STATE OF CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY

APPLICATION OF THE CONNECTICUT LIGHT AND POWER COMPANY D/B/A EVERSOURCE ENERGY TO AMEND ITS RATE SCHEDULES	:	**DOCKET NO. 26-05-10**
	:	**SEPTEMBER 8, 2026**

COMMENTS OF ALLCO FINANCE LIMITED IN SUPPORT OF THE OFFICE OF CONSUMER COUNSEL'S MOTION FOR CLARIFICATION

Allco Finance Limited ("Allco"), an intervenor in this proceeding, respectfully submits these comments in support of the September 3, 2026 Motion for Clarification filed by the Office of Consumer Counsel ("OCC") concerning whether the Authority intends to evaluate, in this docket, the performance-based ratemaking ("PBR") plan proposed by The Connecticut Light and Power Company d/b/a Eversource Energy ("CL&P" or the "Company") — a multi-year rate plan with a revenue cap formula supported by a total factor productivity ("TFP") study. Allco agrees with the OCC that the question requires prompt clarification and writes separately to identify additional defects in the Company's proposal that confirm the OCC's concern that the plan "is not in line with PBR best practices and puts ratepayers at risk." OCC Motion at 1.

I. THE MOTION SHOULD BE GRANTED AND THE SCHEDULE APPROPRIATELY ADJUSTED IF THE PBR IS ADDRESSED IN THIS DOCKET.

The Authority has spent years developing a PBR framework in Docket No. 21-05-15 and its reopeners, on an extensive record with broad stakeholder participation. No Final Decisions have issued, and, as the OCC observes, the schedules in those dockets were recently updated to remove all future entries. OCC Motion at 1. Against that backdrop, the Company asks this docket to adopt — in roughly the time remaining before pre-filed testimony — a complete multi-year PBR architecture of the Company's own design: a revenue cap formula, an X factor, out-year capital forecasts, and a TFP study built to the Company's specifications. Granting that request would let the regulated company write, by default and on a compressed schedule, the rules by which its own performance will be judged, while bypassing the framework record the Authority itself built for exactly this purpose. If the sequencing were reversed — framework first, application second —

every deviation the OCC identifies could be measured against an adopted standard. As it stands, parties are asked to litigate deviations from standards that do not yet exist. The Authority should clarify that the multi-year rate plan, revenue cap formula, and TFP study will not be evaluated in this proceeding in advance of Final Decisions in the PBR framework dockets unless more time is allocated.

II. THE COMPANY'S PLAN DIVERGES FROM PBR FUNDAMENTALS IN WAYS THAT CONFIRM THE OCC'S CONCERN.

First, the proposed X factor is negative three-hundredths of one percent. The entire premise of index-based regulation is that authorized revenues grow with inflation *minus* an offset reflecting expected industry productivity and a consumer dividend, so that customers share in efficiency gains during the plan term. An X factor of −0.03% is, for practical purposes, zero: it converts the "revenue cap" into an inflation pass-through that guarantees revenue growth untethered to performance. A multi-year plan whose index shares nothing with customers is not performance-based ratemaking; it is cost-of-service ratemaking with the annual prudence examination removed. The Company's own discovery responses confirm the point. LEI concedes that the −0.03% figure is its national 2005–2024 OM&A productivity estimate itself. CL&P Response to OCC-441. It further concedes that a single pandemic year — a −12.72% productivity collapse that LEI acknowledges is not representative of expected conditions during the plan term — drives the negative result, CL&P Responses to OCC-446 and OCC-447, yet LEI declined to perform any sensitivity analysis excluding that year. CL&P Response to OCC-445. Excluding it, LEI's own data yield industry productivity of approximately positive 0.64% per year — meaning a correctly specified X factor would offset, not augment, inflation-driven revenue growth. And although LEI's own benchmarking places the Company's O&M costs 22.9% above benchmark on a unit-cost basis and 11.9% above on an econometric basis, the consumer dividend — the component of X meant to share expected efficiency catch-up with customers — is 0.30%. CL&P Response to OCC-443. A company found by its own consultant to be operating far above benchmark cost is precisely the company for which a near-zero X factor is least defensible.

Second, the cap is confined to operations and maintenance while capital rides outside it. As the OCC notes, the original proposed decision in Docket No. 21-05-15RE01 envisioned a revenue cap formula applying to revenue requirements associated with both capital and O&M; the Company's proposal instead applies its formula to O&M only, while capital is recovered through out-year forecasts. OCC Motion at 1. The design flaw is structural, and it matters most in precisely this Application, where capital is the dominant driver — a $6.8 billion rate base and a $126.4 million increase in annual depreciation expense. An index that disciplines only the O&M bucket while the capital bucket is recovered on forecasts invites capitalization bias: expenditures migrate from the indexed category to the unindexed one, measured "productivity" improves, and ratepayers pay twice. For the same reason, a TFP study limited to O&M cannot support even the O&M cap it accompanies, because measured productivity depends on where the capital/O&M boundary is drawn — the very boundary the plan gives the Company an incentive to move. The scale of the unindexed capital bucket is not hypothetical: the Company quantifies the return component of its F-Factor capital mechanism alone at $15.6 million per year rising to $39.5 million per year across the four rate years. CL&P Response to OCC-435.

Third, the plan's risk allocation is one-way. The proposal combines a multi-year term, revenue decoupling, a new storm cost recovery adjustment rider, and an earnings sharing mechanism that is 50/50 above the authorized return with no downside exposure — while the Application simultaneously requests a 10.25% return on equity on a 53.86% equity layer. Each of these mechanisms transfers risk from shareholders to ratepayers; none of that risk transfer is reflected in the requested return, which moves in the opposite direction. PBR best practice pairs multi-year revenue certainty with symmetric earnings sharing and a corresponding reduction in the authorized return. A plan that locks in inflation-indexed revenue growth, insures the Company against storm costs and sales erosion, shares only upside, and *raises* the ROE is not a performance framework; it is a ratchet. The one-way design extends to the index itself: the Company confirms that the I-Factor carries a zero-percent floor, so that if inflation turns negative, authorized revenues

still never decline. CL&P Response to OCC-429. Ratepayers absorb inflation when it rises; shareholders are insulated when it falls.

Fourth, out-year capital forecasts amount to pre-approval without prudence review. Approving multi-year capital revenue requirements on forecasts made today would effectively shift to ratepayers, and to future proceedings, the burden of unwinding spending that was never subjected to the used-and-useful and prudence examination that accompanies cost-of-service review. The Authority's Rate Review Unit's pending capital-additions discovery in this docket illustrates why contemporaneous documentation and review matter; the answer to imperfect after-the-fact review is not to eliminate the review.

III. IF THE AUTHORITY NONETHELESS KEEPS ANY PBR ELEMENT IN SCOPE, THE PROCESS MUST BE ADEQUATE TO TEST IT.

Allco agrees with the OCC that metrics, scorecards, and performance incentive mechanisms are appropriately addressed in this proceeding. OCC Motion at 2. If the Authority intends to go further and evaluate the TFP study and revenue cap here, then, at a minimum: (1) the Authority should retain an independent consultant pursuant to Conn. Gen. Stat. § 16-18a, as the proposed final decision in Docket No. 21-05-15RE01 contemplated, to "critically analyze and run alternative specifications on the TFP model" (OCC Motion at 2, quoting 21-05-15RE01 Proposed Final Decision at 22); (2) the Company should be required to produce the complete TFP model, underlying data, and workpapers in executable, unlocked form, so that parties can run alternative specifications themselves; and (3) the procedural schedule should be adjusted to permit meaningful analysis, as the OCC's motion makes clear cannot occur on the current timeline. Allco also notes that if performance metrics remain in scope, the record on them must be complete and the metrics meaningful: the Company's proposed Level 1 DER interconnection processing metric, for example, excludes all applications that "require electric power system modifications" (Exhibit CLP-CUSTOMER-1 at 34 n.22) and omits the interval between a generator's execution of an interconnection agreement and the Company's countersignature — subjects of Allco's pending

discovery (ALLCO-015 through ALLCO-017). A metric designed to exclude the projects that experience delay does not measure performance; it conceals it.

IV. THE COSTS OF THE COMPANY'S PBR PROPOSAL ARE NOT RECOVERABLE FROM RATEPAYERS.

Whatever the Authority decides about scope, one point should be made express now: the TFP study, the development of the Company's PBR plan, and any consultants engaged for them are costs incurred for this contested rate proceeding. Conn. Gen. Stat. § 16-243p(b) — which the Company itself quotes in its Application (Exhibit CLP-REVREQ-1 at 147-149) — prohibits the Company from recovering through rates the direct or indirect costs associated with this proceeding. The Authority should confirm that no portion of the TFP study, PBR-plan development, or related consulting or legal costs will be borne by ratepayers, and that any consultant the Authority retains under § 16-18a is likewise not a recoverable Company cost.

Respectfully submitted,

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CERTIFICATION

This is to certify that on this day, the foregoing document was filed with the Public Utilities Regulatory Authority, and copies were served upon each person designated on the Authority's official service list in this proceeding in accordance with R.C.S.A. § 16-1-15.

/s/ Thomas Melone
Thomas Melone