THE CONNECTICUT LIGHT AND POWER COMPANY, DBA EVERSOURCE ENERGY
PERFORMANCE-BASED MULTI-YEAR RATE PLAN (PBMRP) RIDER

PURPOSE:

The Performance-Based Multi-year Rate Plan ("PBMRP") adjustment enables the Company, subject to the jurisdiction of the Public Utilities Regulatory Authority ("PURA"), to adjust, on an annual basis, its base distribution rates ("Base Rates"). The PBR includes a revenue cap-formula with an annual I-X adjustment, a capital cost recovery adjustment, or F Factor, a consumer dividend, an earnings sharing adjustment if the earned return on equity is higher than established thresholds, and recovery or return of exogenous costs.

EFFECTIVE DATE:

The initial rates established in Docket No. 26-05-10 shall remain in effect until the Company's next base-rate proceeding subject to adjustments described in this tariff. The PBMRP rider is authorized for a four-year term starting July 1, 2027. The first annual adjustment pursuant to the PBMRP rider shall be effective July 1, ~~2028~~2027. Subsequent annual adjustments shall occur within the four-year term, with the last adjustment taking effect on July 1, 2030.

Prior to the expiration of the four-year term, the Company shall be eligible to file a request to continue the PBMRP for a subsequent term not to exceed four years with the last adjustment taking effect on July 1, 2034. Such a request must be filed with PURA by August 1, 2029, so that PURA may issue its decision by January 31, 2030.

Unless the PBMRP is extended as described above, the last earnings-sharing adjustment would take effect on July 1, 2031 because the earnings-sharing adjustment lags the PBMRP adjustment by one year.

APPLICABILITY:

This rider applies to all Customers taking Delivery Service under the Company's rates.

DEFINITIONS:

1. Base Revenue Requirement is the distribution revenue approved for collection through the Company's rate schedules as established by PURA in its most recent base-rate case and as adjusted annually through the PBMRP adjustment.

2. Base Rate Component is any customer, demand or energy charge reflected in the Company's Rate Schedules that recovers a portion of the Company's Base Revenue Requirement as established by PURA in Docket No. 26-05-10.

3. Basis Point shall be one one-hundredth of a percentage point.

4. Calendar Year is the annual period beginning on January 1st and ending on December 31st.

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5. Capital Investment Year is the period in which assets are placed in service beginning on January 1st and ending on December 31st.

6. Consumer Dividend is the benefit to consumers of future productivity gains attributable to performance-based ratemaking for the Company's distribution service as established by PURA in Docket No. 26-05-10.

7. Customer Class is the group of customers all taking service pursuant to the same rate schedule.

8. Class Allocation Factors in a Rate Year for which the PBMRP is being applied are proportional shares of Base Revenue Requirement for each Customer Class in the Prior Year.

9. Depreciation Expense is the annual depreciation expense associated with the total capital investments placed in service.

10. Distribution Return on Equity (ROE) is the ROE as reported in the Company's Docket No. 76-03-07RE01, Exhibit 1(C) 1 to PURA in the Prior Year.

11. Exogenous Events are positive or negative cost changes beyond the Company's control and not reflected in GDPPI, or otherwise in the PBMRP adjustment or any other charge for service. The following are examples that would qualify for recovery as an Exogenous Event (whether positive or negative), the following criteria must be met for an Exogenous Event cost changes must be: (1) State Initiated Cost Change, (2) Federally Initiated Cost Change, (3) Regulatory Cost Reassignment, or (4) Externally Imposed Accounting Rule Change. The preceding list is not comprehensive but provides examples of types of events that are outside the Company's control. With an occurrence of a qualifying Exogenous Event, the Company will be allowed to adjust distribution rates upward or downward (to the extent that the revenue impact of such event is not otherwise captured through another rate mechanism that has been approved by PURA) if the total distribution revenue impact (positive or negative) of all such events meets or exceeds a threshold significance of 0.5% of allowed total base distribution revenue requirement as established by PURA in Docket No. 26-05-10. Exogenous Events shall be reflected as either a nonrecurring, one-time recovery and/or a permanent change to the Base Revenue Requirement, as applicable and appropriate. Exogenous Events shall be reviewed and approved by PURA prior to taking effect in rates.

12. Externally Imposed Accounting Rule Change is deemed to have occurred if the Financial Accounting Standards Board or the Securities and Exchange Commission adopts a rule that requires utilities to use a new accounting rule that is not being utilized by the Company as of the effective date of base distribution rates approved in Docket No. ~~26-05-10.~~ ~~F Factor is capital cost recovery component of the PBRM to support necessary system investments, as determined in Docket No. 26-05-10. The F Factor shall recon~~26-05-10.

13. F Factor is the capital cost recovery component of the PBRM to support necessary system investments, as determined in Docket No. 26-05-10. The F Factor shall take effect as part

of the PBMRP and reflect the rate year revenue requirement, inclusive of depreciation expense, property tax expense, return on rate base, and income tax calculated based on the capital expenditure forecast outlined in Docket No. 26-05-10. The initial F Factor taking effect on July 1, 2027 will reflect the prospective revenue requirement on rate year capital expenditures which are not captured in base rates established in Docket No. 26-05-10. The F Factor will be subject to annual reconciliation and will reflect the revenue requirement attributable to eligible plant additions from the point at which they are placed in service, subject to a downward-only adjustment in the event the actual plant additions are less than the plant additions assumed in establishing the original F Factor.

~~13.~~14. Federally Initiated Cost Change is any externally imposed changes in the federal tax rates, laws, regulations, or precedents governing income, revenue, or sales taxes or any changes in federally imposed fees, which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase the Company's distribution costs, revenue, or revenue requirement.

~~14.~~15. Forecasted Budget is the annual capital expenditure forecast produced in Docket No. 26-05-10.

~~15.~~16. I Factor is the measure of change in the prices for all inputs used to provide regulated distribution services. For purposes of the PBRM the I Factor shall be established as the composite O&M Index (ECI and GDP-PI) and must be non-negative.

~~16.~~17. PBMRP Formula is the mathematical expression set forth below used to calculate the percentage change in the Base Revenue Requirement for the Rate Year.

~~17.~~18. Pre-Tax Rate of Return is the after-tax weighted cost of capital established by PURA in Docket No. 26-05-10, adjusted to a pre-tax basis using currently effective federal and state income tax rates.

~~18.~~19. Prior Year is the annual calendar year period ending immediately prior to the Rate Year.

20. Property Tax is calculated based on the total capital investment associated with the Capital Investment Year multiplied by the property tax rate established by PURA in Docket No. 26-05-10. The property tax rate is derived by dividing the property tax expense by the average net plant, as approved in Docket No. 26-05-10.

~~19.~~21. Rate Year is the 12-month period that the adjusted Base Rates shall be effective beginning on July 1st.

~~20.~~22. Return on Equity is the authorized return on common equity as established in Docket No. 26-05-10.

~~21.~~23. Return on Rate Base is the Pre-Tax Rate of Return multiplied by rate base associated with the total capital investment, including plant in service adjusted for

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accumulated depreciation, and accumulated deferred income tax for assets ending as of the Capital Investment Year.

~~22.~~24. State Initiated Cost Change is any externally imposed changes in state or local law or regulatory mandates or changes in other precedents governing income, revenue, sales, franchise, or property or any new or amended regional, state or locally imposed fees (but excluding the effects of routine annual changes in municipal, county and state property tax rates and revaluations), which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase the Company's distribution costs, revenue, or revenue requirement.

~~23.~~25. X Factor shall be the Partial Factor Productivity Factor of -0.03%, as established in Docket No. 26-05-10.

DETERMINATION OF INITIAL BASE RATES:

The Initial Base Rates shall be those established by PURA in Docket No. 26-05-10. The first adjustment to the Initial Base Rates under the PBR adjustment shall be effective July 1, 2027. The first adjustment for rates effective July 1, 2027 will not reflect an adjustment on the O&M Revenue Requirement. The first O&M Revenue Requirement adjustment will take effect within the PBMRP for rates effective July 1, 2028. The July 1, 2027 PBMRP adjustment will reflect an adjustment for the F Factor to reflect the prospective revenue requirement on rate year capital expenditures which are not captured in base rates established in Docket No. 26-05-10 for effect on that same date.

PERFORMANCE-BASED REVENUE ADJUSTMENT FORMULA:

$$Rev\ Requirement_t = \left(O\&M\ Rev\ Requirement_{t-1}\ x\ (1 + I_t - X - CD)\right) + F_t + Z_t + ESM_t$$

Where:

Rev Requirement$_t$ = the revenue requirement in the current (forecast) period

O&M Rev Requirement$_{t-1}$ = the approved O&M -related revenue requirement starting with the authorized O&M in this proceeding and adjusting annually based on this formula.

I = Composite O&M Index (ECI and GDP-PI) and must be non-negative

X = -0.~~03~~01%

CD = a consumer dividend that is a minimum of 30 basis points and adjusts annually depending on O&M Cost performance per customer, relative to benchmark performance.

F = capital cost recovery mechanism to support necessary system investments

Z = an exogenous cost adjustment

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THE CONNECTICUT LIGHT AND POWER COMPANY, DBA EVERSOURCE ENERGY

PERFORMANCE-BASED MULTI-YEAR RATE PLAN (PBMRP) RIDER

ESM = earnings sharing adjustment

ANNUAL RATE ADJUSTMENT:

The PBMRP adjustment shall be used to derive the incremental revenue adjustment. The incremental revenue adjustment will be allocated among Customer Classes using the Class Allocation Factors and applied to the Base Rate Components for each Customer Class based on the billing determinants established by PURA in setting Initial Base Rates. These adjustments to Base Rate Components will not be subject to true up or reconciliation.

F ~~FACTORADJUSTMENT~~FACTOR ADJUSTMENT:

The F Factor Adjustment is intended to provide predictable and adequate funding for capital investments. There is a limit to the amount of capital improvements that may be included in the annual F Factor Adjustment, imposing an annual capital expenditure constraint up to the amount forecasted in Docket No. 26-05-10. The first annual PBMRP adjustment will take effect July 1, 2027 to reflect the prospective revenue requirement on the Forecasted Budget (referred to as the F Factor allowance) for capital expenditures which are not reflected in base rates in Docket No. 26-05-10. Beginning with the annual PBMRP adjustment effective July 1, 2028, the Company's actual capital additions for the Prior Year are allowed for inclusion in the calculation of the F Factor to the extent that the actual capital additions do not exceed the Forecasted Budget (referred to as the F Factor allowance). To the extent that the cumulative actual capital costs in-service through the Prior Year, in aggregate, exceeds the Forecasted Budget through the Prior Year, then the F Factor allowance is capped at the cumulative Forecasted Budget. The F Factor allowance will be calculated to determine the revenue requirement (inclusive of depreciation expense, property tax expense, return on rate base, and income tax) on actual plant additions (including plant additions, cost of removal, retirements, and accumulated depreciation) up to the Forecasted Budget amount, and to reflect the revenue requirement for the Prior Year and through the Rate Year on in service capital additions placed in service in the Prior Year, provided that those in service capital additions are not reflected in base rates or in another rate mechanism.

EXOGENOUS COSTS:

Exogenous Events are positive or negative cost changes that (1) are beyond the Company's control, (2) arise from a change in tax laws or accounting change, or regulatory, judicial or legislative changes, (3) are unique to the gas distribution industry or are not reflected in the calculation of GDPPI, and (4) meet a threshold of significance of 0.5% of allowed total base distribution revenue requirement, as approved in this rate case. The Company would include any such request for exogenous event cost recovery in its annual PBR adjustment filing. The following are examples that would qualify for cost recovery as an Exogenous Event (whether positive or negative): (1) State Initiated Cost Change; (2) Federally Initiated Cost Change; (3) Regulatory Cost Reassignment; or (4) Externally Imposed Accounting Rule Change.

Exogenous event costs can be ongoing or discreet and non-recurring. The Company proposes to reflect ongoing exogenous event costs as a change in base distribution rates and that a non-

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recurring exogenous cost would be collected through a separate reconciling factor or as an amortized expense.

The significance threshold for Exogenous Costs is set at 0.5% for each individual Exogenous Event occurring on or after July 1, 2027, adjusted annually thereafter based on changes in the composite I Factor and PFP X factor ($\boxed{I_t - X}$)used in calculating the PBRM. The significance threshold is noncumulative and is subject to a finding by PURA that the exogenous costs arise from a single exogenous event (i.e., exogenous costs from separate exogenous events cannot be aggregated into a single total for purposes of determining whether the threshold of significance is met). Exogenous Event cost recovery requires that the Company present supporting documentation and rationale to PURA for a determination as to the appropriateness of the proposed recovery or refund.

Once approved for recovery by PURA, the amount of the cost change occurring in the Prior Year and deferred for recovery or refund, shall be recovered, or returned to customers either as an adjustment to base rates (if permanent) or as an adjustment to a separate, reconciling rate, as applicable.

EARNINGS SHARING

Earnings Sharing provides an important protection for Customers in the event that expenses increase at a rate much different than the revenue increases generated by the PBMRP adjustment. In the event that the Company's actual Distribution Return on Equity (ROE) for any calendar period ending December 31st of the years 2027 through 2030, unless extended by PURA, exceeds the Earnings Sharing Threshold, the difference between actual earnings and earnings calculated at the authorized Return on Equity shall be shared with customers if the Company's actual ROE exceeds the authorized ROE. Such earnings above the Earnings Sharing Threshold will be shared 50 percent to the Company and 50 percent to Customers.

Earnings Sharing, when applicable, shall result in a single, uniform per kWh credit to all distribution service customers taking service under retail tariffs. The Earnings Sharing credit will be included with base distribution rates for each class. Any Earnings Sharing credit or charge shall be in effect for a period of one year and shall be subject to a full adjudicatory hearing before PURA.

INFORMATION REQUIRED TO BE FILED WITH PURA

The Company shall make a PBR adjustment filing no later than April 1st of each year for rates effective July 1st of such year, which commences a Rate Year under this mechanism. As part of such annual filing, the Company shall file information and supporting schedules with PURA necessary for PURA to review and approve the PBMRP Adjustment for such Rate Year. Such information shall include the results and supporting calculations of the PBMRP Adjustment Formula, descriptions and accounting of any Exogenous Costs and an earning-sharing calculation for the year prior to the rate adjustment. The initial filing establishing the F Factor allowance for the rate year shall incorporate information necessary to calculate the F Factor allowance, informed by data reviewed in Docket No. 26-05-10, including the capital expenditure forecast, depreciation rates, property tax expense rates, the cost of capital, among other factors. In each

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subsequent PBMRP filing after the first, initial F Factor for rates effective July 1, 2027, the Company will also include capital project documentation support for projects placed into service in the year prior to the PBMRP rate year. In addition, the Company shall file revised summary rate tables reflecting the impact of applying the base-rate changes provided for herein.

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THE CONNECTICUT LIGHT AND POWER COMPANY, DBA EVERSOURCE ENERGY
PERFORMANCE-BASED MULTI-YEAR RATE PLAN (PBMRP) RIDER

PURPOSE:

The Performance-Based Multi-year Rate Plan ("PBMRP") adjustment enables the Company, subject to the jurisdiction of the Public Utilities Regulatory Authority ("PURA"), to adjust, on an annual basis, its base distribution rates ("Base Rates"). The PBR includes a revenue cap-formula with an annual I-X adjustment, a capital cost recovery adjustment, or F Factor, a consumer dividend, an earnings sharing adjustment if the earned return on equity is higher than established thresholds, and recovery or return of exogenous costs.

EFFECTIVE DATE:

The initial rates established in Docket No. 26-05-10 shall remain in effect until the Company's next base-rate proceeding subject to adjustments described in this tariff. The PBMRP rider is authorized for a four-year term starting July 1, 2027. The first annual adjustment pursuant to the PBMRP rider shall be effective July 1, 2027. Subsequent annual adjustments shall occur within the four-year term, with the last adjustment taking effect on July 1, 2030.

Prior to the expiration of the four-year term, the Company shall be eligible to file a request to continue the PBMRP for a subsequent term not to exceed four years with the last adjustment taking effect on July 1, 2034. Such a request must be filed with PURA by August 1, 2029, so that PURA may issue its decision by January 31, 2030.

Unless the PBMRP is extended as described above, the last earnings-sharing adjustment would take effect on July 1, 2031 because the earnings-sharing adjustment lags the PBMRP adjustment by one year.

APPLICABILITY:

This rider applies to all Customers taking Delivery Service under the Company's rates.

DEFINITIONS:

1. Base Revenue Requirement is the distribution revenue approved for collection through the Company's rate schedules as established by PURA in its most recent base-rate case and as adjusted annually through the PBMRP adjustment.

2. Base Rate Component is any customer, demand or energy charge reflected in the Company's Rate Schedules that recovers a portion of the Company's Base Revenue Requirement as established by PURA in Docket No. 26-05-10.

3. Basis Point shall be one one-hundredth of a percentage point.

4. Calendar Year is the annual period beginning on January 1st and ending on December 31st.

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5. Capital Investment Year is the period in which assets are placed in service beginning on January 1st and ending on December 31st.

6. Consumer Dividend is the benefit to consumers of future productivity gains attributable to performance-based ratemaking for the Company's distribution service as established by PURA in Docket No. 26-05-10.

7. Customer Class is the group of customers all taking service pursuant to the same rate schedule.

8. Class Allocation Factors in a Rate Year for which the PBMRP is being applied are proportional shares of Base Revenue Requirement for each Customer Class in the Prior Year.

9. Depreciation Expense is the annual depreciation expense associated with the total capital investments placed in service.

10. Distribution Return on Equity (ROE) is the ROE as reported in the Company's Docket No. 76-03-07RE01, Exhibit 1(C) 1 to PURA in the Prior Year.

11. Exogenous Events are positive or negative cost changes beyond the Company's control and not reflected in GDPPI, or otherwise in the PBMRP adjustment or any other charge for service. The following are examples that would qualify for recovery as an Exogenous Event (whether positive or negative), the following criteria must be met for an Exogenous Event cost changes must be: (1) State Initiated Cost Change, (2) Federally Initiated Cost Change, (3) Regulatory Cost Reassignment, or (4) Externally Imposed Accounting Rule Change. The preceding list is not comprehensive but provides examples of types of events that are outside the Company's control. With an occurrence of a qualifying Exogenous Event, the Company will be allowed to adjust distribution rates upward or downward (to the extent that the revenue impact of such event is not otherwise captured through another rate mechanism that has been approved by PURA) if the total distribution revenue impact (positive or negative) of all such events meets or exceeds a threshold significance of 0.5% of allowed total base distribution revenue requirement as established by PURA in Docket No. 26-05-10. Exogenous Events shall be reflected as either a nonrecurring, one-time recovery and/or a permanent change to the Base Revenue Requirement, as applicable and appropriate. Exogenous Events shall be reviewed and approved by PURA prior to taking effect in rates.

12. Externally Imposed Accounting Rule Change is deemed to have occurred if the Financial Accounting Standards Board or the Securities and Exchange Commission adopts a rule that requires utilities to use a new accounting rule that is not being utilized by the Company as of the effective date of base distribution rates approved in Docket No. 26-05-10.

13. F Factor is the capital cost recovery component of the PBRM to support necessary system investments, as determined in Docket No. 26-05-10. The F Factor shall take effect as part of the PBMRP and reflect the rate year revenue requirement, inclusive of depreciation expense, property tax expense, return on rate base, and income tax calculated based on

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the capital expenditure forecast outlined in Docket No. 26-05-10. The initial F Factor taking effect on July 1, 2027 will reflect the prospective revenue requirement on rate year capital expenditures which are not captured in base rates established in Docket No. 26-05-10. The F Factor will be subject to annual reconciliation and will reflect the revenue requirement attributable to eligible plant additions from the point at which they are placed in service, subject to a downward-only adjustment in the event the actual plant additions are less than the plant additions assumed in establishing the original F Factor.

14. Federally Initiated Cost Change is any externally imposed changes in the federal tax rates, laws, regulations, or precedents governing income, revenue, or sales taxes or any changes in federally imposed fees, which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase the Company's distribution costs, revenue, or revenue requirement.

15. Forecasted Budget is the annual capital expenditure forecast produced in Docket No. 26-05-10.

16. I Factor is the measure of change in the prices for all inputs used to provide regulated distribution services. For purposes of the PBRM the I Factor shall be established as the composite O&M Index (ECI and GDP-PI) and must be non-negative.

17. PBMRP Formula is the mathematical expression set forth below used to calculate the percentage change in the Base Revenue Requirement for the Rate Year.

18. Pre-Tax Rate of Return is the after-tax weighted cost of capital established by PURA in Docket No. 26-05-10, adjusted to a pre-tax basis using currently effective federal and state income tax rates.

19. Prior Year is the annual calendar year period ending immediately prior to the Rate Year.

20. Property Tax is calculated based on the total capital investment associated with the Capital Investment Year multiplied by the property tax rate established by PURA in Docket No. 26-05-10. The property tax rate is derived by dividing the property tax expense by the average net plant, as approved in Docket No. 26-05-10.

21. Rate Year is the 12-month period that the adjusted Base Rates shall be effective beginning on July 1st.

22. Return on Equity is the authorized return on common equity as established in Docket No. 26-05-10.

23. Return on Rate Base is the Pre-Tax Rate of Return multiplied by rate base associated with the total capital investment, including plant in service adjusted for accumulated depreciation, and accumulated deferred income tax for assets ending as of the Capital Investment Year.

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THE CONNECTICUT LIGHT AND POWER COMPANY, DBA EVERSOURCE ENERGY
PERFORMANCE-BASED MULTI-YEAR RATE PLAN (PBMRP) RIDER

24. State Initiated Cost Change is any externally imposed changes in state or local law or regulatory mandates or changes in other precedents governing income, revenue, sales, franchise, or property or any new or amended regional, state or locally imposed fees (but excluding the effects of routine annual changes in municipal, county and state property tax rates and revaluations), which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase the Company's distribution costs, revenue, or revenue requirement.

25. X Factor shall be the Partial Factor Productivity Factor of -0.03%, as established in Docket No. 26-05-10.

DETERMINATION OF INITIAL BASE RATES:

The Initial Base Rates shall be those established by PURA in Docket No. 26-05-10. The first adjustment to the Initial Base Rates under the PBR adjustment shall be effective July 1, 2027. The first adjustment for rates effective July 1, 2027 will not reflect an adjustment on the O&M Revenue Requirement. The first O&M Revenue Requirement adjustment will take effect within the PBMRP for rates effective July 1, 2028. The July 1, 2027 PBMRP adjustment will reflect an adjustment for the F Factor to reflect the prospective revenue requirement on rate year capital expenditures which are not captured in base rates established in Docket No. 26-05-10 for effect on that same date.

PERFORMANCE-BASED REVENUE ADJUSTMENT FORMULA:

$$Rev\ Requirement_t = \left(O\&M\ Rev\ Requirement_{t-1}\ x\ (1 + I_t - X - CD)\right) + F_t + Z_t + ESM_t$$

Where:

Rev Requirement$_t$ = the revenue requirement in the current (forecast) period

O&M Rev Requirement$_{t-1}$ = the approved O&M -related revenue requirement starting with the authorized O&M in this proceeding and adjusting annually based on this formula.

I = Composite O&M Index (ECI and GDP-PI) and must be non-negative

X = -0.01%

CD = a consumer dividend that is a minimum of 30 basis points and adjusts annually depending on O&M Cost performance per customer, relative to benchmark performance.

F = capital cost recovery mechanism to support necessary system investments

Z = an exogenous cost adjustment

ESM = earnings sharing adjustment

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PERFORMANCE-BASED MULTI-YEAR RATE PLAN (PBMRP) RIDER

ANNUAL RATE ADJUSTMENT:

The PBMRP adjustment shall be used to derive the incremental revenue adjustment. The incremental revenue adjustment will be allocated among Customer Classes using the Class Allocation Factors and applied to the Base Rate Components for each Customer Class based on the billing determinants established by PURA in setting Initial Base Rates. These adjustments to Base Rate Components will not be subject to true up or reconciliation.

F FACTOR ADJUSTMENT:

The F Factor Adjustment is intended to provide predictable and adequate funding for capital investments. There is a limit to the amount of capital improvements that may be included in the annual F Factor Adjustment, imposing an annual capital expenditure constraint up to the amount forecasted in Docket No. 26-05-10. The first annual PBMRP adjustment will take effect July 1, 2027 to reflect the prospective revenue requirement on the Forecasted Budget (referred to as the F Factor allowance) for capital expenditures which are not reflected in base rates in Docket No. 26-05-10. Beginning with the annual PBMRP adjustment effective July 1, 2028, the Company's actual capital additions for the Prior Year are allowed for inclusion in the calculation of the F Factor to the extent that the actual capital additions do not exceed the Forecasted Budget (referred to as the F Factor allowance). To the extent that the cumulative actual capital costs in-service through the Prior Year, in aggregate, exceeds the Forecasted Budget through the Prior Year, then the F Factor allowance is capped at the cumulative Forecasted Budget. The F Factor allowance will be calculated to determine the revenue requirement (inclusive of depreciation expense, property tax expense, return on rate base, and income tax) on actual plant additions (including plant additions, cost of removal, retirements, and accumulated depreciation) up to the Forecasted Budget amount, and to reflect the revenue requirement for the Prior Year and through the Rate Year on in service capital additions placed in service in the Prior Year, provided that those in service capital additions are not reflected in base rates or in another rate mechanism.

EXOGENOUS COSTS:

Exogenous Events are positive or negative cost changes that (1) are beyond the Company's control, (2) arise from a change in tax laws or accounting change, or regulatory, judicial or legislative changes, (3) are unique to the gas distribution industry or are not reflected in the calculation of GDPPI, and (4) meet a threshold of significance of 0.5% of allowed total base distribution revenue requirement, as approved in this rate case. The Company would include any such request for exogenous event cost recovery in its annual PBR adjustment filing. The following are examples that would qualify for cost recovery as an Exogenous Event (whether positive or negative): (1) State Initiated Cost Change; (2) Federally Initiated Cost Change; (3) Regulatory Cost Reassignment; or (4) Externally Imposed Accounting Rule Change.

Exogenous event costs can be ongoing or discreet and non-recurring. The Company proposes to reflect ongoing exogenous event costs as a change in base distribution rates and that a non-recurring exogenous cost would be collected through a separate reconciling factor or as an amortized expense.

REVIEW

THE CONNECTICUT LIGHT AND POWER COMPANY, DBA EVERSOURCE ENERGY
PERFORMANCE-BASED MULTI-YEAR RATE PLAN (PBMRP) RIDER

The significance threshold for Exogenous Costs is set at 0.5% for each individual Exogenous Event occurring on or after July 1, 2027, adjusted annually thereafter based on changes in the composite I Factor and PFP X factor ($\boxed{I_t - X}$)used in calculating the PBRM. The significance threshold is noncumulative and is subject to a finding by PURA that the exogenous costs arise from a single exogenous event (i.e., exogenous costs from separate exogenous events cannot be aggregated into a single total for purposes of determining whether the threshold of significance is met). Exogenous Event cost recovery requires that the Company present supporting documentation and rationale to PURA for a determination as to the appropriateness of the proposed recovery or refund.

Once approved for recovery by PURA, the amount of the cost change occurring in the Prior Year and deferred for recovery or refund, shall be recovered, or returned to customers either as an adjustment to base rates (if permanent) or as an adjustment to a separate, reconciling rate, as applicable.

EARNINGS SHARING

Earnings Sharing provides an important protection for Customers in the event that expenses increase at a rate much different than the revenue increases generated by the PBMRP adjustment. In the event that the Company's actual Distribution Return on Equity (ROE) for any calendar period ending December 31st of the years 2027 through 2030, unless extended by PURA, exceeds the Earnings Sharing Threshold, the difference between actual earnings and earnings calculated at the authorized Return on Equity shall be shared with customers if the Company's actual ROE exceeds the authorized ROE. Such earnings above the Earnings Sharing Threshold will be shared 50 percent to the Company and 50 percent to Customers.

Earnings Sharing, when applicable, shall result in a single, uniform per kWh credit to all distribution service customers taking service under retail tariffs. The Earnings Sharing credit will be included with base distribution rates for each class. Any Earnings Sharing credit or charge shall be in effect for a period of one year and shall be subject to a full adjudicatory hearing before PURA.

INFORMATION REQUIRED TO BE FILED WITH PURA

The Company shall make a PBR adjustment filing no later than April 1st of each year for rates effective July 1st of such year, which commences a Rate Year under this mechanism. As part of such annual filing, the Company shall file information and supporting schedules with PURA necessary for PURA to review and approve the PBMRP Adjustment for such Rate Year. Such information shall include the results and supporting calculations of the PBMRP Adjustment Formula, descriptions and accounting of any Exogenous Costs and an earning-sharing calculation for the year prior to the rate adjustment. The initial filing establishing the F Factor allowance for the rate year shall incorporate information necessary to calculate the F Factor allowance, informed by data reviewed in Docket No. 26-05-10, including the capital expenditure forecast, depreciation rates, property tax expense rates, the cost of capital, among other factors. In each subsequent PBMRP filing after the first, initial F Factor for rates effective July 1, 2027, the Company will also include capital project documentation support for projects placed into service

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in the year prior to the PBMRP rate year. In addition, the Company shall file revised summary rate tables reflecting the impact of applying the base-rate changes provided for herein.

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