Date Filed: September 18, 2026

Witness: Douglas P. Horton and Jared A. Lawrence
Request from: Public Utilities Regulatory Authority

Question:

(AMI) Application, Lawerence and Horton PFT; Ex. CLP-AMI-2; Ex. CLP-AMI-3.
Explain why it is necessary for the Company to start AMI deployment only after securing regulatory "buy in", if the Company's management believes this accelerated project plan is prudent and highly efficient.

Response:

The Company's accelerated implementation plan creates the highest level of benefits for customers because it brings full deployment of all system components to customers at the same time and allows the Company to approach the multi-dimensional complexity of deployment with efficiency because the entire project can be mapped out on a holistic basis. However, the achievement of accelerated benefits and a higher level of efficiency in deployment comes with an accelerated cost and knowing that these two considerations exist is not the same as knowing that PURA is supportive of the underlying policy decision to accelerate the project and its attendant costs. Meaning that, the decision to accelerate deployment can be a prudent decision and still not a decision that PURA wants to accept and there is too much complexity, commitment of stakeholder resources and cost at stake for the Company to move ahead in the dark.

To this point, the updated BCA reflects inflationary trends and lessons learned from the Massachusetts deployment, yielding a BCR of 0.77 based exclusively on quantifiable benefits. From the Company's perspective, even at a BCR of less than 1.0, the implementation of AMI is good for Connecticut customers because there are important unquantifiable benefits that come along with implementation and the step change in technology is vital for customers over the longer term. However, the Company is fully cognizant that PURA and other stakeholders may have reservations about advancing a program of this size with a BCR less than 1.0. Acceptance of the principle that the BCR does not encompass the sum total of the true value of the AMI implementation is an important part of the "regulatory buy-in" that the Company is seeking from PURA and other stakeholders.

In addition, in its Docket No. 17-12-03RE02 decision, PURA delineated a highly prescriptive process for the Company to evaluate technologies and conduct competitive solicitations for CL&P as a stand-alone entity. Because the Massachusetts program moved forward more deliberately and expeditiously than Connecticut's process at PURA, the Company took steps to include the potential for a Connecticut implementation of AMI in its competitive procurements and associated

technology evaluations for Massachusetts and that process produced advantageous contracts for Massachusetts customers. The option to extend those technology selections to Connecticut offers an efficient and cost-effective path to AMI deployment for CL&P customers. However, this is a deviation from the prescriptive framework that PURA's prior decisions contemplated. Therefore, given that PURA was prescriptive in its prior decision as to the control that PURA wanted to have over the process for Connecticut – and as to the standalone process for Connecticut procurement – it is now necessary for PURA to decide whether it is willing to change course from its prior decisions on technology evaluations and sourcing protocols for Connecticut. The Company's perspective is that allowing the implementation to move forward on the basis of the Massachusetts procurement process will have substantial benefits for customers in terms of the ability to take advantage of economies of scale, established integrations and lessons learned, as well as the advantageous contracts. However, PURA's decision in Docket No. 17-12-03RE02 contemplates a standalone technology-selection process, making it appropriate for PURA to now consider whether a change of course is in the interests of customers.

Lastly, the most expeditious path to deployment and benefits realization causes a bulk of costs to be incurred over a relatively short time frame – in an amount that is multiples of the Company's normal operating and capital-investment budgets – and, without a path for recovery of costs beyond a rate-case cycle that does not "fit" the cost incurrence for accelerated AMI implementation. This mismatch creates unreasonable regulatory lag given the magnitude of the expenditure and will result in unrecovered one-time expense necessitated by the deployment of AMI, which is a cost that regulators have routinely allowed for recovery, but only with a tracking mechanism or pre-approval of a deferral request. Thus, the Company cannot move forward without a decision by PURA to address these financial barriers. There are other ways to bring the benefits of AMI to customers over a longer term with more gradual cost incurrence. The decision to undertake the accelerated AMI implementation is a policy decision that requires PURA's input in light of all of the above factors.

In this case, the Company is proposing a simplified cost-recovery framework as compared to its prior requests of PURA. The Company's proposal is that: (1) PURA allow deferral of the incremental, necessary one-time expenses that must be incurred as part of the AMI implementation, for later securitization; (2) that PURA allow deferral of legacy meter costs, for later securitization; and (3) that PURA allow recovery of capital costs through a capital-cost recovery mechanism approved in this case. If no capital-cost recovery mechanism is approved in this case, the Company contemplates near annual rate cases to cover its core capital program and it is unlikely that the Company would undertake accelerated AMI implementation under those circumstances.