Operations Project Authorization Form

Date Prepared: November 29, 2018	Project Title: Enhanced Tree Removal (ETR) Program
Company: Connecticut Light & Power Co	Project ID Number: ETR2020
Organization: Operations Services-Vegetation Management	Class(es) of Plant: Outside Services
Project Initiator: [redacted]	Project Category: Enhanced Tree Removals
Project Owner/Manager: [redacted]	Project Type: *Annual*
Project Sponsor: [redacted]	Project Purpose: part of regulatory tracked program? CT Resiliency
Estimated in service date: Jan 01, 2020	If Transmission Project: PTF / Non-PTF / NA
Supplement to Existing Authorization? No	Capital Investment Part of Original Operating Plan? Yes
Eng./Constr. Resources Budgeted? N/A	O&M Expenses Part of the Original Operating Plan? N/A

Project Authorization

Project authorization must be in accordance with the approval levels included in the Delegation of Authority Policy (DOA).

If Chief Executive Officer or Subsidiary Board approval is required, document the review by Enterprise Risk Management (ERM) and Financial Planning and Analysis (FP&A)

ERM: _____N/A_____

FP&A: _____

Executive Summary

An authorization of $32,800,000 is requested for the Connecticut Distribution Enhanced Tree Removal (ETR) capital project (id: ETR2020) which is part of CL&P's annual distribution vegetation maintenance plan.

Note, Vegetation Management's Customer Focus ETT program, totals $65.6M (with $32.8M budgeted in 2019 and $32.8M budgeted in 2020). This 2 year program (totaling $65.6M) is being presented for Subsidiary Board approval on December 11, 2018. This program includes capital project IDs ETR2019 & ETR2020 with each capital project budgeted separately at $32.8M.

The ETR program strategically removes trees to proactively improve system resiliency and mitigate long term costs for the distribution cycle trimming programs. Tree removals, in conjunction with cycle pruning, drive improved reliability performance. Additionally, the service area has experienced drought conditions and insect infestations that have negatively impacted tree health and there are signs of increased tree mortality for the coming years. The ETR program has been increased to further address these concerns.

The March 28, 2018 Interim Decision in Docket 17-10-46 reduced 2019 ETR by 1/3. The decision authorizes the Company to elect to submit a filing to PURA in late 2018 to seek additional funding for ETR for 2019 and thereafter. The Company is exercising this option, and is requesting approval of $19.7M of additional ETR funding in 2019; this additional funding is included in the $32.8M project (= $13.1M base + $19.7M).

The CT tree removal program is a Regulatory supported program that targets removals, primarily focused on circuit backbones.

Project Costs Summary

See APS3 and APS8 requirements and consult with Plant Accounting for capital/O&M determination. Use published loaders for benefits, materials, and invoices, maintained by the Director, Budget and Internal Reporting.
Note: Dollar values are in thousands

	Prior Authorized	2019	2020	20__+	Totals
Capital Additions - Direct	$ -	$ -	$ 32,630.0	$ -	$ 32,630.0
Less Customer Contribution	-	$ -	$ -	$ -	$ -
Removals net of Salvage _____%	-	$ -	$ -	$ -	$ -
Total - Direct Spending	$ -	$ -	$ 32,630.0	$ -	$ 32,630.0
Capital Additions - Indirect	-	$ -	$ 170.0	$ -	$ 170.0
Subtotal Request	$ -	$ -	$ 32,800.0	$ -	$ 32,800.0
AFUDC	-	$ -	$ -	$ -	$ -
Total Capital Request	$ -	$ -	$ 32,800.0	$ -	$ 32,800.0
O&M	-	$ -	$ -	$ -	$ -
Total Request	$ -	$ -	$ 32,800.0	$ -	$ 32,800.0

The ETR program removes trees that have the potential to impact the utility plant thereby extending the life of the plant. The ETR program meets the three tests for capitalization:

- Substantial investment towards asset life extension
- One time program cost as the activity can only be performed once
- Standalone program which will be budgeted, charged and tracked separately

Justification:
The 2019 distribution prune program requires expenditures across all Eversource operating companies to address maintenance pruning and hazardous tree removals. These activities improve the system's ability to survive major storms with less extensive damage. This will improve reliability performance across the service area.

Alternatives Considered:
Eversource has delineated the benefits of enhanced tree removal programs to regulatory bodies in CT as an important component of the vegetation management program for both day-to-day reliability improvement and increasing system resiliency for adverse weather events. Additionally, the majority of our customer and community officials have come to appreciate the impact of these programs and expect the company to have robust line clearance efforts. The deferral of this proactive maintenance approach to address only specific instances of insufficient clearance runs counter to the goals of improved reliability and system resiliency.

Risk Assessment:
The Company has made commitments to customers and regulators to improve reliability and system resiliency. In the case of CT, there are specific vegetation management program goals for ETR as part of the System Resiliency Program.

- CT PURA 12-01-10 specified risk tree removal and the recapture of Enhanced Tree Trimming (ETT) clearances on backbones and large laterals.

There are both operational and regulatory risks associated with a failure to approve this program. Operationally, there is an increased risk of more vegetation caused outages, both on normal days and during adverse weather. The Company is required to report on both program pruning cost and volume and risk/hazard tree removals on an annual basis in all three states. The Vegetation Management programs also receive intense scrutiny during storm cost recovery hearings and rate case proceedings, creating a regulatory risk for the Company.

Financial Evaluation

Provide the following financial information (attach additional detail if summarized items are significant or additional information is needed). Note: Dollar values are in thousands

Direct Capital Costs	Year 1	Year 2	Year 3+	Total
Straight Time Labor				
Overtime Labor				
Outside Services	32,630			32,630
Materials				
Other, including contingency amounts (describe)				
Total				

Indirect Capital Costs	Year 1	Year 2	Year 3+	Total
Indirects/Overheads (including benefits)	170			170
Capitalized interest or AFUDC, if any				
Total				

Total Capital Costs	32,800			32,800
Less Total Customer Contribution				
Total Capital Project Costs	32,800			32,800
Total O&M Project Costs				

Note: Explain unique payment provisions, if applicable

If this is a new business project, is a customer contribution required? If yes, please note the contribution amount.

In addition, for all electric and gas growth / new business projects, please attach the CIAC calculation

Provide other financial documentation as warranted by management and / or regulatory precedent. When performing financial analysis, use appropriate discount rate by company (can be provided by Budgeting and Internal Reporting or Financial Planning and Analysis).

Future Financial Impacts:

Provide below the estimated future costs that will result from the project:
Note: Dollar values are in thousands:

Future Costs	Year 20__	Year 20__	Year20__	Year 20__ +	Total Future Project Costs
Capital	$ -	$ -	$ -	$ -	$ -
O&M	-	-	-	-	-
Other	-	-	-	-	-
TOTAL	$ -	$ -	$ -	$ -	$ -

Describe the estimated future Capital, O&M and/or Other costs noted above:

What functional area(s) will these future costs be funded in? Vegetation Management_____
A representative from the respective functional area is required to be included as a project approver.

If this is other than a Reliability Project, please complete the section below;

Provide below the estimated financial benefits that will result from the project:
Note: Dollar values are in thousands:

Future Benefits	Year 20__	Year 20__	Year20__	Year 20__ +	Total Future Project Benefits
Capital	$ -	$ -	$ -	$ -	$ -
O&M	-	-	-	-	-
Other	-	-	-	-	-
TOTAL	$ -	$ -	$ -	$ -	$ -

Describe the estimated future Capital, O&M and/or Other benefits noted above:

What functional area(s) will these benefits be reflected in?_____
A representative from the respective functional area is required to be included as a project approver.

Asset Retirement Obligation (ARO):

An ARO is a current legal obligation to remove or retire property, plant or equipment at some point in the future. Please refer to APS8 or contact Plant Accounting for further detail.

Is there an ARO associated with this project? If yes, please provide details: