STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

Docket No. 26-05-10

APPLICATION OF THE CONNECTICUT LIGHT AND POWER COMPANY
D/B/A EVERSOURCE ENERGY
TO AMEND ITS RATE SCHEDULES

DIRECT TESTIMONY OF

JARED A. LAWRENCE AND DOUGLAS P. HORTON

Advanced Metering Infrastructure Panel

On behalf of

The Connecticut Light and Power Company
d/b/a Eversource Energy

July 14, 2026

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I. INTRODUCTION

Q. Mr. Lawrence, please state your name and business address.

A. My name is Jared A. Lawrence. My business address is 107 Selden Street, Berlin, Connecticut.

Q. By whom are you employed and in what capacity?

I am Senior Vice President of Customer Operations and Digital Strategy and Chief Customer Officer for Eversource Energy Service Company ("ESC"). ESC provides centralized services to the natural gas and electric operating subsidiaries of Eversource Energy, including The Connecticut Light & Power Company ("CL&P" or "Eversource" or the "Company").

Q. What are your principal responsibilities in this position?

A. I am responsible for customer contact operations, billing, payment, credit and collections, customer assistance programs, electric meter operations, customer digital channel strategy and execution, customer satisfaction and Voice of the Customer programs, and customer experience design for ESC and Eversource Energy affiliated entities, including CL&P and Yankee Gas Services Company ("Yankee"). I also

oversee the business project management offices for the Company's customer information system replacement, NSTAR Electric's Advanced Metering Infrastructure ("AMI") project, and CL&P's AMI proposal. In this proceeding, I am testifying on behalf of CL&P.

Q. Please describe your educational background and professional experience.

A. I joined Eversource Energy in my current role on January 3, 2022. Prior to joining Eversource Energy, I was with Duke Energy for nineteen and a half years, during which time I served in a broad range of commercial and utility operations roles. From 2010 to 2022, I led multiple functions within customer operations, including my last assignment as vice president of meter-to-cash operations for Duke Energy's utility jurisdictions across seven states. I also managed day-to-day customer service functions and sponsored customer information system projects during my time at Duke Energy.

I graduated from Johns Hopkins University in Baltimore, Maryland, in 1996 with a Bachelor of Science degree in Civil Engineering, and in 2002, I earned a Master of Business Administration degree from Duke University in Durham, North Carolina.

Q. Have you previously testified in formal hearings before a regulatory body?

A. Yes. I have previously testified in proceedings before Connecticut Public Utilities Regulatory Authority ("PURA"). I recently testified in Yankee's general rate case, Docket No. 24-12-01, Application of Yankee Gas Services Company d/b/a Eversource Energy to Amend its Rate Schedules, and in CL&P's AMI cost recovery reconsideration within Docket 17-10-46RE04, Application of The Connecticut Light

and Power Company dba Eversource Energy to Amend Its Rate Schedule – AMI Cost Recovery. I have sponsored testimony before the Massachusetts Department of Public Utilities ("MDPU") in connection with NSTAR Electric's base distribution rate proceeding in Massachusetts, D.P.U. 22-22, and the NSTAR Gas performance-based ratemaking ("PBR") metrics update proceeding, D.P.U. 24-134. I also participated in the MDPU's technical workshop on AMI. I have provided testimony to the New Hampshire Public Utilities Commission in a proceeding pertaining to billing regulations. I have participated in technical workshops before PURA pertaining to AMI and performance-based regulation. I have appeared as a witness in AMI cost recovery proceedings in Ohio and participated in technical workshops on resource planning and customer operations topics in North Carolina and South Carolina.

Q. Mr. Horton, please state your name and business address.

A. My name is Douglas P. Horton. My business address is 107 Selden Street, Berlin, Connecticut.

Q. By whom are you employed and in what capacity?

A. I am the Senior Vice President, Regulatory and Strategic Financial Planning, for ESC.

Q. Please summarize your education and professional experience.

A. I graduated from Bentley College (now Bentley University) in Waltham, Massachusetts in 2003 with a Bachelor of Science degree. In 2007, I graduated from Bentley University McCallum Graduate School of Business with a Master of Business

Administration. I joined NSTAR Electric Company as a Senior Financial Planning Analyst in August 2007 and have taken on roles of increasing responsibility over time. I assumed my current role as Senior Vice President, Regulatory and Strategic Financial Planning in August 2025.

Q. Have you previously testified before PURA or elsewhere on regulatory matters?

A. Yes. I have testified numerous times in PURA proceedings on ratemaking and regulatory issues. I have also testified on multiple occasions before the Massachusetts Department of Public Utilities and the New Hampshire Public Utilities Commission.

Q. What areas does your testimony cover?

A. Mr. Lawrence provides testimony regarding the technology and implementation of advanced metering infrastructure, while Mr. Horton provides testimony regarding a new cost recovery framework for technology and implementation costs.

Q. What is the purpose of your testimony?

A. Our testimony has three purposes. First, this testimony discusses the Company's proposal to commence AMI deployment on an accelerated basis leveraging technology selections utilized in Massachusetts that were solicited and procured on a joint basis for both Massachusetts and Connecticut, at the initial stage. This AMI deployment requires the development of prerequisite back-office AMI investments followed by AMI meter investments, once an appropriate groundwork is laid. The first tranche of investments the Company will be making includes the implementation of the new

Customer Information System ("CIS") and the Meter Data Management System ("MDMS") necessary to serve as a foundation for CL&P's AMI meter investment. Subsequently, the AMI communications network and AMI meters will be deployed in a geographically phased approach.

Second, for cost recovery of AMI-related capital investments, we propose to address recovery through the Performance-Based Multi-Year Rate Plan ("PBMRP"), which is designed to include a proposed capital funding mechanism. As discussed below, the Company requests approval to recover AMI capital costs via the PBMRP's capital funding mechanism. For Eversource, adoption of the capital funding mechanism in this proceeding is the next step in establishing the predicate necessary to support the Company's AMI implementation plan starting in 2027 and continuing over the following six years.

Third, we propose to address other costs through securitization; namely, incremental AMI operations and maintenance ("O&M") expense necessary to support the AMI deployment and for stranded meter costs for the automated meter reading ("AMR") meters that will be replaced as part of the AMI implementation but still have a remaining accounting net book value.

Q. Are you presenting any exhibits in support of this testimony?

A. Yes. We are presenting the following exhibits in support of this testimony:

Exhibit	Purpose
Exhibit CLP-AMI-1	Testimony of Jared A. Lawrence and Douglas P. Horton
Exhibit CLP-AMI-2	Eversource AMI Implementation Plan
Exhibit CLP-AMI-3	Eversource AMI BCA Report

Q. How is this joint testimony organized?

A. Section I of this testimony is the Introduction. Section II describes the AMI Implementation Plan and identifies the Company's requests in this proceeding to support that plan. Section III discusses the AMI cost recovery framework, consisting of (1) the inclusion of AMI capital costs in the Company's proposed PBMRP capital funding mechanism, (2) the use of securitization for the Company's legacy metering infrastructure, and (3) the use of securitization for incremental AMI-related O&M. Section IV is the conclusion.

Q. Please explain the differences between the Company's AMI requests in this proceeding and the separate uncontested proceeding the Company is petitioning for in parallel.

A. In this rate case proceeding, the Company is asking for approval of a new cost recovery framework that will enable AMI deployment on an accelerated basis. Consistent with PURA's July 1, 2026 Decision in Docket No. 17-10-46RE04, Application of the Connecticut Light and Power Company d/b/a Eversource Energy to Amend Its Rate Schedules – AMI Cost Recovery, the Company is requesting review of a new cost recovery framework for accelerated AMI deployment within the context of this rate

case. The new cost recovery framework seeks to have capital costs recovered through the Company's proposed PBMRP, while seeking deferral of stranded legacy meter costs and incremental AMI-related O&M to be securitized in the future. The Company seeks a determination from PURA on these ratemaking procedures within the rate case decision, currently anticipated to be issued in June 2027 for rates effective July 1, 2027.

In the separate uncontested proceeding that the Company is petitioning for, in parallel, the Company is asking for timely review and approval to (a) move forward with an accelerated deployment consistent with the AMI Implementation Plan, and (b) leverage extended pricing for primary technology elements actually implemented in Massachusetts and previously selected under a prior competitive solicitation process. The Company seeks a determination from PURA by November 2026 in order to leverage vendor commitments on the availability of extended pricing.

This sequencing is acceptable to the Company because if PURA provides regulatory support for accelerated deployment in this proceeding, the Company can begin planning activities in the first half of 2027 and hold more substantial capital investment and O&M activities until after a cost recovery framework is in place after June 2027 when PURA issues its decision in this proceeding.

If PURA declines to provide regulatory support for AMI in either docket, the Company will proceed with consideration of a slower, non-accelerated deployment schedule and modified AMI Implementation Plan.

II. AMI IMPLEMENTATION PLAN

Q. What is the importance of moving forward with the AMI Implementation Plan?

A. AMI implementation is an important next step for CL&P's customers and for the CL&P distribution system because the Company is entering a period of profound technological transformation in relation to the electric distribution system. Advances in technology, combined with policy support for clean energy solutions, are driving fundamental changes in how power is generated, distributed, and consumed. The proliferation of intermittent solar generation and other distributed energy resources ("DER") is increasing the prevalence of two-way power flow. Growing penetration of electric vehicles ("EVs") and other electrification initiatives are further changing the nature of supply and demand and will continue to do so for many years to come. Deployment of automated devices will greatly amplify the complexity and dynamic nature of grid operations. Looking forward to a future defined by increased penetration of DER, EVs, energy efficiency ("EE"), demand response ("DR"), and other beneficial electrification, the electric distribution system is at an inflection point. Strategic, cost-effective investments in grid modernization – including advanced metering infrastructure – will create opportunities to reduce peak demand, increase system efficiency, improve reliability, and support overall resiliency of the grid. Absent this concerted effort to support optimization, risks associated with power quality events, reliability degradation, and higher costs associated with increasing peak demand will grow over time.

At the same time, CL&P, along with the electric utility industry more broadly, is experiencing pressure to meet evolving customer expectations that are being formed by customer experiences with other goods and services increasingly supported by digital technology allowing for quick and easy customer-service interfaces, among other advancements. The Company's preferred AMI implementation approach and schedule, provided in the AMI Implementation Plan, is designed to meet the changing industry landscape and evolving customer expectations to substantially contribute to Connecticut's energy and environmental goals. The implementation of AMI has become the next step in the natural progression of the operating platform.

However, at the same time there are significant open policy questions around AMI implementation in Connecticut, particularly regarding the desire to undertake accelerated deployment with its associated burdens and benefits, and with regards to how the costs of an accelerated deployment should be recovered. From the Company's perspective, there can be no accelerated deployment without an appropriate cost recovery framework for those costs incurred on an accelerated basis. This is particularly true because many of the benefits of AMI deployment accrue to the benefit of customers and do not directly offset Company costs. Indeed, optionality in taking advantage of many AMI benefits will be within the customer's control, while the costs of an accelerated plan will have significant bill impacts on the delivery portion of the bill. The Company seeks regulatory buy-in on the concept of pursuing an accelerated deployment with its elevated benefits and burdens, as alternative slower paths with

lower levels of benefits and burdens can likewise be prudent strategies.

To timely address the question of accelerated deployment and technology selection, CL&P is filing a petition for PURA's review of the AMI Implementation Plan outside of this base distribution rate case. However, in this rate case proceeding CL&P is requesting that PURA authorize a new AMI cost recovery framework, using the Company's proposed PBMRP capital funding mechanism for AMI capital costs, and allowing deferral of costs associated with stranded metering infrastructure and incremental AMI-related O&M for later securitization.

Q. What State of Connecticut energy and environmental goals will the AMI Implementation Plan help advance?

A. First, the deployment of AMI will aid the State in meeting carbon emissions goals codified in Conn. Gen. Stat. § 22a-200a. Connecticut has passed climate change and energy legislation relating to electric energy and reducing greenhouse gas ("GHG") emissions. This legislation requires economy-wide reductions to the level of GHG emissions, with targets of at least 45 percent below 2001 levels by 2030, 65 percent below 2001 levels by 2040, and for 2050 an economy-wide net-zero level, provided direct and indirect emissions of greenhouse gases are at least eighty per cent below the level emitted in 2001 by 2050. The legislation also requires all electricity supplied to customers in Connecticut to come from zero-carbon sources by 2040. AMI supports the continued integration of DER, including solar generation, battery storage, electric vehicles, and other electrification technologies that are central to Connecticut's

decarbonization strategy. A modernized grid equipped with advanced metering capabilities is better positioned to manage increasingly dynamic energy flows, support renewable energy adoption, and maintain system reliability as the State transitions to a lower-carbon economy.

Second, AMI will help advance fundamental principles of energy policy in Connecticut, codified in Conn. Gen. Stat. § 16-244, namely that "[t]he provision of affordable, safe and reliable electricity is key to the continuing growth of this state and to the health, safety and general welfare of its residents" and "[i]t is in the best interest of the state for all customers to use electricity as efficiently as possible." Conservation Voltage Reduction/Volt-VAR Optimization capabilities enabled by AMI will allow the grid to operate more energy-efficiently. Customer AMI usage data will provide enhanced opportunities to target customers with beneficial EE/DR programs. Usage insights and alerts will help customers to better understand and act on opportunities to increase their efficiency and reduce their energy costs, all else equal.

Third, AMI, and its ability to track customer usage by the hour (or potentially even smaller increments), is a prerequisite to implementing time-varying rates as envisioned by Public Act No. 25-173, as codified in Conn. Gen. Stat. §§ 16-19f and 16-243n.[1]

[1] The Company must first implement AMI and gain baseline information and learning on its customers use before the advanced TVR as imagined by Conn. Gen. Stat. §§ 16-19f and 16-243n can be implemented. CL&P will undertake a TVR review and analysis once AMI meters are deployed and the Company has been able to collect requisite information, consistent with the requirement in § 16-243n(b) that the design of such rates, including the price differential between on-peak and off-peak time-varying rates, shall be consistent with

Finally, Connecticut has long desired AMI, as evidenced by Conn. Gen. Stat. § 16-243w, which required consideration of implementing AMI as early as 2007. While PURA has not previously authorized a large-scale deployment of AMI within the CL&P service territory, the Company's current AMI Implementation Plan provides another opportunity to advance this goal.

Q. What are the technology selections used in the AMI Implementation Plan?

A. The technology is the same technology that Eversource selected for Connecticut and Massachusetts through a series of AMI-related request for proposals conducted in 2020 and 2023. At that time, Massachusetts' AMI policy was more mature, and therefore Massachusetts advanced to AMI implementation using the selected technologies. Eversource has leveraged the relationships built within the Massachusetts deployment to secure letters of intent ("LOIs") from two primary vendors and a pricing proposal from the third primary vendor that are integral to the implementation of AMI. These LOIs and pricing proposal extend the availability of advantageous pricing structures from the Massachusetts AMI implementation into early 2027. The major technology providers and components are:

- **Itron** for the headend system, electric meters, and network communications equipment.
- **Siemens** for the MDMS.

empirical research conducted by the electric distribution company. Until then, existing TVR and any proposed interim TVR options submitted to be compliant with the October 1, 2027, deadline in § 16-243n will be bridge solutions only. Advanced TVR offerings require the functionalities of AMI, and therefore the Company anticipates that the ultimate AMI meter deployment schedule will dictate the Company's ability to request approval for advanced TVR offerings for all customers as imagined by Conn. Gen. Stat. §§ 16-19f and 16-243n.

- **SAP** for the CIS.

The LOIs and pricing proposal that extend pricing from 2020-2023 bids will yield overall cost savings for Connecticut ratepayers, in comparison to a scenario where new requests for proposal must be conducted in 2027. CL&P is confident the prior technology selections are the least-cost solution for Connecticut because the Company has monitored economy-wide inflationary pressures since the early 2020s and the pricing of AMI technologies. Additionally, approval to leverage the Massachusetts technology selections ensures that CL&P customers will benefit from system integrations that have already been built and are performing well, resulting in AMI capabilities and benefits being delivered up to three years sooner than if different technologies are evaluated and adopted.

Beyond the three primary technology providers, a number of other technology selections and service providers for other aspects of AMI implementation will be subject to a new competitive solicitation process, because, as discussed in Exhibit CLP-AMI-2, at Section VIII, these remaining technologies and services provide fewer economies of scale across jurisdictions. Of course, partners who have performed well during the Massachusetts AMI deployment and are already familiar with the deployed technologies will likely offer advantages to Connecticut customers, and those advantages will be considered in the evaluation of bidders.

Q. Please provide a description of the Company's AMI Implementation Plan and its accelerated schedule.

A. The Company's AMI Implementation Plan provides a six-year implementation strategy for deployment of advanced metering technology, supporting communications infrastructure, and associated operational systems, using technology selections previously selected for Connecticut and Massachusetts and actually implemented in Massachusetts. In addition to meters, AMI is a complete system comprised of multiple applications and integrations that collectively realize the full benefit of the technology. A comprehensive AMI program will include a modern meter data management system ("MDMS"), a modern customer information system ("CIS"), a new customer engagement platform, and integrations into the Company's existing outage management system ("OMS") as well as platforms to enable engineering analytics.

Collectively, these AMI investments represent a critical component of the Company's long-term grid modernization strategy and are designed to deliver meaningful customer, operational, environmental, and societal benefits while supporting the evolving needs of the electric system. AMI provides several benefits and capabilities that allow customers to better understand and control their relationship with energy. AMI provides near real-time usage information that can be accessed via multiple channels, provides near real-time usage insight, and enables Time-Varying Rate ("TVR") choices that can give customers more control over their energy bills. AMI provides improved accuracy and frequency of communications during outages and storm restorations, enabled by real-time AMI meter alerts. Additionally, customers

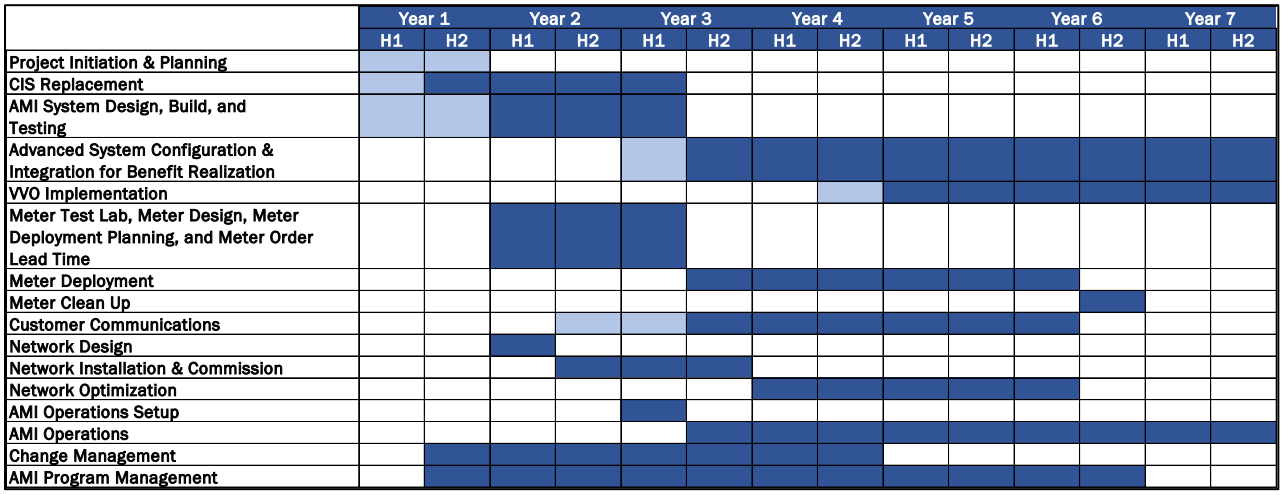
will benefit from reduced times for meter transactions, facilitated by AMI data and capabilities to remotely manage service.

The suite of customer benefits associated with AMI will only be fully realized when nearly all customers have their AMR meter replaced with an AMI meter, and when enabling AMI technological platforms (e.g., MDMS, CIS, and other integrations) are in service. Thus, an accelerated meter deployment allows for accelerated benefit realization. Accelerated meter deployment also reduces operational costs, especially those costs associated with running two metering systems as meters are deployed. Accordingly, the Company's AMI Implementation Plan proposes a deployment schedule that front loads investments to achieve complete transition to an AMI system as quickly as possible, i.e., within six years.

Project planning shall be initiated early in Year 1 (2027), followed by implementation of essential back-office systems and the communication network from the 2nd half of Year 1 through Year 3 (2029). Communications infrastructure and supporting back-office systems must be in service in advance of meter deployment to eliminate the potential for any disruption in the collection, validation, and storage of meter data required for customer billing in the transition from AMR to AMI. Back-office implementations will be complete by the start of the 3-year AMI meter deployment, which will commence from the second half of Year 3 (2029) through to Year 6 (2032). Internal and external resources will be used to exchange approximately 1.35 million meters in this 3-year period. The Company proposes a preliminary geographical

deployment sequence (see Exhibit CLP-AMI-2, Section II), but that sequence may be adjusted prior to meter deployment based on stakeholder feedback and communications network design and installation considerations. Lastly, advanced system configurations and integrations for benefit realization will commence from the second half of Year 3 (2029) through Year 6 (2032), enabling most benefits to begin concurrently with AMI meter deployment and be fully realized by Year 6.[2] Figure 1 below provides a summary of the six-year implementation and deployment timeline.

Figure 1 – Deployment Summary



Full detail on deployment strategy is provided in the AMI Implementation Plan, provided as Exhibit CLP-AMI-2, at Section II.

[2] Note that benefits of VVO and carbon reduction accrue over time and will not be fully realized until Year 10 (2036).

Q. Does the AMI Implementation Plan meet the requirements of Docket No. 17-12-03RE02?

A. Yes. The AMI Implementation Plan and the BCA meet the requirements of Docket No. 17-12-03RE02 as described in the table below.

Table 1 – Compliance with Docket No. 17-12-03RE02

Order #	Page #	Compliance Description	AMI Implementation Plan Compliance
3	58	At any time prior to, but no later than 60 days in advance of, any AMI meter deployment authorized pursuant to this Decision, or coincident with the EDC filing its next general rate proceeding, whichever occurs earlier, Eversource and UI shall file their respective Final AMI Plans in this proceeding. UI and Eversource shall develop AMI-specific business case plans that are consistent with the cost and benefit categories and associated requirements as outlined in Section III.B.4.b., Targets and Metrics for AMI Benefits, and Section III.B.4.c., Targets and Metrics for AMI Costs, and other requirements outlined in this Decision. The plans shall also meet the following additional requirements:	AMI Implementation Plan and BCA filed in this proceeding, Docket No. 26-05-10, and Docket No. 17-12-03RE02.
3	58	3a. cover a 20-year planning horizon;	Exhibit CLP-AMI-2 Exhibit CLP-AMI-3
3	58	3b. include in the BCA the value of avoided carbon reductions, and, in a supplemental BCA exclude the value of avoided carbon reductions;	Exhibit CLP-AMI-3, at sec. IV
3	58	3c. recalculate the BCAs as outlined in Section III.B.4.e., BCA Framework;	Exhibit CLP-AMI-2, at sec. IV Exhibit CLP-AMI-3, at sec. III
3	58	3d. the reporting information outlined in Section III.B.5., AMI Competitive Solicitations; and	Exhibit CLP-AMI-2, at sec. VIII Exhibit CLP-AMI-3, at sec. VII
3	58	3e. a timeline outlining the implementation and certification of Green Button Connect functionality as described in Section III.C.2.b., Green Button Connect	Exhibit CLP-AMI-2, at sec. II Exhibit CLP-AMI-3, at sec. III.D.5
	21	Discusses detail required for implementation and deployment plans, including need for: "significant project management effort, including corporate governance, project management (planning, execution, closeout), and coordination and integration with other business functions." Further, "the implementation and deployment plans must capture the above process and include milestone dates for key elements of the process, including, at a minimum 1. Project initiation date;	Exhibit CLP-AMI-2, at sec. II

Order #	Page #	Compliance Description	AMI Implementation Plan Compliance
		2. Project internal governance approval (e.g., detailed internal approval processes and procedures); 3. Project planning (initiation and completion); 4. Project execution (initiation and completion) (e.g., deploying of field infrastructure); 5. Project testing and verification (e.g., First Article Testing); and 6. Project completion and closeout.	
	22	For the geographic deployment of meters and supporting communications infrastructure, Eversource needs to provide the timing of deployment by geographical area.	Exhibit CLP-AMI-2, at sec. II Exhibit CLP-AMI-3, at sec. III.D.1
	33	"In addition, the Authority directs each EDC to include in its Final AMI Plan a timeline for the development of an advanced TOU or TVR rate, such that a TOU rate design can be evaluated no later than during the Company's next general rate case." … "Further, the TOU pricing analysis that is required above should work in conjunction with the TOU rate design filed no later than during each EDC's next general rate case."	Exhibit CLP-AMI-2, at sec. VII
	30-33	The EDCs are required to include an advanced rate design proposal in the Final AMI Plan so that there is sufficient time to evaluate proposals, finalize rate design, and offer the rate to customers. See Section III.B.6., Advanced Rate Design, generally for additional requirements. The AMI Plan must also include analysis of opt-in or opt-out, and a timeline for development of a more advanced TOU/TVR rate. The AMI Plan must also include various analyses listed on page 33.	Exhibit CLP-AMI-2, at sec. VII
	35	For customer outreach and engagement: "The Authority directs each EDC to include in its Final AMI Plan the above objectives, coupled with a target for measuring each objective and supporting data collection requirements, a detailed description of channels of communication, a description of the intended audience, and a timeline for each objective." Final AMI Plan needs to include discussion on various aspects of Customer Outreach and Engagement Plan.	Exhibit CLP-AMI-2, at sec. VI
	45	For third-party onboarding and registration process, "The Final AMI Plans must include a timeline to finalize the onboarding process prior to installation of AMI meters authorized pursuant to this Decision. The Authority directs the EDCs to develop and submit final onboarding processes to the Authority prior to meter installation." Additionally, "All costs for implementing onboarding processes for vendors, and associated Green Button Connect implementation costs, must be included in the Final AMI	Exhibit CLP-AMI-2, at sec. II Exhibit CLP-AMI-3, at sec. III.A.3

Order #	Page #	Compliance Description	AMI Implementation Plan Compliance
		Plans."	
	50-53	Section III.D., Deployment and Implementation Scorecards and its subsections. Decision says that the targets must be established in the Final AMI Plan.	Exhibit CLP-AMI-2, at sec. IX

Q. Is there a preliminary budget for the Company's AMI Implementation Plan?

A. Yes. As shown in Exhibit CLP-AMI-3, Section III.A.5, Figure 6, the total AMI build-out cost from 2027 through 2033 is estimated to cost $1.253 billion. This is comprised of $970.3 million in capital expenditures and $282.8 million in O&M over the 6-year deployment schedule.

Q. Did the Company evaluate the cost and benefits of implementing the selected AMI technologies in Connecticut under the AMI Implementation Plan?

A. Yes. Eversource hired West Monroe to conduct a benefit-cost analysis ("BCA") on implementing AMI in Connecticut using the same technology selection utilized in Massachusetts under the six-year implementation timeline outlined in the AMI Implementation Plan. This analysis is provided in Exhibit CLP-AMI-3. The BCA compared the anticipated costs with the expected benefits over a 20-year horizon and calculated a benefit-cost ratio. The nominal benefits accrued over the 20-year horizon do in fact exceed the nominal costs; however, adjusting for the time value of money (i.e., applying the appropriate cost of capital discount rate) results in a net present value ("NPV") benefit-cost ratio ("BCR") of less than 1.0. The NPV BCR is 0.77. This result is due to the fact that the costs of the AMI program largely occur in the early

years of the 20-year analysis horizon, while the quantifiable customer benefits materialize after most of the expenses have been incurred.

Q. Should AMI deployment be pursued even though the NPV BCR is less than 1.0?

A. Yes. As an initial matter, many utility investments are pursued absent a BCR greater than one, or even absent the completion of a BCA. Utilities have an obligation to serve customers safely and reliably and to provide service at rates that are just and reasonable. In this framework, utility investments for safe and reliable service are required every day even if the investment has a BCR less than one.

As it relates to AMI, as part of its obligation to serve customers, the Company must also be able to accurately and timely bill customers for that service, and metering infrastructure is necessary to that end. The fact of the matter is that the Company's existing metering fleet of AMR meters will eventually need to be replaced as the meters reach and exceed their useful lives. Given that AMI is the current technology of choice in the industry, the Company's full expectation is that it will migrate to AMI at some point in the future, regardless of the BCR of such migration. The question really comes down to timing and pace of the transition, and there are multiple prudent paths forward on the journey. This is an important consideration because the costs of AMI will be incorporated into the delivery portion of a customer's bill, but many of the benefits of AMI will not, and optionality in taking advantage of many AMI benefits will be within the customer's control. From a customer's perspective, AMI will lead to higher delivery rates, all else equal, and therefore it is appropriate for PURA to consider if a

slower implementation path with lower levels of benefits and burdens as compared to an accelerated implementation provides a more optimal outcome for customers.

At this juncture, the Company's proposed AMI deployment using previously selected technologies and a six-year implementation has the best BCR of currently available options, and it offers the most equitable deployment schedule to ensure customers have equal access to the benefits of the system they are paying for. The Company seeks regulatory buy-in on the concept of pursuing this proposed accelerated deployment with its elevated benefits and burdens, as a slower deployment offers a different balance.

As it relates to the Company's preferred AMI implementation timeline, the BCR only considers quantifiable benefits. However, there are several important qualitative benefits that provide significant value to customers, constituents, and operations, that should also be considered when evaluating the initiation of AMI deployment. These qualitative benefits include the following:

- Enhanced customer satisfaction through outage restoration notifications
- Empowering customers and optimizing system utilization through more accurate load profiles
- Enhanced satisfaction through new reliability measures and resiliency validations
- Proactive operations management via integrated AMI data with the system operations center
- Increased public safety through new alerts
- Efficiency gains through shared AMI systems across affiliates

- Proactive customer engagement through AMI enabled notifications, detailed billing data, and load disaggregation
- Electric AMI efficiency gains that benefit any future gas AMI deployment

Details on these qualitative benefits are provided in Exhibit CLP-AMI-2, at Section V.

Q. Has the Company evaluated the benefits of an accelerated AMI deployment under the AMI Implementation Plan?

A. Yes. The Company compared the accelerated six-year deployment under the AMI Implementation Plan to a non-accelerated end-of-life replacement case. In the end-of-life replacement case, high-level directional analysis indicates that there is a 41% erosion of realized benefit value compared to the accelerated plan, equating to a loss of $490.4 million in benefits. On the cost side, the end-of-life replacement case only has a 19% cost savings, or $291.6 million reduction in cost. Costs are lower because supporting system investments and related O&M are delayed, but benefits are reduced further because most benefit calculations depend on the number of installed AMI meters. The end-of-life replacement case results in a BCR that is 27% lower than the accelerated deployment case. The BCR for end-of-life replacement using the same technology selections is 0.56.

Q. Does the Company recommend pursuing an end-of-life replacement case?

A. As outlined above, the Company's primary recommendation is to implement AMI on an accelerated basis due to the suite of benefits the program will provide directly to our

customers. However, if PURA does not buy-in to the concept of pursuing this proposed accelerated deployment with its elevated benefits and burdens, or support a ratemaking framework that would enable AMI implementation on an accelerated basis, the Company will not implement AMI at such a pace. While end-of-life replacement is not the Company's primary recommendation, the reality is that at some point in the future the Company will eventually experience difficulty in sourcing AMR meters due to technological advancements and industry trends in producing and utilizing AMI meters.

Q. What is the alternative to the Company's AMI Implementation Plan?

A. If PURA does not support the Company's proposal to proceed on its AMI Implementation Plan, meaning implementation on an accelerated basis leveraging the same AMI technology as utilized in Massachusetts, then the Company will need to start a new AMI technology solicitation and evaluate an implementation plan based on that technology selection and PURA's guidance on an accelerated deployment case versus end-of-life deployment case. The timeframe for implementing an alternative technology selection will remain contingent on the availability of a ratemaking framework that aligns with accelerated AMI deployment. In other words, it may be feasible to implement an alternative technology selection on an accelerated basis if PURA approves an appropriate AMI ratemaking framework in this proceeding. Absent approval of such AMI ratemaking framework, the Company must implement AMI on a business-as-usual basis, which likely means a decade-or-more-long meter rollout as

AMR meters reach the end of their useful lives. Investments to modernize the foundational systems will still need to be made, and their timing will be determined by when critical mass of AMI meter installations is eventually achieved. Additional investments may need to be made to make AMI meters backwardly compatible with the legacy head-end and MDMS systems as well.

A business-as-usual AMI implementation will delay some AMI costs (and therefore impacts to the delivery portion of the bill), but it will also substantially delay the availability of AMI benefits to customers. That tradeoff is a policy choice that should be considered by PURA, and it is why the Company is submitting to PURA a petition for a separate uncontested proceeding requesting PURA's support to (a) move forward with an accelerated deployment, and (b) leverage extended pricing for primary technology elements actually implemented in Massachusetts and previously selected under a prior competitive solicitation process. If PURA supports an accelerated deployment, then commensurate regulatory support through a tailored cost recovery framework likewise needs to be established so that the Company is financially able to support accelerated deployment and so that customer bill impacts can be more closely aligned with benefit realization through the use of securitization.

Q. What will happen if PURA provides permission to proceed on the AMI Implementation Plan but does not provide a parallel AMI cost recovery framework in this proceeding?

A. The Company will have to evaluate how a business-as-usual AMI implementation timeline could be aligned with a timeline for filing a series of rate cases over coming

years. Based on this evaluation, the Company will plan a business-as-usual AMI implementation and a succession of rate cases designed to align cost recovery of uneven capital expenses and O&M expenses. This approach will require some combination of slower implementation to mitigate capital expenditures and operating expense incurrence, choices that potentially limit or delay implementation of certain features (again, to minimize costs), and more frequent sequential full base rate proceedings to update rates to align with costs.

Q. What is the Company requesting from PURA in this proceeding?

A. The Company is requesting that PURA adopt the Company's proposed cost recovery framework for AMI implementation costs, inclusive of approval of the Company's proposed PBMRP capital funding mechanism, and that PURA provide authorization to use defer costs associated with stranded metering infrastructure and incremental AMI-related O&M, with the expectation that those costs will be securitized in the future once those costs have been accumulated and after a prudence review conducted by PURA.

The Company's request covers what the Company views as the ratemaking prerequisite to undertaking an accelerated AMI implementation in Connecticut, namely a plan for cost recovery that provides an opportunity for contemporaneous revenue to support the costs of AMI-related capital investments and the use of securitization for stranded metering infrastructure and incremental AMI-related O&M. Without this ratemaking framework, and without the regulatory buy-in of PURA to proceed with the Company's AMI Implementation Plan, the Company cannot move forward on an accelerated basis.

With approval of the ratemaking framework, the Company would be authorized to commence accelerated AMI implementation and authorized to seek recovery of AMI investment costs subject to a prudence review to be conducted by PURA in other proceedings.

Q. Why is it necessary to establish the proposed ratemaking framework for costs associated with the AMI Implementation Plan?

A. The investments that will be undertaken as part of the AMI Implementation Plan represent a significant, complex, and interdependent initiative, which are larger in scale and scope and more intricate than the typical projects undertaken by the Company. PURA's existing base rate ratemaking framework does not readily incorporate recovery of substantial, upcoming costs for either capital or O&M. If the Company is required to wait until the AMI Implementation Plan is completed to seek cost recovery through a base rate proceeding, the Company would have to implement AMI over an extended time period in a business-as-usual approach, which is not conducive to achievement of the benefits anticipated by the implementation of AMI. Given the prolonged development and implementation schedule and the magnitude of the costs, the recovery of the costs associated with the investment described above through a cost recovery framework that is not tied to sequential rate cases will provide a more stable rate path for customers and will provide the Company with adequate revenue support to fund project costs during the implementation of AMI.

A ratemaking framework that operates outside a sequential rate case cycle is consistent

with PURA practice where the costs incurred are necessary and appropriate to accomplish a specific purpose, such as the advancement of grid modernization technologies or state energy and environmental goals. The full deployment of AMI will provide benefits to customers and is a necessary transition to avoid continued reliance on older technology, specifically AMR meters, that are approaching end-of-life. The need to make progress towards the achievement of PURA's grid modernization goals, as well as other Connecticut energy and environmental policies weighs heavily in favor of allowing recovery through this framework where a ratemaking mechanism enables cost-effective and timely capital recovery with the transparency afforded by annual reviews and securitization of stranded assets and O&M costs mitigates the bill impact for ratepayers. Moreover, by allowing the Company to defer incremental O&M costs during the deployment phase so that they can accumulate and later be securitized will also serve to more closely align the customer rate impact of securitization with the benefit realization. Under a full cost reconciling mechanism, O&M costs would be incurred and recovered during the deployment phase, but prior to the full AMI system being implemented and installed for all customers. Whereas if costs are deferred and subsequently recovered after the system is fully deployed, customer rate impacts can align with benefit realization.

III. COST RECOVERY FRAMEWORK

Q. Please describe the Company's cost-recovery proposal for capital costs.

A. The Company proposes to include AMI capital costs as eligible capital costs to be

recovered and reconciled in the proposed PBMRP capital funding mechanism. Within that mechanism, AMI-related capital investments will be included in addition to TSP investments. As described in the Leadership Panel testimony, Exhibit CLP-ELP-1, actual plant additions placed in service during the applicable PBMRP plan year will be reconciled against the approved forecast as part of the Company's annual RAM compliance filing.

Eligible AMI investments are the forecasted cumulative capitalized costs directly attributable to implementation of AMI and subsequently recorded as in-service, including net salvage, and are used and useful at the end of the AMI investment year that is prior to the recovery year.

The Company will submit to PURA in its annual RAM compliance filing relevant AMI documentation and information, including, but not limited to:

- Project documentation of all eligible AMI investment recorded as in-service by the Company during the prior AMI investment year;
- An updated forecast for AMI capital investments;
- Informational reporting on deferred AMI costs for O&M and legacy meter infrastructure.

Q. Please describe the Company's cost-recovery proposal for legacy meter infrastructure.

A. As part of the AMI Implementation Plan, some quantity of legacy meters will be replaced by AMI meters before the end of its useful life, and prior to the point at which the meters have been fully depreciated for accounting purposes. While it is common

in utility accounting for an asset to be retired prior to the asset being fully depreciated for accounting purposes (it is also common for assets to exceed their accounting lives), this phenomenon is generally dealt with as part of a depreciation study and recovered over the remaining life of the group of assets. However, since there will be stranded meter costs associated with retired AMR meters, securitization presents a favorable path forward for customers to mitigate the rate impacts associated with recovery of those costs. Therefore, the Company proposes to pursue securitization of these stranded meter costs, as permitted by Public Act No. 25-173, Section 10 (the "Act").

The Act permits recovery of "financed utility services," defined, in relevant part, as "the unrecovered balance of legacy infrastructure, including stranded costs, being replaced in connection with the deployment of advanced metering infrastructure." Conn. Gen. Stat. § 16-245e(a)(21)(C). The Act moderates customer bill impacts by authorizing recovery of stranded meter costs over an extended period at lower financing costs. Securitization enables these costs to be financed through highly rated debt instruments, reducing carrying costs compared to traditional ratemaking approaches. By spreading recovery over time and lowering the cost of capital, securitization is designed to produce savings for customers and/or reducing customer bill impacts, while ensuring timely cost recovery for utilities.

The Act enables electric distribution companies ("EDCs") to finance stranded meter costs through the issuance of "rate reduction bonds" ("RRBs"), which are secured by a non-bypassable charge imposed on customer bills (the "Competitive Transition

Assessment" or "CTA"). Conn. Gen. Stat. § 16-245e(a)(1), (2). To initiate securitization, an EDC must first obtain, in a separate proceeding (which will be a separate future proceeding), a determination from PURA that the underlying costs are recoverable under statutory ratemaking standards set forth in Conn. Gen. Stat. §§ 16-19 or 16-19e. Here, the Company is requesting PURA's approval to establish a regulatory asset that will be subject to a prudence review under the statutory ratemaking standards at a later date.

The Company anticipates that AMR meters would continue to be purchased and installed at historical levels required to maintain service to customers prior to the approval of an AMI implementation plan and continuing through the periods when the foundational network, CIS, and MDMS investments are made as well as during AMI meter deployment in areas were meter deployment has not yet occurred. These required AMR investments, including those AMR investments that have been made previously and have not yet been fully depreciated, will not be fully depreciated by the time AMI is deployed. Therefore, the Company is proposing that any remaining book value of AMR meters at the time of full AMI implementation and deployment be treated as a regulatory asset for future recovery through securitization.

The Company has conducted a review of the likely stranded meter costs as part of the BCA for the AMI Implementation Plan. The Company reviewed the remaining depreciable life of AMR meters and the depreciation of the remaining AMR assets over the course of the six-year AMI implementation. By the end of Year 6 of the AMI

Implementation Plan, the Company expects to have approximately $136.7 million in undepreciated AMR meter balance. See Exhibit CLP-AMI-3, at Section III.D.1, Figure 11. The Company will record the actual undepreciated AMR meter balance in the proposed regulatory asset as AMI meters are deployed and the AMR meters are replaced and retired from service.

Q. Please describe the Company's cost-recovery proposal for incremental AMI-related O&M expenses.

A. The Company proposes to defer as a regulatory asset all incremental AMI-related O&M costs in order to track and then later pursue securitization of these costs, as permitted by the Act, after approval by PURA in future proceedings.

The Act permits recovery of "financed utility services," defined, in relevant part, as costs that "have been or are reasonably expected to be prudently and efficiently incurred after January 1, 2025, by an electric distribution company for any accelerated initial procurement, installation and operational deployment of advanced metering infrastructure, including capital expenses and one-time non-capital operating expenses to implement and promote customer adoption of advanced metering infrastructure, including information and education for customers or licenses, fees, training and other necessary costs, to replace existing traditional non-interval metering infrastructure utilized by customers of such company, including any reasonable fees, expenses and transaction costs incurred in connection with the issuance, servicing, retirement or refinancing of rate reduction bonds." Conn. Gen. Stat. § 16-245e(a)(21)(B).

As with stranded meter costs, to initiate securitization, an EDC must first obtain, in a separate proceeding (which will be a separate future proceeding), a determination from PURA that the underlying costs are recoverable under statutory ratemaking standards set forth in Conn. Gen. Stat. §§ 16-19 or 16-19e. Here, the Company is requesting PURA's approval to establish a regulatory asset for AMI-related O&M costs consistent with Conn. Gen. Stat. § 16-245e(a)(21)(B) that will later be subject to a review under the statutory ratemaking standards.

The Company has conducted a review of the likely AMI-related O&M costs during the six-year implementation as part of the BCA for the AMI Implementation Plan. As demonstrated in Exhibit CLP-AMI-3, Section III.A.5, Figure 6, the Company currently anticipates $282.8 million in nominal O&M costs over the six-year AMI implementation. As described below, a portion of this would be deferred to a regulatory asset and subject to later securitization.

After AMI deployment, AMI-related O&M will eventually reach steady state levels after Year 6 and become part of the Company's normal revenue requirement in a future base rate case proceeding.

Q. How does the Company propose to measure incremental O&M expense related to AMI?

A. The transition from AMR metering to AMI metering represents more than a replacement of assets. Moving to AMI will restructure how meter operations function, what work is performed, and how we interact with customers. In addition, much of

the incremental O&M costs are temporary, non-recurring costs needed to support AMI deployment. These costs occur in the first six years immediately before and during deployment and are not expected to continue after the deployment period. They can include additional billing resources needed to manage AMI-related billing issues, MDMS training resources, incremental call center staffing to support customer inquiries during deployment, customer engagement activities such as outreach materials, events, etc., and project management and change management resources needed to plan, coordinate, and execute the deployment. As outlined in the AMI Benefit Cost Analysis Report included as Exhibit CLP-AMI-3, there will be both O&M costs and savings occurring during the implementation period. As it relates to cost recovery of incremental O&M, the Company will offset its request for incremental cost recovery by any AMI-related cost savings realized in the deployment of AMI. In this way, the Company will ensure it does not double recover costs associated with AMI by collecting incremental AMI-related O&M through the AMI cost recovery framework and realizing cost reductions for costs collected through base rates that are avoided as a result of the AMI deployment. For this reason, the Company is proposing a straight-forward measurement of incremental costs based on the test year level of costs for Meter Expenses, Maintenance of Meters, Meter Reading Expenses and Miscellaneous Customer Accounts Expenses as measured by FERC Account (FERC Account 586, 597, 902 and 905, respectively).

Q. Has the Company provided an analysis of the test year level of these costs?

A. Yes. In Table 2 below the Company has calculated the test year base distribution cost for metering and miscellaneous customer account expenses to be $8.4 million. The analysis takes metering and customers costs from FERC Accounts 586, 597, 902 and 905. This table represents the level of expenses the Company has incurred in the test year for meter related services, and thus the level of meter-related expenses that will be established in base distribution rates as a result of this proceeding. This amount, therefore represents the baseline amount of meter-related expenses the Company will compare against in order to determine incremental cost recovery for AMI-meter related O&M.

Table 2 – Baseline Metering & Miscellaneous Customer Costs[3]

	Test Year Baseline Distribution Costs	System Benefits Costs	Total 2025 Expense	FERC Form 1
586 - Meter Expenses	$ 3,463,361	$ -	$ 3,463,361	$ 3,463,361
597 - Maintenance of Meters	1,546,061	-	1,546,061	1,546,061
902 - Meter Reading Expenses	4,967,417	61,650	5,029,067	5,029,067
905 - Miscellanous Customer Accounts Expense	(1,619,111)	30,718,687	29,099,575	29,099,575
Total	$ 8,357,727	$ 30,780,337	$ 39,138,063	$ 39,138,063

Q. How will the Company determine whether cost increases in the FERC accounts for metering and miscellaneous customer accounts expense represent actual incremental costs related to AMI deployment?

A. First, the Company will track all AMI-related costs in a separate accounting line of business and work order which will be specific to the deployment of AMI only. This

[3] The Company records certain expenses to FERC accounts 902 and 905 that are included within the Systems Benefit Charge ("SBC") deferral. These costs are not included in base distribution rates and are not included in the baseline AMI expense amount calculated herein as they are separate SBC related costs.

process will isolate all AMI-related costs that are recorded to the identified FERC accounts. Additionally, the Company will propose to defer for future recovery in rates the lesser of the specific AMI costs identified in a particular annual period or the net change to the non-tracked distribution component (Line of Business 11100) of FERC Accounts 586, 597, 902 and 905 from the test year amount of $8.4 million, adjusted each year under the approved PBMRP. In this way the Company will account for savings that offset the cost of AMI implementation and ensure that costs outside of AMI implementation are not recovered as incremental. If the Company's ratemaking proposals in this proceeding are adopted as proposed, its next rate case will be 4 years from now, taking place towards the end of the AMI Implementation Plan. The Company's proposal is to defer incremental AMI-related O&M during the implementation phase and until such time as it is reflected in base rates at a representative level. Therefore, the Company intends to incorporate a proposal in its next rate case to transition AMI Implementation expense recovery into base rates.

Q. What cost categories identified in the AMI Benefit Cost Analysis are expected to require increased O&M costs?

A. The AMI Benefit Cost Analysis identified 18 cost categories, of which 14 included O&M costs (see Exhibit CLP-AMI-3). The cost categories include the following:

1. **Communications Upgrades:** The network consists of end points on the meters that transmit the meter reads through a wireless network where the data is eventually received by the AMI Headend.

2. **Meter Data Management System (MDMS):** The Headend software decrypts the meter data so it can be retrieved by the MDMS, the MDMS

then serves as the data repository of all granular meter data.

3. **Customer Information System (CIS):** The current customer billing system is not capable of billing time varying rates at a scale required to support an AMI deployment. The new customer information system will also offer additional non-AMI benefits such as streamlined billing, fewer exceptions, and faster error and issue resolution.

4. **Load Settlement:** The process by which electric energy consumption is measured, reconciled, and allocated for purposes of wholesale market settlement and cost recovery. AMI facilitates a transition from profile-based settlement to measurement-based settlement.

5. **Organizational Readiness:** This initiative involves both project management and change management. It provides for the resources and tools required to manage risks, ensure adherence to budgets and timelines, and to ensure alignment within the Company with the overall program vision.

6. **Contact Center:** This initiative includes costs associated with impacts to the Contact Center for increased calls during AMI implementation, the duration of calls following the new CIS implementation and customer calls pertaining to the new energy insights and rate options.

7. **Revenue Assurance (Non-Technical Line Loss):** AMI provides the capability to reduce non-technical energy losses, which include theft, equipment failures, and other causes. Detecting and resolving additional non-technical energy losses results in a reduction of unbilled revenue.

8. **OMS Integration:** AMI modules will allow for integration and enhancement of the Company's Outage Management System.

9. **Customer Experience Portal:** Upgrades to customer products and services will enable new customer tools, usage insights & alerts, and EE/DR program information.

10. **Engineering and Customer Usage Analytics:** With data received through AMI the Company will have the ability to perform descriptive and predictive analytics to enhance internal decision making and provide customers with additional insights and alerts. This initiative covers the development of Power BI based reporting and machine learning solutions.

11. **Green Button Connect:** This is a standardized initiative that enables utility customers to securely share their energy usage data with third-party providers of energy products, applications and services.

12. **VVO Enablement:** AMI modules will allow for integration and enhancement of a Volt-Var Optimization System.

13. **Customer Engagement and Education:** This initiative involves educating and informing customers on the benefits AMI enables in addition to answering common questions that customers may have regarding AMI technology.

14. **Cybersecurity:** Cybersecurity is a foundational aspect of the AMI program ensuring standards for systems and integrations. Added layers of security will ensure that customer data is kept secure.

Q. What cost categories identified in the AMI Benefit Cost Analysis are expected to provide O&M cost savings?

A. The AMI Benefit Cost Analysis identified the following benefit categories with O&M cost savings:

1. **Metering and Billing System Benefits**: The Company expects to have savings on avoided costs to maintain older meter data systems, costs for field collection system equipment and survey meter cellular costs.

2. **No Trouble Founds and Connectivity Survey**: The Company expects to have savings by eliminating the need to send labor resources and truck rolls to address NTF calls and no longer having to conduct Connectivity Surveys once every 10 years across the service territory.

3. **Meter Reading and Field Operations Benefits**: The Company expects labor savings through staffing attrition for these functions as a result of remote meter reading.

Q. Why is securitization of stranded meter costs and incremental AMI-related O&M cost part of the proposed AMI cost recovery framework?

A. Securitization offers a low-cost financing approach that will substantially benefit customers in the form of substantially reducing bill impacts over time, and will allow

for customer rate impacts to be aligned with benefit realization, as described earlier. Securitization of stranded meter costs and incremental AMI-related O&M cost will allow the Company to recover its costs through a clear one-time process, providing substantial benefits to customers allowing these costs to be recovered over an extended period of time at a low borrowing cost. Notwithstanding, the process of completing securitization is time- and resource-intensive and cannot commence until PURA issues a prudence finding on the stranded meter costs and incremental AMI-related O&M costs in a later proceeding.

Q. Does the Company's proposal to defer O&M expenses for future recovery through securitization achieve other regulatory objectives?

A. Yes. The most recent iteration of the evaluation of an AMI implementation plan in Docket No. 17-12-03RE02 started in 2019 and extended for several years. Party positions and priorities may have changed over time and in the intervening years. Having said that, one of the concerns raised by the Office of Consumer Counsel ("OCC") articulated in their fifth set of written comments filed on November 16, 2021, was as follows: "OCC's concern is that Connecticut's EDCs realize the full potential of the benefits by maximizing the efficiencies that AMI meters offer and that, in as much as is feasible, these benefits be passed on to Connecticut consumers through **levelized rate impacts over the service life of the AMI system**." OCC Fifth Set Written Comments at 1-2. Emphasis added. OCC went on to say that "OCC's overall concerns to facilitate the investigation and development of statewide AMI programs and to **ensure that customer rates do not increase in advance of customer savings**

are used as a backdrop to respond to the questions posed in [PURA's] present Notice. These concerns are:

> 1. How to measure hard-to-quantify benefits;
> 2. How to incorporate and measure economies of scale and scope and to avoid cross-subsidization between and among utility functions and jurisdictions;
> 3. **How to align costs and benefits so as not to adversely impact rates;**
> 4. How to make sure that the EDCs and consumers get maximum benefits from AMI implementation." Id. at 6. Emphasis added.

Allowing for the deferral and subsequent securitization of O&M costs until such time as those costs are reflected in base rates at a representative level would support the achievement of more levelized rate impacts over the service life of the AMI system. The Company is expected to experience significant incremental O&M expenses during the deployment phase of the AMI Implementation Plan that, under a full reconciling mechanism would be recovered in rates commensurate with cost incurrence and would be more lumpy in rates than it will be under securitization. One feature of securitization is that recovery in rates is more levelized over the duration of the securitization term than alternate forms of recovery. In addition, utilizing securitization in this way will more closely align customer costs and benefits so as not to adversely impact rates by deferring customer rate impacts of O&M expenses until later in the AMI deployment schedule.

Q. What is the Company's proposal with regard to carrying charges on the deferred balance of O&M?

A. The Company described at length in Exhibit CLP-REVREQ-1 how it finances regulatory assets such as storm cost deferrals, and deferred O&M expenses for AMI are no different from a financial cost of capital perspective. The Company will not repeat those statements here. Moreover, the Company's proposals throughout Docket No. 17-12-03RE02 consistently requested carrying charges at the Company's weighted average cost of capital ("WACC") on deferred expenses or cost recovery (see, e.g., the Company's Supplement to November 8, 2021 Proposal for Deployment of Advanced Metering Infrastructure submitted on April 22, 2022, footnote 2 where the Company indicated that "revenue requirement costs incurred beyond the 1.5% cap would be deferred as a regulatory asset with carrying charges at the Company's weighted average cost of capital"). The Company maintains that its cost of capital should be the default carrying charge applicable to deferred assets and liabilities from the date of cost incurrence. However, similar to its proposal related to the Storm Cost Recovery Adjustment Factor ("SCRAF") described in that testimony, the Company's proposal is to calculate carrying charges at the Prime rate on the balance of deferred O&M expenses, from the date of cost incurrence through the date of securitization rather than at the Company's WACC, should this ratemaking framework for AMI be accepted by PURA.

Q. How would securitization of stranded meter costs and incremental O&M cost work?

A. During AMI implementation, the Company will track and defer the stranded meter costs and incremental AMI-related O&M expenses to a regulatory asset account for future recovery. Once AMI implementation nears completion, the Company will prepare an application in order to obtain a review by PURA on the stranded meters and incremental AMI-related O&M costs, under the statutory ratemaking standards. PURA's review and determination are a prerequisite for completing the substantial work necessary to prepare the securitization financing application with PURA. Specifically, the securitization process cannot begin until the precise amount of eligible costs is determined. Thereafter, a specific securitization authorization must be obtained through a separate process. Thus, once the eligible securitization amount is established by PURA, the Company must undertake detailed financial and legal analyses and prepare a petition requesting that PURA issue a Financing Order that will commence the separate securitization process.

Preparation of the Financing Order petition is a substantial undertaking which is estimated to take up to three months from the date the order on eligible costs for securitization is issued by PURA. This preparation requires coordination with an Asset Backed Securities Capital Markets Team ("Structuring Agent"), the Company's treasury, accounting, legal, revenue requirements, and customer billing functions, as well as outside counsel. In addition, there is a tremendous amount of coordination and oversight with the Connecticut Office of the Treasurer's Department, as the Company

is currently engaged on the securitization of 2018-2023 storm and pre-staging costs under review in Docket No. 25-12-13. The Structuring Agent plays a central role in designing the transaction to comply with statutory requirements and achieve an AAA credit rating, thereby minimizing financing costs for customers. In preparing its Financing Order petition, the Company and its advisors must identify and quantify all transaction-related costs, both upfront and ongoing. These costs include, among other items, legal and accounting fees, rating agency and SEC registration fees, underwriting and trustee costs, servicing setup expenses, and other costs necessary to establish and maintain the securitization structure. The magnitude of these costs depends on factors such as the size of the issuance, prevailing market conditions, transaction timing, and structural complexity.

The Structuring Agent also models the cash flows associated with the CTA charge that will repay the bonds and determines the initial charge necessary to recover principal, interest, transaction costs, and any required credit enhancements. In addition, the Company will work with the Structuring Agent to develop a “true-up” mechanism to ensure that actual revenues collected from the CTA match the amounts required to service the bonds over time. The Structuring Agency will also work with the Company to establish the necessary special purpose entities and trust structures, the servicing framework for the bonds, and, where appropriate, the segmentation of the issuance into tranches to optimize market reception and pricing.

In parallel with the Structuring Agent work streams described above, the Company

must engage bond counsel to interpret the enabling legislation, advise on transaction structure, prepare governing legal documents, and assist in drafting the proposed Financing Order to ensure it contains all provisions necessary to support the issuance.

The Company will submit a comprehensive petition to PURA, initiating a contested case. The Company's petition is expected to contain a detailed description of the transaction, the proposed initial CTA charge, the proposed true-up mechanism, requested findings and approvals, draft transaction documents, and any necessary tariff revisions. Pursuant to Conn. Gen. Stat. § 16-254f, PURA is required to act on the petition and issue a Financing Order within 120 days. Once issued, the Financing Order establishes the terms, conditions, and amount of the bond issuance, and the Company may proceed to issue the rate reduction bonds in accordance with that order.

VI. CONCLUSION

Q. Do you have any concluding remarks?

A. CL&P is eager to bring AMI to its customers. Eversource has amassed an experienced team and a network of engaged partners that are executing an AMI plan successfully in Massachusetts. With PURA's support and approval of the Company's new AMI cost recovery framework, Connecticut customers will enjoy the customer experience

benefits, enhanced reliability, and operational efficiencies of AMI cost-effectively on an expedited timeline.

Q. Does this conclude your testimony?

A. Yes, it does.