Date Filed: September 29, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Office of Consumer Counsel

Question:

Legal Expense. Refer to the response to OCC-309. Provide an explanation of the increase in 2025 expense over the prior years shown.

Response:

Reviewing OCC-309, Attachment 1, please note that the payment in calendar year 2025 of $249,938 to PricewaterhouseCoopers LLP ("PwC") should be eliminated from the total recurring cost for 2025. The Company has determined that this amount pertains to the attestation that PwC performed in relation to storm costs reviewed by PURA in Docket No. 25-12-13. The Company has made no request to recover the cost of PwC's attestation in this case or any other case. Coincident with the decision to eliminate the PwC charges from recovery, the amount charged to the legal department in 2025 should have been removed from this schedule. The Company will make an adjustment to the proposed revenue requirement in the first update. Deducting this amount changes the 2025 total of recurring legal costs to $4,935,254 ($5,185,192 minus $249,938).

In addition, there is a difference of approximately $504,071 in the category of "Miscellaneous Accounting Other" between 2024 and 2025. The differential shown in this line pertains to timing of accruals and associated invoicing, which resulted in a negative adjustment across the four historical years, as compared to a positive adjustment of $268,985 in 2025. These accounting adjustments are normally recurring and result from the application of generally accepted accounting principles.

The Company expects the remainder of the itemized legal costs to be recurring following the Test Year 2025, particularly in the aggregate. Like other categories of expenses, the Company expects to experience an "ebb and flow" of legal matters, with the overall work requirements and associated costs remaining in the same range. A major driver of external legal costs is the fact that regulatory requirements have fundamentally changed since the 2020-2021 timeframe, with additional layers of complexity and new obligations for regulatory proceedings, as well as a broader range of regulatory proceedings requiring substantial work effort by the Company. The Company does not control these factors, although it must respond to meet its new obligations and requirements.

The primary reason for an increase in cost in 2025 is the cost of legal work associated with collection activities that doubled between 2024 and 2025, from $882,201 in 2024 to $1,632,968,

for a difference of $750,767. Increased collections activity occurred in 2025 -- and is continuing to occur -- due to PURA's extended suspension of collection activities between 2020 and 2024, which ended with PURA's decision dated November 6, 2024, in Docket No. 24-05-01, Order No. 3, restarting the arrearage collection practices.

Excluding this $750,767 increase in the cost of legal process for arrearage collections in 2025, the annual legal expense would be comparable across all five years, ranging from $2,287,868 to $4,184,487 in the years 2021 through 2025, or approximately $3,508,583 annually on average. With the substantial increase in collection activities excluded, the recurring legal costs for the Test Year 2025 are only slightly above the five-year average, commensurate with increased regulatory requirements for the Company's regulatory proceedings. As a result, the Company fully expects that the Test Year legal expense is recurring and representative of going-forward legal costs.