GenConn Energy LLC **Witness: Devang Patel**

Docket No. 26-06-02 **Page 1 of 1**

Date Submitted: October 19, 2026

LFE-011 Q:

Provide an explanation of the line by line variances in Exhibit 7. (Requested of GenConn).

LFE-011 A:

The Company has provided several responses on the subject of variances and where explanations are provided. Please refer to the Company's response to Interrogatory RRU-001, RRU-001 Attachment 1 and Interrogatory RRU-022. As explained in the Company's response to Interrogatory RRU-022 several variances are associated with the geography of where costs (large negative variances in one account are offset by large positive variances in another account) are charged. Variance is also associated with the CPI-U values included in the escalation method which has been greater than two percent in recent years. Lastly, variance has also been attributed to PURA Order Nos. 7, 8 and 9 included in PURA's final decision in Docket No. 24-06-02 to no longer exclude one-time/nonrecurring expenses in the analysis of Fixed O&M cost nor regulatory adjustments associated with O&M items increases in property insurance over time.

Fundamentally, GenConn's O&M construct as approved by PURA, is reviewed as a whole. GenConn has always provided detail associated with changes in actuals year over year and related to expense projects that fall outside (one-time or non-recurring) of what was contemplated for the fixed O&M construct to support prudency review regardless of whether the two percent threshold criteria apply.

LFE-011 Attachment 1 provides RRU-001 Attachment 1 with the fully updated versions of Exhibit 7-Consolidated, Devon & Middletown that are also included in LFE-001.

Please note that within LFE-011 includes Exhibit 7-Consolidated (the sum of Exhibit 7-Devon and Exhibit 7- Middletown) and provides descriptions associated with variances.

The line-by-line variance is the difference between test year (2025 actuals) values escalated to rate year (2027) and 2008 values escalated to rate year (2027). As such you will find variances detail related typical to inflationary adjustments, required inclusion of one-time non-recurring items in the test year (per PURA directives 7, 8 and 9 in the 2025 AFRR decision (Docket 24-06-02)) and the reclassification of costs to more appropriate FERC accounts over time.

The Company notes that as a whole the sum of all variances totaling $38,568 over the two percent threshold represents 0.35 percent of the overall Fixed O&M values and 0.094 percent of the 2027 AFRR requested. Overall, the items where there were large variances are largely due to significant increases in property insurance over time and inclusion of one-time or non-recurring items (which the 2008 CPI-U escalated values would not be able to project).