Summary

The 2019 capital expenditures of The Connecticut Light and Power Company dba Eversource Energy ("the Company" or "CL&P") were $512.8 million, which is 20.6%, or $87.7 million, more than the Company's forecasted plan for the 2019 Construction Program, filed with the Authority on December 6, 2018 in this Docket. As shown in the following explanations, the Company experienced budget changes from the Company's original estimated construction program for certain individual categories and has provided explanations where spending varied by more than 10% from the Company's original estimates.

Variance Explanations:

(a) Peak Load/Capacity Projects - This budget change is primarily due to the timing of two large projects required to meet contingency overloads. Certain project costs for circuit 28F in Greenwich and bulk substation Scitico 27H in Enfield were shifted from 2019 to 2020. In addition, voltage and overload correction requirements in Circuit 24A1 in Norwalk and Circuits 14W and 12J in Rockville and Mansfield were less than anticipated.

(b) Capital Tool Purchases/Other – The budget change is due to a 2019 re-scoping of the CT Voice Radio project to utilize a 220-megahertz (MHz) Digital Mobile Radio (DMR) solution in place of the originally proposed 450 MHz DMR solution. By no longer utilizing a 450MHz solution, this removed Eversource's prerequisite of procuring 450MHz spectrum. This one-time cost avoidance allowed CL&P distribution a savings of $3.6M in the year 2019. Additionally, due to the re-scoping, certain system integration costs were shifted from 2019 to 2020.

(c) Capitalized Vehicles - The budget change is due to timing of vehicle purchases required to maintain the fleet and for additional quantities to accommodate new hires and increased operational demand in certain areas of Connecticut. The fleet capital replacement plan required to maintain the fleet is based on age, use and condition of existing vehicles.

(d) Emergent Equipment Failures - This item relates primarily to the capitalization of storm costs, which are not estimable and therefore drive variations from budget.

(e) Environmental - This is primarily due to timing of Substation Oil Circuit Breaker replacements as fewer replacements occurred in 2017 and 2018 than planned, resulting in higher replacements in 2019.

(f) Facilities - This budget change is due to work required for renovations at various area work centers, HVAC replacements in Tolland and Stamford, and a focus on LED lighting replacements.

(g) Information Technology – This budget adjustment is due to the Windows 10 lifecycle replacement of laptops. Some laptops expected to be received in 2018 were delayed and instead received in January of 2019. In addition, the CTE Supplier Billing Docket project relating to PURA in Docket 14-07-19RE05, "PURA Investigation into Redesign of the Residential Electric Billing Format", was not a planned project and added after the 2019 budget was finalized.

(h) Meters - The Company explained in its February 6, 2020 compliance filing in Docket No. 17-10-46 at Attachment B, Page 2, that it increased its meter capital expenditures in 2019 (as well as in 2018 and 2020) to fund a remote-disconnect metering program and to stay ahead of the expected "failure curve" for meters at or approaching end of life. The installation of remote-disconnect meters is part of a company-wide, Remote Disconnect Project to replace a portion of its hard-to-reach meters with a goal of increasing operational savings and decreasing the amount of customer write-offs and bad debts that are paid for by all other customers. Due to the success of the Remote Disconnect project in meeting operational and bad-debt reduction goals, the Company migrated to remote-disconnect capable meters as its "meter of choice" for all installations. Due to their enhanced capabilities, the remote-disconnect capable meters are more expensive than traditional AMR meters, increasing the cost per-meter plus installation by approximately $135.

(i) Regulatory Commitments-Other - This budget change was caused by late starts and partial deferments on two projects due to the need to secure contractor resources instead of utilizing internal crews. The deferred projects were the New Britain 5kv Conversion project and the Mystic-Shunock Loops for MBI Improvement project.

(j) Distribution Line Reliability - This budget change is primarily due to the CT Lateral Reliability Program. The Connecticut Lateral Reliability Program is a component of the Company's Core Capital reliability program initiated by the Company in 2019. The Company's analysis documented a connection between a higher number of tree-caused and animal-caused system outages in system zones with unfused transformers. Based on this information, the Company implemented a program to perform reliability work on lateral devices that had experienced outages over the past four years and on any lateral device supplying 100 or more customers within the towns most impacted by animal-related outages. The lateral reliability program includes fusing existing unfused transformers, adding animal protection, adding lightning arrestors and replacing main line hot clamps.

The lateral reliability program provides two types of reliability benefits: (1) it avoids and prevents future outages by developing a trend analysis that will provide a comparison with a previous time period and (2) it minimizes outages by identifying the number of outages that are isolated to the transformer primary side fuse as outages occur.

Based upon the data showing which towns were most severely impacted by such outages, the Company targeted the following 21 towns in 2019: Greenwich, Stamford, Norwalk, Guilford, Waterbury, New Canaan, Westport, Darien, Bristol, Ledyard, Mansfield, Stonington, Vernon, South Windsor, Southington, Wilton, Stonington, Danbury, New Milford, Newtown and New Britain. In 2020, the program will target the following towns: Meriden, Naugatuck, Newington, Plainville, Manchester, West Hartford, Enfield, Stafford, Tolland, Watertown, Torrington, Weston, Glastonbury, Middletown, Branford, Clinton, Old Saybrook, East Lyme and Waterford. The Company provided additional details about its lateral reliability program in its December 11, 2019 compliance filing in Docket No. 17-10-46 at Exhibit 1(b), Page 4.

(k) Network Reliability - The Company created and funded a program that it is capable of monitoring secondary distribution networks remotely throughout its service territory. A network communication

system provides essential data to system operators and engineers to operate, maintain and plan during normal and contingency network events. In 2019, there were fewer projects initiated for UG Network Automation than originally estimated and there was a lower level of emergent work related to UG Structural Issues due to fewer than anticipated installations as identified during field inspections.

(l) Reliability – Other - The budget change is due to the timing of the GIS Geospatial Accuracy project. Certain project costs were shifted from 2019 to 2020.

(m) Substation Reliability - The primary reason for the variance was the delays in construction for the Greenwich 28F New Bulk Substation project. This overall project includes both distribution and transmission assets, and there have been delays with the transmission permitting and scheduling which has pushed the scheduled in-service date of the project into 2020.

(n) URD and DB Cable Reliability - This budget change results from the Company's analysis that evaluated the replacement versus the continued repair of faulty direct buried ("DB") electric distribution cable in underground residential ("URD") and commercial developments. That analysis demonstrated that replacement of this faulty equipment over the long term was a superior, permanent solution that would greatly improve reliability of service, and replacement of this faulty equipment would eliminate the need to continue to remediate temporary repairs that require additional work in the future. Therefore, starting in 2019, the Company instituted a course of replacement with annual replacement targets. The replacement program will improve system reliability by minimizing the likelihood of recurring outages on the same cable and eliminating recurring maintenance requirements. The Company provided additional details about its URD-DB cable reliability program in its December 11, 2019 compliance filing in Docket No. 17-10-46 at Exhibit 1(b), Pages 2-3.

(o) Customer Focused Trimming - The Company approved additional funding for customer focused tree trimming to improve the reliability of the distribution system for customers in 2018, and thus reduced funding in 2019 to offset the higher spending in 2018.

(p) DSCADA Radio Expansion - The Company completed the DSCADA radio and software upgrades for this multi-year initiative in 2019.

(q) Islanded Substation Program - The primary reason for the budget adjustment was due to scheduling and construction adjustments on the Moosup, Putnam and West Goshen stations, which moved work originally expected to be completed in 2019 into 2020.

(r) Pole Integrity Program - This budget change is due to the deferment of Frontier shift work from 2019 into 2020.

(s) Recloser Control Program - This budget adjustment is due to work that was originally scheduled for 2019 being rescheduled to 2020 due to resource availability constraints.

(t) SR Double Poles Removals - This budget change is due to the fact that more double pole removals have been identified.

(u) Substation Circuit Breaker Automation - This budget adjustment is due to work being deferred from 2018 to 2019 due to engineering deliverables and resource availability.

(v) Substation Security – Certain work on the Manchester and Southington substation security projects upgrade was deferred from 2019 to 2020 due to material and resource constraints.

(w) UCONN Resilient Energy Center - The primary reason for the budget change was due to the timing of project work, which moved the completion of certain projects' tasks originally expected to be completed in 2019 into 2020.