Date Filed: October 14, 2026

Witness: Marc J. Richards and Gary A. Iadarola
Request from: Public Utilities Regulatory Authority

Question:

(ENVIRONMENTAL REMEDIATION) Application, Ex. CLP-ENV-1, pp. 34–35. Regarding Site #103 Parsons Lane Durham Mineral Oil Dielectric Fluid Release:

a. Provide a copy of the settlement agreement;
b. Provide the total portion of project costs recovered through the settlement agreement and the portion of costs requested for recovery in this proceeding;
c. Explain why these costs are recovered through the deferred accounting mechanism rather than as a routine environmental remediation cost; and
d. Describe why the utility pole failed and provide the age of the pole at the time of failure.

Response:

a. Please refer to RSR-037, Attachment 1 CONFIDENTIAL, for a copy of the settlement agreement.

b. Please refer to RSR-037, Attachment 2 CONFIDENTIAL, for the requested information.

c. As noted in the testimony in Exhibit CLP-ENV-1 of Marc J. Richards, Gary A. Iadarola, and Clare B. Connolly, the sequence, timing, and magnitude of response activities can vary from site to site depending upon the size of the site, the degree of contamination, nearby sensitive receptors, land ownership, the degree of oversight and control exercised by regulators, and many other site-specific factors. These dynamic circumstances, on-site conditions and state and municipal requirements or expectations speed projects up or slow projects down, impacting not only timing but cost. All of these variables make it extremely difficult to accurately forecast the level of expense to be incurred in a year and cause significant fluctuations year-over-year in the level of expense incurred. Therefore, these costs do not fit well with traditional base rate recovery which is designed to establish base distribution rates based on expected future levels of annual costs. The variability in these environmental remediation costs drives the need for the continuation of deferral treatment. This request is not a blank check, but rather a treatment that requires the Company to meet the burden of a prudence review on its environmental remediation costs in the next rate case.

d. The pole was installed in 1962. The reason for failure is unknown.