Date Filed: October 21, 2026

Witness: Warren R. Boutin, Timothy J. Griffin, Leanne M. Landry and Jeffrey D. Turano
Request from: ALLCO

Question:

(Follow-up to ALLCO-064(c), and ALLCO-059 — rate base treatment of customer-funded plant.) The response to ALLCO-064(c), states that interconnection capital expenditures "are entirely billed to the interconnection customer and reimbursed through the CIAC process; therefore, these asset additions are not included in rate base," and that "there is no basis in the plant accounting records." The response to ALLCO-059, states that CIAC is "an offset to the underlying capital project," that the offset is applied "at the time of final project billing and reconciliation," and that the underlying capital project "would not be considered a component of rate base until the underlying capital project is placed in service." (a) Reconcile the two responses: state whether plant constructed for an interconnection customer is recorded in Accounts 106 and 101 at its gross cost when placed in service, with the CIAC recorded as a credit in Account 252500 (or elsewhere) until reconciliation, or whether the plant is never recorded at gross cost; identify the accounting policy and the journal entries for one Allco Cluster project from work-order opening to reconciliation. (b) State whether the "not included in rate base" statement in ALLCO-064(c), applies to the period between in-service and final reconciliation, and if so identify the schedule in this Application in which the corresponding CIAC or customer-advance balance is deducted from rate base. (c) State the amount of plant in service at December 31, 2025 that was funded in whole or part by interconnection-customer payments not yet reconciled, and the revenue-requirement effect of its inclusion in, or exclusion from, rate base. (d) Identify the witness whose testimony in this proceeding sponsors the treatment described in ALLCO-064(c).

Response:

CL&P objects to this request on the ground that it is an improper effort by ALLCO to use this rate case proceeding to obtain discovery for purposes of a lawsuit that it filed against the Company on August 10, 2026, in the United States District Court for the District of Connecticut (Civil Action No. 3:26-cv-1277), outside of and in contravention of the rules of procedure that govern discovery in that lawsuit.

CL&P further objects to this request on the ground that it is not within the scope of the proceeding to review the Company's application to amend its existing rates schedules because the interrogatory either seeks information specific to Allco projects or seeks information that Allco views as relevant to its specific projects.

Without waiving said objections, the Company responds as follows:

a) Plant constructed for interconnection projects is recorded in FERC accounts 106 and 101 at its gross cost when placed in service. CIAC begins in FERC account 252.500 as a credit. Every DER interconnection project is different and the interconnection process is typically characterized by numerous milestones over the course of construction, subject to reconciliation as the final step. The majority of customers are responsible for 100% of the project costs, customer payments may or may not align with the milestones and are often contested by the customer causing delay and requiring substantial coordination to bring to closure. Therefore, depending on the particular circumstances of the specific project, the Company generally will apply customer payments as components of the project go into service, and may not apply some or all of the payments until the final reconciliation is complete to assure correct alignment.

b) Responses associated with the Company's response to ALLCO-059[i], subpart (f) addresses capital additions put in service more generically.

The statement "not included in rate base" in ALLCO-064[ii], subpart (c) applies to those interconnection projects that have completed their Final Reconciliation.

c) Please refer to Exhibit CLP-ADDITIONS-4, for actual capital expenditures and in-service capital addition projects since 2017.

d) Please refer to the witnesses listed in the Company's response to ALLCO-064.

Prior Referenced Responses:

[i] ALLCO-059 Question:

For each project or interconnection for which the Company collected, billed, or recorded contributions in aid of construction ("CIAC") — including any percentage overhead or "CIAC" charge applied to interconnection study, upgrade, or construction costs, and any SHARE or other prepaid capital contribution treated as CIAC — in each year 2018 through 2025 and in the test year, provide a schedule, in native (Excel) format, identifying:

(a) the project or interconnection name and work-order number;
(b) the customer or counterparty type (distributed generation, qualifying facility, third-party attacher, municipal, or other);
(c) the construction or upgrade cost of the project;
(d) the CIAC amount collected or billed, stating separately the base construction component, each overhead or loader component and the percentage applied, and any tax gross-up;
(e) the FERC account(s) in which each amount was recorded and the amount, if any, netted against or offsetting plant in service; and

(f) whether the amount has been the subject of any final accounting, true-up, reconciliation, or refund, and if so the amount and date of any refund and any interest paid. Reconcile the annual totals in this schedule to (i) the annual CIAC totals provided in response to Q-ALLCO-002, and (ii) the "Deferred Taxes on CIAC, Net of Gross-up" amounts included in rate base on Schedule B-1.0 ($35,961,000 for the test year), identifying the CIAC balances from which those deferred tax amounts are derived.

ALLCO-059 Response:

CL&P objects to this request on the ground that it is an improper effort by ALLCO to use this rate case proceeding to obtain discovery for purposes of a lawsuit that it filed against the Company on August 10, 2026, in the United States District Court for the District of Connecticut (Civil Action No. 3:26-cv-1277), outside of and in contravention of the rules of procedure that govern discovery in that lawsuit.

Without waiving said objection, CL&P does not track or maintain information on interconnections in a format that is commercially reasonable for the Company to collect and provide a response to the entirety of the interrogatory. As of the date of this response, CL&P is querying its system to try to collect and provide as much of the requested information as possible and will supplement this response with whatever requested information can reasonably be provided.

In an effort to be responsive to the interrogatory in the immediate term, please refer to the Company's response to ALLCO-001, for CIAC year-end balances from 2018 through 2025, as well as the FERC account used to record the CIAC activity. CIAC is recognized as an offset to the underlying capital project. CIAC would not be considered a component of rate base until the underlying capital project is placed in service. At that time, the underlying capital project costs in rate base would be wholly offset by CIAC at the time of final project billing and reconciliation. In the Company's next cost of service update, the rate base and the Rate Year revenue requirement will reflect the CIAC and the underlying capital project cost for projects placed in service not yet already reflected in the balances as of December 31, 2025.

[ii] ALLCO-064 Question:

State how the Company treats, for federal income tax purposes, the amounts it collects from interconnecting customers — contributions in aid of construction ("CIAC"), interconnection study and application fees, payments for system modifications and upgrades, and every percentage overhead or loader applied to any of the foregoing — for each calendar year 2017 through 2025 and for the Test Year, and specifically:

(a) whether such amounts are included in gross income as taxable contributions in aid of construction under 26 U.S.C. § 118(b) on the consolidated federal income tax return of the affiliated group of which the Company is a member, or are excluded from gross income as nontaxable contributions to capital pursuant to the intertie safe harbor of IRS Notice 2016-36 (or its predecessors, IRS Notices 88-129, 90-60, and 2001-82), or receive some other treatment — stating the treatment applied, by category of payment and by year, and the total dollar amount in each category and year;
(b) whether the Company has charged or collected from any interconnecting customer any income tax gross-up or other tax-related component on any such payment, and if so, for each year: the total gross-up amounts collected, the gross-up rate and computation methodology (including any net-present-value-of-tax method), whether any gross-up was applied to the overhead or loader components, and whether any gross-up was charged on payments that the Company treated as nontaxable under the safe harbor;
(c) whether the Company claims federal tax depreciation on, and what tax basis it takes in, property paid for by interconnecting customers, and whether the corresponding plant is included in or excluded from rate base in this Application;

(d) how the accumulated deferred income taxes associated with the foregoing treatment are computed, in what FERC account(s) they are recorded, and where they are reflected in the revenue requirement or rate base presented in this Application;
(e) the federal income tax treatment of amounts refunded or credited to interconnecting customers — including the final accounting refunds identified in the Company's responses to Allco's Set One — stating whether such refunds are deducted from gross income and in what year; and
(f) identify, by title, date, and custodian, and produce, the tax accounting policies, workpapers, and return schedules sufficient to show each treatment described in response to subparts (a) through (e).

ALLCO-064 Response:

CL&P objects to this request on the ground that it is an improper effort by Allco to use this rate case proceeding to obtain discovery for purposes of a lawsuit that it filed against the Company on August 10, 2026, in the United States District Court for the District of Connecticut (Civil Action No. 3:26-cv-1277), outside of and in contravention of the rules of procedure that govern discovery in that lawsuit.

Without waiving said objection, Eversource responds:

(a) Taxable contributions in aid of construction (CIAC) are included in revenue in the period received and taxed as income on the Company's federal income tax return. Interconnection study and application fees, payments for system modification and upgrades are not included in revenues and therefore are excluded from taxable income.

Specific to generator interconnections, where generator entities are building units of generation which they plan to interconnect with the Company's transmission system, there is a specific IRS Notice (Notice 2016-36) which applies whereby if the generator entity meets specific requirements, it will be treated as a non-taxable transaction. Generally, the safe harbor applies to transmission system interconnections. The Company generally deems distribution system interconnection payments to be taxable income and are therefore charged a tax adder/gross up.

Please refer to the Company's ALLCO-064, Attachment 1, pages one through nine, for the annual schedules, which show the monthly taxable income from CIAC and the related tax adder/gross up for each of the years requested.

(b) The Company does charge a CIAC Tax Adder (the income tax gross-up) to the interconnecting customer at the time the CIAC payments are charged, as the CIAC estimate includes a calculated CIAC tax adder. The total CIAC Tax Adder amount is included in ALLCO-064, Attachment 1. The CIAC Tax Adder gross-up rate and computation methodology (including any net present value-of-tax method) is provided in the Company's response to ALLCO-003. As described in (a), the Company's distribution system interconnection payments are taxable; therefore, all CIAC Tax Adders charged on CIAC payments were treated as taxable CIAC (there were none under the safe harbor). The CIAC Tax Adder was calculated based on the full cost estimate of the project, including the Company's construction overhead costs and loaders.

(c) The Company claims federal tax depreciation only on interconnection assets that are included in taxable income. For book purposes, there is no basis in the plant accounting records as these capital expenditures are entirely billed to the interconnection customer and reimbursed through the CIAC process; therefore, these asset additions are not included in rate base.

(d) ADIT related to CIAC and CIAC income tax gross-up is calculated at the combined statutory rate on the temporary difference. ADIT related to both taxable CIAC, and the CIAC income tax gross-up, is recorded in FERC Account 282, as disclosed in the Company's SFR Schedule B-6.1.

(e) Refunds to interconnection customers are deducted from taxable income in the year paid. These are typically small amounts and are used to adjust tax basis of assets for the current period.

(f) Please see below for the Company's departments that have the oversight responsibilities for the Distributed Generation Interconnection work:

Department	**Responsibility**
DER Customer	Manage the applications that are received by the Company's customers
Engineering	Prepares the full CIAC estimate, including the CIAC Tax Adder
Tax Dept	Calculates the annual CIAC rate
DER Customer	Prepares and issues the total CIAC bill to interconnection customer
Engineering	Prepares work orders in the Work Management System, which provides the FERC Accounting treatment
Operations	Work Performed and charged to work orders
DER Customer	Final true-ups on costs are calculated for final billed/refunded amounts to interconnection customers after permission to operate (PTO) is completed