Connecticut Light and Power d/b/a Eversource Energy
Docket No. 17-10-46
Annual Plan Compliance with January 11, 2018 Settlement Agreement Section 3.a.ii.(2)
May 30, 2022
Exhibit B

Summary

The 2021 capital expenditures of The Connecticut Light and Power Company dba Eversource Energy ("the Company" or "CL&P") were $514.3 million, which is 8.7%, or $41.1 million, more than the Company's forecasted plan for the 2021 Construction Program, filed with the Authority on December 10, 2020 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) New Customer - This higher than budget variance is primarily due to a large customer project, Americold New Service, and a higher level of customer driven annual work. Americold installed a cold storage warehouse distribution center on Northwest Drive in Plainville, Connecticut. In 2021, under this project, the Farmington 1C08 and 1C19 circuits were extended and upgraded to supply the customer.

(b) Peak Load/Capacity – This program variance was driven by two projects. First, a project to address a contingency overload for Lakeview substation was deferred from 2020 to 2021 to allow for additional time to work with the town and its residents on permitting the new circuit route.

A second project, where additional work was added to the Plan during the year, to address overloads for Williams St. 9L circuits, included the replacement of a portion of a six-conduit duct bank, replacement of a set of switchgear, paper-insulated lead-covered cable replacement (PILC), and the enlargement of a network vault due to inadequate clearance inside the vault.

(c) Capital Tool Purchases/Other – This under budget variance is primarily due to schedule delays for the CT Voice Radio project. Originally, the project was scheduled to be completed in December 2021, and the budget was forecasted accordingly. In October 2021, delays were incurred as the vendor failed to deliver the contractually required radio system performance. Thereafter, during the remainder of the fourth quarter of 2021, the project was delayed as we awaited a solution from the vendor to meet contractual radio system performance requirements. The impact of these vendor delays resulted in an underspend for this project in 2021, as the original forecast contemplated the completion of project milestones and related payments in 2021, which could did not occur in 2021 due to the vendor's failure to satisfy the applicable contractual radio system performance requirements. As of present, the project team continues to work with the vendor on meeting the performance requirement in the contract and to resolve the vendor's prior delays to the project schedule. The 2022 budget has therefore been updated to reflect the new forecast, which incorporates the above-identified schedule adjustments and shifts milestone payments into 2022. Of note, upon project completion, the project will be within the PAF approved budget.

(d) Capitalized Vehicles – This budget variance is due to the purchase of 23 trouble trucks for the southwest section of CT. This purchase replaced the original planned purchase of 54 cargo vans, due to

delays resulting from the pandemic affecting the ability to purchase cargo vans. The trouble trucks are more expensive than the cargo vans.

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

(f) Environmental – This variance is primarily due to the timing of Substation Oil Circuit Breaker (OCB) replacements. Fewer replacements than budgeted were realized during 2021 due to material and outage availability.

(g) Information Technology – The budget change is due to regulatory mandated projects, which includes the Shared Clean Energy Facility (SCEF) Program and the CT Residential Solar Tariff.

(h) Lighting – The budget variance is primarily due to the LED green lights program receiving Energy Efficiency incentives that helped offset the costs of LED fixtures.

(i) Line Relocations/Act of Public Authority – The budget variance is largely due to the significant increase in Third Party Attachment applications requiring "Make Ready" construction that arose out of compliance with PURA pole attachment-related orders in Docket Nos. 11-03-07, 19-01-52, 19-01-52RE01, etc. Additional contractor crews were acquired to address the increase in applications as well as to work down the existing backlog of Third Party Attachment Make Ready locations.

(j) Meters – The Company experienced a reduction in the number of 2021 meter capital purchases due to meter vendor supply chain issues related to COVID-19. The supply chain issues caused an increase in lead time for some meter orders, which caused delivery to be delayed until 2022. As a result, less meters were purchased in 2021 than previously planned.

(k) Regulatory Commitments-Other – This higher budget variance was driven by two projects. First, a project to create a new substation tie between Mystic 13K3 and Shunuck 32P5 was modified to include reconductoring along a roadway and eliminating the need for a right-of-way due to limited access and environmental sensitivity.

A second project to convert and rebuild the Carver 19R 4.8kV distribution system in New Britain had work deferred from 2020 to 2021 due to resources being used for storm-related work at the end of 2020.

(l) Network Reliability – This budget variance is largely due to one project. In 2021, the planned PILC replacement on the 11R56 circuit was deferred to 2022 in order to allow personnel and resources to accommodate the large new service/load project to supply the new customer, Americold, which installed a cold storage warehouse distribution center on Northwest Drive in Plainville, Connecticut.

(m) Reliability – Other - The budget variance is due to the timing of the GIS Geospatial Accuracy project. Certain project costs were shifted from 2021 to 2022.

(n) Substation Reliability - This budget variance is due to certain work being deferred from 2021 to 2022 including the Triangle Substation project and DSCADA LTC Control program work.

(o) URD and DB Cable Reliability - This budget variance results from the Company's analysis that evaluated the replacement versus the continued repair of aging, obsolete direct buried ("DB") electric distribution cable in underground residential ("URD") and commercial developments. That analysis demonstrated that replacement of this equipment over the long term was a superior, permanent solution that would greatly improve reliability of service, and replacement of this 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. As a result of significant storm activity in 2020 and 2021, the Company incurred an increased number of faulted primary cables that needed replacement in 2021. This largely contributed to a higher spend for the year.

(p) DSCADA Radio Expansion – The budget variance is due to a shift in initiative priorities resulting from resource constraints.

(q) Right of Way Lines - Project 3A02/3A09 ROW Structure Replacement was planned for construction in 2020; the scope of the work was to rebuild the H-Frame structures on the highway crossing over I-384. After meeting on-site and reviewing the construction aspects, a better underground (UG) design was developed. This design eliminates the highway crossing as well as a few poles in the ROW that were difficult to access. To accommodate the new UG option, an easement was needed from Manchester College. Due to the timing of the easement and the civil work required for the UG option, the project was deferred to 2021.

(r) Smart Switches Program - A project was created in 2021 to place the material order for 100 Viper switches to be installed on circuits throughout CT. The switches were received in late Fall 2021. The installation of Viper switches on circuits throughout CT creates the ability to easily isolate circuit backbones in the event of a fault. This will reduce the overall customer minutes lost due to a fault on a circuit. Various zones on circuits with the worst reliability have been targeted to have these switches installed in 2022.

(s) SR Double Poles Removals - This budget variance is the result of more double-pole removals across Connecticut in order to comply with PURA's orders in double-pole dockets. There were also more resources deployed to complete Third Party Attachment work throughout the state, which also led to an increase in double-pole removals.

(t) Substation Security – Certain work on the Southington security gate project upgrade was deferred from 2021 to 2022 due to material and resource constraints.

(u) Tower Replacements – The budget variance is due to a shift in initiative priorities resulting from resource constraints.