Date Filed: August 11, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee and Douglas P. Horton
Request from: Office of Consumer Counsel

Question:

(Storm Reserves) Referring to Exhibit CL&P-RevReq-2 Schedule C-3.0, lines 43-44. Provide a detailed explanation why the Company is asking for increases in the rate years for the a) storm reserve accrual and b) pre-staging reserve accrual.

Response:

a) The Company presented its proposal for catastrophic storm reserve accrual in Exhibit CLP-REVREQ-1, pages 104 through 107. According to that testimony, the Company's average annual catastrophic storm activity is approximately $151.5 million (see Exhibit CLP-REVREQ-2, WP C-3.26, lines 27 through 35). However, the Company proposes to maintain catastrophic storm funding at approximately the same level, recognizing that annual activity is variable and difficult to predict. This approach aims to mitigate customer bill impacts amid the myriad factors described in that testimony and more broadly throughout the filing that are putting upward pressure on the cost of service and customers' electric bills. Therefore, the Company proposes a modest increase in the level of base rate catastrophic storm funding, from $57.516 million to $60 million. The overall storm cost recovery proposal, including a new Storm Cost Recovery Adjustment Factor ("SCRAF"), is described in detail in Exhibit CLP-ELP-1.

b) The Company presented its proposal for pre-staging event reserve accrual in Exhibit CLP-REVREQ-1, pages 107 through 108. The testimony calculated an average annual prestaging event expense of $4.097 million (see Exhibit CLP-REVREQ-2, WP C-3.27, lines 27 through 35), based on actual pre-staging event costs at $4.229 million in 2021, $6.350 million in 2022, $6.183 million in 2023, $0 in 2024, and $3.723 million[1] in 2025 (using Gross Domestic Product – Price Index ("GDP-PI") to escalate costs to the Rate Year amounts). This average annual expense of $4.097 million supports the Company's proposed adjustment, increasing annual base distribution funding for pre-staging events from $3 million to $4 million.

[1] Please note that Exhibit CLP-REVREQ-1, at page 107, incorporates an inadvertent typo, stating that the 2025 pre-staging event costs totaled $3,783,000, rather than the correct figure of $3,723,000. The Company's cost of service at Exhibit CLP-REVREQ-2, WP C-3.27 is calculated correctly.

It is important to note that the Company's proposals are based on a catastrophic storm threshold of $5.4 million, calculated by escalating the prior authorized threshold of $4 million using the GDP-PI from 2018 through the Rate Year. If the $5.4 million threshold is modified in this proceeding, the historical level of storm activity should be re-evaluated as well to determine if a level of reserve funding in base rates different than what the company has proposed is necessary. In addition, if the $5.4 million threshold is adjusted in this proceeding, the base level of non-catastrophic expense in base rates likewise need to be adjusted.