ON BEHALF OF THE OFFICE OF CONSUMER COUNSEL

OF THE STATE OF CONNECTICUT

DIRECT TESTIMONY OF

JOHN DEFEVER

DOCKET NO. 26-05-10

APPLICATION OF

THE CONNECTICUT LIGHT AND POWER COMPANY

d/b/a EVERSOURCE ENERGY

TO AMEND ITS RATE SCHEDULES

October 21, 2026

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INTRODUCTION

Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

A. My name is John Defever. I am a Certified Public Accountant, licensed in the State of Michigan. I am a senior regulatory consultant in the firm of Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan 48154.

Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.

A. Larkin & Associates, PLLC is a Certified Public Accounting and Regulatory Consulting Firm. The firm performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin & Associates, PLLC, has extensive experience in the utility regulatory field as expert witnesses in over 600 regulatory proceedings including numerous electric, gas, water and sewer, and telephone utilities.

Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. I have attached Appendix I, which is a summary of my experience and qualifications.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE CONNECTICUT PUBLIC UTILITIES REGULATORY AUTHORITY?

A. Yes. I have testified and participated in a number of regulatory proceedings in Connecticut on behalf of the Office of Consumer Counsel ("OCC").

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. Larkin & Associates, PLLC was retained by the OCC to conduct a review of revenue requirement issues in Connecticut Light and Power Company's ("CL&P" or "Company") application to amend its rate schedules. Accordingly, I am appearing on behalf of the OCC.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. The testimony is organized as follows: Introduction; Overall Financial Summary; Rate Base; Operating Income and Conclusion.

OVERALL FINANCIAL SUMMARY

Q. HAVE YOU PREPARED ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?

A. Yes. I have prepared Exhibit JD-1, consisting of Schedules A, B, C and D with supporting Schedules B-1 through B-5 and C-1 through C-19.

Q. WAS THIS EXHIBIT PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes, this exhibit was prepared as such.

Q. HAVE YOU INCORPORATED THE RECOMMENDATIONS OF OTHER OCC WITNESSES IN EXHIBIT JD-1?

A. Yes, I have incorporated the recommendations of other OCC witnesses. I have incorporated the capital structure, rate of return, and depreciation recommendations of OCC witness David Garrett. In addition, the plant adjustments and storm cost recovery recommended by OCC witness Nikhil Balakumar have been incorporated in Schedule B-4 of Exhibit JD-1. These recommendations are preliminary and subject to change as discovery is ongoing. Therefore, I anticipate submitting final Schedule B-4 reflecting final adjustment recommendations with OCC's brief or subsequent testimony.

Q. PLEASE DISCUSS SCHEDULE A OF EXHIBITJD-1, WHICH IS THE OVERALL FINANCIAL SUMMARY.

A. Schedule A presents the overall financial summary for the rate year ending June 30, 2028, in this case giving effect to all the adjustments I am

recommending in my testimony as well as adjustments sponsored by other OCC witnesses.

The rate base and operating income amounts for the rate year ending June 30, 2028 are taken from Schedules B and C, respectively. The overall rate of return of 6.40% for the rate year, as sponsored by OCC Witness Mr. Garrett, is provided on Schedule D for convenience. The income deficiency shown in Schedule A on line 5 is obtained by subtracting the operating income on line 4 (operating income as adjusted) from the required operating income on line 3. I have grossed this up for taxes and uncollectibles and added the 2024-2025 storm costs for recovery to derive the overall increase. Docket No. 25-12-13 addressed storms from 2018 through 2023 and as of the drafting of this testimony those storms are docketed to be securitized and are not part of base rates.

Q. PLEASE DISCUSS SCHEDULE B, WHICH SUMMARIZES RATE BASE, AS ADJUSTED.

A. Beginning average rate base amounts are taken from CL&P's Schedule B-1.0 for the rate year ending June 30, 2028. All of the adjustments the OCC is recommending to the projected rate year's rate base amount are summarized on Schedule B.

Q. PLEASE DISCUSS SCHEDULE C, WHICH SUMMARIZES NET OPERATING INCOME, AS ADJUSTED.

A. The starting point on Schedule C is the Company's adjusted net operating income for the rate year, as found on CL&P's Schedule C-1.0. OCC's recommended adjustments to CL&P's expenses for the rate year that are presented in this testimony and other OCC witnesses' testimonies are provided on Schedule C. Schedules C-1 through C-19 provide further support and calculations for the expense adjustments I am recommending.[1] The adjustments result in the OCC's recommended net operating income based on adjustments quantified.

Q. BASED ON THE OCC'S REVIEW OF CL&P'S APPLICATION, WHAT CHANGE IN REVENUE REQUIREMENT IS THE OCC RECOMMENDING AT THIS TIME?

A. Based on the OCC's adjustments, coupled with the OCC's recommended overall rate of return of 6.40%, the result is a projected revenue deficiency of $19.356 million for the rate year ending June 30, 2028.

[1] It should be noted that, to the extent there is any overlap between any of my adjustments, it is not my intent to double count any reductions.

RATE BASE

Materials and Supplies

Q. WHAT AMOUNT HAS THE COMPANY REFLECTED IN THE RATE YEAR RATE BASE FOR MATERIALS AND SUPPLIES?

A. The Company included $170.765 million in the rate year which is an increase of $18.934 million over the test year balance.[2]

Q. HOW WAS THE RATE YEAR AMOUNT DERIVED?

A. The Company used the five quarter average balance from 12/31/2024 through 12/31/2025 and applied inflation to the average balance for the interim period and rate year using the Gross Domestic Product Price Index factors ("GDP-PI").[3]

Q. DO YOU AGREE WITH THE COMPANY'S METHODOLOGY?

A. No.

Q. DID YOU REVIEW THE HISTORICAL BALANCES FOR M&S?

A. Yes, which I have illustrated below:

[2] Schedule B-1.0.

[3] WP B-4.0.

Quarter	Balance
Q1 2020	$ 49,962,368
Q2 2020	$ 52,176,228
Q3 2020	$ 57,743,571
Q4 2020	$ 57,924,479
Q1 2021	$ 57,300,901
Q2 2021	$ 51,946,700
Q3 2021	$ 54,894,331
Q4 2021	$ 59,561,523
Q1 2022	$ 65,195,559
Q2 2022	$ 75,003,855
Q3 2022	$ 81,630,511
Q4 2022	$ 88,157,035
Q1 2023	$ 103,986,955
Q2 2023	$ 134,245,823
Q3 2023	$ 145,482,277
Q4 2023	$ 156,175,329
Q1 2024	$ 175,495,942
Q2 2024	$ 192,396,349
Q3 2024	$ 206,479,401
Q4 2024	$ 164,888,196
Q1 2025	$ 165,516,386
Q2 2025	$ 171,637,585
Q3 2025	$ 154,786,922
Q4 2025	$ 151,830,513
Q1 2026	$ 144,616,196
Q2 2026	$ 139,035,732 [4]

Q. WHAT DO YOU RECOMMEND?

A. As the quarterly balance fluctuates, and has declined since the test year ending December 31, 2025, I recommend that the inflation be removed from the rate year as it is not a known and measurable increase. This yields a reduction of $9.033 million which is shown on Exhibit JD-1, Schedule B-1.

[4] OCC-891.

Q. DID THE AUTHORITY DISALLOW INFLATION OR MATERIALS AND SUPPLIES IN A RECENT RATE CASE?

A. Yes, in CL&P's affiliate, Yankee Gas Services Company's most recent rate case, the Authority did not allow the application of GDP-PI to derive the rate year M&S balance.[5]

Customer Advances For Construction

Q. DOES THE COMPANY COLLECT ADVANCES FROM CUSTOMERS?

A. Yes. The Company collects advances from customers for new facilities and service lines in accordance with the NB-12 policy.[6]

Q. WHAT ARE THESE ADVANCES USED FOR?

A. Similar to customer deposits, these customer advances are held by the company until they are refunded or non-refunded (forfeited). The non-refundable advances are deducted from the project and rate base.[7]

Q. DID THE COMPANY PROVIDE THE HISTORICAL BALANCES FOR CUSTOMER ADVANCES?

[5] p. 36.

[6] OCC-270,

[7] OCC-270

A. Yes, which I have reproduced on the following page. The Company stated that there was no balance from 2021 through February 2023. As can be seen, the balance has grown substantially since March 2023, from $1.970 million to $19.485 million.[8]

[8] OCC-270 Attachment 2.

March 2023	$	(1,970,000)
April 2023	$	(1,970,000)
May 2023	$	(1,970,000)
June 2023	$	(1,970,000)
July 2023	$	(1,970,000)
August 2023	$	(1,970,000)
September 2023	$	(1,970,000)
October 2023	$	(1,970,000)
November 2023	$	(1,970,000)
December 2023	$	(1,970,000)
January 2024	$	(1,970,000)
February 2024	$	(1,970,000)
March 2024	$	(1,970,000)
April 2024	$	(1,970,000)
May 2024	$	(2,300,334)
June 2024	$	(2,300,334)
July 2024	$	(2,300,334)
August 2024	$	(2,300,334)
September 2024	$	(2,300,334)
October 2024	$	(2,300,334)
November 2024	$	(2,300,334)
December 2024	$	(2,300,334)
January 2025	$	(3,074,135)
February 2025	$	(3,074,135)
March 2025	$	(3,074,135)
April 2025	$	(3,074,135)
May 2025	$	(3,074,135)
June 2025	$	(3,818,556)
July 2025	$	(3,818,556)
August 2025	$	(4,976,606)
September 2025	$	(4,976,606)
October 2025	$	(4,976,606)
November 2025	$	(4,976,606)
December 2025	$	(13,112,681)
January 2026	$	(16,581,318)
February 2026	$	(18,947,607)
March 2026	$	(19,485,446)
April 2026	$	(19,485,446)
May 2026	$	(19,485,446)
June 2026	$	(19,485,446)

Q. WHAT IS THE REASON FOR THE INCREASED BALANCE?

A. The Company stated that the increase was due to five new customer projects that are currently in construction.[9]

Q. DID THE COMPANY REFLECT CUSTOMER ADVANCES FOR CONSTRUCTION AS A DEDUCTION FROM THE RATE YEAR RATE BASE?

A. No. The Company stated that:

> These advances are not deducted from Rate Year rate base because the advances will be refunded to the customer within a period of no more than four years per the signed agreement with the customer.[10]

The Company also stated that in the Final Decision in Docket No. 14-05-06, the Authority did not deduct the customer advances from rate base and the Company relied on that as precedent.[11]

Q. WERE CUSTOMER ADVANCES DISCUSSED IN THE FINAL DECISION IN DOCKET NO. 14-05-06?

A. No. If an issue is not discussed in the final decision, this can hardly be considered precedent.

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[9] OCC-677.

[10] OCC-270.

[11] OCC-676.

Q. HAS THE COMPANY DEDUCTED CUSTOMER ADVANCES FROM RATE BASE IN PRIOR RATE CASES?

A. Yes. I did not conduct an exhaustive search but the Company reflected customer advances as a deduction to rate base in Docket Nos. 07-07-01, 03-07-02[12] and 98-01-02.[13]

Q. DO OTHER CONNECTICUT UTILITIES ALSO DEDUCT CUSTOMER ADVANCES FROM RATE BASE?

A. Yes. Again, I did not conduct an exhaustive search but I am aware that Connecticut Water Company and Aquarion Water Company have also reflected customer advances as a deduction from rate base.[14]

Q. WHAT DO YOU RECOMMEND?

A. I recommend that the most recent balance of $19,485,446 be reflected as a reduction to the rate year rate base which is shown on Exhibit JD-1, Schedule B-2.

Q. WHY DIDN'T YOU USE A FIVE QUARTER AVERAGE BALANCE?

---

[12] SFR Schedules B-1.0.

[13] Table 1 in Decision dated February 5, 1999.

[14] Docket Nos. 23-08-32 and 22-07-07.

A. An average would be more appropriate for amounts that fluctuate. The balances have steadily increased from March 2023 through June 2026, rather than fluctuated over this period. As such the June 2026 balance is the most known and measurable amount.

Cash Working Capital

Q. HAVE YOU MADE ANY ADJUSTMENTS TO CASH WORKING CAPITAL ("CWC")?

A. Yes, I have reflected the impacts of my operating expense adjustments in the cash working capital calculation. My adjustments increase CWC in the rate year by $6.943 million which is reflected on Exhibit JD-1, Schedule B-3.

OPERATING INCOME

Directors and Officers Liability Insurance

Q. DOES THE COMPANY REQUEST RECOVERY OF DIRECTORS AND OFFICERS LIABILITY INSURANCE ("D&O") COSTS IN THE RATE YEAR?

A. Yes. The Company requests $323,000 in the rate year for D&O.[15]

Q. WHAT IS THE PURPOSE OF D&O?

[15] OCC-376.

A. D&O provides protection for the Company's directors and officers against lawsuits that result from their decisions and actions.

Q. WHO ARE THE PRIMARY BENEFICIARIES OF THIS INSURANCE?

A. As the insurance protects the Company and its officers and directors, they are the primary beneficiaries of D&O.

Q. SHOULD THIS EXPENSE BE FULLY RECOVERED FROM RATEPAYERS?

A. No. As the Company and its shareholders are the primary beneficiaries of this expense, they should be primarily responsible for the cost.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I have previously recommended a 75/25 sharing of this cost between shareholders and ratepayers, respectively. However, in recent cases[16], the Authority has determined that this expense should not be funded by ratepayers. The Final Decision in Docket No. 24-12-01 stated:

> The Company's directors, officers, and shareholders are the direct beneficiaries of the D&O insurance, not ratepayers. Indeed, D&O insurance is intended to protect the Company and its officers, directors, and shareholders rather than directly improving service quality or reliability for ratepayers. Consequently, the Authority disallows 100% of the Rate Year D&O insurance expense, or $109,000. Disallowing 100% of D&O insurance in rates is also consistent with past precedent. See, e.g., 22-07-01 Decision, p. 82.[17]

[16] e.g., Docket Nos. 24-12-01, 22-07-01.

[17] P. 127.

I agree with this conclusion reached in recent decisions and as such, I have removed the entire amount from the rate year. This is a reduction of $323,000 which is shown on Exhibit JD-1, Schedule C-1.

Board of Trustees Costs

Q. WHAT AMOUNT DOES THE COMPANY REQUEST FOR BOARD OF TRUSTEES COSTS IN THE RATE YEAR?

A. The Company requests recovery of $515,000 for board of trustees costs in the rate year.[18]

Q. SHOULD THESE COSTS BE RECOVERED FROM RATEPAYERS?

A. Ratepayers should not be responsible for the full amount. The board of trustees serves the Company's shareholders. As such, the shareholders are the primary beneficiaries and should bear a greater share of the cost.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend a 75/25 sharing of these costs between shareholders and ratepayers, respectively. This is a reduction of $386,250 in the rate year which is shown in Exhibit JD-1 on Schedule C-2.

[18] OCC-263.

Q. IS THIS ADJUSTMENT CONSISTENT WITH PRIOR AUTHORITY DECISIONS?

A. Yes. The Authority has repeatedly determined that shareholders should be responsible for 75% of these costs, most recently in Docket No. 24-12-01. The Decision stated:

> The Authority finds that Board of Trustees activities are primarily focused on the interests of the Company's investors. In recognition of the tangential benefits provided to ratepayers by the activities of the Board of Trustees, the Authority adopts the proposal of OCC to allow only 25% of the Board of Trustees costs in rates.[19]

Investor Relations

Q. WHAT AMOUNT HAS THE COMPANY INCLUDED IN THE RATE YEAR FOR INVESTOR RELATIONS?

A. The Company has included $480,000 in the rate year for investor relations expense.[20]

Q. HAVE YOU MADE AN ADJUSTMENT FOR THIS EXPENSE?

A. Yes. Investor relations costs benefit the Company's shareholders, providing very little, if any, benefit to ratepayers. As such, ratepayers should not be responsible for the costs.

[19] p. 91.

[20] OCC-301 Attachment 1.

Q. ARE THESE COSTS PROHIBITED FROM BEING RECOVERED FROM RATEPAYERS?

A. Yes. Public Act 23-102, codified at General Statutes § 16-243gg states:

> (d) No public service company shall recover through rates any direct or indirect cost associated with …(4) investor relations.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend disallowance of the entire amount, a reduction of $480,000 in the rate year. This adjustment is shown in Exhibit JD-1 on Schedule C-33.

Q. IS THIS CONSISTENT WITH PRIOR AUTHORITY DECISIONS?

A. Yes, The Authority disallowed this cost in Docket No. 23-08-32. The Decision stated:

> The Authority disallows $352,278 of Investor Relations expense.
> …
>
> General Statutes § 16-243gg(b) prohibits the recovery "through rates [of] any direct or indirect cost associated with . . . investor relations." The requested expenses are examples of investor relations and thus are disallowed pursuant to statute.[21]

Bank Fees & Debt Service Charges

Q. IN THE RATE YEAR, HAS THE COMPANY INCLUDED BANK FEES AND DEBT SERVICE CHARGES COSTS?

[21] p. 108.

A. Yes. The Company requests $1,037,000 in the rate year for bank fees and debt service charges.[22]

Q. DO YOU HAVE ANY CONCERNS WITH THE REQUESTED EXPENSE?

A. Yes. Included in bank fees and debt service charges are costs that that Authority determined to be investor relations costs (e.g., NYSE, Broadbridge, Annual Report Printing, Proxy Statement Printing, Computershare Fees, Proxy Solicitor Fees, NASDAQ, DTCC and Miscellaneous costs) which are prohibited to be recovered in rates by statute.[23] The investor relations costs that the Company included in bank fees in the rate year are summarized below:[24]

Expense	$(000s) Rate Year Amount
NYSE	$ 80
Broadbridge and Other Street Solicitors	$ 81
Annual Report Printing	$ 8
Proxy Statement Printing	$ 5
Computershare	$ 22
Proxy Solicitors	$ 3
Misc	$ 18
Total	$ 217

Q. WHAT DID THE DECISION IN DOCKET NO. 24-12-01 SAY?

[22] Schedule C-3.3

[23] Docket No. 24-12-01, p. 88.

[24] OCC-814.

A. The Authority's decision stated:

> General Statutes § 16-243gg prohibits gas companies from recovering, directly or indirectly, certain costs through rates. Relevant here, General Statutes § 16-243gg precludes "any direct or indirect cost associated with . . . investor relations." General Statutes § 16-243gg(b).
>
> The Company "acknowledges that Public Act No. 23-102 . . . prohibits rate recovery of 'investor relations' costs," but argues that the bank fees "represent legitimate and necessary costs of business that any investor-owned utility would have, they are neutral to the Company's relationship with investors, and therefore they are appropriate for rate recovery."
>
> …
>
> The Authority determines that the bank fees, other than the Bank Account Fees, are precluded by General Statutes § 16-243gg. The requested expenses are an example of investor relations costs and, as such, disallowed pursuant to statute.
>
> Even if General Statutes §16-243gg does not preclude recovery of the investor relations expenses, the Authority finds that the Company failed to meet its burden of demonstrating the proposed expenses are reasonable and prudent and properly balance stakeholder interests under General Statutes § 16-19e. Specifically, other than the Bank Account Fees, the fees are directly a result of a company's obligations to its shareholders, such as fees paid to solicitors to send an annual report and proxy vote to shareholders and costs related to an annual shareholder meeting.[25]

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend removing the costs that the Authority has determined to be investor relations, which are prohibited by Public Act 23-102, a disallowance of $217,000 in the rate year as shown on Exhibit JD-1, Schedule C-4.

[25] p. 89-90 of Decision dated November 5, 2025.

Employee Paid Volunteer Time

Q. WHAT AMOUNT HAS THE COMPANY INCLUDED FOR PAID VOLUNTEER TIME IN THE RATE YEAR?

A. The Company included $236,000 for paid volunteer time in the rate year.[26]

Q. PLEASE DESCRIBE THE COMPANY'S PAID VOLUNTEER PROGRAM.

A. The Company stated the following:

> Eversource is committed to supporting charitable activities through a variety of programs administered by the Corporate Citizenship team. The Company-sponsored volunteer and signature events expose employees to various charitable organizations within our service area and many of them choose to support the causes on their own personal time (i.e., nights and weekends) as a volunteer or through personal philanthropic support.
>
> Under Eversource's corporate volunteer program, employees may participate in up to two Eversource-sponsored weekday volunteer events each calendar year during normal business hours, subject to supervisor or manager pre approval and may volunteer at Company sponsored events outside of their normal working hours at their own discretion. Employees may volunteer during the weekday, as long as there is no concurrent work obligation that takes priority. Accordingly, employee volunteerism is conducted in a manner that does not adversely impact the provision of utility services to our customers or results in additional cost to our customers. Time spent on volunteer activities is treated as regular payroll time, indivisible from other job-related activities for payroll purposes. Volunteer events that are not Eversource-sponsored or requested by Eversource, must occur outside of employees' regular workday.[27]

[26] OCC-364.

[27] EOE-006.

Q. SHOULD RATEPAYERS BE RESPONSIBLE FOR COMPANY SPONSORED VOLUNTEERISM?

A. No. Charitable contributions are a below the line expense not to be recovered from ratepayers and volunteerism should be considered the same. If the Company is committed to volunteerism as it claims, the Company should be responsible for the cost instead of trying to pass it off to ratepayers. Otherwise, it is ratepayer, not Company volunteerism. Ratepayers should be free to be charitable in any way they choose and not be forced to foot the bill for the Company's "charitable" activities.

Q. WHAT IS YOUR ADJUSTMENT FOR THIS EXPENSE?

A. I recommend disallowance of the full amount, a reduction of $236,000 in the rate years as shown in Exhibit JD-1, on Schedule C-5.

Inflation

Q. HAS THE COMPANY APPLIED THE GROSS DOMESTIC PRODUCT PRICE INDEX ("GDP PI") TO ANY OF THE COST ITEMS IN THE RATE YEAR?

A. Yes. The Company applied increases to numerous expenses in the rate year for assumed inflation based on the GDP PI. I have summarized the total inflation included in the rate year below:

Description	2021	2022	2023	2024	2025	Rate Year 6/30/2028	Inflation
Audit Fees	$ 679	$ 620	$ 809	$ 972	$ 659	$ 717	$ 24
Bank Fees and Debt Service Charges	$ 862	$ 687	$ 653	$ 822	$ 864	$ 1,037	$ 9
Computer Services	$ 18,642	$ 20,430	$ 22,961	$ 22,576	$ 23,328	$ 24,831	$ 1,503
Corporate Communications	$ 341	$ 324	$ 316	$ 243	$ 216	$ 168	$ 11
Facilities Maintenance	$ 4,303	$ 4,722	$ 4,375	$ 5,004	$ 5,318	$ 5,541	$ 224
Field Ops (Oh Lines)	$ 22,128	$ 18,837	$ 21,181	$ 21,617	$ 19,467	$ 22,090	$ 1,337
Field Ops (Underground Lines)	$ 9,430	$ 8,028	$ 6,097	$ 4,927	$ 3,257	$ 3,266	$ 197
Legal	$ 3,835	$ 2,288	$ 4,258	$ 2,978	$ 5,185	$ 5,389	$ 327
Materials & Supplies	$ 3,501	$ 2,886	$ 565	$ (1,563)	$ 1,892	$ 2,014	$ 122
Regulatory Assessments	$ 7,493	$ 9,255	$ 8,653	$ 8,578	$ 10,139	$ 11,656	$ 706
Telecommunications	$ 1,542	$ 1,708	$ 1,413	$ 1,462	$ 982	$ 1,045	$ 63
Vehicle Expense	$ 12,418	$ 13,458	$ 12,783	$ 14,092	$ 14,288	$ 15,760	$ 234
O&M Residual	$ 2,705	$ 4,849	$ 809	$ (3,548)	$ 3,726	$ 1,684	$ 65
							$ 4,822

Source: OCC-893, Exhibit CLP-REVREQ-2 C Schedules.

Q. DO YOU AGREE WITH ASSUMED INFLATION?

A. No. Assumed inflation does not meet the known and measurable standard. As shown in the table above, none of the costs steadily increased over the five years but instead fluctuated over time and two categories even declined every year. As such, the assumption that they will all increase in the rate year is inconsistent with the historical record as well as unsupported and unwarranted.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend the disallowance of all assumed inflation for all the accounts shown in the chart above. This is a reduction of $4.822 million in the rate year as shown on Exhibit JD-1, Schedule C-6.

Incentive Compensation Expense (Employees, Executives and Officers)

Q. WHAT AMOUNT OF INCENTIVE COMPENSATION IS CL&P REQUESTING RECOVERY OF IN THE RATE YEAR?

A. The Company has included $15,063,977 in the rate year for incentive compensation that includes variable pay for employees, executives, and long-term director stock which is summarized below:[28]

	Rate Year Amount
Employee Variable Pay Expense	$ 9,811,390
Executive Variable Pay Expense	$ 2,438,848
Long Term Executive Stock	$ 1,330,850
Long Term Director Stock	$ 1,482,889
Total Variable Pay	$ 15,063,977

These amounts do not include the $2.957 million that was removed by the Company for five of its officers.[29]

Q. DO YOU HAVE ANY CONCERNS WITH THE AMOUNT THE COMPANY IS REQUESTING RECOVERY OF?

A. Yes. I have a number of concerns. First, I will discuss my concern with the plan.

[28] OCC-286.

[29] WP C-3.7.

Q. WHAT IS YOUR CONCERN WITH THE COMPANY'S INCENTIVE COMPENSATION PLAN?

A. The Company's plan appears to be designed in a manner that makes it ineffective.

Q. PLEASE ELABORATE.

A. Although the Company's responses to OCC-201 and OCC-291 were not clear, it appears that nearly every eligible employee received an incentive compensation bonus in each of the prior five years.

Q. WHY IS IT AN ISSUE IF NEARLY EVERY EMPLOYEE RECEIVES A BONUS?

A. An incentive compensation plan, by definition, should provide motivation to employees to provide greater effort. To the extent employees assume they will receive a bonus regardless of their effort, the motivational impact is reduced.

Q. WHAT OTHER CONCERNS DO YOU HAVE?

A. The Company provides incentive compensation to employees that it has labeled "Improvement Needed to Be a Successful Contributor."[30]

[30] OCC-292.

Ratepayers should not be responsible for providing additional pay to employees that fail to contribute successfully.

Q. HAS THE AUTHORITY DISALLOWED RECOVERY OF INCENTIVE COMPENSATION IN RECENT CASES?

A. Yes. In Docket No. 24-12-01, the Authority disallowed the full amount of employee and officer cash incentive compensation and long-term director stock in rates. The order stated:

> Consequently, the Authority finds that the Company has not demonstrated that the employee and officer cash incentive compensation expense are prudent and reasonable costs, nor that the expense is necessary to provide safe and reliable service to ratepayers. As such, the Authority denies 100% of the Company's employee and officer cash incentive compensation, or $3,720,000.
>
> …
>
> Shareholders are the primary beneficiaries of incentive compensation and, as such, should bear the cost rather than ratepayers.
>
> …
>
> The Authority disallows $551,000 in a long-term director stock expense because the Company has not shown how the long-term director stock expense is a prudent and reasonable cost, nor that the expense is necessary to provide safe and reliable service to ratepayers. [31] (citations omitted)

The Authority also disallowed 100% of incentive compensation in Docket No. 22-07-01, Final Decision, pp. 63–64, which was upheld by the Connecticut

[31] pp. 105-106.

Supreme Court in *Aquarion Water Co. of Connecticut v. Public Utilities Regulatory Authority*, 352 Conn. 381, 406 (2025).[32] .

Q. HAS THE COMPANY MET ITS BURDEN IN THIS CASE FOR RECOVERY OF THIS EXPENSE?

A. No.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend disallowance of 100% of the Variable Compensation, a reduction of $15,063,977 to the rate year as shown in Exhibit JD-1, Schedule C-7.

SERP Expense

Q. WHAT AMOUNT HAS THE COMPANY INCLUDED FOR SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN ("SERP") EXPENSES IN THE RATE YEAR?

A. Yes. The Company requests recovery of $405,000 in the rate year for SERP and $252,000 for Non-SERP.[33]

Q. WHAT IS THE COMPANY'S JUSTIFICATION FOR REQUESTING RECOVERY OF THIS EXPENSE?

[32] Id. p. 105, footnote 93.

[33] OCC-356.

A. The Company's response to OCC-041 stated:

> The SERP is for officers that are in an existing defined benefit pension plan and is a component of the officer's benefit plan. These costs are essential to retain top-level executives to contribute their expertise in managing the operations of the utility. The SERP expense is appropriate for full recovery in base distribution rates.

Q. WHAT IS SERP?

A. SERP is an additional retirement benefit provided to highly compensated employees that goes beyond IRS imposed limits on qualified pension plans.

Q. SHOULD THESE EXPENSES BE RECOVERED FROM RATEPAYERS?

A. No. Ratepayers should not be responsible for these benefits. If the Company wants to provide these generous benefits, they should be funded by the Company's shareholders, not ratepayers.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend a complete disallowance of SERP and Non-SERP costs, a reduction of $657,000 in the rate year as shown in Exhibit JD-1, Schedule C-8.

.

Q. IS THIS ADJUSTMENT CONSISTENT WITH PRIOR AUTHORITY DECISIONS?

A. Yes. The Authority has denied the recovery of SERP/Non-SERP in a number of cases. For instance, the Final Decision in Docket No. 24-12-01 stated:

> The Authority disallows the Company's proposed $122,000 SERP expense for the rate year because the Company failed to prove that this expense is reasonable or necessary to provide safe and reliable service to customers, or to maintain appropriate staffing levels.
>
> …
>
> The Authority considers the interests of the Company's shareholders and ratepayers to determine the appropriate level and structure of rates that will allow the Company to cover its necessary operating costs while ensuring just and reasonable rates. See General Statutes §§ 16-19(a); 16-19e(a). Other than the amount of this expense and the Company's statement that non-SERP benefits are used to help the Company attract and retain employees, the record is devoid of evidence to substantiate the link between this expense and the provision of natural gas service. Consequently, the Authority disallows the $65,000 non-SERP expense.[34]

Paid Employee Rest Time

Q. HAS THE COMPANY INCLUDED COSTS FOR PAID REST TIME IN THE RATE YEAR?

A. Yes. The Company included $759,000 for paid double time rest time in the rate year.[35]

Q. PLEASE DESCRIBE PAID REST TIME.

A. The Company stated that "non-RSO/RSE employees earn rest time by working more than one hour during the 8-hour window prior to the start of their

[34] pp. 119-120.

[35] OCC-671.

regular shift and are unable to take the rest time during that shift ("rest time worked")."[36]

Q. DO YOU AGREE WITH RECOVERY OF THIS COST FROM RATEPAYERS?

A. No. As these workers are already paid when they are working, it is inappropriate for ratepayers to be responsible for costs related to paying them for rest as well.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT?

A. I recommend the disallowance of all paid rest costs, a reduction of $759,000 in the rate year as shown on Exhibit JD-1, Schedule C-9.

Payroll

Q. WHAT AMOUNT IS THE COMPANY REQUESTING FOR PAYROLL EXPENSE IN THE RATE YEAR?

A. The Company requests $ 149.821 million for payroll in the rate year.[37] This is an increase of $15.138 million over the test year level.[38]

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[36] OCC-671.

[37] Schedule C-3.5.

[38] Id.

Q. WHAT IS THE BASIS FOR THE INCREASE?

A. The Company stated that the increase is due to two items: (1) an annualization adjustment to reflect actual employee salaries for active and filled positions and (2) known and measurable compensation increases through the rate year, which includes the addition of 58 additional full-time equivalents ("FTEs").[39] The Company has revised its request to 41 FTEs.[40] The Company stated that it utilized a similar methodology in its prior rate case Docket No. 17-10-46 which was also used by its affiliate Yankee Gas in its most recent rate case, Docket No. 24-12-01.[41] The Company stated that the 58 FTEs included in the filing was a "preliminary number," and that the updated number to be included is 41 FTEs.[42]

Q. PLEASE DESCRIBE THE REQUESTED INCREASES.

A. For the annualization adjustment, the starting point is the actual salaries for active and filled employees as of December 31, 2025. The Company then: 1) determined the portion allocated to CL&P and 2) determined the portion to

[39] Exhibit REVREQ-1 pp. 71-73.

[40] OCC-333.

[41] OCC-332.

[42] OCC-333.

be expensed. The Company's second adjustment includes wage increases and additional FTE's. [43]

Q. DO YOU HAVE CONCERNS WITH THE COMPANY'S REQUEST?

A. Yes. The first is that the Company has had vacancy issues historically as shown in the chart below.[44]

Historic Budget to Actual FTEs

	2021 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
Budget	4,743	4,766	4,784	4,826	4,839	4,885	4,898	4,903	4,905	4,920	4,910	4,912	4,858
Actual	4,648	4,655	4,688	4,685	4,650	4,696	4,631	4,637	4,632	4,598	4,608	4,621	4,646
Under	(95)	(111)	(96)	(141)	(189)	(189)	(267)	(266)	(273)	(322)	(302)	(291)	(212)
	2022 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
Budget	4,821	4,809	4,870	4,953	5,016	5,009	5,088	5,080	5,075	5,151	5,145	5,138	5,013
Actual	4,609	4,605	4,609	4,604	4,652	4,704	4,739	4,822	4,873	4,908	4,972	5,002	4,758
Under	(212)	(204)	(261)	(349)	(364)	(305)	(349)	(258)	(202)	(243)	(173)	(136)	(254)
	2023 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
Budget	5,046	5,067	5,119	5,167	5,214	5,261	5,323	5,327	5,346	5,347	5,357	5,344	5,243
Actual	5,054	5,098	5,160	5,164	5,203	5,257	5,286	5,311	5,338	5,357	5,398	5,408	5,253
Under	8	31	41	(3)	(11)	(4)	(37)	(16)	(8)	10	41	64	10
	2024 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
Budget	5,790	5,839	5,928	5,947	5,978	6,034	6,063	6,068	6,083	6,093	6,090	6,098	6,001
Actual	5,456	5,470	5,539	5,559	5,565	5,577	5,627	5,623	5,651	5,674	5,678	5,757	5,598
Under	(334)	(369)	(389)	(388)	(413)	(457)	(436)	(445)	(432)	(419)	(412)	(341)	(403)
	2025 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
Budget	5,939	5,959	6,039	6,079	6,084	6,139	6,158	6,178	6,223	6,253	6,262	6,254	6,131
Actual	5,801	5,803	5,802	5,777	5,776	5,809	5,787	5,765	5,776	5,804	5,804	5,905	5,801
Under	(138)	(156)	(237)	(302)	(308)	(330)	(371)	(413)	(447)	(449)	(458)	(349)	(330)
								Vacancy Average 2021-2025				(238)	
									Vacancy Percentage			-4%	

As shown, the Company averaged 238 vacancies from 2021-2025. Because the Company has consistently failed to meet its budgeted level of

[43] Exhibit REVREQ-1 pp. 71-73

[44] OCC-42, OCC-323.

employees, it cannot be assumed that it will hire and retain the number of budgeted employees in the current case.

Q. DID THE COMPANY EMPLOY A VACANCY FACTOR IN ITS RATE YEAR PAYROLL REQUEST?

A. The Company claims that an imputed vacancy rate of 2% for CL&P and 6% for the service company is included because it used the annualized test year payroll expense, which is lower because the inactive and unfilled positions are excluded. [45]

Q. WHAT IS THE COMPANY'S CURRENT LEVEL OF FTEs?

A. As of August 11, 2026, the Company had 1,401 CL&P distribution FTEs and 4,568 Service Company FTEs.[46]

Q. WHAT OTHER CONCERNS DO YOU HAVE?

A. As stated above, the Company is requesting recovery of 41 additional FTEs. The Company states that of the 41 additional FTEs, 29 are contingent upon the Authority's approval in this case. The Company further states that of the remaining 12 additional FTEs, it "will consider hiring based on business needs and changing requirements as necessary, but most likely not all

[45] Exhibit CLP-REVREQ-1 p. 71.

[46] OCC-325.

requested." In addition, the Company stated that it has not posted any of the additional 41 positions and none of these positions have been filled.[47] For this reason also, it cannot be assumed that the Company will hire and retain these additional positions. Therefore, this is not a "known and measurable" adjustment as the Company claims.

Q. HAVE YOU MADE AN ADJUSTMENT TO PAYROLL?

A. Yes. I am removing the 58 FTE's included in the rate year in the original filing.[48] This is a reduction of $3.238 million, as shown on Exhibit JD-1, Schedule C-10. This adjustment also has corresponding reductions to benefits and payroll tax expense which are reflected on Exhibit JD-1, Schedules C-16 and C-17.

Vegetation Management Expense

Q. WHAT AMOUNT OF VEGETATION MANAGEMENT EXPENSE HAS THE COMPANY INCLUDED IN THE RATE YEAR?

A. The Company requests $76.139 million vegetation management expense in the rate year, an increase of $50.830 million over the test year.[49] The rate

[47] OCC-327.

[48] Schedule WP C-3.5.

[49] Schedule C-3.31.

year amount excludes the 15% of vegetation management expense billed to Frontier.[50]

Q. WHAT IS THE BASIS FOR THIS SIGNFICANT INCREASE?

A. The Company states the increase is due to two reasons: 1) $34 million of the increase relates to approval to expense costs that were previously capitalized and 2) $17 million related to increased vendor costs.[51] The Company states that the increase is reasonable "in terms of the cascading benefits that come from systematically clearing the infrastructure…"[52]

Q. DO YOU HAVE CONCERNS WITH THE COMPANY'S REQUEST?

A. Yes. I have a number of concerns.

Q. DID THE COMPANY REFLECT ANY STORM RECOVERY SAVINGS ASSOCIATED WITH THE INCREASED VEGETATION MANAGEMENT SPENDING?

A. No.[53]

[50] Schedule WP C-3.31.

[51] Id.

[52] Exhibit CLP-REVREQ-1 p.114.

[53] OCC-378.

Q. DID THE COMPANY PROVIDE THE HISTORICAL AND FORECASTED VEGETATION MANAGEMENT COSTS?

A. Yes, which I have reproduced below.

	($000s)						
	Actual					Forecasted	
	2021	2022	2023	2024	2025	2026	Rate Year 6/30/2028
Expense	$ 33,979	$ 33,904	$ 33,585	$ 33,068	$ 29,647	$ 30,988	$ 89,600
Less 15% Frontier Reimbursement	$ (5,097)	$ (5,086)	$ (5,038)	$ (4,960)	$ (4,447)	$ (4,648)	$ (13,440)
Total Expense	$ 28,882	$ 28,818	$ 28,547	$ 28,108	$ 25,200	$ 26,340	$ 76,160
Toal Capital	$ 40,183	$ 41,460	$ 43,430	$ 41,295	$ 35,360	$ 28,000	$ -
Total CLP VMP (Expense and Capital)	$ 69,065	$ 70,278	$ 71,977	$ 69,403	$ 60,560	$ 54,340	$ 76,160

As can be seen, both capitalized and expensed vegetation management costs declined from 2023-2025. The Company also budgeted a further decrease in 2026. Yet, the Company is requesting a significant increase in the rate year.

Q. DID THE COMPANY PROVIDE SUPPORTING DOCUMENTATION FOR THE RATE YEAR INCREASE?

A. No. OCC-377 requested supporting documentation for the rate year increase and none was provided. The Company's response stated: "Vendors are currently preparing their bid submissions. The Company anticipates finalizing its VMP contract by November 2026 and will update its proposed VMP workplan in this case based on that final contract pricing."

Q. PLEASE DISCUSS THE COMPANY'S REQUEST TO EXPENSE ALL VEGETATION MANAGEMENT COSTS WHERE IN PREVIOUS YEARS A SIGNIFICANT PORTION HAD BEEN CAPITALIZED.

A. The Company states that it is redesigning the overall vegetation management program[54] and it proposes to expense all vegetation management costs.[55] It should be noted that the Company states that the requested changes are contingent upon the Authority's approval.[56]

Q. WHY IS THE COMPANY REQUESTING TO EXPENSE ALL VEGETATION MANAGEMENT COSTS?

A. The Company stated that:

> The primary driver of the need to change from capitalization to expense for the VMP costs is to align with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts (UsoA).
>
> …
>
> The secondary driver for the change is that nearly all state regulators for distribution now follow UsoA rules for capitalization of tree work under Account 365 (Overhead Conductors and Devices) and expense under Account 593 (Maintenance of Distribution Overhead Lines), and the Company recommends that it follow that practice as well, with PURA approval.[57]

[54] Exhibit CLP-VMP-1 p. 8.

[55] Id. p 38.

[56] OCC-890

[57] OCC-883

Q. DID THE COMPANY PROVIDE SUFFICIENT DOCUMENTATION TO SUPPORT THIS REQUEST?

A. No. OCC-883 requested copies of all supporting documentation upon which the Company relied for its request to begin expensing all vegetation management costs. The Company's response did not provide any supporting documentation.

Q. WHAT DO YOU RECOMMEND?

A. The requested rate year increase is not known and measurable. Since the vegetation management expenses declined from 2023-2025 and the Company did not provide supporting documentation, I recommend holding the Company to the total 2025 actual expense and capital amounts as they are the most known and measurable. The respective Frontier contribution of 15% should also be reflected. Additionally, the Company has not provided sufficient justification to support moving all of the capital costs to expense, particularly in the current economic environment. This results in a reduction to the rate year expense of $50.939 million as shown on Exhibit JD-1, Schedule C-11. I also reflected the corresponding rate base and expense adjustments on Schedule B-5.

Non Catastrophic Storm/Prestaging Incremental Storm Expense

Q. WHAT AMOUNT HAS THE COMPANY INCLUDED IN THE RATE YEAR FOR NON-CATASTROPHIC STORM/PRESTAGING INCREMENTAL STORM EXPENSE?

A. The Company requests $38 million annually which is a $7.712 million increase over the test year level.[58]

Q. HOW WAS THE RATE YEAR AMOUNT DERIVED?

A. The Company inflated the historical costs to 2028 dollars and then calculated a five year average which is illustrated below:[59]

Year	Amount
2021	$ 51,963
2022	$ 30,197
2023	$ 36,728
2024	$ 34,228
2025	$ 37,068
5-Year Avg	$ 38,037

Q. WAS THIS APPROACH USED IN THE PRIOR RATE CASE?

A. No. The Company stated that this is an "enhancement to the approach previously utilized."[60]

Q. WHAT IS THE COMPANY'S BASIS FOR INFLATING THE HISTORICAL AMOUNTS?

A. The Company stated that:

> For the level of non-catastrophic storms expense included in the cost of service, the Company has proposed a treatment that acknowledges

[58] Schedule C-3.28.

[59] Schedule WPC-3.28.

[60] OCC-383.

that storm activity can vary significantly year over year in ways other expenses do not. In order to account for this variability in a cost component that will be fixed in the Company's base distribution rates, the Company utilized a five-year average of non-catastrophic storm expenses as the baseline. It would not be appropriate to simply take the historical actuals and average them because as indicated previously the expenses incurred five years ago may not be indicative of the cost of the same activity in the Rate Year due to inflationary pressures. Therefore, the Company has inflated the historical dollars using the Gross Domestic Product – Price Index ("GDP-PI") prior to averaging to ensure the average non-catastrophic storm expenses reflect what the Company would expect to incur in terms of Rate Year dollars.[61]

Q. DO YOU AGREE WITH THE COMPANY'S METHODOLOGY?

A. No. The non-inflated historical costs are illustrated in the table below.

Year	Amount
2021	$ 39,693
2022	$ 24,114
2023	$ 31,419
2024	$ 30,361
2025	$ 33,696
5-Year Avg	$ 31,857 [62]

Using a five-year average of non-inflated costs will smooth out high and low amounts. The Company has not justified using an average of inflated historical amounts to derive the rate year level.

Q. WHAT DO YOU RECOMMEND?

[61] Id.

[62] OCC-701.

A. I recommend using the five-year average of uninflated amounts. This yields a reduction of $6.143 million to the rate year which is reflected on Exhibit JD-1, Schedule C-12.

Pre-Staging Reserve Accrual

Q. PLEASE DISCUSS THE COMPANY'S PRE-STAGING RESERVE ACCRUAL REQUEST.

A. The Company requests $4 million annually for the pre-staging reserve accrual. This is a $1 million increase over the currently approved annual amount of $3 million.[63]

Q. HOW WAS THE RATE YEAR AMOUNT DERIVED?

A. The Company also used a five-year average of inflated historical costs which is shown below:

Year	Amount
2021	$ 4,229
2022	$ 6,350
2023	$ 6,183
2024	$ -
2025	$ 3,723
5-Year Avg	$ 4,097 [64]

[63] Schedule C-3.27.

[64] WP C-3.27

Q. WHAT IS THE BASIS FOR INFLATING THE HISTORICAL AMOUNTS?

A. The Company stated that it used the same approach as the non-catastrophic storm expense.[65]

Q. DO YOU AGREE WITH THE COMPANY'S APPROACH?

A. No. The Company's method is not supported.

Q. DID THE COMPANY ALSO PROVIDE THE NOMINAL (UNINFLATED) AMOUNTS?

A. Yes, which I have reproduced below

Year	Amount
2021	$ 3,230
2022	$ 5,071
2023	$ 5,289
2024	$ -
2025	$ 3,385
5-Year Avg	$ 3,395 [66]

. A non-inflated five-year average equates to $3.395 million which is about the same as the 2025 year actual amount $3.385 million.[67]

Q. WHAT DO YOU RECOMMEND?

[65] OCC-383 (c).

[66] OCC-674.

[67] Id.

A. I recommend using the five-year non inflated average of $3.395 million for the rate year amount. This reduces the Company's request by $605,000 which is shown on Exhibit JD-1, Schedule C-13.

401(k) Expense

Q. IS THE COMPANY REQUESTING RECOVERY OF 401(K) EXPENSES FOR EMPLOYEES THAT ARE ALSO COVERED UNDER A DEFINED PENSION PLAN IN THE RATE YEAR?

A. Yes, the Company has included $1.429 million in the rate year for this expense.[68]

Q. SHOULD THESE COSTS BE RECOVERED FROM RATEPAYERS?

A. No. If these costs are included in rates, ratepayers will be paying for two retirement plans for certain employees.

Q. HAS THE AUTHORITY DISALLOWED THESE EXPENSES IN A RECENT RATE CASE?

A. Yes. The Authority's decision in Docket No. 24-12-01 stated that:

> [t]he Authority finds that the Company failed to prove that requiring ratepayers to pay for employees who receive both a 401(k) expense and a defined benefits expense is reasonable or necessary to provide safe and reliable service to customers, or to maintain appropriate staffing levels. General Statutes § 16-19e(a). Therefore, the Authority

[68] OCC-302.

disallows the $492,000 rate year expense for employees who also receive a defined benefits expense.[69]

Q. DID THE COMPANY PROVIDE SUPPORT THAT THESE COSTS ARE NECESSARY FOR UTILITY SERVICE OR TO MAINTAIN APPROPRIATE STAFFING LEVELS?

A. No.

Q. WHAT DO YOU RECOMMEND?

A. I recommend that these expenses be removed from the rate year, which is a reduction of $1.429 million. My adjustment is reflected on Exhibit JD-1, Schedule C-14.

Rate Case Expense

Q. HAS THE COMPANY INCLUDED COSTS FOR PREPARING THIS RATE CASE IN THE RATE YEAR?

A. Yes. The Company has forecasted $3.1 million for rate case expense to be amortized over four years, or $775,000 annually.[70]

Q. IS RATE CASE EXPENSE PROHIBITED TO BE RECOVERED FROM RATEPAYERS IN CONNECTICUT?

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[69] Decision dated November 25, 2025, p. 118.

[70] WP C-3.36 p. 10.

A. Yes. I am aware that Public Act 23-102 prohibits the recovery of rate case expenses from ratepayers, which states:

> No [electric distribution company shall recover its] public service company with more than seventy-five thousand customers shall recovery through rates its direct or indirect costs associated with its attendance [or participation in any ratemaking hearing before] in participation in, preparation for, or appeal of any rate proceeding conducted before the authority. Such costs shall include not be limited to, attorneys' fees, fees to engage expert witnesses or consultants, the portion of employee salaries associated with such attendance, participation, preparation or appeal of a rate proceeding and related costs identified by the authority.[71]

Q. DID THE AUTHORITY DISALLOW RATE CASE EXPNSESES IN YANKEE GAS' RECENT RATE CASE?

A. Yes. The Authority disallowed all rate case expenses except for OCC and PURA's consultant fees in Docket No. 24-12-01.[72]

Q. HAVE YOU REMOVED THE RATE CASES EXPENSES FROM RATE YEAR?

A. Yes, I have removed the annual amortization of $775,000 in Exhibit JD-1, Schedule C-15.

Flow through adjustments

Benefits Expense

[71] p. 2.

[72] p. 152-154.`

Q. PLEASE DISCUSS YOUR ADJUSTMENT TO BENEFITS EXPENSE.

A. The adjustment is a flow through from my adjustments to payroll and paid rest time.[73] This adjustment reduces benefits expense by $747,000 in the rate year, as shown on Exhibit JD-1, Schedule C-16.

Payroll Tax Expense

Q. EXPLAIN YOUR ADJUSTMENT TO PAYROLL TAX EXPENSE

A. My adjustment to payroll tax expense is a flow through result of my adjustments to payroll, paid rest time, volunteer time and incentive compensation expense.[74] The adjustment is a reduction of $1.670 million, as shown on Exhibit JD-1, Schedule C-17.

Income Tax

Q. PLEASE DISCUSS YOUR ADJUSTMENT TO INCOME TAXES.

A. The adjustment is a flow-through from my adjustments to the Company's O&M expenses. All of my O&M expense reductions effectively increase operating income, which decreases operating income. As a result, income tax is increased. My adjustments increase federal income taxes and state income

[73] It should be noted that this is a placeholder adjustment for illustrative purposes to acknowledge that my adjustments to these expenses have corresponding adjustments.

[74] Id.

taxes by $57.071 million in the rate year, as shown on Exhibit JD-1, Schedule C-18.

Interest Synchronization

Q. PLEASE DISCUSS YOUR ADJUSTMENT TO INTEREST SYNCHRONIZATION.

A. The adjustment is a flow-through from my adjustments to rate base. My adjustments decrease rate base which also decreases interest expense which increases income tax expense. My adjustment decreases income tax expense by $6.903 million in the rate year as shown on Exhibit JD-1, Schedule C-19.

CONCLUSION

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, at this time. I reserve the right to supplement my testimony upon receipt of additional information from the Company. It should be noted that my silence on any issue should not be construed as acceptance of the Company's proposals.