pro Forma expense and the calculated Rate Year expense. Please refer to RRU-110, Attachment 1, page 8, for the Rate Year calculation.

The Company's explanations for the capitalized portion of the Employee Benefits Rate Year adjustments are listed below:

- **Pages 2 to 12**: The Rate Year adjustment related to the capitalized portion incorporates the capitalization rate as shown in RRU-015, Attachment 1, Page 2, and are 52.36% capitalization (47.64% O&M) for CL&P Direct and 28.07% capitalization (71.93% O&M) for ESC Allocated charges. Please note, not all costs are subject to capitalization, and therefore the overall capitalization percentage for the schedule may not align. For further detail regarding the capitalized portion for each page (Pages 2 to 12) of the Employee Benefits schedule, please refer to RRU-044, Attachment 3.

Date Filed: October 28, 2026

Witness: Jenifer B. Rizza
Request from: Public Utilities Regulatory Authority

Question:

(PENSION AND POST-EMPLOYMENT BENEFITS) Compare Eversource's pension fund and any post-employment benefits fund performance against the S&P 500's performance over the last five years and explain any changes the Company may have made to investment strategies for any periods of underperformance.

Response:

Please refer to Table 1 which shows the performance of the Eversource pension and post-employment benefits (PBOP) plans versus the Standard and Poor's (S&P) 500 Index over the last five years. The assets of the pension and PBOP plans are diversified across a broad range of asset classes including US Equity, International Equity, Emerging Markets, Fixed Income, Private Equity, Private Credit, Real Assets, and Hedge Funds while performance of the S&P 500 Index performance represents Large Cap US Equity only. The plans have consistently maintained a diversified strategic asset allocation over the last five years irrespective of the performance relative to the S&P 500 Index.

Table 1

Year	Pension Returns	PBOP Returns	S&P 500 Returns
2025	10.8%	13.8%	17.9%
2024	4.6%	9.7%	25.0%
2023	6.5%	13.5%	26.3%
2022	-6.3%	-11.6%	-18.1%
2021	24.1%	18.0%	28.7%

Date Filed: October 28, 2026

Witness: Jenifer B. Rizza
Request from: Public Utilities Regulatory Authority

Question:

(PENSION AND POST-EMPLOYMENT BENEFITS) Explain whether any of the post-employment benefit or pension funds are in an over- or under-funded position based on the Company's actuary analysis. If under-funded, describe any strategies the Company is taking to close any gaps to meet its long-term benefits obligations.

Response:

With assets of $5.73 billion as of December 31, 2025, the Eversource pension plan was overfunded relative to the benefit obligation of $4.77 billion. At December 31, 2025, the post-employment benefit (PBOP) plan was also overfunded with assets of $1.11 billion relative to the benefit obligation of $585 million.

Date Filed: October 28, 2026

Witness: Jenifer B. Rizza
Request from: Public Utilities Regulatory Authority

Question:

(PENSION AND POST-EMPLOYMENT BENEFITS) Provide a narrative explaining any changes in actuarial assumptions made in the current application compared with the Company's prior rate application.

Response:

The actuarial assumptions used in the current application are generally consistent with those used in the Company's prior rate application. The primary changes relate to the discount rate assumptions used to measure the Pension Benefit Obligation (PBO), Accumulated Postretirement Benefit Obligation (APBO), Service Cost, and Interest Cost.

For example, in the prior rate application, the PBO and APBO discount rates calculated as of December 31, 2016, were 4.33% for the Pension Plan and 4.21% for the PBOP Plan. For the current application, the same AA corporate bond yield curve and spot-rate methodology were used; however, changes in market interest rates, the underlying yield curve, and the duration of projected benefit payments resulted in a PBO and APBO discount rate of 5.48% as of December 31, 2025, for both the Pension and PBOP Plans.

A new Interest Crediting Rate assumption was also introduced effective January 1, 2025, to reflect the implementation of the Cash Balance Pension Plan and its associated benefit expense calculation.

Date Filed: October 28, 2026

Witness: Jenifer B. Rizza
Request from: Public Utilities Regulatory Authority

Question:

(PENSION AND POST-EMPLOYMENT BENEFITS) For the last three years ending with the Test Year, provide an exhibit of the actual return on plan assets comparing this to the return on plan assets assumption used in the Company's post-employment benefits plans and pension plan. Explain any differences in the two percentages.

Response:

Please refer to Table 1, which shows actual returns for the pension and post-employment benefit (PBOP) plans as calculated by NEPC, the plans' investment consultant, compared to the assumed long term rate of return for the last three years ending with the Test Year.

Table 1

Year	Pension Returns	PBOP Returns*	Assumed Rate of Return
2023	6.5%	13.5%	8.25%
2024	4.6%	9.7%	8.25%
2025	10.8%	13.8%	8.25%

The assumed rate of return on pension and PBOP plans is a long-term rate based on historical returns as well as forward looking capital market assumptions. Actual returns on plan assets will differ from the long-term rate of return assumption due to short term year-over-year market fluctuations.

The annualized returns over the last seven years ended 12/31/25 for the Eversource Pension Trust and Tax Exempt VEBA Trust, were 8.8% and 10.1%, respectively which represents a more appropriate market cycle to evaluate plan returns.

*PBOP plan returns are shown for the Tax Exempt Voluntary Employee Benefit Association (VEBA) Trust which represents the majority of plan assets. The remaining plan assets are invested primarily through a 401h account within the Pension Plan Master Trust.

Date Filed: October 30, 2026

Witness: Sasha Lazor and Kara A. O'Connor
Request from: Public Utilities Regulatory Authority

Question:
(SUPPLEMENTAL RETIREMENT PLAN, 401k) Provide copies of all materials given to participants outlining the specifics of the 401(k) benefit plan.

a. Provide a detailed discussion on the parameters and benefit levels for Eversource's 401(k) plan.
b. Provide the 401(k) formula calculation.
c. Explain whether 100% of the employees are eligible for the 401(k) plan.

Response:

Please refer to RRU-122, Attachment 1, for the Eversource 401k Plan Summary Plan Description ("SPD"). This document is provided to participants and outlines the specifics of the Eversource 401k Plan.

a. Please refer to RRU-122, Attachment 1, for detail on the parameters and benefit levels for the Eversource 401k Plan.

b. Please refer to RRU-122, Attachment 1, "Company Contributions" chapter for the 401k Plan Employer Match formula detail.

c. All employees of Eversource Energy are eligible to participate in the Eversource 401k Plan.

Date Filed: November 02, 2026

Witness: Douglas P. Horton and Ann Bulkey
Request from: Public Utilities Regulatory Authority

Question:

(CAPITAL MARKETS) Explain how the Earning Sharing Mechanism (ESM), Revenue Adjustment Mechanism (RAM), revenue decoupling, and capital trackers each individually, and also collectively, impact the Company's revenue risk and the cost of capital? Explain.

Response:

This question indicates a fundamental conceptual error, which is that the Company's "risk" with and without a particular ratemaking mechanism can be discretely evaluated and keyed to a specific increment on the return on equity ("ROE") estimate, which would not be appropriate for the following reasons.

Cost of equity analyses rely on market data for the proxy group companies and the evaluation of a change in the Company's risk (and ultimately its ROE) is properly derived as a *comparison* to the proxy group. To the extent that the proxy group companies have similar mechanisms to those that the Company has, the effects of those mechanisms are reflected in the market data that has been used in the analysis.

As shown in Exhibit CLP-ROE-9, Ms. Bulkley conducted an analysis to determine whether the operating subsidiaries of the companies in her proxy group have one or more of three specific ratemaking mechanism in place, which are: (1) either a partially forecast or fully forecast Test Year; (2) a revenue decoupling mechanism or other clause mitigating volumetric risk; and/or (3) a form of capital cost recovery between rate cases. As discussed on page 67 of Ms. Bulkley's direct testimony, Ms. Bulkley concluded that the timeliness of CL&P's cost recovery through regulatory adjustment mechanisms is similar to the proxy group. Therefore, the existence of these mechanisms cannot be considered in isolation as evidence of lower risk or a lower cost of capital because comparable risk-mitigating mechanisms are already prevalent in the proxy-group market data used to estimate the Company's cost of equity.

Thus, the relevant question is not whether an individual mechanism mitigates a particular risk, but whether the Company's overall risk, after considering the operation of these mechanisms and the risks that remain, is materially different from the risks reflected in the proxy group.

As it relates to how the Earning Sharing Mechanism (ESM), Revenue Adjustment Mechanism (RAM), revenue decoupling, and capital recovery mechanisms, individually, and also collectively, impact the Company's revenues, please note the following:

- **Earnings Sharing Mechanism (ESM):** As proposed by the Company, the ESM can only serve to lower revenues in the future versus what revenues would otherwise be, in the absence of the ESM. Under the Company's proposal, the ESM will only be triggered in situations where the Company earns above (not below) its authorized return on equity. In this way the ESM does not decrease or mitigate revenue risk to the Company, but instead serves as a customer protection during the course of the PBMRP to ensure that rates are not inadvertently set too high during the course of the plan. Because the ESM does not provide corresponding protection when the Company earns below its authorized ROE, it does not mitigate the Company's downside revenue or earnings risk and therefore does not provide a basis for concluding that the Company's cost of capital is lower.

- **Revenue Adjustment Mechanism (RAM):** The RAM annually reconciles a number of reconciling rate components including the Non-bypassable Federally Mandated Congestion Charge (NBFMCC), the transmission adjustment clause (TAC), the system benefits charge (SBC), competitive transition charge (CTA), electric system improvement charge (ESI), and the revenue decoupling mechanism (RDM), which is described below. The vast majority of costs collected through the RAM are costs necessary to support state mandated public policy programs. The RAM ensures that customers pay no more and no less than the cost of these programs by annually reconciling rates to reflect the cost of the programs. These programs would not be able to continue in the absence of the RAM, requiring the state to decide to either abandon them or to identify an alternate funding source other than through electric rates. Therefore, the RAM does not mitigate the Company's downside Revenue of earnings risk and does not provide a basis for concluding that the Company's cost of capital is lower.

- **Revenue decoupling (RDM):** Revenue decoupling was enacted by the legislature in order to ensure that utilities as program administrators of Energy Efficiency programs do not have a financial disincentive to aggressively pursue energy efficiency programs. Without RDM, utility revenues would increase as customer usage increases-which means that the RDM is limiting upside and downside potential, symmetrically. The RDM serves to "decouple" the level of revenues from the level of underlying sales volumes so that -- in the end -- the utility recovers the level of revenues authorized by PURA, nor more and no less. The RDM provides a more predictable level of revenues annually than in the absence of decoupling for both the Company and its customers, but also means that revenue increases for any reason (weather, electrification, economic development, increased customer usage, or other factors) are subsumed by the RDM and returned to customers through operation of the mechanism, rather than being available to the Company as a revenue opportunity.

- Capital recovery mechanisms, like reconciling mechanisms for non-capital items, are utilized to provide support for the underlying capital program and are typically

implemented in lieu of sequential rate case filings. In the absence of a capital recovery mechanism, if the level of authorized revenues are insufficient to support the costs of incremental necessary capital requirements, the utility's recourse is to file a full distribution rate case in order to get the costs associated with the capital investment reflected in rates (i.e., depreciation, property taxes, and the cost of capital).

Collectively, these mechanisms reduce particular risks within the Company's regulatory framework, but these mechanisms do not convert the Company's operating revenues or earnings risk-free revenue streams. Instead, these mechanisms address different risks and operate differently than the base-rate construct. For example, the RDM mitigates volumetric revenue risk; the RAM reconciles imbalances between costs and revenues; capital recovery mechanisms account for the revenue requirement on capital investment between rate cases; and the proposed ESM limits the earnings available to the Company above its authorized ROE without providing corresponding protection against earnings below that level. The appropriate cost-of-capital question therefore is not whether these mechanisms provide any risk mitigation. Some clearly do. The question is -- after consideration of their design and operation together with the Company's remaining business, regulatory and financial risks – *whether the Company's overall risk is materially lower than the risks already reflected in the proxy-group market data.* Ms. Bulkley's analysis indicates that it is not, because comparable adjustment mechanisms and forms of timely cost recovery are prevalent among the proxy-group utilities.

The credit-rating agencies' reports and methodologies reinforce the importance of that distinction. Moody's recognizes revenue decoupling and timely capital recovery as credit supportive, but it also identifies the regulatory environment and financial performance as material credit considerations. Fitch likewise identifies the stability and predictability of earnings and cash flow, together with financial metrics, as relevant to CL&P's credit profile. Accordingly, these mechanisms should be evaluated as components of the Company's overall regulatory framework, not as isolated adjustments that can simply be translated adjustments to cost of capital.

Date Filed: November 02, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(REGULATION) Provide a list of ROE rate setting proceedings after January 1, 2024, for regulated water, gas, and electric utilities in the U.S. provide the date of decision, state jurisdiction, and allowed ROE, and indicate whether the case was fully adjudicated or settled.

Response:

Please refer to RRU-124, Attachment 1 CONFIDENTIAL, for the authorized ROEs for electric, natural gas and water utilities from January 1, 2024 to October 15, 2026 (*i.e.,* the most recent data available at the time of the preparation of this response).

Date Filed: November 02, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(REGULATION) Provide a list of all publicly traded electric utilities comparable size to the Company. Provide the company name, jurisdiction, most recently approved ROE, and specify whether the utility has revenue-assurance or stabilization mechanisms (such as decoupling), capital-investment cost trackers or other reconciling mechanisms.

Response:

Please refer to Exhibit CLP-ROE-9, where Ms. Bulkley determined whether the operating subsidiaries of the companies in her proxy group have in place one or more of the following mechanisms: (1) either a partially forecast or fully forecast test year; (2) a revenue decoupling mechanism or other clauses that mitigates volumetric risk; and (3) a capital cost recovery mechanisms that would operate between rate cases.

The utility companies included in Ms. Bulkley's proxy group shown in Exhibit CLP-ROE-9 were the companies that Ms. Bulkley determined were comparable to CL&P for purposes of determining the Company's cost of equity. Ms. Bulkley has not conducted the requested analysis to determine which publicly traded electric companies are comparable in size to CL&P and therefore she also has not either gathered the authorized returns nor determined the mechanisms available to the publicly traded electric companies that may be considered similar in size to CL&P.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(REGULATION) Explain whether the Company has raised any capital (debt at the company level or equity at the corporate holding company level) since its last rate case and at what rates. Provide all amounts, issuance dates, the purpose for the capital, the provider of the capital, etc.

a. Does the company have any indication that its recent cost of capital is higher (a premium) or lower (a discount) compared to similar offerings by other electric utilities?
b. Do revenue stabilizing and cost-tracking mechanisms (e.g., RAM, decoupling, capital trackers) affect investor's interest in investing in the Company and the required rate of compensation? Explain.

Response:

a. Please refer to the ALLCO-143, Attachment 1, and ALLCO-143, Attachment 2, for details on the CL&P long-term debt issuances since January 1, 2018. For each of these issuances, the Company engaged investment banks to issue the long-term debt to institutional investors in the public market. The long-term debt was issued at rates consistent with market rates for instruments of similar maturity and risk. Within the ranges of coupon rates obtained by the Company, the Company does not have the necessary information available for peer companies to be able to assess whether the Company's recent cost of capital is higher or lower than other electric utilities making similar solicitations to the marketplace.

b. This question encompasses two distinct concepts. With respect to the first concept, the answer is yes – the existence of stabilizing and cost-tracking mechanisms has a strong nexus to investor interest. Investors are putting their money (and money they maybe managing for others) into Eversource Energy and its operating affiliates and the lack of timely and adequate recovery of capital investment makes that investment riskier (or even too risky) than investing with other utilities that have that have sufficient recovery paths in place. As a result, without those mechanisms, investor interest in Eversource Energy would be severely diminished in favor of utility holding companies that have mechanisms in place that do track investment on a timely and adequate basis. This is a very real dynamic for Eversource Energy and its utility operations. Investors have a strong interest in understanding and have a line of sight into the ability of the operating companies to recover their capital investment on a timely and adequate basis (and at a fair rate of return) and substantial dialogue with investors and *potential* investors focuses on that specific topic.

The second concept raised in the question is related but distinct. This concept is whether the existence of revenue stabilizing and cost-tracking mechanisms (such as RAM, decoupling and capital cost recovery mechanisms) affect the "required rate of compensation." Please refer to the Company's response to RRU-123[i], for a detailed discussion of this concept. On this point, the answer is multi-part. Yes, having mechanisms in place that, collectively, function well to allow the utility to recover its costs on a timely and adequate basis should be considered in setting the "compensation" due to investors, given that investors are being compensated for the risk of their investment in the utility companies.

That said, constitutional law principles require that the evaluation of investor risk must be undertaken in relation to "similarly situated" companies operating with a similar risk profile. Thus, the methodological approach to setting ROE in a base-rate proceeding is to base the economic and financial analysis driving the ROE estimation on a proxy group of similarly situated utility companies. Where those companies have similar mechanisms in place, the risk profile is similar and thus, "compensation" of risk associated with those mechanisms is embedded in the proxy group data.

Prior Referenced Response:

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[i] RRU-123 Question:

(CAPITAL MARKETS) Explain how the Earning Sharing Mechanism (ESM), Revenue Adjustment Mechanism (RAM), revenue decoupling, and capital trackers each individually, and also collectively, impact the Company's revenue risk and the cost of capital? Explain.

RRU-123 Response:

This question indicates a fundamental conceptual error, which is that the Company's "risk" with and without a mechanism can be discretely evaluated and keyed to a specific increment on the return on equity ("ROE"), which it would not be appropriate, for the following reasons.

Cost of equity analyses rely on market data for the proxy group companies and the evaluation of a change in the Company's risk (and ultimately its ROE) is properly derived as a comparison with the proxy group. To the extent that the proxy group companies have similar mechanisms as the Company, the effects of those mechanisms are reflected in the market data that has been used in the analysis.

As shown in Exhibit CLP-ROE-9, Ms. Bulkley conducted an analysis to determine whether the operating subsidiaries of the companies in her proxy group have one or more of three specific ratemaking mechanism in place, which are: (1) either a partially forecast or fully forecast test year; (2) a revenue decoupling mechanism or other clause mitigating volumetric risk; and/or (3) a form of capital cost recovery between rate cases. As discussed on page 67 of Ms. Bulkley's direct testimony, Ms. Bulkley concluded that the timeliness of CL&P's cost recovery through regulatory adjustment mechanisms is similar to the proxy group. Therefore, the existence of these mechanisms cannot be

considered in isolation as evidence of lower risk or a lower cost of capital because comparable risk-mitigating mechanisms are already prevalent in the proxy-group market data used to estimate the Company's cost of equity.

Thus, the relevant question is not whether an individual mechanism mitigates a particular risk, but whether the Company's overall risk, after considering the operation of these mechanisms and the risks that remain, is materially different from the risks reflected in the proxy group.

As it relates to how the Earning Sharing Mechanism (ESM), Revenue Adjustment Mechanism (RAM), revenue decoupling, and capital recovery mechanisms, individually, and also collectively, impact the Company's revenues, please note the following:

- **Earnings Sharing Mechanism (ESM):** As proposed by the Company, the ESM can only serve to lower revenues in the future versus what revenues would otherwise be, in the absence of the ESM. Under the Company's proposal, the ESM will only be triggered in situations where the Company earns above (not below) its authorized return on equity. In this way the ESM does not decrease or mitigate revenue risk to the Company, but instead serves as a customer protection during the course of the PBMRP to ensure that rates are not inadvertently set too high during the course of the plan. Because the ESM does not provide corresponding protection when the Company earns below its authorized ROE, it does not mitigate the Company's downside revenue or earnings risk and therefore does not provide a basis for concluding that the Company's cost of capital is lower.

- **Revenue Adjustment Mechanism (RAM):** The RAM annually reconciles a number of reconciling rate components including the Non-bypassable Federally Mandated Congestion Charge (NBFMCC), the transmission adjustment clause (TAC), the system benefits charge (SBC), competitive transition charge (CTA), electric system improvement charge (ESI), and the revenue decoupling mechanism (RDM), which is described below. The vast majority of costs collected through the RAM are costs necessary to support state mandated public policy programs. The RAM ensures that customers pay no more and no less than the cost of these programs by annually reconciling rates to reflect the cost of the programs. These programs would not be able to continue in the absence of the RAM, requiring the state to decide to either abandon them or to identify an alternate funding source other than through electric rates. Therefore, the RAM does not mitigate the Company's downside Revenue of earnings risk and does not provide a basis for concluding that the Company's cost of capital is lower.

Revenue decoupling (RDM): Revenue decoupling was enacted by the legislature in order to ensure that utilities as program administrators of Energy Efficiency programs do not have a financial disincentive to aggressively pursue energy efficiency programs. Without RDM, utility revenues would increase as customer usage increases-which means that the RDM is limiting upside and downside potential, symmetrically. The RDM serves to "decouple" the level of revenues from the level of underlying sales volumes so that -- in the end -- the utility recovers the level of revenues authorized by PURA, nor more and no less. The RDM provides a more predictable level of revenues annually than in the absence of decoupling for both the Company and its customers, but also means that revenue increases for any reason (weather, electrification, economic development, increased customer usage, or other factors) are subsumed by the RDM and returned to customers through operation of the mechanism, rather than being available to the Company as a revenue opportunity.

- Capital recovery mechanisms, like reconciling mechanisms for non-capital items, are utilized to provide support for the underlying capital program and are typically implemented in lieu of sequential rate case filings. In the absence of a capital recovery mechanism, if the level of authorized revenues are insufficient to support the costs of incremental necessary capital requirements, the utility's recourse is to file a full

distribution rate case in order to get the costs associated with the capital investment reflected in rates (i.e., depreciation, property taxes, and the cost of capital).

Collectively, these mechanisms reduce particular risks within the Company's regulatory framework, but these mechanisms do not convert the Company's operating revenues or earnings risk-free revenue streams. Instead, these mechanisms address different risks and operate differently than the base-rate construct. For example, the RDM mitigates volumetric revenue risk; the RAM reconciles imbalances between costs and revenues; capital recovery mechanisms account for the revenue requirement on capital investment between rate cases; and the proposed ESM limits the earnings available to the Company above its authorized ROE without providing corresponding protection against earnings below that level. The appropriate cost-of-capital question therefore is not whether these mechanisms provide any risk mitigation. Some clearly do. The question is -- after consideration of their design and operation together with the Company's remaining business, regulatory and financial risks – *whether the Company's overall risk is materially lower than the risks already reflected in the proxy-group market data.* Ms. Bulkley's analysis indicates that it is not, because comparable adjustment mechanisms and forms of timely cost recovery are prevalent among the proxy-group utilities.

The credit-rating agencies' reports and methodologies reinforce the importance of that distinction. Moody's recognizes revenue decoupling and timely capital recovery as credit supportive, but it also identifies the regulatory environment and financial performance as material credit considerations. Fitch likewise identifies the stability and predictability of earnings and cash flow, together with financial metrics, as relevant to CL&P's credit profile. Accordingly, these mechanisms should be evaluated as components of the Company's overall regulatory framework, not as isolated adjustments that can simply be translated adjustments to cost of capital.

Date Filed: November 03, 2026

Witness: Douglas P. Horton and Ann Bulkey
Request from: Public Utilities Regulatory Authority

Question:
(ROE-PROXY GROUP) Application, Ex. CLP-ROE-1 (Bulkley Pre-Filed Test.).

a. How does the Company's financial risk compare to that of the companies in the Proxy Group?

b. How does the Company's business risk compare to that of the companies in the Proxy Group?

Response:

a. Please refer to pp. 40-70 of Ms. Bulkley's direct testimony for a detailed discussion of the risk characteristics of CL&P relative to the proxy group. As Ms. Bulkley explains, although the proxy group companies are comparable to CL&P -- no two companies have exactly the same business and financial risk profiles. Accordingly, her analysis considers the Company's regulatory, business and financial risks relative to the proxy group in determining where the Company's ROE should fall within the reasonable range of analytical results.

The Company's business and regulatory risks also have direct financial consequences. Regulatory lag, for example, requires the Company to finance costs before recovering them from customers. To the extent that financing requires additional debt, the Company incurs additional interest payment requirements and repayment obligations. Regulatory lag therefore directly increases financial risk. Ms. Bulkley's testimony evaluates these risks together as part of the overall comparison between the Company and the proxy group.

The referenced section of Ms. Bulkley's testimony also identifies key business and regulatory risks facing the Company and the proxy group and compares the Company's risk profile to the proxy group companies for each of these factors. As shown in Exhibit CLP-ROE-9, the Company relies on a historical test year, while more than half of the proxy group companies rely on forecasted test years. Particularly in a high-inflation environment, jurisdictions that rely on a historical test year and adhere to a strict application of a 'known and measurable' standard for post-test year changes, as PURA has adopted in recent rate case outcomes, are likely to result in rate-year rates that do not reflect the costs that will either be expected to occur (or actually occur), during the rate period, whereas the proxy group companies using forecasted test years are more likely to reflect those expected costs. On this basis, the Company has greater financial risk than the proxy group.

Similarly, although the Company has a revenue decoupling mechanism, approximately 68 percent of the proxy group has either decoupling, formula rates or straight fixed variable rate

design. Therefore, on this basis, the Company has comparable financial risk as the proxy group.

Lastly, the Company and the proxy-group companies all have some form of capital cost recovery mechanism, making the relative risk of the Company and the proxy group comparable in this regard.

Taking these factors together, Ms. Bulkley assesses that the Company has greater overall financial risk than the proxy group, predominantly due to PURA's strict use of a historical test year, with only narrow adjustments for post-test year changes.

In estimating the cost of equity, Ms. Bulkley relied upon market data for the proxy group companies. To the extent that proxy group companies have a mechanism that serves to reduce financial risk that is comparable to a mechanism implemented by the Company, the market data that is used to estimate the cost of equity includes the effect of these mechanisms. Since the cost of equity analysis depends on benchmarking of the proxy group, the fact that the Company has a revenue decoupling and capital cost recovery mechanism does not reduce the Company's relative risk because the proxy group companies also have these mechanisms and that reduced risk is already included in the market data for the proxy companies that are being used to estimate the Company's cost of equity.

b. The Company's business risk likewise is comparable to that of the companies in the Proxy Group. Business risk is broader than revenue variability or the existence of particular regulatory mechanisms. It also includes the risks inherent in the basic operation and execution of a large electric distribution business.

The Company must make and successfully execute a substantial volume of operating and investment decisions across a dynamic and interconnected business. Providing safe and reliable electric service requires the Company to coordinate its workforce and contractors, physical assets, capital projects, materials, technology and other resources, often across activities that depend on one another. The Company must do so while adapting to circumstances that cannot always be predicted or controlled. Weather, equipment failures, supply and scheduling disruptions, technology issues, and unexpected changes in workforce availability can affect the work required, its timing and its cost. The significance of these risks is not any one event in isolation, but the cumulative challenge of executing a large number of interdependent decisions and activities while conditions continually change. These risks remain even when the Company plans and manages its operations effectively.

Regulatory mechanisms can mitigate particular consequences of these risks, but they do not eliminate the underlying business risk. A capital tracker may reduce regulatory lag associated with qualifying investment, and revenue decoupling may mitigate volumetric revenue risk, but

neither eliminates the operational requirements, uncertainty, or execution risk inherent in running the distribution business.

Date Filed: October 30, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(ROE-PROXY GROUP) Bulkley Pre-Filed Test. For each member of the Company's Proxy Group, provide the market to book ratio and price earnings ratio on a monthly basis for 2025 and 2026.

Response:

Please refer to RRU-128, Attachment 1 CONFIDENTIAL, for the requested information.

Date Filed: October 29, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(ROE-PROXY GROUP) Bulkley Pre-Filed Test. Based on companies followed by Value Line in the Value Line Utility Electric utility space, identify the electric companies followed by Value Line but eliminated from the Company's Proxy Group.

Response:

Please refer to RRU-103, Attachment 1 CONFIDENTIAL, for the requested information.

Date Filed: October 29, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(ROE-DCF) Bulkley Pre-Filed Test., pp. 24–32. Is there a time period during which the Company believes the constant growth discounted cash flow (DCF) model loses its reliability? Provide the time period and market circumstances.

Response:

Ms. Bulkley has not conducted a time series analysis of the DCF results. However, interest rates and utility share prices are inversely correlated, which means that increases in interest rates result in declines in the share prices of utilities and vice versa. For example, in an increasing interest rate environment, the utility sector would be expected to underperform the broader market with a likely decrease in the share prices of utilities occurring. Consequently, in an increasing interest rate environment, the DCF model, which relies on historical stock prices, will likely understate the cost of equity as utility stock prices decline and their dividend yields increase.

Date Filed: November 02, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(ROE-PROXY GROUP) Bulkley Pre-Filed Test., pp. 32–37. What are the economic conditions that would lead the Company to conclude more weight should be afforded to Capital Asset Pricing Model (CAPM)- based methods? Explain.

Response:

As discussed in the Company's response to RRU-130[i], given the inverse relationship between interest rates and utility share prices, the DCF model will likely understate the cost of equity during the forward-looking rate period when interest rates are expected to increase because the DCF model relies on historical share prices.

However, the CAPM can be estimated using projected interest rates as the estimate of the risk-free rate and therefore, will produce an estimate of the cost of equity that better reflects expected market conditions in an increasing interest rate environment.

Given the effect that market conditions can have on each model, certain jurisdictions have broadened dependence on multiple models including the Federal Energy Regulatory Commission, and the state utility regulatory commissions in Minnesota, Michigan, Iowa, Washington, New Jersey and Pennsylvania. Specifically, Ms. Bulkley is aware that the Pennsylvania Public Utility Commission has recently concluded that the capital market conditions of high inflation and increasing interest rates has resulted in the DCF model understating the utility cost of equity, and that weight should be placed on risk premium models, such as the CAPM, in the determination of the ROE (see, Penn. Pub. Util. Comm'n et.al. v, Aqua Penn. Wastewater Inc., Pennsylvania Public Utility Commission, Docket Nos. R-2021-3027385 and R-2021-3027386, Opinion and Order, May 12, 2022). See also Penn. Pub. Util. Comm'n et.al. v, Columbia Water., Pennsylvania Public Utility Commission, Docket Nos. R-2023-3040258, Opinion and Order, January 18, 2024).

Prior Referenced Response:

[i] RRU-130 Question:

(ROE-DCF) Bulkley Pre-Filed Test., pp. 24–32. Is there a time period during which the Company believes the constant growth discounted cash flow (DCF) model loses its reliability? Provide the time period and market circumstances.

RRU-130 Response:

Ms. Bulkley has not conducted a time series analysis of the DCF results. However, interest rates and utility share prices are inversely correlated, which means that increases in interest rates result in declines in the share prices of utilities and vice versa. For example, in an increasing interest rate environment, the utility sector would be expected to underperform the broader market with a likely decrease in the share prices of utilities occurring. Consequently, in an increasing interest rate environment, the DCF model, which relies on historical stock prices, will likely understate the cost of equity as utility stock prices decline and their dividend yields increase.

Date Filed: November 03, 2026

Witness: Rima Hyder and Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(FINANCIAL) Describe the Company's current financial condition as compared to that of the Company's circumstances at the time of its last rate case. Also, explain any improvements and/or other changes to its financial condition.

Response:

Since the Company's last rate case, in 2018, the Company's financial position has remained viable, although weakening over time due to the need for substantial and continuing capital resources to fund base levels of investment, pay for storm response, and withstand large differences in the timing of recovery through the respective reconciling rate mechanisms.

Since 2018, the financial demands on the Distribution business have changed materially. The Company has continued to operate and invest in the distribution system while experiencing sustained under-earning, higher costs, substantial timing-related regulatory balances, and materially greater investment and financing requirements. Those conditions have been particularly impactful given the significant distribution investment required over the period ahead.

From the Company's perspective, the question is asking whether the Company has the recurring financial capacity necessary to provide safe and reliable distribution service, finance the investment program presented in this proceeding, and meet the operating challenges ahead. The strong cash-flow metrics reported by CL&P in 2025 are favorable, but benefited materially from collections of prior-period under-recoveries that, by their nature, are not recurring. CL&P's liquidity, ratings, and access to capital provide relevant context, but do not define the Company's financial condition of its distribution operations.

To answer that question, it is necessary to understand not only the Company's current financial position, but also how it reached that position and what will be required going forward. In 2018, PURA approved the financially supportive framework established by settlement with OCC and PURA's PRO unit, which was widely recognized by ratings agencies and investor analysts as a constructive outcome. However, the Company has experienced subsequent weakening in recurring distribution financial performance as investment, costs and financing requirements have increased. In the sections below, the Company discusses the influencing factors for its current financial conditions.

1. Financial and Regulatory Conditions Subsequent to Docket No. 17-10-46, and the 2018 Rate Settlement.

The comparison of current circumstances to the 2018 rate case requires consideration of three distinct periods. First, during the 2015-2017 pre-case period, Connecticut regulation was not viewed as uniformly supportive. Fitch, for example, characterized the framework as somewhat challenging or restrictive.[1] Then came the 2018 Rate Settlement. The 2018 Rate Settlement was viewed as materially improving the framework applicable to the Company by establishing a more forward-looking and predictable basis for distribution revenues that benefitted credit quality. Moody's, for example, stated that it viewed the settlement as a positive, credit-supportive development.[2] Lastly, the post-settlement period that followed has been marked by sustained under-earning, larger financing requirements, accumulated regulatory balances and greater dependence on individual regulatory rulings deciding the availability of timely and adequate recovery.

The 2018 Rate Settlement provides a useful example of how a ratemaking framework can strengthen the Company's financial position, while also mitigating the impact-on customers. The 2018 Rate Settlement was a multi-year rate plan encompassing forward test years and providing a $124.7 million phased-in increase in base distribution revenues, consisting of increases of $64.3 million effective May 1, 2018; $31.1 million effective May 1, 2019; and $29.2 million effective May 1, 2020. The 2018 Rate Settlement also set an authorized ROE of 9.25%, and a capital structure founded on the Company's own capitalization of 53% equity and 47% long-term debt.

As noted above, Moody's described this settlement as credit supportive. Moody's explained that "[s]ettlement agreements generally benefit a utility's earnings and cash flow by reducing regulatory lag, the interval between a utility's costs and investments and their recovery from customers through an increase in rates." At the same time, Moody's specifically observed that "the phased-in rate increase mitigated some of the immediate rate effect on customers." The 2018 Rate Settlement therefore demonstrated that financial support and customer affordability need not be competing objectives, which was positively viewed by the marketplace. It showed that a forward-looking framework can improve the alignment of revenues with costs and investment while managing the timing of the resulting customer impact.[3]

The 2018 Rate Settlement's treatment by the rating agencies reinforces that point. Moody's viewed the settlement as credit supportive, while S&P later viewed the approximately $125 million multiyear rate increase and associated capital structure as favorable for credit quality.[4] These

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1 Fitch Ratings, Connecticut Light and Power Company, Rating Report (Apr. 20, 2016), p. 2.
2 Moody's Ratings, Connecticut Light & Power Company: Credit Opinion (June 28, 2022), p. 4.
3 Id, p. 4.
4 S&P Global Ratings, Connecticut Light & Power Company, February 25, 2019, p. 2.

assessments are relevant, not because the current proceeding should reproduce the 2018 Rate Settlement, but because the credit-rating assessments highlight the financial characteristics that made that framework effective, which were: forward-looking cost recognition, greater revenue predictability, reduced regulatory lag, and implementation over time to mitigate impacts on customers.

The 2018 Rate Settlement also provided a useful contrast to the Aquarion rate case discussed in the Company's response to ALLCO-142.[i] The subsequent Aquarion rating action highlights the potential credit consequences of an adverse rate-case outcome, whereas the Company's 2018 Rate Settlement illustrates the exact opposite. The OCC's description of the settlement at that time reinforces that point. The OCC estimated total bill impacts of 2.47%, 0.81%, and 0.61% for Rate Years 1, 2, and 3, respectively.[5]

That balance of sufficient revenue support for the utility and mitigating impacts for customers is also evident over the longer period following the settlement. As shown in Figure 2 of Exhibit CLP-IAP-1, the significant volatility in customer bills in recent years has occurred primarily outside the distribution charge, particularly in supply and public-benefit costs.[6] Distribution service has represented between 19% and 30% of the total customer bill over the past five years and approximately 25% currently.[7] At the same time, the 2018 framework was expressly designed to cover base levels of investment on an affordable basis. Through the multiyear rate plan and ESI mechanism, customer bill impacts associated with ESI were limited to less than $2 per month each year, on average, over 2018-2025 while providing recovery of costs associated with $2.7 billion of invested net capital for infrastructure upgrades.[8]

The significance of the 2018 Rate Settlement is therefore broader than its immediate financial effect. It provides a real-life, historical example of a framework that supported the Company's financial requirements and substantial system investment while smoothing the customer impact over time. Moody's recognized the same balance, describing the settlement as a credit supportive one that "mitigated some of the immediate rate effect on customers."[9]

The final scheduled base-revenue increase under the 2018 Rate Settlement became effective in May 2020. The Company thereafter continued to invest in the distribution system, supported by the ongoing ESI, although operating expense was increasing and regulatory deferral balances were growing more significant. The current proceeding presents a different and more demanding set of financial and investment circumstances, but the underlying principle remains relevant – a forward-

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5 Connecticut Office of Consumer Counsel, *PURA Approves Settlement Agreements in Eversource Energy Rate Case; New Rates Are Effective on May 1, 2018* (May 1, 2018), pp. 1-2.

6 Exhibit CLP-IAP-1, July 14, 2026, p. 22, Figure 2

7 Exhibit CLP-ELP-1, July 14, 2026, p. 30

8 Exhibit CLP-ELP-1, July 14, 2026, p. 77

9 Moody's Ratings, Connecticut Light & Power Company: Credit Opinion (June 28, 2022), p. 4.

looking ratemaking framework can support the Company's financial capacity and necessary system investment, while managing and mitigating the timing and magnitude of the customer impact.

2. Persistent Distribution Under-Earning

An important indicator of recurring distribution financial performance is the Company's earned return on equity. The Company has not earned its 9.25% authorized return in any year since the 2018 Rate Settlement was approved, although the Company experienced two years of relative strength (2020 and 2021). As shown below, the degree of under-earning has increased materially over time, as needed investment has been maintained, operating costs have increased, and the Company has had to bear the cost of financing regulatory deferrals. The annual results reported in the Company's response to EOE-062[ii] illustrate the regression:

Table 1

Return on Equity

Year	Earned ROE	Authorized ROE	Shortfall
2018	8.98%	9.25%	0.27%
2019	8.70%	9.25%	0.55%
2020	9.03%	9.25%	0.22%
2021	9.09%	9.25%	0.16%
2022	8.33%	9.25%	0.92%
2023	7.35%	9.25%	1.90%
2024	6.13%	9.25%	3.12%
2025	6.51%	9.25%	2.74%

The comparison is instructive. From 2018 through 2021, the Company's earned ROE remained below, but generally near, its authorized return. The average shortfall over that period was approximately 30 basis points. Beginning in 2022, the gap widened materially. The Company earned 8.33% in 2022; 7.35% in 2023; 6.13% in 2024; and 6.51% in 2025, as compared to the authorized ROE of 9.25%.[10] Over those four years, the average shortfall increased to approximately 217 basis points. These are not isolated annual results. These results show a sustained weakening in the recurring financial performance of CL&P's distribution business since the period immediately following the 2018 Rate Settlement.

[10] CL&P Response to EOE-062, filed August 14, 2026.

Earned ROE is a critical touchpoint in that it reflects two interrelated dynamics. First, it reflects the divergence between the revenue generated by base rates (through the revenue requirement approved in the last rate case) and the utility's actual cost. As costs of investment accumulate and operating expense increases, the earned ROE declines on a linear basis, all else equal. Second, earned ROE inherently reflects the utility's efforts to manage and mitigate those cost increases to attempt to stall the growing, linear gap between rates and costs. However, the ability to forestall declines in the earned ROE is limited, particularly on a short-term basis and, if not resolved through a distribution rate change, ROE will decline at a faster and faster rate.

The widening gap between the Company's authorized and earned ROEs over the period 2018 through 2026 therefore indicates the weakening financial condition of the distribution company, and the declining ability of existing rates to support the costs and capital requirements of the distribution business.

3. A Substantially Larger Distribution Business and Financing Requirement

The Company's system investment base is considerably larger than it was at the time of the 2018 Rate Settlement. Distribution rate base approximately doubled between Test Years 2016 and 2025, increasing from $3.479 billion in 2016 to $6.925 billion at year-end 2025, or by $3.45 billion.

A larger investment base requires more capital to finance and increases the financial significance of timely recovery of the associated cost of service, including the cost of capital. A substantially larger investment base, requires substantially more capital to finance. When recurring revenues and cash recovery do not keep pace with the cost of that larger business, the resulting financing pressure becomes increasingly consequential.

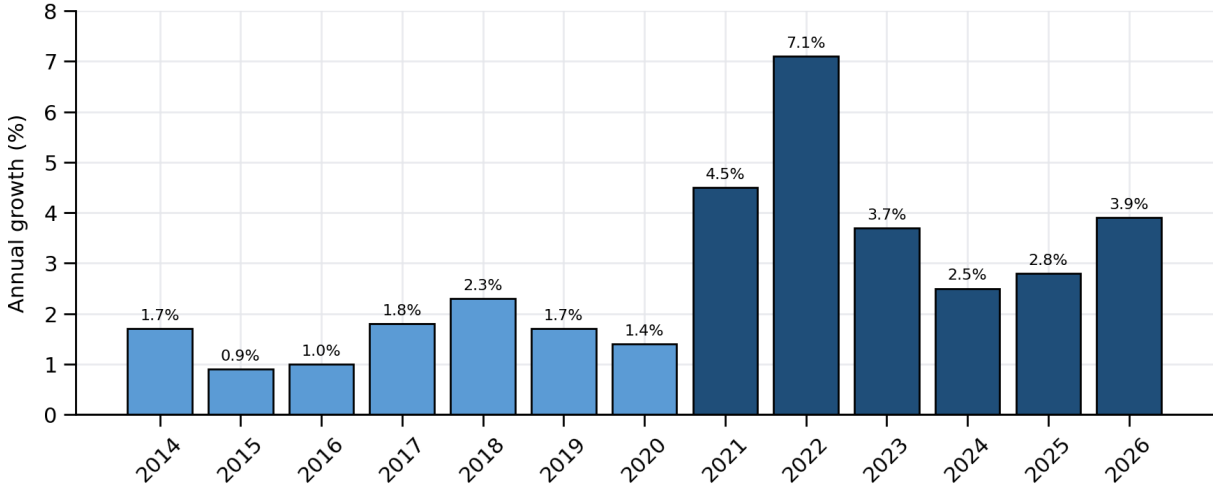
That capital requirement is not merely historical. The Company's current investment plans contemplate substantial additional distribution investment over the coming years. The scale of the prospective program reinforces the financial significance of current rate-base growth. The Company is not simply financing a larger investment base than it did in 2017; it must continue to attract debt and equity capital to finance the investment required over the period ahead. The Company's testimony explains that distribution assets are financed through a combination of long-term debt and equity raised in the financial markets and that the authorized return is intended to compensate lenders and investors supplying capital, while maintaining continued access to the financing necessary to sustain and modernize the electric system.

The general cost environment is also materially different from the conditions surrounding the last rate case. As the chart below illustrates, the Company's last rate case came at a time of relatively stable and significantly lower inflation. Although the existence of a high inflation trend does not necessarily establish that every individual cost is increasing by the same percentage, it does provide relevant context for the cost environment. Simply put, the Company operates in a cost

environment that is materially different from the conditions under which existing rates were established.[11]

Chart 1

Annual GDP-PI Percentage Change



The significance of that growth is the corresponding increase in the Company's capital and financing requirements. The Company must finance a much larger distribution investment base in a higher-cost environment while the Distribution business earns materially less than its authorized return. That condition affects the amount of capital that must be raised, the cash flow available to support additional investment, and the Company's capacity to carry out the capital investment program proposed in this proceeding. Together, those conditions increase the importance of a ratemaking framework that reasonably aligns revenues with the costs and capital requirements of the distribution business over the period ahead.

4. Regulatory Under-Recoveries, Storm Costs, and Recovery Timing

The scale and duration of regulatory under-recoveries have also changed materially since 2018. As discussed in the Company's response to OCC-522, Attachment 1, which references the more detailed response provided in LFE-031 in Docket No. 25-12-13, the combined net balance of CWIP, Distribution under- or over-recoveries, and unrecovered storm costs, net of funding

[11] Annual GDP-PI growth values supplied for 2014-2026; underlying series identified in EOE-156, Attachment 1, as BEA Table 1.1.4 / Moody's Analytics forecast data.

increased from approximately $494 million in 2017 to more than $2 billion in 2024, before declining to approximately $1.6 billion in 2025.[12]

When considering financial condition, ultimate recoverability and *timely* cost recovery are separate questions. A regulatory asset may represent a cost expected to be recovered from customers while the related cash expenditure has already occurred. Until that revenue is collected, the expenditure must be financed. A cost may therefore be prudent and ultimately recoverable while still creating a material financing requirement during the period between expenditure and collection. This gap has the potential to have a very significant impact on the Company's finances.

The Company's recent financing requirements illustrate the point. OCC-522, Attachment 1, states that over the nine-year period analyzed, uses of funds exceeded sources of funds, excluding financing, by approximately $5.389 billion, or approximately $599 million annually on average. That gap required approximately $5.4 billion of debt and equity financing to fund the Company's requirements.

The effect of delayed recovery is also evident in the Company's capitalization decisions. As explained in the Company's response to ALLCO-144[iii], growing deferral balances provided no operating cash flow to service additional debt. The Company therefore had to rely on its available capital resources, and maintaining a higher percentage of equity, in order to mitigate the resulting financial risk. As the deferred balances declined, the need for higher equity capitalization was reduced.

Storm restoration costs provide an important example. PURA's July 2026 final decision resolved a substantial portion of the Company's deferred catastrophic-storm costs and established the amount eligible for further recovery through the securitization process. The decision was favorable, but it followed an extended period during which CL&P had to finance the underlying restoration expenses before final regulatory disposition and recovery. Moody's described the regulatory resolution as a "net positive" because it addressed "long-dated lag" and brought resolution to an "8-year regulatory overhang," which Moody's expected to improve CL&P's cash position and reduce outstanding recourse debt.[13] Fitch characterized the decision as balanced, stating that it allows recovery of most storm costs and may signal improving regulatory conditions in Connecticut.[14] Those assessments illustrate the financial significance of recovery timing, which is that regulatory resolution improves cash flow and credit quality, but only after the intervening financing requirement has been borne.

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12 OCC-522, Attachment 1, which references LFE-031 in Docket No. 25-12-13.

13 Moody's Ratings, Connecticut Light and Power Company (The): Update to Credit Analysis (June 30, 2026), p. 2.

14 Fitch Ratings, Connecticut Light and Power Company, September 15, 2026, p. 2.

Regulatory adjustment mechanisms present the same underlying issue. When reconcilable costs and revenues are temporally mismatched, the resulting balance may materially affect cash flow without producing a corresponding change in net income. Conversely, collection of prior-period under-recoveries can materially improve cash flow in the period collected without a corresponding improvement in recurring distribution earnings. That distinction is central to interpreting CL&P's atypical 2025 cash-flow results, discussed below.

5. Credit Quality, Cash Flow and Access to Capital

CL&P's liquidity, credit ratings and access to capital provide important context for assessing the Company's financial condition. The items indicate that CL&P can meet its current obligations and continue to finance its operations. These items do not, however, establish that the Company is producing adequate recurring distribution earnings or recovering its costs on a sufficiently timely basis to sustain its overall financial health. That distinction is particularly important when considering the strong cash-flow metrics reported by CL&P in 2025.

CL&P reported particularly strong credit metrics in 2025. Moody's reported CL&P's cash from operations before working capital, or CFO Pre-W/C, to debt at 30.1% in 2025 and 30.6% for the twelve months ended March 31, 2026. Those results compare with 13.8% in 2023 and 16.4% in 2024. S&P similarly reported 2025 FFO to debt of 31.3%, operating cash flow of approximately $1.660 billion, and FFO of approximately $1.608 billion.[15]

Those results are favorable, but they are not representative of CL&P's recurring financial profile. Moody's stated that "some of this improvement is due to the catch-up of under-recoveries from the 2023/24 timeframe" and that it expected "the run-rate financial profile to be generally around 19%, but very dependent on regulatory recovery provisions and the results of its to-be filed rate case."[16] S&P likewise stated: "Overall, our base-case scenario assumes CL&P's funds from operations (FFO) to debt temporarily weakens in 2026 to about 19%-20%, before improving to 22%-23% in 2027 and onwards."[17]

The rating agencies therefore do not treat the 2025 results as the appropriate recurring baseline. Those results demonstrate the financial benefit of collecting amounts associated with prior-period costs and under-recoveries. The results do not establish that the Company is now earning adequately or that recurring distribution revenues support the prospective cost of providing service, which is not the case.

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[15] Moody's Ratings, Connecticut Light and Power Company (The): Update to Credit Analysis (June 30, 2026), p. 2; S&P Global Ratings, Connecticut Light & Power Co. (July 23, 2026), financial summary at p. 5.

[16] Moody's Ratings, Connecticut Light and Power Company (The): Update to Credit Analysis (June 30, 2026), p. 6.

[17] S&P Global Ratings, *Connecticut Light & Power Co.* (July 23, 2026), p. 2.

The earned-ROE results confirm the distinction. In the same year in which CL&P reported unusually strong cash-flow ratios, the Company earned only 6.51% on common equity, compared with its authorized 9.25%.[18] Strong cash collections and weak recurring earnings can coexist because the collections may relate to costs and under-recoveries originating in prior periods, as they did. The cash-flow measures principally reflect when cash was collected, while earned ROE reflects the Company's recurring distribution financial performance. The 2025 cash-flow improvement was therefore real and important, but does not establish a corresponding improvement in the Company's recurring distribution financial performance.

CL&P remains investment grade. The ratings history nevertheless shows that Moody's and S&P assign lower rating levels to CL&P than they did in 2018, while Fitch's A- rating is unchanged.[19] More significant to the present comparison is the concern the agencies now express regarding Connecticut regulation, recovery timing and future financial performance. Moody's describes Connecticut as a "challenging regulatory framework" characterized by "higher political scrutiny" and "inconsistent regulatory decisions and rate case outcomes."[20] Fitch states that the relationship between PURA and utilities under the prior regulatory regime had been "contentious," leading to outcomes that were "unsupportive of credit quality," including decreased "cash flow visibility, predictability and profitability."[21]

The agencies also connect CL&P's future credit profile directly to regulatory outcomes. Moody's states that the expected run-rate financial profile is "very dependent on regulatory recovery provisions and the results of its to-be filed rate case."[22] S&P's base-case assumptions include a "constructive regulatory outcome in [the] pending base rate case filing" and "[t]imely recovery of costs recovered through the company's Rate Adjustment Mechanism for distribution rates."[23]

These observations do not mean that the rating agencies endorse any particular proposal in this proceeding. These observations show that the sufficiency, timing, and predictability of Distribution cost recovery are material to CL&P's prospective credit profile.

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18 CL&P Response to EOE-062, filed August 14, 2026

19 Moody's Ratings, Connecticut Light and Power Company (The): Update to Credit Analysis (June 30, 2026), p. 1; S&P Global Ratings, Connecticut Light & Power Co. (July 23, 2026), p. 1; Fitch Ratings, The Connecticut Light and Power Company (September 15, 2026), p. 1.

20 Moody's Ratings, *Connecticut Light and Power Company (The): Update to Credit Analysis* (June 30, 2026), pp. 1 and 4.

21 Fitch Ratings, *The Connecticut Light and Power Company* (September 15, 2026), p. 1.

22 Moody's Ratings, *Connecticut Light and Power Company (The): Update to Credit Analysis* (June 30, 2026), p. 6.

23 S&P Global Ratings, *Connecticut Light & Power Co.* (July 23, 2026), pp. 2 and 5.

It is also important to note that CL&P's FERC-regulated transmission business has materially supported its credit quality, throughout the course of CL&P's difficulties in the Connecticut regulatory environment. Moody's explains that FERC regulation "ensures the utility's ability to earn its authorized [transmission] ROE and enhances the stability and predictability of cash flow, a significant credit positive."[24] S&P and Fitch similarly identify formulaic rates and timely transmission cost recovery as supportive.[25] That support is an important part of CL&P's overall credit profile, but it does not resolve the Company's recurring distribution earnings or recovery conditions. The credit-rating agencies' treatment of transmission also reinforces the importance they place on predictable, timely, and forward-looking cost recovery.

CL&P's present liquidity and access to capital remain important strengths. S&P assesses CL&P's liquidity as adequate and states that available sources cover expected uses by approximately 1.1 times over the following twelve months.[26] That assessment addresses CL&P's near-term ability to meet expected obligations; it does not establish whether the Company has sustainable financial capacity throughout the rate-plan period. Rate cases are inherently forward-looking. The framework established for Rate Year 1 and beyond must therefore reflect reasonable expectations of the prospective costs and capital requirements necessary to provide distribution service.

External financing can bridge timing differences between expenditures and regulatory recovery, but it is not a substitute for recurring financial performance. CL&P's ability to finance the Company's investment program on reasonable terms depends on continued access to both debt and equity capital. The financial importance of this proceeding therefore should not be measured solely by whether CL&P can meet its current obligations, but by whether the resulting framework supports the Company's financial requirements over the period ahead.

Taken together, the preceding discussion distinguishes current financial capacity from recurring financial performance. CL&P has adequate liquidity, access to capital, investment-grade ratings, and strong reported 2025 credit metrics. However, the Company continues to under-earn substantially, beyond its capacity to cut costs, and the strong 2025 cash-flow metrics benefitted materially from collection of prior-period under-recoveries and are not viewed by the rating agencies as a recurring baseline. The forward-looking question is therefore whether the distribution framework established in this proceeding will provide the financial capacity necessary to support the Company's costs, investment requirements and service obligations over the period ahead.

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[24] Moody's Ratings, *Connecticut Light and Power Company (The): Update to Credit Analysis* (June 30, 2026), p. 5.

[25] S&P Global Ratings, *Connecticut Light & Power Co.* (July 23, 2026), pp. 3 and 5; Fitch Ratings, *The Connecticut Light and Power Company* (September 15, 2026), p. 2

[26] S&P Global Ratings, Connecticut Light & Power Co. (July 23, 2026), p. 7.

6. Conclusion

The comparison demonstrates a materially different distribution business than the one for which rates were established in 2018. The Company now supports a substantially larger investment base in a higher-cost environment; is experiencing sustained under-earning and materially greater financing requirements; and has become more dependent on timely recovery of costs incurred to provide service. CL&P retains key financial strengths, but those strengths do not alter the facts regarding the Company's recurring distribution financial conditions.

The significance of this proceeding is therefore forward-looking. Each element of the Company's application remains subject to PURA's review on its own record, but the resulting framework will determine whether the Company enters the coming investment period with recurring financial capacity sufficient to support its costs and obligations, or continues to finance substantial costs and investments for extended periods before the associated revenues are recovered through rates. The objective of this proceeding should be a durable financial foundation that supports the investment and service requirements ahead while managing the impact on customers.

Prior Referenced Responses:

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[i] ALLCO-142 Question:

(Credit metrics and rating thresholds.) (a) State the Company's current long-term issuer and first mortgage bond ratings from Moody's, S&P, and Fitch, the date of each rating action since January 1, 2020, and the outlook. (b) For each calendar year 2020 through 2025 and the Test Year, state the Company's CFO pre-WC/debt, FFO/debt, debt-to-capitalization, and cash-flow-to-interest ratios as calculated by each rating agency (or, if the Company does not have the agency calculation, as calculated by the Company using the agency's published methodology), and produce the calculation. (c) Identify the ratio ranges or thresholds that each rating agency has published or communicated to the Company as consistent with the Company's current rating and with the next rating category below it, and produce each rating-agency report, credit opinion, or communication since January 1, 2023 that states such thresholds for the Company or Eversource Energy. (d) State the share of the Company's cash flow from operations in the Test Year that consists of net income, and the share that consists of depreciation, amortization, deferred income taxes, and other non-cash items. (e) Compute the Company's CFO pre-WC/debt and FFO/debt ratios for the Rate Year at authorized returns on common equity of 10.25%, 9.25%, 8.5%, 7.5%, and 6.5%, holding all other inputs at the Company's proposed levels, and state for each the rating category the Company contends would result and the basis for that contention.

ALLCO-142 Response:

(a) Please refer to ALLCO-142, Attachment 1, for CL&P's ratings and outlook from S&P Global Ratings since January 1, 2020.

Please refer to ALLCO-142, Attachment 2, for CL&P's ratings and outlook from Moody's Ratings since January 1, 2020.

Please refer to ALLCO-142, Attachment 3, for CL&P's ratings and outlook from Fitch Ratings since January 1, 2020.

(b) Please refer to ALLCO-142, Attachment 4, for the metrics requested.

(c) Please refer to ALLCO-142, Attachment 5, for reports from S&P Global Ratings on CL&P since January 1, 2023. As discussed on page 2 of 109, in ALLCO-142, Attachment 5, S&P expects "CL&P's stand-alone FFO to debt will average 20%-22% over the forecast period".

Please refer to ALLCO-142, Attachment 6, for reports from Moody's Ratings on CL&P since January 1, 2023. As discussed on page 3 of 73, in ALLCO-142 Attachment 6, "CL&P's stable outlook reflects our expectation that the utility will maintain a ratio of CFO pre-WC to debt of at least 17% over the next 12-18 months. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including regulators, state leaders and customers and the potential that storm costs could be recovered through pending regulatory proceedings or securitization" and "CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality or if CL&P's financial performance deteriorates such that its ratio of CFO pre-WC to debt falls below 17% on a sustained basis".

Please refer to ALLCO-142, Attachment 7, for reports from Fitch Ratings on CL&P since January 1, 2023. As discussed on page 2 of 19 in ALLCO-142, Attachment 7, "Through 2027, Fitch forecast CL&P's FFO leverage to average about 4.0x.". Additionally on page 2 of 19 in ALLCO-142 Attachment 7, factors that could, individually or collectively, lead to a downgrade include "FFO leverage exceeds 4.3x on a sustained basis" and "An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile".

(d) Please refer to exhibit CLP-REVREQ-2-H-1.2A for the Company's 2025 Form 10K. Per the Company's reported statement of cash flows:

Net Income: $551,329k
Non-Cash Items: $964,867k
Change In Current Assets & Liabilities: $158,970k
Cash from Operations: $1,675,166k

"Non-Cash Items" includes Depreciation, Amortization, Deferred Income Taxes, and Other Non-Cash items, as requested. Note that Test Year Amortization expense includes recovery of substantial under-recovered prior-period costs that built up as the direct result of artificially low RAM rates established over multiple years beginning in 2022. As a result, Test Year Amortization expense may not be indicative of future amortizations, to the extent that reconciling rate adjustments maintain closer alignment with current costs better than they have in the past.

(e) The requested computations would produce unreliable and misleading information regarding the Company's credit ratings because the computations would require broad speculation as to how independent rating agencies will evaluate hypothetical outcomes under circumstances that do not exist.

In particular, the request presumes that credit ratings can be determined solely by recalculating CFO pre-WC/debt and FFO/debt under a series of assumed ROEs and then assigned a corresponding rating category on that basis. Rating agencies do not evaluate utility credit quality in this manner. Moody's expressly states in its methodology that a "scorecard-indicated outcome is not expected to match the actual rating for each company" and further recognizes that there are "various reasons why scorecard-indicated outcomes may not map closely to actual ratings." Thus, Moody's

itself cautions against the precise type of exercise requested here, which is the use of a limited set of quantitative measures to infer a specific rating outcome.1

More fundamentally, Moody's does not evaluate utility credit quality through financial metrics alone. Moody's identifies the regulatory framework as "a key determinant of the credit quality of a utility" and recognizes that utilities can experience financial stress because of "a breakdown or obstacle in the regulatory framework." Consistent with that view, Moody's methodology focuses on the regulatory environment, the consistency and predictability of regulation, the utility's ability to recover its costs and earn returns, and the sufficiency and timeliness of cost recovery. As Moody's explains, the critical issue is whether rates are sufficient to allow the utility to recover its costs and earn a reasonable return, not whether a particular authorized ROE can be associated with a particular financial ratio.2

These facts were proven by the experience of Aquarion Company of Connecticut ("Aquarion") during and after its general rate case, Docket No. 22-07-01, which is particularly instructive on this point because it involved the precise type of exercise requested here. In that docket, PURA purported to evaluate projected credit metrics under multiple ROE and capital structure scenarios, ultimately concluding that "[Aquarion's] credit metrics remain in acceptable ranges set by the credit rating agencies" and that "an ROE set within the ranges presented by EOE, OCC, and [Aquarion] (i.e., 7.765% to 10.35%) would not adversely affect [Aquarion's A3] credit rating." PURA then relied upon that conclusion in establishing the authorized ROE, opining that "[a] key determinant in setting an ROE is whether the ROE will allow the utility to maintain its current financial condition and credit rating."

In its rationale, PURA asserted that it had conducted a "rigorous analysis" of the effect of various ROE levels on the company's credit rating.

In that instance, PURA evaluated alternative ROE scenarios, compared projected metrics against rating-agency benchmarks, concluded that the approved ROE would not adversely affect Aquarion's credit rating, and relied upon that conclusion in setting rates. That exercise involved the same basic premise underlying this interrogatory, which is that projected credit metrics and rating-agency thresholds can be used to predict the credit implications of alternative ROE outcomes. This proposition is invalid.

Despite PURA's conclusions that Aquarion's A3 credit rating would not be adversely impacted by the decision in Docket No. 22-07-01, approximately one year later, Moody's downgraded Aquarion Water Company of Connecticut from A3 to Baa1 and specifically attributed the downgrade to the consequences of the rate order. Moody's stated:

> The downgrade of Aquarion Water Company of Connecticut reflects a weakening financial profile resulting from the utility's rate order last year, which included a reduced revenue requirement as well as lower returns. The rate order was another indication that the Connecticut regulatory environment has become more challenging and less credit supportive for the state's regulated utilities."

Moody's further explained that Aquarion's lower rating reflected a Connecticut regulatory environment that had become less consistent and predictable, as evidenced by recent regulatory decisions affecting Connecticut utilities.7 Notably, the factors Moody's cited as driving the downgrade extended beyond the projected financial metrics on which PURA's analysis principally relied.

The requested computations suffer from the same fundamental flaw. The request assumes that all relevant rating considerations remain unchanged except for the effect of a lower ROE on two financial ratios. In reality, rating agencies do not assess utility credit quality that way. A lower ROE is not merely an input to a ratio calculation. Depending on the circumstances, the ROE may affect a rating agency's assessment of the utility's ability to earn its return, recover its costs, attract capital, maintain cash flow, and operate within a constructive regulatory framework. From a credit perspective, the relevant question is not what ROE appears in a rate order, but whether the utility can

actually recover its costs, earn its authorized return, generate sufficient cash flow, and maintain access to capital. Those outcomes depend on numerous features of the regulatory framework and cannot be inferred from the authorized ROE alone.

Accordingly, the Company cannot reasonably assign hypothetical rating categories to the requested ROE scenarios. More importantly, the Aquarion outcome demonstrates that doing so would not provide a reliable indication of how the rating agencies would actually evaluate the Company's credit quality. The requested exercise would therefore create an appearance of precision that is unsupported by the methodology used by the rating agencies in practice and is contradicted by the directly analogous Connecticut experience.

[ii] EOE-062 Question:

(EARNINGS SHARING MECHANISM-ESM) Provide an unlocked Excel spreadsheet detailing the Company's annual ESM results (i.e., calculated return on equity-ROE) in comparison to the Company's authorized ROE each annual ESM filing since the Company's last rate case. Separately, provide a similar comparison of the Company's "hypothetical" annual ROE results to the Company's authorized ROE whereby the "hypothetical" ROE results are capped at the equity ratio authorized in the last rate case.

EOE-062 Response:

In accordance with Section 10(a) of the 2018 Rate Settlement approved by PURA in Docket No. 17-10-46, earnings at the end of each calendar year above the authorized return on equity ("ROE") of 9.25% shall be shared between customers and the Company on a 50/50 basis. The Company reports its ROE at the end of each calendar year in Docket No. 76-03-07 (2018 – 2020) or Docket No. 76-03-07RE01 (2021 – 2025) as the basis for any earnings sharing.1 The Company did not earn above the authorized 9.25% at the end of any calendar year between 2018 and 2025.

Please refer to Exhibit 1(C)(1) of Attachments 1a through 5a for each actual ROE for the period 2018 through 2022. Please refer to Exhibit 1(C)(1a) of Attachments 6 through 8 for each actual ROE for the period 2023 through 2025.

Please refer to Exhibit 1(C)(1) of Attachments 1b through 5b for each illustrative ROE for 2018 through 2022 utilizing the Company's authorized equity ratio from Docket No. 17-10-46. The Company began reporting an illustrative ROE utilizing the Company's authorized equity ratio from Docket No. 17-10-46, beginning with its year-end 2023 results. Please refer to Exhibit 1(C)(1b) of Attachments 6 through 8 for each illustrative ROE for 2023 through 2025 utilizing the Company's authorized equity ratio from Docket No. 17-10-46.

A table summarizing the results is presented below:

Year	Earned ROE w/ Actual Capital Structure	Illustrative ROE Using Authorized Capital Structure	Reference
2018	8.98%	9.00%	Attachments 1a and 1b
2019	8.70%	8.85%	Attachments 2a and 2b
2020	9.03%	9.26%	Attachments 3a and 3b
2021	9.09%	9.26%	Attachments 4a and 4b
2022	8.33%	8.60%	Attachments 5a and 5b
2023	7.35%	7.57%	Attachment 6
2024	6.13%	6.23%	Attachment 7

2025	6.51%	6.57%	Attachment 8

[iii] ALLCO-144 Question:

(Capital structure.) (a) State the Company's actual common-equity ratio at each year-end 2018 through 2025 and at the most recent month-end, and the equity ratio proposed for ratemaking in this proceeding, and explain any difference. (b) State whether the Company or Eversource Energy has analyzed the effect on the Company's credit metrics and total cost of capital of increasing the common-equity ratio while reducing the return on equity, and produce each such analysis. (c) State the amount of equity infused by Eversource Energy into the Company in each year 2018 through 2025 and the amount of dividends paid by the Company to Eversource Energy in each such year.

ALLCO-144 Response:

(a) Please refer to the Company's response to EOE-062i, for the actual common equity ratios for each year 2018 through 2025. The equity ratio proposed in this proceeding is 53.86%. Please refer to the Company's response to ALLCO-051ii, for a discussion of the Company's historic equity ratios and the equity ratio proposed in this proceeding.

(b) Please refer to the Company's response to OCC-757[iii].

(c) Please refer to ALLCO-144, Attachment 1, for the amount of equity infused by Eversource Energy into the Company in each year 2018 through 2025 and the amount of dividends paid by the Company to Eversource Energy in each such year.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(FINANCIAL) Regarding the Company's cash flow:

a. Provide the Company's Statement of Cash Flow for periods ended December 31, 2024, through YTD, 2026.
b. Provide a narrative characterizing the Company's cash flow over the period identified in subpart a., above and explain if the Company has been able to service its long-term debt.

Response:

a. Please refer to RRU-133, Attachment 1, which provides CL&P's Statements of Cash Flows for the years ended December 31, 2024 and December 31, 2025, and its Statement of Cash Flows for the six months ended June 30, 2026.

b. Table 1, below, provides CL&P's sources and uses of cash over the last nine years. As Table 1 shows, CL&P has invested $8 billion in electric infrastructure (line 6) and approximately $1 billion in financing catastrophic storm events, net of customer contributions (line 7) over this time frame. To support these investments, Table 1 shows that CL&P has contributed $3.21 billion of equity capital (line 18), combined with $2.34 billion of net long-term debt issuances in the form of first mortgage bonds (line 19). At the same time, CL&P's short-term debt usage (line 20) has *decreased* since December 31, 2016, showing that short-term debt has not funded the cumulative increase in the Company's distribution system investment or, for that matter, deferred catastrophic storm costs.

   Importantly, over the last nine years, CL&P's uses of funds have exceeded its sources of funds, excluding financing, by $5.389 billion (line 10), or by $599 million annually, on average. That is, over the last nine years, CL&P has required approximately $5.4 billion of debt and equity capital to fund the difference between the cash generated by the business and cash needed to operate, maintain and enhance the electric grid, including responding to catastrophic weather events.

Table 1
($ Millions)

Line	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
1	**Connecticut Light & Power Operating Activity**										
2	Operating Revenue, excluding earnings	2,519	2,775	2,792	3,075	3,261	4,274	4,025	4,088	4,732	31,541
3	Purchased Power, Transmission, & All Other	(1,357)	(1,936)	(1,794)	(2,003)	(1,827)	(3,033)	(2,741)	(2,644)	(2,881)	(20,215)
4	O&M	(488)	(482)	(522)	(549)	(625)	(718)	(740)	(809)	(844)	(5,777)
5	Property Taxes	(144)	(154)	(167)	(189)	(182)	(202)	(201)	(211)	(226)	(1,676)
6	Capital Investment	(824)	(864)	(917)	(833)	(790)	(876)	(1,093)	(979)	(868)	(8,043)
7	Storms (unapproved & deferred only), net funding	(31)	(105)	97	(321)	(225)	(131)	(131)	(99)	(32)	(979)
8	Distribution Trackers, (Under)/Over	6	56	(11)	(136)	(211)	360	(305)	(81)	539	216
9	Working Capital, net receipt/(payment)	(60)	49	(68)	57	15	(212)	15	(81)	(169)	(456)
10	Subtotal, Source/(Use) of Cash	(380)	(661)	(589)	(899)	(584)	(539)	(1,171)	(817)	251	(5,389)
11	Retained Earnings (i.e. reinvested equity capital)	116	312	63	383	55	235	183	173	116	1,636
12	Capital contributions from ES Parent		300	125	275	200	250	124	300		1,574
13	Short-term borrowing	(11)	(70)	64	(64)		(0)	457	(177)	(280)	(80)
14	Long-term debt issuance	525	500	500	400	425		800	650	400	4,200
15	Long-term debt maturity	(250)	(300)	(250)		(121)		(400)	(140)	(400)	(1,860)
16	Total Increase/(Decrease) in Cash	1	82	(87)	95	(25)	(54)	(8)	(10)	87	80
17	*Totals included above*										
18	Net equity capital (line 11 + line 12)	116	612	188	658	255	485	306	473	116	3,210
19	Long-term debt issuance, net maturity (line 14 + line 15	275	200	250	400	305		400	510		2,340
20	Increase/(Decrease) short-term debt (line 13)	(11)	(70)	64	(64)		(0)	457	(177)	(280)	(80)
21	Total Debt & equity capital funding	381	743	502	994	559	485	1,163	806	(164)	5,469
22									Equity % of capital		58.7%
23									Debt % of capital		42.8%

24	**Note:**	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
25	Average monthly short-term notes payable balance		51	60	130	237	21	21	296	330	
26	Ending short-term notes payable balance	80	70		64				457	280	

A utility's financial capacity depends on the relationship among the cash generated by the business, the cash required to operate and invest in it, and the debt and equity capital necessary to fund the difference, evaluated over time. When capital requirements exceed internally generated cash, the difference must be financed. How much capital is required, how long it must remain committed, and the timing and predictability of its recovery and return are fundamental to the financial capacity of the business.

As shown in Table 1, above, and described below, CL&P's operating cash flow improved significantly in 2025. The 2025 improvement, while substantial and meaningful as compared to years prior, was largely driven by prior period activities. In 2023, uses of cash exceeded sources by nearly $1.2 billion, or more than $630 million worse than in 2022. In 2024, though beginning to show improvement relative to 2023, cash uses still exceeded sources by approximately $817 million. 2025 showed continued improvement as sources exceeded uses by approximately $251 million. Therefore, to gain an accurate understanding of the Company's current financial circumstances, a review of a longer period is required.

The improvement in 2025 reflected several significant changes in the amount and timing of CL&P's cash receipts and expenditures. Cash payments to storm vendors declined by approximately $321 million, higher collections through CL&P's System Benefits Charge mechanism improved cash flow by approximately $113 million, and CL&P received approximately $108 million of State of Connecticut bond proceeds reimbursing hardship and electric-vehicle charging-program costs. The timing of customer collections, vendor payments, and other working-capital items also favorably affected operating cash flow. Two of the largest sources of improvement represented the collection or reimbursement of costs previously incurred, while the largest expenditure-side change reflected lower storm restoration costs than in 2024. The stronger 2025 cash flow was therefore financially beneficial, but should not be interpreted as an equivalent increase in CL&P's recurring cash-generating capacity.

The longer history also shows that regulatory recovery can move cash flow materially in the opposite direction. In 2023, through its RAM proceeding, CL&P was ordered to increase amounts returned to customers from long-term state-approved energy contracts through the NBFMCC retail rate and maintain the rate below then-expected costs, beginning a massive buildup of under-recovered costs by year-end that continued into 2024. That change resulted in an approximately $802 million year-over-year reduction in cash flow. Other factors, such as the timing of customer collections and deferred taxes, for example, played a role in year-over-year variance. However, the contrast is instructive in that regulatory activity materially reduced cash flow in 2023, while recovery of prior-period costs became an important source of cash in later periods. Therefore, the annual results are connected and informed through time rather than independent snapshots of CL&P's financial condition.[1]

Rating agencies likewise consider the underlying drivers of year-to-year changes in cash flow. Moody's, for example clearly recognized that a meaningful portion of the cash flow improvement resulted from the collection of prior-period costs and under-recovery: “some of this improvement is due to the catch-up of under-recoveries from the 2023/24 timeframe.” The contrast between the earlier under-recovery and later recovery is important. Those collections strengthened cash flow when received, but the expenditures giving rise to them had already required funding and the associated capital had already been committed. The 2025 improvement therefore demonstrates the financial value of timely cost recovery and its impacts on the Company’s financial standing.[2]

As the amount of required financing increases or the period before cost recovery lengthens, more capital must be committed for longer, and that capital is unavailable to meet other

[1] The Connecticut Light and Power Company, Annual Report on Form 10-K for the year ended December 31, 2023, at 34.

[2] Moody’s Ratings, Connecticut Light and Power Company (The): Update to Credit Analysis, June 30, 2026, at 6.

requirements. Where internally generated cash is insufficient, CL&P must obtain additional debt or equity capital to fund the difference. Investors providing CL&P their capital have alternative uses for their capital and require compensation for committing it to the business and bearing the associated risk. Greater uncertainty as to the timing, amount, or treatment of recovery therefore affects not only near-term cash requirements, but the expectations under which future capital is made available. The longer capital remains committed and the less certain its recovery and return, the more consequential these considerations become to the financial terms on which the business can be financed. These considerations also inform investor and rating-agency assessments of the broader regulatory climate in which CL&P operates. That is why the outcome of this proceeding matters so significantly to the Company's sustainable future financial capacity. Moody's states that the rate-case outcome will be "an important barometer of the degree of regulatory support in the state, for CL&P's overall cost recovery."[3]

CL&P nevertheless continued to meet its principal and interest obligations while funding its broader cash requirements. That is an important financial strength, but it does not end the analysis since continued access to external financing is necessary in order to support necessary infrastructure investments, particularly in times of increasing system needs. S&P identifies "negative discretionary cash flow (DCF) forecast, indicating future external funding needs" among CL&P's key risks. The forward-looking question from the rating agency perspective is whether CL&P can continue to meet its debt service obligations while continuing to obtain the capital required to finance the Company's Distribution requirements going forward on reasonable terms and in line with critical credit metrics, such as funds from operations (FFO) to debt.[4] Accordingly, the timing and predictability of cost recovery, and the overall outcome of this proceeding, matter to the Company's sustainable financial capacity.

[3] Moody's Ratings, Connecticut Light and Power Company (The): Update to Credit Analysis, June 30, 2026, at 5.

[4] S&P Global Ratings, Connecticut Light & Power Co., July 23, 2026, at 1.

Date Filed: November 03, 2026

Witness: Rima Hyder and Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(FINANCIAL) Describe the Company's financial position for the years ended December 31, 2023, December 31, 2024, and December 31, 2025.

Response:

The Company's financial position over the years ended December 31, 2023, 2024 and 2025 remained viable, although weakening over time due to the need for substantial and continuing capital resources to fund base levels of investment, pay for storm response and withstand large differences in the timing of recovery through the respective reconciling rate mechanisms. Annual results improved in 2025 from a cash-flow perspective due to PURA's decision to allow recovery of the RAM deferrals, but the three years are economically connected. Over these three years, significant cash requirements and regulatory under-recoveries in 2023 and 2024 required financing before a meaningful portion of those amounts could be recovered through cash flow in 2025.

2023: As of December 31, 2023, CL&P reported approximately $15.850 billion of total assets, $4.814 billion of long-term debt and $6.091 billion of common stockholder's equity. CL&P earned approximately $518.7 million of net income in 2023. CL&P's cash-flow position, however, weakened materially in 2023. Cash flow provided by operating activities was approximately $449.6 million, compared with approximately $869.6 million in 2022. The decline was driven primarily by regulatory under-recoveries and the timing of collections, including the reduction of the non-bypassable FMCC retail rate, which decreased CL&P's regulatory over-recovery balance and created an under-recovery balance. CL&P also continued to make necessary system investments and issued $800 million of long-term debt during 2023, while retiring $400 million. Thus, although the Company remained profitable and maintained substantial equity capitalization, its year-end financial position reflected significant cash pressures necessitated by system investment, storm restoration and regulatory timing differences.

2024: During 2024, CL&P's net income remained relatively flat at approximately $512.6 million, compared with $518.7 million in 2023; operating income increased from approximately $821.4 million to $860.5 million, while interest expense increased from approximately $193.4 million to $231.0 million. Long-term debt increased from approximately $4.814 billion on December 31, 2023 to approximately $5.108 billion on December 31, 2024. CL&P issued $650 million of first mortgage bonds during the year and retired approximately $139.8 million of debt. Operating cash flow improved to approximately $683.4 million, but investment in property, plant and equipment

was approximately $978.5 million. Together with other cash requirements, this resulted in continued reliance on financing, including long-term debt and a $300 million capital contribution from Eversource Parent. Accordingly, 2024 reflected some improvement from the particularly weak cash-flow conditions experienced in 2023, but system-investment requirements, storm costs and regulatory timing differences continued to place demands on the Company's financial resources.

2025: The Company's annual financial results improved more substantially in 2025. CL&P reported net income of approximately $551.3 million, compared with $518.7 million in 2023 and $512.6 million in 2024, while operating income increased to approximately $870.7 million. Long-term debt remained essentially unchanged at approximately $5.110 billion on December 31, 2025, compared with approximately $5.108 billion on December 31, 2024. During 2025, CL&P issued $400 million of first mortgage bonds and retired its $400 million 2020 Series A bonds. Most significantly, net cash provided by operating activities increased from approximately $683 million in 2024 to approximately $1.675 billion in 2025.

The improvement in net cash provided by operating activities materially strengthened the Company's financial position during 2025, *as compared to the proceeding periods,* without raising the Company to a more suitable level on an ongoing basis. The improvement reflected, among other factors, approximately $321 million of lower cash payments to storm vendors, approximately $113 million of higher collections through the System Benefits Charge mechanism, approximately $108 million of State of Connecticut bond proceeds reimbursing previously incurred hardship and electric-vehicle charging-program costs, and favorable working-capital timing. Thus, significant components of the improvement represented either recovery or reimbursement of costs previously incurred or a reduction in expenditures relative to 2024, rather than an equivalent increase in recurring cash-generating capacity.

Viewed together, the three years show material improvement in the Company's reported cash-flow position, primarily occurring as a result of regulatory decisions that allowed the Company to recoup a portion of the substantial costs it had incurred and deferred for customers in previous years. The Company remained profitable throughout the period and continued to obtain the debt and equity capital necessary to finance its requirements. At the same time, the substantial movement in operating cash flow across the period, from approximately $450 million in 2023 to $683 million in 2024 and $1.675 billion in 2025, demonstrates why the Company's financial position cannot be evaluated solely from a single year's cash flow. The stronger 2025 result was financially meaningful, but considered together with the funding requirements that preceded it, primarily demonstrates the financial importance of timely recovery of the Company's costs and continued access to capital.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(CREDIT RATING) Provide a summary exhibit with the credit ratings of CL&P from January 1, 2024, to present.

a. Provide a summary exhibit of the key financial metrics and benchmarks utilized by each credit rating agency for A type and B type ratings. Include the weight of each financial metric in the overall rating.
b. If applicable, explain how these rating changes have impacted the Company's cost of debt and access to capital markets for both debt and equity.
c. Explain whether the Company anticipates a change to its credit rating based on the outcome of this rate proceeding.

Response:

a. Please refer to ALLCO-142, Attachment 1, for a summary exhibit of CL&P's credit ratings from January 1, 2020 to present.

   Please see below for key financial metrics and benchmarks utilized by each credit rating agency.

   S&P Global Ratings

   Please refer to Table 18 in RRU-135, Attachment 1, page 34 of 79. This table identifies the financial metrics used by S&P in assessing a company's financial risk profile, including its two key financial metrics (FFO/Debt) and (Debt/EBITDA). Once a company's financial risk profile is determined, it is combined with its business risk profile to determine the rating. Please refer to Table 3 in RRU-135, Attachment 1, page 6 of 79, which shows the expected financial risk profile given various business risk profiles to achieve ratings within the A and BBB categories. S&P does not assign weightings to its specific key financial metrics.

Moody's Ratings

Please refer to ALLCO-136, Attachment 1, page 6 of 33, for a summary exhibit of Moody's key financial metrics and the A and BBB ranges for each metric. Refer to ALLCO-136, Attachment 1, page 2 of 33, which summarizes the weight of each financial metric in the overall rating.

Fitch Ratings

Please refer to RRU-135, Attachment 2, page 4 of 4, which depicts Fitch's key financial metrics as EBITDA Leverage, FFO Leverage, and FFO Interest coverage. This page also shows where Fitch would expect an A and BBB rated utility to fall within each metric. Fitch does not assign weightings to each of its specific key financial metrics.

b. Changes in credit ratings can affect both the cost at which the Company can raise capital and its access to capital markets. A credit rating reflects an independent rating agency's assessment of credit quality and is one of the factors considered by investors in determining the return required to provide capital. As a fundamental principle of finance, investors require compensation for bearing credit risk. Accordingly, all else equal, a lower credit rating reflects greater assessed credit risk and would be expected to require greater compensation from investors, increasing the cost of debt. That said, credit ratings are not determined by financial metrics alone, and are also not the sole determinant of financing costs.

As a result, it is not possible to determine the specific impact of a particular rating change on the Company's cost of capital or access to capital markets. The rating actions identified in part (a) occurred, but it is not possible to know how the Company's debt or equity would have been priced if those rating actions had not occurred. Quantifying that impact would require estimating alternative market pricing while holding constant the other market, economic, security-specific and Company-specific factors affecting financing costs at that time. Accordingly, the Company cannot reliably quantify the effect of an individual rating change on its actual financing costs or access to capital.

Moody's identifies timely recovery of prudently incurred costs and the ability to attract debt and equity capital as fundamental to a utility's credit quality. When rates do not provide timely and sufficient cost recovery, cash flow is reduced, causing financing requirements to increase, resulting in increased reliance on debt and equity capital to fund infrastructure investments.

The Company's response to ALLCO-142[i] also shows that financial metrics, although important, do not determine credit quality by themselves. Moody's recognizes that its

scorecard-indicated outcome is not expected to match the actual rating for each company and identifies the regulatory framework as a key determinant of utility credit quality. The experience of Aquarion Water Company of Connecticut illustrates that point. In Aquarion's rate proceeding, PURA evaluated alternative ROE scenarios and projected credit metrics against rating-agency benchmarks and concluded that the approved ROE would not adversely affect Aquarion's A3 credit rating. PURA relied, in part, on those observations in establishing the authorized ROE, finding that the inordinately low ROE of 8.7% would not harm Aquarion's financial health.

Approximately one year later, Moody's downgraded Aquarion from A3 to Baa1. In explaining the downgrade, Moody's stated: "The downgrade of Aquarion Water Company of Connecticut reflects a weakening financial profile resulting from the utility's rate order last year, which included a reduced revenue requirement as well as lower returns."[1] Moody's further stated that the rate order was another indication that the Connecticut regulatory environment had become more challenging and less credit supportive.

As discussed in RRU-132[ii] and RRU-133[iii], the Company must fund its cash requirements through internally generated cash flow and external financing. Credit quality therefore matters not only to the cost of financing, but also to the Company's ability to continue attracting the debt and equity capital necessary to fund its future investment requirements on reasonable terms.

The Company cannot predict the outcome of this proceeding, or the rating actions that the independent credit rating agencies may take following that outcome. The rating agencies have, however, identified the regulatory environment, the ability to recover costs and earn returns, the stability and predictability of cash flow, and CL&P's *prospective* financial performance as important considerations in their assessments of CL&P's credit quality. Moody's, for example, identifies continued contentious or unsupportive Connecticut regulatory decisions as a potential downgrade consideration for CL&P. Fitch similarly identifies adverse regulatory developments that reduce the stability and predictability of earnings and cash flow and materially weaken CL&P's financial profile as a potential downgrade factor.

Therefore, it is clear that the rating agencies are paying close attention to this proceeding (please refer to the CIEC-014, Attachments 2, 3, and 4 for the most recent reports from S&P, Moody's and Fitch).

For example, S&P's July 23, 2026 report expressly includes a "Constructive regulatory outcome in pending base rate case filing" among the assumptions underlying its base-case

[1] Moody's Ratings, Rating Action: Moody's Ratings Downgrades Aquarion Water Co. of CT's Issuer Rating to Baa1 and Affirms Aquarion Company's Baa2 Ratings; Outlooks Stable (May 23, 2024), p. 1.

scenario for CL&P. Thus, S&P has already incorporated a constructive outcome in this proceeding as an assumption in its current forward-looking credit analysis. The eventual impact of this proceeding on CL&P's credit ratings will depend on several factors. For example, Moody's establishes credit ratings based on four key factors: Regulatory Framework, Ability to Recover Costs and Earn Returns, Diversification, and Financial Strength (see the pre-filed direct testimony of Ann E. Bulkley, Exhibit CLP-ROE-1, at page 45).

The financial metrics identified in part (a) are important to that assessment, but they are not considered in isolation. As discussed in ALLCO-142, S&P expects CL&P's stand-alone FFO to debt to average 20%-22% over its forecast period. Moody's stable-outlook assessment reflects its expectation that CL&P will maintain CFO pre-W/C to debt of at least 17% over the next 12-18 months and also identifies Connecticut regulatory decisions and the regulatory environment as relevant credit considerations. Fitch forecasts CL&P's FFO leverage to average approximately 4.0x through 2027 and identifies both sustained FFO leverage above 4.3x and an adverse implementation of regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile as factors that could lead to a downgrade.

The timing and predictability of cost recovery matter because the Company must fund its costs when they are incurred, not when they are ultimately recovered from customers. Delayed recovery therefore affects cash flow, increases the amount and duration of financing required, and can affect the financial measures considered by the rating agencies. As discussed in RRU-132 and RRU-133, ultimate recovery does not eliminate those financing requirements or the effect of time.

The credit implications of this proceeding therefore extend beyond the authorized ROE or any individual financial metric. The overall result will affect cost recovery, cash flow and the Company's ability to continue attracting the capital necessary to fund its investment requirements. A rate-case outcome that provides, for each year of the approved plan, a reasonable opportunity to recover prudently incurred costs and earn the authorized return on the cumulative capital investment supporting rates in that year, while supporting financial performance consistent with investment-grade credit quality, would be credit supportive. Conversely, an outcome that materially weakens or increases the uncertainty of cash flow, delays or reduces the predictability of cost recovery, or impairs the Company's reasonable opportunity to earn its authorized return could place pressure on credit quality. The ultimate assessment and any resulting rating action will be independently determined by each rating agency under its methodology based on the circumstances existing at that time.

Prior Referenced Responses:

[i] ALLCO-142 Question:

(Credit metrics and rating thresholds.) (a) State the Company's current long-term issuer and first mortgage bond ratings from Moody's, S&P, and Fitch, the date of each rating action since January 1, 2020, and the outlook. (b) For each calendar year 2020 through 2025 and the Test Year, state the Company's CFO pre-WC/debt, FFO/debt, debt-to-capitalization, and cash-flow-to-interest ratios as calculated by each rating agency (or, if the Company does not have the agency calculation, as calculated by the Company using the agency's published methodology), and produce the calculation. (c) Identify the ratio ranges or thresholds that each rating agency has published or communicated to the Company as consistent with the Company's current rating and with the next rating category below it, and produce each rating-agency report, credit opinion, or communication since January 1, 2023 that states such thresholds for the Company or Eversource Energy. (d) State the share of the Company's cash flow from operations in the Test Year that consists of net income, and the share that consists of depreciation, amortization, deferred income taxes, and other non cash items. (e) Compute the Company's CFO pre-WC/debt and FFO/debt ratios for the Rate Year at authorized returns on common equity of 10.25%, 9.25%, 8.5%, 7.5%, and 6.5%, holding all other inputs at the Company's proposed levels, and state for each the rating category the Company contends would result and the basis for that contention.

ALLCO-142 Response:

(a) Please refer to ALLCO-142, Attachment 1, for CL&P's ratings and outlook from S&P Global Ratings since January 1, 2020.

Please refer to ALLCO-142, Attachment 2, for CL&P's ratings and outlook from Moody's Ratings since January 1, 2020.

Please refer to ALLCO-142, Attachment 3, for CL&P's ratings and outlook from Fitch Ratings since January 1, 2020.

(b) Please refer to ALLCO-142, Attachment 4, for the metrics requested.

(c) Please refer to ALLCO-142, Attachment 5, for reports from S&P Global Ratings on CL&P since January 1, 2023. As discussed on page 2 of 109, in ALLCO-142, Attachment 5, S&P expects "CL&P's stand-alone FFO to debt will average 20%-22% over the forecast period".

Please refer to ALLCO-142, Attachment 6, for reports from Moody's Ratings on CL&P since January 1, 2023. As discussed on page 3 of 73, in ALLCO-142 Attachment 6, "CL&P's stable outlook reflects our expectation that the utility will maintain a ratio of CFO pre-WC to debt of at least 17% over the next 12-18 months. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including regulators, state leaders and customers and the potential that storm costs could be recovered through pending regulatory proceedings or securitization" and "CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality or if CL&P's financial performance deteriorates such that its ratio of CFO pre-WC to debt falls below 17% on a sustained basis".

Please refer to ALLCO-142, Attachment 7, for reports from Fitch Ratings on CL&P since January 1, 2023. As discussed on page 2 of 19 in ALLCO-142, Attachment 7, "Through 2027, Fitch forecast CL&P's FFO leverage to average about 4.0x.". Additionally on page 2 of 19 in ALLCO-142 Attachment 7, factors that

could, individually or collectively, lead to a downgrade include “FFO leverage exceeds 4.3x on a sustained basis” and “An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile”.

(d) Please refer to exhibit CLP-REVREQ-2-H-1.2A for the Company’s 2025 Form 10K. Per the Company’s reported statement of cash flows:

Net Income: $551,329k
Non-Cash Items: $964,867k
Change In Current Assets & Liabilities: $158,970k
Cash from Operations: $1,675,166k

“Non-Cash Items” includes Depreciation, Amortization, Deferred Income Taxes, and Other Non-Cash items, as requested. Note that Test Year Amortization expense includes recovery of substantial under-recovered prior-period costs that built up as the direct result of artificially low RAM rates established over multiple years beginning in 2022. As a result, Test Year Amortization expense may not be indicative of future amortizations, to the extent that reconciling rate adjustments maintain closer alignment with current costs better than they have in the past.

(e) The requested computations would produce unreliable and misleading information regarding the Company's credit ratings because the computations would require broad speculation as to how independent rating agencies will evaluate hypothetical outcomes under circumstances that do not exist.

In particular, the request presumes that credit ratings can be determined solely by recalculating CFO pre-WC/debt and FFO/debt under a series of assumed ROEs and then assigned a corresponding rating category on that basis. Rating agencies do not evaluate utility credit quality in this manner. Moody's expressly states in its methodology that a "scorecard-indicated outcome is not expected to match the actual rating for each company" and further recognizes that there are "various reasons why scorecard-indicated outcomes may not map closely to actual ratings." Thus, Moody's itself cautions against the precise type of exercise requested here, which is the use of a limited set of quantitative measures to infer a specific rating outcome.

More fundamentally, Moody's does not evaluate utility credit quality through financial metrics alone. Moody's identifies the regulatory framework as "a key determinant of the credit quality of a utility" and recognizes that utilities can experience financial stress because of "a breakdown or obstacle in the regulatory framework." Consistent with that view, Moody's methodology focuses on the regulatory environment, the consistency and predictability of regulation, the utility's ability to recover its costs and earn returns, and the sufficiency and timeliness of cost recovery. As Moody's explains, the critical issue is whether rates are sufficient to allow the utility to recover its costs and earn a reasonable return, not whether a particular authorized ROE can be associated with a particular financial ratio.

These facts were proven by the experience of Aquarion Company of Connecticut (“Aquarion”) during and after its general rate case, Docket No. 22-07-01, which is particularly instructive on this point because it involved the precise type of exercise requested here. In that docket, PURA purported to evaluate projected credit metrics under multiple ROE and capital structure scenarios, ultimately concluding that "[Aquarion’s] credit metrics remain in acceptable ranges set by the credit rating agencies" and that "an ROE set within the ranges presented by EOE, OCC, and [Aquarion] (i.e., 7.765% to 10.35%) would not adversely affect [Aquarion’s A3] credit rating." PURA then relied upon that conclusion in establishing the authorized ROE, opining that "[a] key determinant in setting an ROE is whether the ROE will allow the utility to maintain its current financial condition and credit rating."

In its rationale, PURA asserted that it had conducted a "rigorous analysis" of the effect of various ROE levels on the company's credit rating.

In that instance, PURA evaluated alternative ROE scenarios, compared projected metrics against rating-agency benchmarks, concluded that the approved ROE would not adversely affect Aquarion's credit rating, and relied upon that conclusion in setting rates. That exercise involved the same basic premise underlying this interrogatory, which is that projected credit metrics and rating-agency thresholds can be used to predict the credit implications of alternative ROE outcomes. This proposition is invalid.

Despite PURA's conclusions that Aquarion's A3 credit rating would not be adversely impacted by the decision in Docket No. 22-07-01, approximately one year later, Moody's downgraded Aquarion Water Company of Connecticut from A3 to Baa1 and specifically attributed the downgrade to the consequences of the rate order. Moody's stated:

> The downgrade of Aquarion Water Company of Connecticut reflects a weakening financial profile resulting from the utility's rate order last year, which included a reduced revenue requirement as well as lower returns. The rate order was another indication that the Connecticut regulatory environment has become more challenging and less credit supportive for the state's regulated utilities."

Moody's further explained that Aquarion's lower rating reflected a Connecticut regulatory environment that had become less consistent and predictable, as evidenced by recent regulatory decisions affecting Connecticut utilities. Notably, the factors Moody's cited as driving the downgrade extended beyond the projected financial metrics on which PURA's analysis principally relied.

The requested computations suffer from the same fundamental flaw. The request assumes that all relevant rating considerations remain unchanged except for the effect of a lower ROE on two financial ratios. In reality, rating agencies do not assess utility credit quality that way. A lower ROE is not merely an input to a ratio calculation. Depending on the circumstances, the ROE may affect a rating agency's assessment of the utility's ability to earn its return, recover its costs, attract capital, maintain cash flow, and operate within a constructive regulatory framework. From a credit perspective, the relevant question is not what ROE appears in a rate order, but whether the utility can actually recover its costs, earn its authorized return, generate sufficient cash flow, and maintain access to capital. Those outcomes depend on numerous features of the regulatory framework and cannot be inferred from the authorized ROE alone.

Accordingly, the Company cannot reasonably assign hypothetical rating categories to the requested ROE scenarios. More importantly, the Aquarion outcome demonstrates that doing so would not provide a reliable indication of how the rating agencies would actually evaluate the Company's credit quality. The requested exercise would therefore create an appearance of precision that is unsupported by the methodology used by the rating agencies in practice and is contradicted by the directly analogous Connecticut experience.

[ii] RRU-132 Question:

(FINANCIAL) Describe the Company's current financial condition as compared to that of the Company's circumstances at the time of its last rate case. Also, explain any improvements and/or other changes to its financial condition.

RRU-132 Response:

Since the Company's last rate case, in 2018, the Company's financial position has remained viable, although weakening over time due to the need for substantial and continuing capital resources to fund base levels of investment, pay for storm response and withstand large differences in the timing of recovery through the respective reconciling rate mechanisms.

Since 2018, the financial demands on the Distribution business have changed materially. The Company has continued to operate and invest in the distribution system while experiencing sustained under-earning, higher costs, substantial timing-related regulatory balances, and materially greater investment and financing requirements. Those conditions have been particularly impactful given the significant distribution investment required over the period ahead.

From the Company's perspective, the question is asking whether the Company has the recurring financial capacity necessary to provide safe and reliable distribution service, finance the investment program presented in this proceeding and meet the operating challenges ahead. The strong cash-flow metrics reported by CL&P in 2025 are favorable, but benefited materially from collections of prior-period under-recoveries that, by their nature, are not recurring. CL&P's liquidity, ratings, and access to capital provide relevant context, but do not define the Company's financial condition of its distribution operations.

To answer that question, it is necessary to understand not only the Company's current financial position, but also how it reached that position and what will be required going forward. In 2018, PURA approved the financially supportive framework established by settlement with OCC and PURA's PRO unit, which was widely recognized by ratings agencies and investor analysts as a constructive outcome. However, the Company has experienced subsequent weakening in recurring distribution financial performance as investment, costs and financing requirements have increased. In the sections below, the Company discusses the influencing factors for its current financial conditions.

1. Financial and Regulatory Conditions Subsequent to Docket No. 17-10-46, and the 2018 Rate Settlement.

The comparison of current circumstances to the 2018 rate case requires consideration of three distinct periods. First, during the 2015-2017 pre-case period, Connecticut regulation was not viewed as uniformly supportive. Fitch, for example, characterized the framework as somewhat challenging or restrictive.[ii] Then came the 2018 Rate Settlement. The 2018 Rate Settlement was viewed as materially improving the framework applicable to the Company by establishing a more forward-looking and predictable basis for distribution revenues that benefitted credit quality. Moody's, for example, stated that it viewed the settlement as a positive, credit-supportive development.[ii] Lastly, the post-settlement period that followed has been marked by sustained under-earning, larger financing requirements, accumulated regulatory balances and greater dependence on individual regulatory rulings deciding the availability of timely and adequate recovery.

The 2018 Rate Settlement provides a useful example of how a ratemaking framework can strengthen the Company's financial position, while also mitigating the impact-on customers. The 2018 Rate Settlement was a multi-year rate plan encompassing forward test years and providing a $124.7 million phased-in increase in base distribution revenues, consisting of increases of $64.3 million effective May 1, 2018; $31.1 million effective May 1, 2019; and $29.2 million effective May 1, 2020. The 2018 Rate Settlement also set an authorized ROE of 9.25% and a capital structure founded on the Company's own capitalization of 53% equity and 47% long-term debt.

As noted above, Moody's described this settlement as credit supportive. Moody's explained that "[s]ettlement agreements generally benefit a utility's earnings and cash flow by reducing regulatory lag, the interval between a utility's costs and investments and their recovery from customers through an increase in rates." At the same time, Moody's specifically observed that "the phased-in rate increase mitigated some of the immediate rate effect on

customers." The 2018 Rate Settlement therefore demonstrated that financial support and customer affordability need not be competing objectives, which was positively viewed by the marketplace. It showed that a forward-looking framework can improve the alignment of revenues with costs and investment while managing the timing of the resulting customer impact.[ii]

The 2018 Rate Settlement's treatment by the rating agencies reinforces that point. Moody's viewed the settlement as credit supportive, while S&P later viewed the approximately $125 million multiyear rate increase and associated capital structure as favorable for credit quality.[ii] These assessments are relevant, not because the current proceeding should reproduce the 2018 Rate Settlement, but because the credit-rating assessments highlight the financial characteristics that made that framework effective, which were: forward-looking cost recognition, greater revenue predictability, reduced regulatory lag, and implementation over time to mitigate impacts on customers.

The 2018 Rate Settlement also provided a useful contrast to the Aquarion rate case discussed in the Company's response to ALLCO-142.[ii] The subsequent Aquarion rating action highlights the potential credit consequences of an adverse rate-case outcome, whereas the Company's 2018 Rate Settlement illustrates the exact opposite. The OCC's description of the settlement at that time reinforces that point. The OCC estimated total bill impacts of 2.47%, 0.81%, and 0.61% for Rate Years 1, 2, and 3, respectively.[ii]

That balance of sufficient revenue support for the utility and mitigating impacts for customers is also evident over the longer period following the settlement. As shown in Figure 2 of Exhibit CLP-IAP-1, the significant volatility in customer bills in recent years has occurred primarily outside the distribution charge, particularly in supply and public-benefit costs.[ii] Distribution service has represented between 19% and 30% of the total customer bill over the past five years and approximately 25% currently.[ii] At the same time, the 2018 framework was expressly designed to cover base levels of investment on an affordable basis. Through the multiyear rate plan and ESI mechanism, customer bill impacts associated with ESI were limited to less than $2 per month each year, on average, over 2018-2025 while providing recovery of costs associated with $2.7 billion of invested net capital for infrastructure upgrades.[ii]

The significance of the 2018 Rate Settlement is therefore broader than its immediate financial effect. It provides a real-life, historical example of a framework that supported the Company's financial requirements and substantial system investment while smoothing the customer impact over time. Moody's recognized the same balance, describing the settlement as a credit supportive one that "mitigated some of the immediate rate effect on customers."[ii]

The final scheduled base-revenue increase under the 2018 Rate Settlement became effective in May 2020. The Company thereafter continued to invest in the distribution system, supported by the ongoing ESI, although operating expense was increasing and regulatory deferral balances were growing more significant. The current proceeding presents a different and more demanding set of financial and investment circumstances, but the underlying principle remains relevant -- a forward-looking ratemaking framework can support the Company's financial capacity and necessary system investment, while managing and mitigating the timing and magnitude of the customer impact.

2. Persistent Distribution Under-Earning

An important indicator of recurring distribution financial performance is the Company's earned return on equity. The Company has not earned its 9.25% authorized return in any year since the 2018 Rate Settlement was approved, although the Company experienced two years of relative strength (2020 and 2021). As shown below, the degree of under-earning has increased materially over time, as needed investment has been maintained, operating costs have increased, and the Company has had to bear the cost of financing regulatory deferrals. The annual results reported in the Company's response to EOE-062[ii] illustrate the regression:

Table 1

Return on Equity

Year	Earned ROE	Authorized ROE	Shortfall
2018	8.98%	9.25%	0.27%
2019	8.70%	9.25%	0.55%
2020	9.03%	9.25%	0.22%
2021	9.09%	9.25%	0.16%
2022	8.33%	9.25%	0.92%
2023	7.35%	9.25%	1.90%
2024	6.13%	9.25%	3.12%
2025	6.51%	9.25%	2.74%

The comparison is instructive. From 2018 through 2021, the Company's earned ROE remained below, but generally near, its authorized return. The average shortfall over that period was approximately 30 basis points. Beginning in 2022, the gap widened materially. The Company earned 8.33% in 2022; 7.35% in 2023; 6.13% in 2024; and 6.51% in 2025, as compared to the authorized ROE of 9.25%.[ii] Over those four years, the average shortfall increased to approximately 217 basis points. These are not isolated annual results. These results show a sustained weakening in the recurring financial performance of CL&P's distribution business since the period immediately following the 2018 Rate Settlement.

Earned ROE is a critical touchpoint in that it reflects two interrelated dynamics. First, it reflects the divergence between the revenue generated by base rates (through the revenue requirement approved in the last rate case) and the utility's actual cost. As costs of investment accumulate and operating expense increases, the earned ROE declines on a linear basis, all else equal. Second, earned ROE inherently reflects the utility's efforts to manage and mitigate those cost increases to attempt to stall the growing, linear gap between rates and costs. However, the ability to forestall declines in the earned ROE is limited, particularly on a short-term basis and, if not resolved through a distribution rate change, ROE will decline at a faster and faster rate.

The widening gap between the Company's authorized and earned ROEs over the period 2018 through 2026 therefore indicate the weakening financial condition of the distribution company, and the declining ability of existing rates to support the costs and capital requirements of the distribution business.

3. A Substantially Larger Distribution Business and Financing Requirement

The Company's system investment base is considerably larger than it was at the time of the 2018 Rate Settlement. Distribution rate base approximately doubled between Test Years 2016 and 2025, increasing from $3.479 billion in 2016 to $6.925 billion at year-end 2025, or by $3.45 billion.

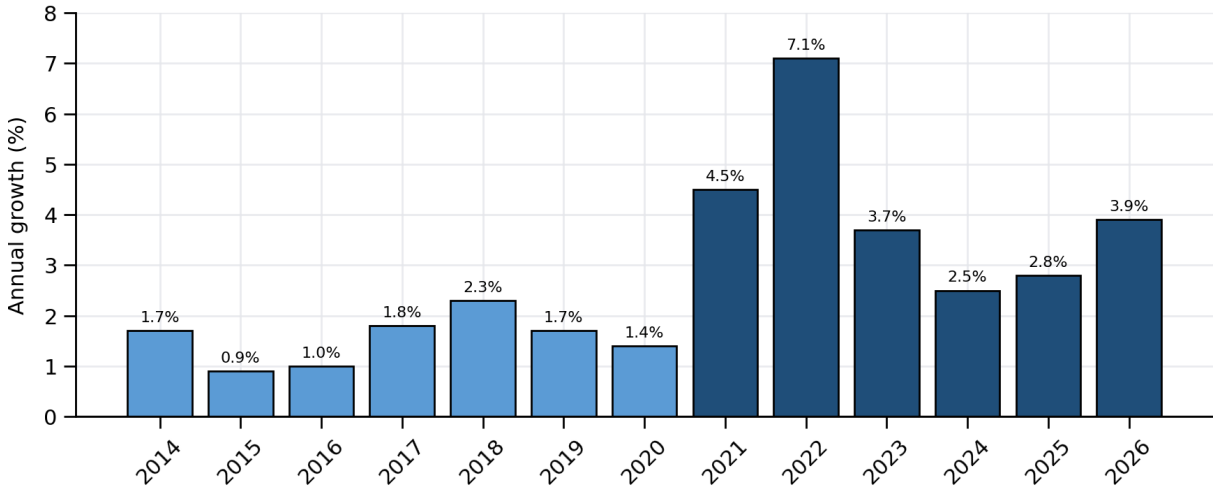
A larger investment base requires more capital to finance and increases the financial significance of timely recovery of the associated cost of service, including the cost of capital. A substantially larger investment base, requires substantially more capital to finance. When recurring revenues and cash recovery do not keep pace with the cost of that larger business, the resulting financing pressure becomes increasingly consequential.

That capital requirement is not merely historical. The Company's current investment plans contemplate substantial additional distribution investment over the coming years. The scale of the prospective program reinforces the financial significance of current rate-base growth. The Company is not simply financing a larger investment base than it did in 2017; it must continue to attract debt and equity capital to finance the investment required over the period ahead. The Company's testimony explains that distribution assets are financed through a combination of long-term debt and equity raised in the financial markets and that the authorized return is intended to compensate lenders and investors supplying capital, while maintaining continued access to the financing necessary to sustain and modernize the electric system.

The general cost environment is also materially different from the conditions surrounding the last rate case. As the chart below illustrates, the Company's last rate case came at a time of relatively stable and significantly lower inflation. Although the existence of a high inflation trend does not necessarily establish that every individual cost is increasing by the same percentage, it does provide relevant context for the cost environment. Simply put, the Company operates in a cost environment that is materially different from the conditions under which existing rates were established.[ii]

Chart 1

Annual GDP-PI Percentage Change



The significance of that growth is the corresponding increase in the Company's capital and financing requirements. The Company must finance a much larger distribution investment base in a higher-cost environment while the Distribution business earns materially less than its authorized return. That condition affects the amount of capital that must be raised, the cash flow available to support additional investment, and the Company's capacity to carry out the capital investment program proposed in this proceeding. Together, those conditions increase the importance of a ratemaking framework that reasonably aligns revenues with the costs and capital requirements of the distribution business over the period ahead.

4. Regulatory Under-Recoveries, Storm Costs, and Recovery Timing

The scale and duration of regulatory under-recoveries have also changed materially since 2018. As discussed in the Company's response to OCC-522 Attachment 1, which references the more detailed response provided in LFE-031 in Docket No. 25-12-13, the combined net balance of CWIP, Distribution under- or over-recoveries, and unrecovered

storm costs, net of funding increased from approximately $494 million in 2017 to more than $2 billion in 2024, before declining to approximately $1.6 billion in 2025.[ii]

When considering financial condition, ultimate recoverability and *timely* cost recovery are separate questions. A regulatory asset may represent a cost expected to be recovered from customers while the related cash expenditure has already occurred. Until that revenue is collected, the expenditure must be financed. A cost may therefore be prudent and ultimately recoverable while still creating a material financing requirement during the period between expenditure and collection. This gap has the potential to have a very significant impact on the Company's finances.

The Company's recent financing requirements illustrate the point. OCC-522, Attachment 1 states that over the nine-year period analyzed, uses of funds exceeded sources of funds, excluding financing, by approximately $5.389 billion, or approximately $599 million annually on average. That gap required approximately $5.4 billion of debt and equity financing to fund the Company's requirements.

The effect of delayed recovery is also evident in the Company's capitalization decisions. As explained in the Company's response to ALLCO-144, growing deferral balances provided no operating cash flow to service additional debt. The Company therefore had to rely on its available capital resources, and maintaining a higher percentage of equity, in order to mitigate the resulting financial risk. As the deferred balances declined, the need for higher equity capitalization was reduced.

Storm restoration costs provide an important example. PURA's July 2026 final decision resolved a substantial portion of the Company's deferred catastrophic-storm costs and established the amount eligible for further recovery through the securitization process. The decision was favorable, but it followed an extended period during which CL&P had to finance the underlying restoration expenses before final regulatory disposition and recovery. Moody's described the regulatory resolution as a "net positive" because it addressed "long-dated lag" and brought resolution to an "8-year regulatory overhang," which Moody's expected to improve CL&P's cash position and reduce outstanding recourse debt.[ii] Fitch characterized the decision as balanced, stating that it allows recovery of most storm costs and may signal improving regulatory conditions in Connecticut.[ii] Those assessments illustrate the financial significance of recovery timing, which is that regulatory resolution improves cash flow and credit quality, but only after the intervening financing requirement has been borne.

Regulatory adjustment mechanisms present the same underlying issue. When reconcilable costs and revenues are temporally mismatched, the resulting balance may materially affect cash flow without producing a corresponding change in net income. Conversely, collection of prior-period under-recoveries can materially improve cash flow in the period collected without a corresponding improvement in recurring distribution earnings. That distinction is central to interpreting CL&P's atypical 2025 cash-flow results, discussed below.

5. Credit Quality, Cash Flow and Access to Capital

CL&P's liquidity, credit ratings and access to capital provide important context for assessing the Company's financial condition. The items indicate that CL&P can meet its current obligations and continue to finance its operations. These items do not, however, establish that the Company is producing adequate recurring distribution earnings or recovering its costs on a sufficiently timely basis to sustain its overall financial health. That distinction is particularly important when considering the strong cash-flow metrics reported by CL&P in 2025.

CL&P reported particularly strong credit metrics in 2025. Moody's reported CL&P's cash from operations before working capital, or CFO Pre-W/C, to debt at 30.1% in 2025 and 30.6% for the twelve months ended March 31, 2026. Those results compare with 13.8% in 2023 and 16.4% in 2024. S&P similarly reported 2025 FFO to debt of 31.3%, operating cash flow of approximately $1.660 billion, and FFO of approximately $1.608 billion.[ii]

Those results are favorable, but they are not representative of CL&P's recurring financial profile. Moody's stated that "some of this improvement is due to the catch-up of under-recoveries from the 2023/24 timeframe" and that it expected "the run-rate financial profile to be generally around 19%, but very dependent on regulatory recovery provisions and the results of its to-be filed rate case."[ii] S&P likewise stated: "Overall, our base-case scenario assumes CL&P's funds from operations (FFO) to debt temporarily weakens in 2026 to about 19%-20%, before improving to 22%-23% in 2027 and onwards."[ii]

The rating agencies therefore do not treat the 2025 results as the appropriate recurring baseline. Those results demonstrate the financial benefit of collecting amounts associated with prior-period costs and under-recoveries. The results do not establish that the Company is now earning adequately or that recurring distribution revenues support the prospective cost of providing service, which is not the case.

The earned-ROE results confirm the distinction. In the same year in which CL&P reported unusually strong cash-flow ratios, the Company earned only 6.51% on common equity, compared with its authorized 9.25%.[ii] Strong cash collections and weak recurring earnings can coexist because the collections may relate to costs and under-recoveries originating in prior periods, as they did. The cash-flow measures principally reflect when cash was collected, while earned ROE reflects the Company's recurring distribution financial performance. The 2025 cash-flow improvement was therefore real and important, but does not establish a corresponding improvement in the Company's recurring distribution financial performance.

CL&P remains investment grade. The ratings history nevertheless shows that Moody's and S&P assign lower rating levels to CL&P than they did in 2018, while Fitch's A- rating is unchanged.[ii] More significant to the present comparison is the concern the agencies now express regarding Connecticut regulation, recovery timing and future financial performance. Moody's describes Connecticut as a "challenging regulatory framework" characterized by "higher political scrutiny" and "inconsistent regulatory decisions and rate case outcomes."[ii] Fitch states that the relationship between PURA and utilities under the prior regulatory regime had been "contentious," leading to outcomes that were "unsupportive of credit quality," including decreased "cash flow visibility, predictability and profitability."[ii]

The agencies also connect CL&P's future credit profile directly to regulatory outcomes. Moody's states that the expected run-rate financial profile is "very dependent on regulatory recovery provisions and the results of its to-be filed rate case."[ii] S&P's base-case assumptions include a "constructive regulatory outcome in [the] pending base rate case filing" and "[t]imely recovery of costs recovered through the company's Rate Adjustment Mechanism for distribution rates."[ii]

These observations do not mean that the rating agencies endorse any particular proposal in this proceeding. These observations show that the sufficiency, timing, and predictability of Distribution cost recovery are material to CL&P's prospective credit profile.

It is also important to note that CL&P's FERC-regulated transmission business has materially supported its credit quality, throughout the course of CL&P's difficulties in the Connecticut regulatory environment. Moody's explains that FERC regulation "ensures the utility's ability to earn its authorized [transmission] ROE and enhances the stability and predictability of cash flow, a significant credit positive."[ii] S&P and Fitch similarly identify formulaic rates and timely transmission cost recovery as supportive.[ii] That support is an important part of CL&P's overall credit profile, but it does not resolve the Company's recurring distribution earnings or recovery conditions. The credit-rating agencies' treatment of transmission also reinforces the importance they place on predictable, timely, and forward-looking cost recovery.

CL&P's present liquidity and access to capital remain important strengths. S&P assesses CL&P's liquidity as adequate and states that available sources cover expected uses by approximately 1.1 times over the following twelve months.[ii] That assessment addresses CL&P's near-term ability to meet expected obligations; it does not establish whether the Company has sustainable financial capacity throughout the rate-plan period. Rate cases are inherently forward-looking. The framework established for Rate Year 1 and beyond must therefore reflect reasonable expectations of the prospective costs and capital requirements necessary to provide distribution service.

External financing can bridge timing differences between expenditures and regulatory recovery, but it is not a substitute for recurring financial performance. CL&P's ability to finance the Company's investment program on reasonable terms depends on continued access to both debt and equity capital. The financial importance of this proceeding therefore should not be measured solely by whether CL&P can meet its current obligations, but by whether the resulting framework supports the Company's financial requirements over the period ahead.

Taken together, the preceding discussion distinguishes current financial capacity from recurring financial performance. CL&P has adequate liquidity, access to capital, investment-grade ratings, and strong reported 2025 credit metrics. However, the Company continues to under-earn substantially, beyond its capacity to cut costs, and the strong 2025 cash-flow metrics benefitted materially from collection of prior-period under-recoveries and are not viewed by the rating agencies as a recurring baseline. The forward-looking question is therefore whether the distribution framework established in this proceeding will provide the financial capacity necessary to support the Company's costs, investment requirements and service obligations over the period ahead.

6. Conclusion

The comparison demonstrates a materially different distribution business than the one for which rates were established in 2018. The Company now supports a substantially larger investment base in a higher-cost environment; is experiencing sustained under-earning and materially greater

[iii] RRU-133 Question:

(FINANCIAL) Regarding the Company's cash flow:

a. Provide the Company's Statement of Cash Flow for periods ended December 31, 2024, through YTD, 2026.
b. Provide a narrative characterizing the Company's cash flow over the period identified in subpart a., above and explain if the Company has been able to service its long-term debt.

RRU-133 Response:

a. Please refer to RRU-133 Attachment 1, which provides CL&P's Statements of Cash Flows for the years ended December 31, 2024 and December 31, 2025, and its Statement of Cash Flows for the six months ended June 30, 2026.

b. Table 1, below, provides CL&P's sources and uses of cash over the last nine years. As Table 1 shows, CL&P has invested $8 billion in electric infrastructure (line 6) and approximately $1 billion in financing catastrophic storm events, net of customer contributions (line 7) over this time frame. To support these investments, Table 1 shows that CL&P has contributed $3.21 billion of equity capital (line 18), combined with $2.34 billion of net long-term debt issuances in the form of first mortgage bonds (line 19). At the same time, CL&P's short-term debt usage (line 20) has *decreased* since December 31, 2016, showing that short-term debt has not funded the cumulative increase in the Company's distribution system investment or, for that matter, deferred catastrophic storm costs.

Importantly, over the last nine years, CL&P's uses of funds have exceeded its sources of funds, excluding financing, by $5.389 billion (line 10), or by $599 million annually, on average. That is, over the last nine years, CL&P has required approximately $5.4 billion of debt and equity capital to fund the difference between the cash generated by the business and cash needed to operate, maintain and enhance the electric grid, including responding to catastrophic weather events.

Table 1
($ Millions)

Line	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
1	**Connecticut Light & Power Operating Activity**										
2	Operating Revenue, excluding earnings	2,519	2,775	2,792	3,075	3,261	4,274	4,025	4,088	4,732	31,541
3	Purchased Power, Transmission, & All Other	(1,357)	(1,936)	(1,794)	(2,003)	(1,827)	(3,033)	(2,741)	(2,644)	(2,881)	(20,215)
4	O&M	(488)	(482)	(522)	(549)	(625)	(718)	(740)	(809)	(844)	(5,777)
5	Property Taxes	(144)	(154)	(167)	(189)	(182)	(202)	(201)	(211)	(226)	(1,676)
6	Capital Investment	(824)	(864)	(917)	(833)	(790)	(876)	(1,093)	(979)	(868)	(8,043)
7	Storms (unapproved & deferred only), net funding	(31)	(105)	97	(321)	(225)	(131)	(131)	(99)	(32)	(979)
8	Distribution Trackers, (Under)/Over	6	56	(11)	(136)	(211)	360	(305)	(81)	539	216
9	Working Capital, net receipt/(payment)	(60)	49	(68)	57	15	(212)	15	(81)	(169)	(456)
10	Subtotal, Source/(Use) of Cash	(380)	(661)	(589)	(899)	(584)	(539)	(1,171)	(817)	251	(5,389)
11	Retained Earnings (i.e. reinvested equity capital)	116	312	63	383	55	235	183	173	116	1,636
12	Capital contributions from ES Parent		300	125	275	200	250	124	300		1,574
13	Short-term borrowing	(11)	(70)	64	(64)		(0)	457	(177)	(280)	(80)
14	Long-term debt issuance	525	500	500	400	425		800	650	400	4,200
15	Long-term debt maturity	(250)	(300)	(250)		(121)		(400)	(140)	(400)	(1,860)
16	Total Increase/(Decrease) in Cash	1	82	(87)	95	(25)	(54)	(8)	(10)	87	80
17	*Totals included above*										
18	Net equity capital (line 11 + line 12)	116	612	188	658	255	485	306	473	116	3,210
19	Long-term debt issuance, net maturity (line 14 + line 15	275	200	250	400	305		400	510		2,340
20	Increase/(Decrease) short-term debt (line 13)	(11)	(70)	64	(64)		(0)	457	(177)	(280)	(80)
21	Total Debt & equity capital funding	381	743	502	994	559	485	1,163	806	(164)	5,469
22									Equity % of capital		58.7%
23									Debt % of capital		42.8%

24	**Note:**	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
25	Average monthly short-term notes payable balance		51	60	130	237	21	21	296	330	
26	Ending short-term notes payable balance	80	70		64				457	280	

A utility's financial capacity depends on the relationship among the cash generated by the business, the cash required to operate and invest in it, and the debt and equity capital necessary to fund the difference, evaluated over time. When capital requirements exceed internally generated cash, the difference must be financed. How much capital is required, how long it must remain committed, and the timing and predictability of its recovery and return are fundamental to the financial capacity of the business.

As shown in Table 1, above, and described below, CL&P's operating cash flow improved significantly in 2025. The 2025 improvement, while substantial and meaningful as compared to years prior, was largely driven by prior period activities. In 2023, uses of cash exceeded sources by nearly $1.2 billion, or more than $630 million worse than in 2022. In 2024, though beginning to show improvement relative to 2023, cash uses still exceeded sources by approximately $817 million. 2025 showed continued improvement as sources exceeded uses by approximately $251 million. Therefore, to gain an accurate understanding of the Company's current financial circumstances, a review of a longer period is required.

The improvement in 2025 reflected several significant changes in the amount and timing of CL&P's cash receipts and expenditures. Cash payments to storm vendors declined by approximately $321 million, higher collections

through CL&P's System Benefits Charge mechanism improved cash flow by approximately $113 million, and CL&P received approximately $108 million of State of Connecticut bond proceeds reimbursing hardship and electric-vehicle charging-program costs. The timing of customer collections, vendor payments, and other working-capital items also favorably affected operating cash flow. Two of the largest sources of improvement represented the collection or reimbursement of costs previously incurred, while the largest expenditure-side change reflected lower storm restoration costs than in 2024. The stronger 2025 cash flow was therefore financially beneficial, but should not be interpreted as an equivalent increase in CL&P's recurring cash-generating capacity.

The longer history also shows that regulatory recovery can move cash flow materially in the opposite direction. In 2023, through its RAM proceeding, CL&P was ordered to increase amounts returned to customers from long-term state-approved energy contracts through the NBFMCC retail rate and maintain the rate below then-expected costs, beginning a massive buildup of under-recovered costs by year-end that continued into 2024. That change resulted in an approximately $802 million year-over-year reduction in cash flow. Other factors, such as the timing of customer collections and deferred taxes, for example, played a role in year-over-year variance. However, the contrast is instructive in that regulatory activity materially reduced cash flow in 2023, while recovery of prior-period costs became an important source of cash in later periods. Therefore, the annual results are connected and informed through time rather than independent snapshots of CL&P's financial condition.[iii]

Rating agencies likewise consider the underlying drivers of year-to-year changes in cash flow. Moody's, for example clearly recognized that a meaningful portion of the cash flow improvement resulted from the collection of prior-period costs and under-recovery: “some of this improvement is due to the catch-up of under-recoveries from the 2023/24 timeframe.” The contrast between the earlier under-recovery and later recovery is important. Those collections strengthened cash flow when received, but the expenditures giving rise to them had already required funding and the associated capital had already been committed. The 2025 improvement therefore demonstrates the financial value of timely cost recovery and its impacts on the Company’s financial standing.[iii]

As the amount of required financing increases or the period before cost recovery lengthens, more capital must be committed for longer, and that capital is unavailable to meet other requirements. Where internally generated cash is insufficient, CL&P must obtain additional debt or equity capital to fund the difference. Investors providing CL&P their capital have alternative uses for their capital and require compensation for committing it to the business and bearing the associated risk. Greater uncertainty as to the timing, amount, or treatment of recovery therefore affects not only near-term cash requirements, but the expectations under which future capital is made available. The longer capital remains committed and the less certain its recovery and return, the more consequential these considerations become to the financial terms on which the business can be financed. These considerations also inform investor and rating-agency assessments of the broader regulatory climate in which CL&P operates. That is why the outcome of this proceeding matters so significantly to the Company’s sustainable future financial capacity. Moody's states that the rate-case outcome will be “an important barometer of the degree of regulatory support in the state, for CL&P's overall cost recovery.”[iii]

CL&P nevertheless continued to meet its principal and interest obligations while funding its broader cash requirements. That is an important financial strength, but it does not end the analysis since continued access to external financing is necessary in order to support necessary infrastructure investments, particularly in times of increasing system needs. S&P identifies “negative discretionary cash flow (DCF) forecast, indicating future external funding needs” among CL&P's key risks. The forward-looking question from the rating agency perspective is whether CL&P can continue to meet its debt service obligations while continuing to obtain the capital required to finance the Company's Distribution requirements going forward on reasonable terms and in line with critical credit metrics, such as funds from operations (FFO) to debt.[iii] Accordingly, the timing and predictability of cost recovery, and the overall outcome of this proceeding, matter to the Company’s sustainable financial capacity.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(SHORT-TERM DEBT) Application, Ex. CL&P REVREQ-2, Schs. D-1.0–D-5.0. Explain the Company's process of obtaining and using short-term debt. Specifically, discuss the following:

a. Whether, and how, this process has changed since the Company's last rate case.
b. Indicate whether there is a formal corporate facility set up to accommodate the Company's need for short-term debt. Which entity controls the facility, if any?

Response:

Eversource Energy parent uses its available capital resources to provide loans to its direct and indirect subsidiaries through inter-company revolving credit agreements to assist in meeting their short-term borrowing needs. Eversource Energy parent has a $2 billion Commercial Paper Program allowing it to issue commercial paper as a form of short-term debt. This $2 billion resource is used to cover the cash requirements of all six of the operating affiliates, including CL&P, as well as Eversource Energy, the Eversource Energy Service Company and all other non-regulated affiliates within the holding company structure.

CL&P borrows short-term from its parent, Eversource Energy, via a $600 million inter-company revolving credit facility agreement ("CL&P Inter-Company Credit Facility"). The borrowing rates CL&P pays on the CL&P Inter-Company Credit Facility track the rates Eversource Energy parent pays on its Commercial Paper Program. This CL&P Inter-Company Credit Facility is the primary source of short-term borrowings for CL&P.

In addition to the CL&P Inter-Company Credit Facility, CL&P, along with Eversource Energy parent, Public Service Company of New Hampshire, NSTAR Gas Company, Yankee Gas Services Company and Eversource Gas Company of Massachusetts, are parties to a five-year $2 billion revolving credit facility, which terminates on October 11, 2031 ("Revolving Credit Facility"). CL&P's borrowings on the Revolving Credit Facility are limited to a maximum amount of $600 million. This Revolving Credit Facility serves to backstop Eversource parent's $2 billion Commercial Paper Program. The revolving credit facility is administered by Bank of America, N.A. and is comprised of 16 banks which have different levels of loan commitments. There are no borrowings under the Revolving Credit Facility.

The Eversource Energy Service Company Treasury Department manages the funding needs of all Eversource subsidiaries, including CL&P. CL&P's process for obtaining short-term debt has not changed since the last rate case.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(SHORT TERM DEBT) Application, Ex. CL&P REVREQ-2, Schs D-1.0–D-5.0. Explain why the Company has excluded short-term debt from its ratemaking capitalization structure.

a. Provide a table which summarizes the Company's use of short- term debt for the last three calendar years and to date for 2026.
b. Explain whether the running outstanding balance is paid down to $0 by December 31 every year or as determined by its facility agreement. If not, explain how this debt can be considered short-term.

Response:

a. The Company has excluded short-term debt from the calculation of its weighted average cost of capital applicable to rate base because short-term debt serves a different financing purpose than the long-term debt and equity included in the Company's capitalization. Short-term debt serves exclusively as a bridge to fund momentary differences between the Company's cash requirements and available sources of cash. In contrast, the Company's distribution system assets that are ***in service*** and providing service to customers are long-lived investments that are recovered over a period of ***decades***. Long-term assets such as these require capital over a similarly long period and therefore are financed with permanent sources of capital, consisting of long-term debt and equity, rather than short-term debt that must be repaid or refinanced within a comparatively short period. This aligns the term of the financing with the period over which the capital is required.

   The Company's sources and uses of cash are dynamic and change on a daily basis. Cash is received from customers and other sources and is used to fund working-capital requirements, construction expenditures for projects that have not yet been completed and placed in service, and other operating requirements, and the timing of those cash receipts and cash requirements does not necessarily coincide. When cash requirements exceed available sources of cash, the Company uses short-term debt to bridge the difference. As short-term borrowing increases to meet these daily funding obligations, the Company must periodically pay down its short-term borrowing using permanent capital, including both long-term debt and equity. This financing process maintains short-term borrowing capacity for the temporary cash requirements described above, while longer-term capital requirements are financed with long-term debt and equity.

The long-term capitalization of the Company will not exactly match the amount of rate base at any given point in time. Other funding requirements, including those related to catastrophic storms, longer duration construction projects, extended recovery of annual reconciling mechanisms, only serve to increase the capital requirements of the business, which, coupled with the need to preserve liquidity at all times, eliminates the possibility that short-term funds are used to finance rate base.

However, where the Company's total long-term capitalization equals or exceeds rate base, it is clear-cut that short-term debt is not used to support rate base and is appropriately excluded from the calculation shown on Schedule D-2.0. Table 1, below, demonstrates CL&P's total capitalization exceeds rate year investment base (in-service), inclusive of deferred catastrophic storm costs, by more than $340 million during the rate year.

Table 1

($ Thousands)	Rate Year 1 Ending 6/30/2028
Long-Term Debt	5,873,011
Preferred Stock	117,020
Common Equity	6,992,264
Total Capitalization (A)	12,982,295
Rate Base	
Distribution	6,833,689
Storms "A"	748,605
Storms "B"	88,973
Transmission	4,968,000
Total Investment (B)	12,639,267
Permanent capitalization greater than rate base (A - B)	**343,028**

Moreover, as recognized by Federal Energy Regulatory Commission, Order No. 561 (establishing account requirements for Allowance for Funds Used During Construction, see RRU-137 Attachment 1). Construction Work in Progress ("CWIP") is first funded by short-term debt and then, if necessary, is funded by long-term debt and equity. If short-term balances are less than CWIP, all short-term debt interest costs will be capitalized as part of the project costs in accordance with FERC Order No. 561. This is consistent with the use of short-term debt as a bridge for temporary cash requirements, including construction expenditures incurred before projects are placed in service and become long-term investments to be included in rate base.

Please note that this approach is also consistent with prior PURA ratemaking practice on this matter. See, e.g., the Decision dated June 29, 2011, in Docket No. 10-12-02, Application of Yankee Gas Services Company for Amended Rate Schedules, at 104, citing decisions in Docket No. 06-12-02PH01, Application of Yankee Gas Services Company for a Rate Increase – Revenue Requirement and Docket No. 04-06-01, Application of Yankee Gas Services Company for a Rate Case. In addition, in Yankee Gas' most recent rate case in Docket No. 24-12-01 PURA authorized a capital structure appropriately consisting only of equity and long-term debt.

Please refer to RRU-137, Attachment 1, for the quarterly short-term debt balance for the years 2023 through the present.

Please refer to the response to RRU-136[i] for a discussion of CL&P's short-term borrowing.

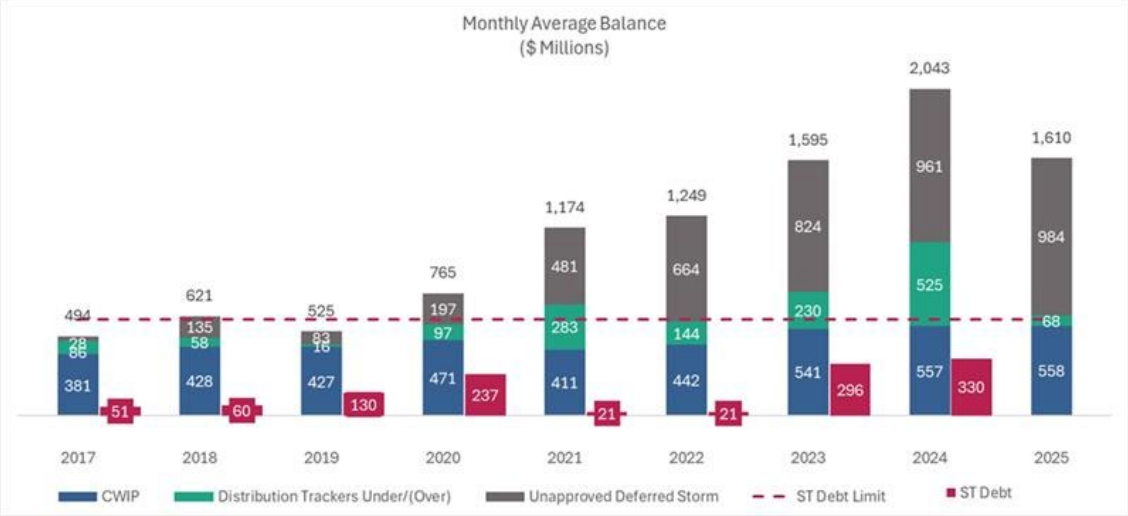
CL&P borrows short-term from its parent, Eversource Energy, via a $600 million inter-company revolving credit facility agreement CL&P Inter-Company Credit Facility. The maturity date of the short-term borrowing under the CL&P Inter-Company Credit Facility is the earlier of: (1) on demand by Eversource but not to exceed 364 days; or (2) the maturity date of the Revolving Credit Facility.

b. No. The running outstanding balance does not need to be paid down to $0 by December 31 every year. The Company's sources and uses of cash change daily, and short-term borrowings increase and decrease as differences in the timing of cash receipts and cash requirements arise and are resolved. December 31 is simply one point in that continuing cash cycle and has no particular relationship to the Company's funding requirements or the maturity of its short-term borrowings.

As short-term debt balances increase, the Company periodically pays down those balances with permanent sources of capital, consisting of long-term debt and equity. These periodic payments of outstanding short-term debt balances are critical to preserve short-term borrowing capacity and the liquidity necessary to operate the businesses and respond to changing cash requirements.

Figure 1, below, provides additional context by comparing the Company's short-term debt balance with significant uses of cash, including Construction Work in Progress ("CWIP"), under- or over-recoveries associated with distribution cost-reconciling mechanisms, and deferred storm costs.

Figure 1



As shown in Figure 1, from 2017 through 2025, the combined average monthly balance of these items substantially exceeded the Company's average short-term debt balance in the past five years. CWIP alone averaged approximately $468 million per month over the period, compared with average short-term debt of approximately $123 million per month. That comparison is significant. Even CWIP alone substantially exceeded the Company's short-term debt balance over the period.

Short-term debt therefore cannot remain outstanding indefinitely to fund longer-term cash requirements. As balances increase, the Company must periodically replace short-term debt with long-term debt and equity, both to finance those longer-term requirements and to restore short-term borrowing capacity for temporary cash needs as they arise. ***Moreover, Figure 1 does not even include the Company's distribution rate base presented in this proceeding***. Accordingly, the average balance of short-term debt is not sufficient to fund CWIP alone, much less CWIP ***and*** annual distribution tracker under-recoveries ***and*** deferred storm costs ***and*** the Company's in-service distribution assets. Any conclusion that short-term debt provides sustained financing for those assets is therefore simply incorrect. It is contrary to basic principles of finance and the manner in which the Company actually finances its business.

Preserving short-term borrowing capacity is critical because the Company must be positioned to respond to significant cash requirements in the course of operating its distribution system. Storm restoration costs, changes in energy costs, construction expenditures and the timing of payments for taxes, interest and other operating costs can create substantial funding requirements that rarely coincide with cash received from

customers. Some of these requirements are relatively predictable, while others, particularly significant weather events, are not. The timing and magnitude of those requirements can also change quickly. Operating at or near the short-term debt limit on a sustained basis would reduce the Company's ability to respond to emerging circumstances. This is precisely why the Company does not, and cannot, operate in this manner.

The short-term nature of the debt is determined by the terms of the underlying borrowings, not whether the outstanding balance happens to reach zero on December 31. As described above, borrowings under the CL&P Inter-Company Credit Facility mature on the earlier of demand by Eversource, subject to a period not exceeding 364 days, or the maturity date of the Revolving Credit Facility. Accordingly, an outstanding balance may remain under the facility at year-end while the underlying borrowings remain short-term obligations.

Prior Referenced Response:

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[i] RRU-136 Question:

(SHORT-TERM DEBT) Application, Ex. CL&P REVREQ-2, Schs. D-1.0–D-5.0. Explain the Company's process of obtaining and using short-term debt. Specifically, discuss the following:

a. Whether, and how, this process has changed since the Company's last rate case.
b. Indicate whether there is a formal corporate facility set up to accommodate the Company's need for short-term debt. Which entity controls the facility, if any?

RRU-136 Response:

Eversource Energy parent uses its available capital resources to provide loans to its direct and indirect subsidiaries through inter-company revolving credit agreements to assist in meeting their short-term borrowing needs. Eversource Energy parent has a $2 billion Commercial Paper Program allowing it to issue commercial paper as a form of short-term debt. This $2 billion resource is used to cover the cash requirements of all six of the operating affiliates, including CL&P, as well as Eversource Energy, the Eversource Energy Service Company and all other non-regulated affiliates within the holding company structure.

CL&P borrows short-term from its parent, Eversource Energy, via a $600 million inter-company revolving credit facility agreement ("CL&P Inter-Company Credit Facility"). The borrowing rates CL&P pays on the CL&P Inter-Company Credit Facility track the rates Eversource Energy parent pays on its Commercial Paper Program. This CL&P Inter-Company Credit Facility is the primary source of short-term borrowings for CL&P.

In addition to the CL&P Inter-Company Credit Facility, CL&P, along with Eversource Energy parent, Public Service Company of New Hampshire, NSTAR Gas Company, Yankee Gas Services Company and Eversource Gas Company of Massachusetts, are parties to a five-year $2 billion revolving credit facility, which terminates on October 11, 2031 ("Revolving Credit Facility"). CL&P's borrowings on the Revolving Credit Facility are limited to a maximum amount of $600 million. This Revolving Credit Facility serves to backstop Eversource parent's $2 billion Commercial Paper Program. The revolving credit facility is administered by Bank of America, N.A. and is comprised of 16 banks which have different levels of loan commitments. There are no borrowings under the Revolving Credit Facility.

The Eversource Energy Service Company Treasury Department manages the funding needs of all Eversource subsidiaries, including CL&P. CL&P's process for obtaining short-term debt has not changed since the last rate case.

Date Filed: November 03, 2026

Witness: Matthew P. Fallon
Request from: Public Utilities Regulatory Authority

Question:

(LONG TERM DEBT) Provide a narrative describing the Company's efforts to refinance its existing long-term debt.

Response:

CL&P's outstanding long-term debt is redeemable prior to each series' respective Par Call Date, via make-whole provisions. A make-whole provision permits the long-term debt to be redeemed at any time prior to the Par Call Date, in whole or in part, at the option of CL&P, provided CL&P pays to the investors at the time of redemption a price calculated using the applicable treasury rate plus a spread of 50 basis points. The premium paid at the time of the redemption would fully compensate the investors for the forgone interest income.

On or after each series Par Call Date (1, 3 or 6 months prior to the maturity date based on the tenor of the bonds), CL&P may redeem the respective series of bonds in whole or in part, at the option of CL&P, at a redemption price of 100% of the principal amount of the bonds being redeemed. In advance of each series Par Call Date, the Company evaluates if it would be economic to redeem the bonds. For example, most recently, CL&P's $400 million, 0.75% 2020 Series A, first mortgage bonds matured on December 1, 2025. The Par Call Date of the 2020 Series A Bonds was November 1, 2025, allowing the bonds to be redeemed at a redemption price of 100% of the principal on or after November 1, 2025. However, as prevailing long-term debt rates were higher than the 2020 Series A bonds 0.75% coupon rate, the bonds were not redeemed early, given that doing so would not have been economic.

Please refer to Table 1, below, for the details of CL&P's outstanding long-term debt, including each series Par Call Date.

Table 1

	AMOUNT ISSUED	COUPON RATE(%)	DATE ISSUED	DATE DUE	PAR CALL DATE
The Connecticut Light And Power Company					
First Mortgage Bonds					
2004 Series B	$130,000,000	5.750	9/15/2004	9/15/2034	9/15/2034
2005 Series B	$100,000,000	5.625	4/7/2005	4/1/2035	4/1/2035
2006 Series A	$250,000,000	6.350	6/7/2006	6/1/2036	6/1/2036
2007 Series B	$150,000,000	5.750	3/27/2007	3/1/2037	3/1/2037
2007 Series D	$100,000,000	6.375	9/17/2007	9/1/2037	9/1/2037
2014 Series A	$475,000,000	4.300	4/24/2014	4/15/2044	10/15/2043
2015 Series A	$350,000,000	4.150	5/20/2015	6/1/2045	12/1/2044
2017 Series A	$500,000,000	3.200	3/10/2017	3/15/2027	12/15/2026
2018 Series A	$800,000,000	4.000	3/28/2018	4/1/2048	10/1/2047
2021 Series A	$425,000,000	2.050	6/30/2021	7/1/2031	4/1/2031
2023 Series A	$500,000,000	5.250	1/10/2023	1/15/2053	7/15/2052
2023 Series B	$300,000,000	4.900	7/6/2023	7/1/2033	4/1/2033
2024 Series A	$350,000,000	4.650	1/23/2024	1/1/2029	12/1/2028
2024 Series B	$300,000,000	4.950	8/13/2024	8/15/2034	5/15/2034
2025 Series A	$400,000,000	4.950	1/13/2025	1/15/2030	12/15/2029

Date Filed: November 03, 2026

Witness: Ann Bulkley
Request from: Public Utilities Regulatory Authority

Question:

(FINANCIAL DATA) Summarize the changes to economic and financial indicators that have taken place, since January 1, 2019, using the table below as a guide. Please provide all source documents for the information provided.

Financial/Economic Indicator	**Source**	**01/01/2019**	**6/30/2026**	**Percentage change 1/01/2019 to 6/30/026**
Gross Domestic Product (GDP-PI)				
Consumer Price Index (CPI)				
Unemployment Rate (National)				
Unemployment Rate (Connecticut)				
US Treasury Bills (90 day)				
US Treasury Bills (180 day)				
US Treasury Bonds (10 year)				
US Treasury Bonds (20 year)				
US Treasury Bonds (30 year)				
Market-to-book ratios for the Company				
Market-to-book ratios for the Parent Company with public common equity				
Market -to-book ratios for the Electric utility Industry				
Dividend Yield-ES				

Dividend Yield-Electric Industry Average				
5-year projected EPS Growth Rate-Electric Industry Average				
5-year retention EPS Growth Rate-Electric Industry Average				
Federal Corporate Tax Rate				
Beta- Electric Industry Average				
Capital Structure-				
CL&P				
Capital Structure-Electric Industry Average				
Value Line Financial Strength-Electric				
Bond Rating-Electric Industry Average				
Cost of Debt-CL&P				
Cost of Debt-Electric Industry Average				

Response:

Please refer to RRU-139, Attachment 1, for the requested information.

Date Filed: October 30, 2026

Witness: Leanne M. Landry and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-4, Ex.CLP-ADDITIONS-4 Supplemental, Ex. CLP-Additions-1, p. 56. Identify and provide in an unlocked spreadsheet a list of all projects associated with plant additions related to distributed generation (DG) and energy efficiency (EE) investments. Provide the information for each project showing the following:

a. All new additions, on a monthly basis;
b. Whether the project is related to DG or EE;
c. Which portion of the project is reimbursable; and
d. Reference to the project's location in Exhibit CLP-ADDITIONS-4.

Response:

Please refer to RSR-058, Attachment 1, which identifies each project associated with distributed generation (DG), including the corresponding line references in Exhibit CLP-ADDITIONS-4, and the Exhibit CLP-ADDITIONS-4 Supplemental filings. Energy efficiency projects are 100% expense and will not be included in Exhibit CLP-ADDITIONS-4. The attachment also identifies the reimbursable portion of each project, as reflected in the applicable Project Authorization Forms (PAFs). The Company notes that information regarding new plant additions on a monthly basis for 2026 is provided as part of the Company's supplemental filings.

Date Filed: November 06, 2026

Witness: David L. Gladey, John P. Dipaola-Tromba, Steven Lamontagne, Leanne M. Landry, Elli Ntakou and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-1, p. 63. Provide the following regarded the "Direct Buried Replacement" projects:

a. Documentation supporting the statement: "on an industry-wide basis that much of the original XLP and HMP-insulated primary cable installed in the DB system had not achieved its engineered life expectancy."
b. An exhibit showing the engineered life expectancy by type (e.g., XLP, HMP-insulated) and vintage of direct-buried (DB) assets on the Company's system;
c. An exhibit showing the actual service life of all the Company's DB plant at the time of replacement for the years 2017 through 2026 (to-date).
d. An unlocked spreadsheet showing the number and duration of premature DB cable failures by year and their contribution to blue-sky SAIDI and SAIFI performance.

Response:

a. The statement that much of the original XLPE and HMP-insulated primary cable installed in the distribution system had not yet achieved its engineered life expectancy is supported by industry research, utility operating experience, and cable-aging studies conducted by EPRI, NEETRAC, cable manufacturers, and other industry researchers. Studies of distribution cable performance have generally identified expected service lives in the range of 30 to 40 years for early-generation XLPE and HMP cable designs under normal operating conditions, while recognizing that actual service life is highly dependent on installation type, operating environment, loading, exposure to moisture, and cable construction.

   Industry experience has demonstrated that cable age alone is not a reliable indicator of end of life. Premature failures in some early cable installations were often associated with factors such as water-treeing, contamination, manufacturing deficiencies, shield defects, or moisture ingress rather than the intrinsic exhaustion of the insulation system. Soil type and installation, i.e. direct buried versus cable in conduit, are significant to the overall life expectancy of a underground cable. As a result, many XLPE and HMP cable circuits have remained electrically serviceable beyond their original design expectations.

EPRI asset demographic information indicates that significant populations of XLPE and HMP cable remain in service at ages exceeding 35 years and, in many cases, beyond 50 years. In addition, recent evaluations of approximately 40-year-old service-aged cable have found that many cable systems continue to exhibit acceptable electrical and material performance.

Accordingly, while replacement of direct-buried cable may be warranted based on reliability performance, failure history, condition assessment results, operational risk, or broader asset management considerations.

The type of failures and overall service age of direct buried cable is supportive of some of the following industry documentation such as the following:

EPRI Research – EPRI's work implicitly recognizes that cable age alone is not equivalent to end-of-life and that remaining-life assessment is both possible and necessary because many assets survive beyond their nominal design life.

1. EPRI Distribution Cable Research

EPRI's *Distribution Cable Research Digest* has long cited approximately **40 years** as the expected service life of modern underground medium-voltage cable systems.

EPRI has also sponsored extensive work on remaining-life estimation for XLPE cables, including *Estimation of Remaining Life of XLPE-Insulated Cables* and related aging-model studies designed specifically to assess service life beyond original installation dates.

2. EPRI Asset Demographics Data

EPRI's current distribution asset demographic database shows that 25% of HMWPE assets are older than 57 years and 25% of XLPE assets are older than 46 years, which demonstrates that large populates of these cable types remain in service well beyond what many utilities historically considered their normal 30-40 year design life. Please refer to RSR-059, Attachment 1.

NEETRAC Research – NEETRAC projects support the argument that replacement programs often targeted cables because of specific condition concerns and failure risk rather than because the insulation had necessarily consumed its full engineering life.

1. NEETRAC Historical Assessment of XLPE Life

NEETRAC's paper *Long-Life XLPE Insulated Power Cable* notes that when medium-voltage XLPE cable was first introduced, utilities expected:

"20 or even 30 years" of reliable service. Please refer to RSR-059, Attachment 2.

The paper further explains that many early failures were caused by water-treeing mechanisms, manufacturing deficiencies, contamination, and moisture-related degradation rather than fundamental exhaustion of the polyethylene insulation system. Please refer to RSR-059, Attachment 2.

NEETRAC states that improvements in materials and manufacturing greatly improved long-term performance and reliability. Please refer to RSR-059, Attachment 2.

2. Recent NEETRAC / Alabama Power 40-Year Field Evaluation

One of the most valuable recent studies examined TR-XLPE cable removed after approximately **40 years of continuous service** from Alabama Power's Galleria Mall system:

- Installed in 1985
- Evaluated after ~40 years in service
- Included electrical and material performance testing
- Specifically designed to assess cable condition near the historically expected service-life threshold, please refer to RSR-059, Attachment 3.

The study's purpose was to determine whether cable approaching or exceeding the traditional 40-year design-life expectation remained fit for service.

b. The Company does not maintain the information necessary to produce the requested exhibit. Installation vintage information is unavailable for a significant portion of the Company's direct-buried cable assets, and insulation type information is incomplete for many assets. As a result, the Company is unable to reliably classify all direct-buried assets by both vintage and insulation type and therefore cannot produce the requested exhibit.

c. As it relates to the Company's Direct Buried Replacement Program, the Company's plant assets replaced and retired are accounted for under the mass-distribution property method. Under such a method, the Company's plant accounting system utilizes the group method of depreciation and retirement, rather than a direct one-for-one matching principle of individual asset additions and retirements for each utility property. Please refer to OCC-793[i] for further discussion on the Broad Group Procedure that the Company utilizes to depreciate and retire its utility property. Therefore, because the specific vintage year of each retired unit is not identifiable, the Company is unable to provide the actual service life of all the Company's Direct Buried utility property when these individual units are removed and retired during the years 2017 through 2026.

d. Please refer to RSR-059, Attachment 4. The Company note that, given (b) above, the Company is not able to delineate "premature" DB events and therefore RSR-059, Attachment 4, lists all DB events from 2017-2025.

Prior Referenced Response:

[i] OCC-793 Question:

Refer to Exhibit CLP-ADDITIONS-1, p. 45. Approximately $4.3 billion of capital additions has been placed in service since January 1, 2017. Identify all such additions retired, abandoned or written off before the end of their depreciable life, with the in-service and retirement dates, the original cost, the amount remaining in rate base, and the reason.

OCC-793 Response:

Please refer to OCC-793, Attachment 1, for all additions of specific property since January 1, 2017, that were retired before the end of their depreciable life including in-service and retirement dates, original cost, amounts remaining in rate base and the reason for retirement.

Retirements of specific property are generally recorded at the full value of the individual asset, whereas mass property retirements are accounted for using the applicable mass property retirement methodology. In some cases, specific property asset retirements are partial, or trended. This occurs when the original asset record includes units of property not separately unitized at the time of installation. When the original cost of the retired asset cannot be specifically identified, the Company utilizes the Handy-Whitman index to trend the replacement cost back to the original installation year to estimate its historical cost. The estimated amount is then retired from the existing asset and charged to the accumulated depreciation account. This process ensures that the cost of the replacement is removed from utility plant while the remaining portion of the original asset continues to be reflected in plant in service.

CL&P predominantly utilizes the Broad Group Procedure to depreciate utility property. Under the Broad Group Procedure, homogenous assets are grouped together and depreciated under a single average service life. When an asset within the group is retired, the asset is considered fully accrued, regardless of the asset's actual service life, and accumulated depreciation is debited for the full book cost of the asset. If an asset is retired prior to the average service life, any impact to depreciation expense will be recovered over time by assets that exceed the average service life of the group. The asset retirement dispersion is analyzed in future depreciation studies when creating an updated, proposed average service life and accompanying accrual rate.

Date Filed: October 28, 2026

Witness: David L. Gladey and Jeffrey D. Richard
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-1, p. 71. Provide the following information about third-party pole attachment make-ready work:

a. A copy of the billable/nonbillable determination matrix; and
b. A description and template of the "standardization documentation" requirements.

Response:

a. Please refer to the billable/nonbillable determination matrix previously provided as RRU-002, Attachment 1.

b. The Company does not maintain a separate template for "standardization documentation" related to billable/non-billable make-ready determinations. Rather, the basis for each determination is documented within the Power Survey in the Alden One application and associated work order records. Vendors are instructed to provide descriptive notes supporting the determination, including information regarding the work performed and the basis for the billable or non-billable classification. Supporting information may also be reflected in related sketches, engineering records, and associated work order documentation. The Company utilizes the information documented in these records to support subsequent reporting and categorization of billable and non-billable work.

Date Filed: November 06, 2026

Witness: David L. Gladey and Jeffrey D. Richard
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-1, pp. 73–74, Ex. CLP-ADDITIONS-9. Provide the following for the selections identified in the attachment "RSR-61, Attachment – PURA Selections" for both worksheets "Selections – Prior to 5-11-2022" and "Selections – Others":

a. Work order documentation;

b. Records of personnel sign-off on the work order;

c. Documentation of the full make-ready design including construction sketch, Maximo design, and Pole Foreman Analysis; and

d. All documented records of the "work order analysis."

Response:

a. c. and d.

Please refer to RSR-061, Attachment 1 CONFIDENTIAL, through RSR-061, Attachment 9 CONFIDENTIAL. Pole Foreman Analysis is not available for all work orders. Availability is dependent on the age of the work order, the procedures and business processes that were in effect at the time the work was performed, and applicable vendor record retention practices. As a result, supporting analysis may not exist or may no longer be available for certain historical work orders.

b. Work Order approval authority for Electric Distribution activities is delegated as follows:

- Designer: Approval authority up to $20,000
- Supervisor: Approval authority up to $100,000
- Manager: Approval authority up to $500,000
- Director: Approval authority up to $100,000,000
- Vice President: Approval authority up to $100,000,000
- Executive Vice President: Approval authority up to $100,000,000

Accordingly, the required sign-off authority is determined based on the total estimated work order value and routed to the appropriate approval level.

Date Filed: October 30, 2026

Witness: John P. Dipaola-Tromba, Sean D. Redding, Jenna M. Turner, Leanne M. Landry and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-4, Ex. CLP-ADDITIONS-4 (Supplemental). Provide in an unlocked spreadsheet a complete listing by work order of all charges for the following vegetation management-related annual projects.

a. CTROW17;
b. ETR2017;
c. ETR2018;
d. ETR2019;
e. ETR2020;
f. ETR2021;
g. ETT2016;
h. ETT2017;
i. CTREL23;
j. CTREL24;
k. CTREL25;
l. DOT24;
m. DOT25;
n. ETR2022;
o. ETR2023;
p. ETR2024;
q. ETR2025;
r. ETTCF22;
s. ETTCF23;
t. ETTCF24;
u. ETTCF25;
v. VEGDOT22; and
w. VEGDOT23.

Response:

Please refer to Table 1, identifying the line in Exhibit CLP-ADDITIONS-5 on which each project appears. Exhibit CLP-ADDITIONS-5 lists the Company's in-service capital additions by year, funding project, work order and FERC account.

Table 1

	Project	Exhibit 5 Line Reference
a.	CTROW17	121,964
b.	ETR2017	257,820
c.	ETR2018	257,971
d.	ETR2019	258,116
e.	ETR2020	258,269
f.	ETR2021	258,420
g.	ETT2016	259,173
h.	ETT2017	259,301
i.	CTREL23	121,610
j.	CTREL24	121,751
k.	CTREL25	121,871
l.	DOT24	221,396
m.	DOT25	221,402
n.	ETR2022	258,573
o.	ETR2023	258,726
p.	ETR2024	258,872
q.	ETR2025	259,019
r.	ETTCF22	259,922
s.	ETTCF23	259,958
t.	ETTCF24	260,012
u.	ETTCF25	260,062
v.	VEGDOT22	311,655
w.	VEGDOT23	311,670

Date Filed: November 03, 2026

Witness: David L. Gladey, John P. Dipaola-Tromba, Leanne M. Landry and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-4. Explain the difference between the annual project categories listed below. Provide examples of types of work and categories of plant that would be included in each annual project.

a. "CT D SS Emergent Annual";
b. "CLP DIST SS FAILED EQUIPMENT ANNUAL";
c. "Emergent Line"; and
d. "Insurance Claims / Keep Cost."

Response:

The annual project categories noted are budgeted and approved to support a high volume of workorders and support work across the Company's electric distribution service area in Connecticut. Capital work orders initiated against these post 2022 annual projects must include total costs less than or equal to $500K. This threshold was $100K of direct costs for projects prior to 2022. Any work order that exceeds this amount will require a separate Project Authorization Form (PAF) and Delegation of Authority (DOA) approval.

CT D SS Emergent Annual and **CLP DISP SS FAILED EQUIPMENT ANNUAL** are annual programs under which separate, unique, small-scale, qualifying capital projects can be performed, using a workorder to track each separate small-scale project. The parent project number, DSEQ, establishes the annual CT Distribution Substation (SS) Emergent Equipment program under which small-scale projects can be created at the workorder level.

This annual project includes the labor, materials, and equipment necessary to address replacing failed distribution substation assets. These annual projects may include types of work and categories of plant such as failed batteries, damaged substation cables or conduits, defective relays or metering, and other distribution substation equipment requiring replacement.

Emergent Line Annual covers the replacement and repair of failed, damaged, or obsolete equipment on the electric distribution system. The work is typically initiated in response to customer-reported outages, trouble tickets, or equipment failures requiring the repair or replacement of existing distribution system facilities. This annual project includes the labor,

materials, and equipment necessary to restore customer service and address failed distribution assets. Examples of work may include replacing broken crossarms, failed arresters, damaged conductors, defective transformers, and other distribution equipment requiring replacement. Plant categories included in this annual project may include, but are not limited to, poles, overhead and underground conductors, line transformers, services, protective devices, and related distribution system equipment.

Insurance Claims / Keep Cost Annual covers distribution system costs associated with the replacement or repair of overhead facilities, underground facilities, and distribution cable damaged by third parties and subject to insurance claims. Due to timing constraints and certain non-reimbursable charges, a portion of this expenditure may not be recovered and are therefore funded through this annual project. Examples of work completed under this annual project may include customer-performed tree work that results in outages, pole accident repairs, cable dig-up restorations, and repairs to distribution system equipment damaged by third parties. Plant categories included in this annual project may include, but are not limited to, poles, overhead and underground conductors, line transformers, services, and distribution cable.

Date Filed: October 30, 2026

Witness: David L. Gladey, John P. Dipaola-Tromba, Leanne M. Landry and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-4, Ex. CLP-ADDITIONS-4 (Supplemental). Provide in an unlocked spreadsheet a complete listing by work order of all charges for the emergent equipment failure-related annual projects labeled "EMRGNTLN (CDEMANNL)." The listing should include labels indicating the year of the plant additions and the specific annual project (e.g., "Emergent Line").

Response:

Please refer to RSR-064, Attachment 1, which identifies all funding projects associated with emergent equipment failure-related annual project and the line within Exhibit CLP-ADDITIONS-5 each project appears. Exhibit CLP-ADDITIONS-5 lists the Company's in service capital additions by year, funding project, work order and FERC account.

Date Filed: October 30, 2026

Witness: David L. Gladey, John P. Dipaola-Tromba, Leanne M. Landry and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-4, Ex. CLP-ADDITIONS-4 (Supplemental). Provide in an unlocked spreadsheet a complete listing by work order of all charges for the following emergent equipment failure-related annual projects.

a. DSEQ20;
b. DSEQ21;
c. DSEQ22;
d. DSEQ23;
e. DSEQ24;
f. DSEQ25; and
g. DSEQ.

Response:

Please refer to the table below which identifies on which line in Exhibit CLP-ADDITIONS-5 each project appears. Exhibit CLP-ADDITIONS-5 lists the Company's in service capital additions by year, funding project, work order and FERC account.

	Project	**Exhibit CLP-ADDITIONS-5 Line Reference**
a.	DSEQ20	240,681
b.	DSEQ21	240,688
c.	DSEQ22	240,735
d.	DSEQ23	240,806
e.	DSEQ24	240,848
f.	DSEQ25	240,868
g.	DSEQ	240,345

Date Filed: October 30, 2026

Witness: David L. Gladey, John P. Dipaola-Tromba, Leanne M. Landry and Jeffrey D. Turano
Request from: Public Utilities Regulatory Authority

Question:

(PLANT ADDITIONS) Application, Ex. CLP-ADDITIONS-4, Ex. CLP-ADDITIONS-4 (Supplemental). Provide in an unlocked spreadsheet a complete listing by work order of all charges for the following emergent equipment failure-related annual projects.

a. INSCLMCST (CTINS24) - 2017 Insurance Claims / Keep Cost;
b. INSCLMCST (CTINS24) - 2018 Insurance Claims / Keep Cost;
c. INSCLMCST (CTINS24) - 2019 Insurance Claims / Keep Cost;
d. INSCLMCST (CTINS24) - 2020 Insurance Claims / Keep Cost;
e. INSCLMCST (CTINS24) - 2021 Insurance Claims / Keep Cost;
f. INSCLMCST (CTINS24) - 2022 Insurance Claims / Keep Cost;
g. INSCLMCST (CTINS24) - 2023 Insurance Claims / Keep Cost;
h. INSCLMCST (CTINS24) - 2024 Insurance Claims / Keep Cost; and
i. INSCLMCST (CTINS24) - 2025 Insurance Claims / Keep Cost.

Response:

Please refer to RSR-066, Attachment 1, which identifies all funding projects associated with the insurance claims / keep cost related annual project and the line within Exhibit CLP-ADDITIONS-5 each project appears. Exhibit CLP-ADDITIONS-5 lists the Company's in service capital additions by year, funding project, work order and FERC account.