Date Filed: August 28, 2026

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

Question:

Refer to Settlement Agreement Attachment 3, in Docket No. 17-10-46, and Exhibit CLP-REVREQ-3, in the current case. Provide explanations for the variances in spending between authorized and actual:

a. Compensation Payroll Expense. Explain the reason why the Company spent less than the 2020 amount authorized in 2021, 2022 and 2023.
b. Facilities Maintenance. Explain the reason why the Company spent less than the 2020 amount authorized in 2021, 2022, 2023 and 2024.
c. Field Operations (Overhead Lines-Operation & Maintenance) Explain why the Company spent significantly less that the amount authorized for 2020 in each of the years shown.
d. Field Operations (Underground Lines-Operation & Maintenance) Explain the reason why the Company spent less than the 2020 amount authorized in 2023, 2024 and 2025.
e. Human Resources, Education and Training. Explain the reason why the Company spent less than the 2020 amount authorized in 2021, 2023, 2024 and 2025.
f. Telecommunications. Explain why the Company did not spend the amount authorized for 2020 for each of the years shown.
g. Vegetation Management. Explain why the Company did not spend the amount authorized for 2020 for each of the years shown.
h. Materials and Supplies. Explain why the Company did not spend the amount authorized for 2020 for each of the years shown.
i. Corporate Communications. Explain why the Company did not spend the amount authorized for 2020 for each of the years shown.

Response:

The Company appreciates this question as it raises an interesting conceptual exercise, which is to evaluate the cost-of service approved for the Company in its most recent rate case (Docket No. 17-10-46), as compared to actual experience over the years subsequent to the rate case, presumably, in order to evaluate whether the overall "level and structure of rates" resulting from the prior ratemaking framework was "sufficient, but no more than sufficient, to allow [the company] to cover [it's] operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity, and yet provide appropriate protection to the relevant public interests," as required by Connecticut statute (Conn. Gen. Stat.

16-19(e)(a)(4)). If this is the exercise, the comparative approach inherent in the question needs to be viewed with certain considerations in mind.

First, as an initial matter, Attachment 3, in Docket No. 17-10-46, is the result of a comprehensive consensus-based resolution of issues from the prior rate proceeding in that docket, i.e., it is not the Company's as-filed revenue requirement, fully reflecting its Test Year costs adjusted by known and measurable changes and other normalizing ratemaking protocols. It is an agreed-upon computation that is designed to establish a revenue level to cover a revenue requirement that is reasonably representative of the actual cost of service the Company is expected to experience in the Rate Year and on a going-forward basis. As a result, it cannot be considered on a piece-by-piece basis as the trade-offs inherent in a settled resolution have the potential to skew the comparison.

Second, as a general matter, the Company's costs are not recorded in the format presented in Exhibit CLP-REVREQ-3, and are not tracked in this way for regulatory or financial reporting purposes. Therefore, to present the summary cost information included in Exhibit CLP-REVREQ-3, in the initial rate filing, the Company had to undertake a labor-intensive process to assign actual Test Year operating costs to the categories shown in Schedule C-3.0. As part of this process, the Company reviewed the expenses recorded during the Test Year in order to classify the costs into each category shown on the referenced schedule. The Company provided this historical view for informational purposes, consistent with commitments made in prior settlement agreements (see, e.g., Docket No. 18-05-10). However, for years other than the Test Year, the data does not have the level of precision that is necessary for a specific item-by-item comparison between the settled resolution of the rate case in Docket No. 17-10-46, and the figures presented in Exhibit CLP-REVREQ-3, in this case.

With this context in mind, the comparative analysis of these schedules does not indicate total costs have fallen below the settled revenue requirement from Docket No. 17-10-46. The table below provides the holistic analysis of total O&M expense – on an "all-in" basis -- comparing Attachment 3 from the 2018 Settlement Agreement to the total O&M expense reported by the Company in Exhibit CLP-REVREQ-3, for each year 2021 through 2025.

Table 1
O&M Comparison for CL&P, Docket No. 17-10-46 to Docket No. 26-05-10
(in millions)

	2021	2022	2023	2024	2025
2018 Settlement Agreement Attachment 3 (DN 17-10-46)	$354.033	$354.033	$354.033	$354.033	$354.033
Exhibit CLP-REVREQ-3	$394.432	$385.805	$429.448	$438.164	$451.957
Increase from 2020 to 2025	**$40.399**	**$31.772**	**$75.415**	**$84.131**	**$97.924**