Summary

The Connecticut Light and Power Company dba Eversource Energy (the "Company" or "CL&P") made capital expenditures in 2022 totaling $558.8 million, which is 2.6%, or $14.1 million, more than the Company's plan for the 2022 Construction Program, previously submitted to the Connecticut Public Utilities Regulatory Authority ("PURA" or the "Authority") on December 1, 2021. The Company's expenditures differed from the original estimate of expenditures for the construction program across a number of categories for reasons primarily related to routine circumstances experienced in field implementation. Explanations of the variances are presented below for instances where expenditures varied by more than 10% from the Company's original construction estimate.

Variance Analysis by Category:

(a) New Customer – Expenditures in this category were lower than estimated primarily due to a lower level of customer-driven, new service projects than experienced in recent years.

(b) Capital Tool Purchases/Other – Expenditures in this category were higher than estimated due to the timing of completion for the CT Voice Radio project and higher than expected capital tool purchases. Originally, the CT Voice Radio project was scheduled to be completed in December 2021. In October 2021, delays were experienced due to the vendor's efforts to deliver the contractually required radio system performance, requiring additional implementation time. The impact of the vendor delay caused the expenditure for this project to shift from 2021 into 2022. In addition, capital tool purchases were higher in 2022, including higher prices for materials. Capital tools are used by field workers to perform their daily jobs throughout the year.

(c) Capitalized Vehicles – Expenditures in this category were lower than estimated because the number of vehicle purchases was less than estimated due to vehicle supply chain issues. The supply chain issues caused an increase in lead time for some vehicle orders. As a result, fewer vehicles were purchased in 2022 than previously planned.

(d) Emergent Equipment Failures - Expenditures in this category were higher than estimated due to the fact that actual circumstances exceeded historical trends used for the estimate. The largest increase in emergent work in 2022 resulted from an increase in customer outage events on the overhead, underground and network system caused by factors other than Major Storm events. Examples include vegetation-initiated overhead events; pole and line damages and associated events due to motor vehicle accidents; unplanned asset failures; residential direct-buried cable failures; underground cable or switchgear events; and network events. Many of these events are the result of weather patterns that occur on the system, but do not rise to the level of a Major Storm. For example, the Company is experiencing more numerous events during the year caused by frequent wind events during blue sky or grey sky days that do not rise to the level of a storm event but cause damage to the system, nevertheless.

In addition, the higher expenditure was caused by storm capitalization associated with Major Storm events. The actual magnitude of storm capitalization is not estimable and therefore not reflected in the construction estimate.

(e) Environmental – Expenditures in this category were lower than estimated due to the timing of Substation Oil Circuit Breaker (OCB) replacements. Fewer replacements than estimated were completed during 2022 due to material and outage availability.

(f) Facilities – Expenditures in this category were lower than estimated due to a delay experienced on the Windsor System Operations Center project. The Windsor System Operations Center project was discussed in concept in 2020. In early 2021, the Company anticipated that the design would be substantially complete at year end with construction starting in 2022. Due to scope revisions, including the addition of newer technologies, the design was not completed until the fourth quarter of 2022, shifting the expenditure to a later timeframe.

(g) Information Technology – Expenditures in this category were higher than estimated due to the need for lifecycle replacements. The Eversource Information Technology (IT) End User Computer (EUC) department maintains various desktop PCs, laptop PCs, and rugged PC equipment, which have various terms of operational service. As these devices near or exceed the end-of-useful life, functional efficiency or supportability, the Company replaces these devices so that employees are assured working equipment. An objective is to fund the replacement of the older end-of-life PCs with new PCs, to maintain a computing environment that supports a 5-year lifecycle period.

(h) Lighting – Expenditures in this category were higher than estimated primarily due to higher roadway and non-roadway lighting requirements compared to historical trends. These higher requirements were largely caused by underground faults and higher material costs attributed to LED fixtures.

(i) Line Relocations/Act of Public Authority – Expenditures in this category were lower than estimated because the level of activity is driven by Third Party Attachment applications requiring "Make Ready" construction to comply with PURA pole attachment-related directives in Docket Nos. 11-03-07, 19-01-52, 19-01-52RE01, and others. In addition, make-ready construction work was delayed due to third-party attacher disputes with Frontier.

(j) Meters – Expenditures in this category were lower than estimated because 2022 meter capital purchases were reduced due to: (1) meter vendor supply chain issues, which increased meter manufacturing and delivery lead times; and (2) the pending PURA decision in Docket 17-12-03RE02 on Advanced Metering Infrastructure (AMI). As a result, fewer meters were purchased in 2022 than previously planned.

(k) Pre-Cap Line Transformers – Expenditures in this category were higher than estimated due to an increase in the cost of transformers in 2022.

(l) Regulatory Commitments-Other – Expenditures in this category were lower than estimated because work associated with three projects were deferred from 2022 to 2023. The first project is designed to eliminate 2,300 feet of high over low (23kV over 4.8 kV) in Cheshire, CT. The second project is designed to eliminate the 500 kcmil Cu type B network secondary cable located in the Naugatuck secondary network. The third project is designed to replace antiquated 4/0 Cu tri-colored network secondary cable located in the central CT region.

(m) Network Reliability – Expenditures in this category were lower than estimated largely due to one project that was deferred from 2022 to 2023. The project consists of manhole enlargements, service box enlargements and lateral duct bank installations in Greenwich, CT.

(n) Reliability – Other - Expenditures in this category were higher than estimated due to the fact that the Reliability and Analytics Insights Transformation project was not initially included in the 2022 plan. This project is designed to build momentary outage and reliability tool foundational capabilities by introducing new data sources from non-SCADA sources, and algorithms that will provide more robust insights into circuit reliability issues. This project develops a data quality framework to address crucial data elements integral to reliability analyses and introduce a predictive analytic component which will enable the development of an investment optimization model and predictive maintenance recommendations.

(o) Substation Reliability - Expenditures in this category were higher than estimated because the Mobile Transformer Reinforcement project was not initially included in the 2022 plan. In addition, the Company completed protective relaying and switchgear projects. The Mobile Transformer Reinforcement project was not initially included in the 2022 plan. Mobile transformation needs are increasing across Eversource CT due to increasing rates of transformer replacements. The new units are most needed for use during the replacement, installation, and maintenance of bulk transformers.

(p) URD and DB Cable Reliability - Expenditures in this category were higher than estimated because the replacement of these facilities is necessary as compared to the continued repair of aging, obsolete direct buried ("DB") electric distribution cable in underground residential ("URD") and commercial developments. The replacement of this equipment over the long term is a superior, permanent solution that will 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), at pages 2-3. In addition, in 2022, the Company

completed more URD/DB Cable Reliability projects than anticipated, while experiencing an increase in material costs, specifically conduit and concrete products that increased costs.

(q) Customer Focused Trimming – Expenditures in this category were lower than estimated due to limited contractor resources, a focus on tree removal and less emergent work for customer-focused trimming.

(r) DSCADA Radio Expansion – Expenditures in this category were lower than estimated due to a shift in initiative priorities.

(s) Pole Integrity – Expenditures in this category were lower than estimated because of a reduced pole replacement scope that was informed by inspection results. In addition, the Company experienced supply chain issues for poles.

(t) Recloser Control Program – Expenditures in this category were higher than estimated due to the timing of three substation recloser automation projects. The substation projects were originally planned to be completed in 2021, but a small portion of the projects carried over into 2022.

(u) Right of Way Lines – Expenditures in this category were higher than estimated due to the Right of Way Priority 3 Poles project. Approximately 500 linear miles of distribution right of way were inspected by drones in Connecticut. The drone inspections produced findings mostly associated with broken/rotted poles and crossarms. These locations were reviewed by Eversource Engineering and the prioritization was verified and/or corrected. Priority 3 ranking was given to 502 locations. Priority 1 and 2 poles were previously addressed under a separate project. The plan is to address the priority 3 locations over three years (2022-2024). More work for the multi-year project was completed in 2022 than originally estimated.

(v) Smart Switches Program – Expenditures in this category were higher than estimated due to the Trip Saver Program project, which was not included in the original 2022 plan. This project will install trip savers at 983 fused lateral locations in Connecticut to reduce the number of outages caused by transient type events (tree, animal, lightning, patrolled nothing found). A trip saver is a self−powered, electronically controlled, single−phase, cutout−mounted vacuum interrupter recloser. The trip saver is designed to eliminate the sustained interruption that occurs when a lateral fuse cutout operates in response to a transient fault. It also can eliminate momentary circuit interruptions that occur when a substation circuit breaker or source−side line recloser would otherwise trip to prevent a lateral fuse cutout from operating in response to a transient fault.

(w) SR Double Poles Removals – Expenditures in this category were lower than estimated due to fewer than anticipated pole removals. Similar to Pole Integrity, supply chain issues with poles had an impact as poles cannot be removed until all pole attachments have been transferred to a new pole.

(x) Substation Security – Expenditures in this category were higher than estimated because certain work on the Southington security gate project upgrade was deferred from 2021 to 2022 due to material and resource constraints. The higher substation security spending in 2022 was offset by lower substation security spending in 2021.

(y) Tower Replacements – Expenditures in this category were lower than estimated due to a shift in initiative priorities.