RRU-027 Q:

(Letters of Credit Fees) Application, Ex. 4, Sch. C-1.0 c. Provide detailed explanations for the following:

a. The difference between the 2026 AFFR test year (2024) amount of $264.8k versus this year's test year amount of $314.2k.
b. The difference between the 2026 AFFR test year (2024) adjustment of $126.6k versus this year's adjustment of $23.4k.
c. The difference between the 2026 AFFR Rate year amount of $391.4k and this year's rate year amount of $337.7k.
d. The process used to determine the test year amounts of LOC Fees and discuss how the Authority can be assured that the appropriate LOC fees are being charged.

RRU-027 A:

Please refer to RRU-027 Attachment 1 for relevant details provided in response to all sub parts below. Please also note that the terms "LOC" or "LC" refer or "Letters of Credit" as referenced in this response and in RRU-027 Attachment 1.

a. The 2024 test year value for 2026 AFRR of $264,873.91 is the sum of the items shown below (which included CIBC Admin Fee):

Test Year Actuals	2024 Test Year Actuals		
LC Issuance Fees Balance Outstanding ($)	$98,617.59	$107,735.16	$206,352.75
WCF Commitment Fee (Unused Balance)($)	$21,834.52	$26,686.64	$48,521.16
CIBC Admin Fee	$4,500.00	$5,500.00	$10,000.00
Total with CIBC Admin Fee	$124,952.11	$139,921.80	**$264,873.91**
Total without CIBC Admin Fee	$120,452.11	$134,421.80	$254,873.91

The 2025 test year value for 2027 AFRR of $314,268.07 (shown below) does not include the CIBC Admin Fee, which was included with all fees associated with Long Term Debt.

Test Year Actuals	2025 Test Year Actuals		
LC Issuance Fees Balance Outstanding ($)	$132,502.69	$149,344.53	$281,847.22
WCF Commitment Fee (Unused Balance)($)	$14,589.38	$17,831.47	$32,420.85
CIBC Admin Fee	$4,500.00	$5,500.00	$10,000.00
Total with CIBC Admin Fee	**$151,592.07**	**$172,676.00**	**$324,268.07**
Total without CIBC Admin Fee	$147,092.07	$167,176.00	$314,268.07

b. Referring to the Company's response to subpart (a), this year's variance of ($23,458.32) is related to the increase in LC issuance fees that support ISO-NE Financial Assurance (1.25% LC Fee) and lowers the unused balance of the WCF (0.25% fee for Unused WCF balance).

   Similarly, the 2024 test year value as compared to 2026 rate year value represents a variance that reflects the increase in ISO-NE -FA requirements associated with the start of the Day Ahead Ancillary Services (DA/AS or DASI) market, which began in March 2025. Financial assurance requirements changed thereafter and applied for 7 of the 12 months in 2025. This change required an additional $43,750 of LC commitment fees. The LC requirements changed from $5,000,000 to $11,000,000. The use of the word "adjustment" in this interrogatory is inaccurate, as the $126,602.48 represents a variance between the test years actual and expected 2026 values.

c. Please refer to the Company's responses to subparts (a), (b) and RRU-027 Attachment 1. The 2026 AFFR Rate year amount of $391,476.39 includes recovery of the increased cost of the LC associated with the increased 2025/2026 ISO-NE FA requirements. The 2027 rate year amount is a calculation of forecasted costs for all LCs applicable in 2027.

d. LCs are issued over the term of the Working Capital Facility ("WCF") provided by the issuing bank (in this case, CIBC) and the rates are fixed for the term. RRU-027 Attachment 1 provides the calculation of the LC amounts forecasted each year. As LC amounts change over time, the committed balances versus the uncommitted balances would also change and the calculation of fees consequently change. Test year values may reflect actuals following partial year changes to issued LCs. Forecasted values reflect expected LC expenses as of the date of each year's AFRR filing.

   Letters of Credit Fees in Attachment GenConn-02, Exhibit 4, Sch. C-1.0 c represent the costs associated with the WCF or Credit Facility and its use to support LC for a variety of operational requirements for the GenConn Business. The LCs are as follows:

   1) Letter of Credit (LC) required for the Contract for Difference (CfD) = $9,400,000 ($4,700,000 per GenConn Plant)

   2) LC required for the Local Network Service (LNS) (GenConn Middletown) = $50,000.

   3) LC required to support financial assurance for participation in the ISO-NE Forward Capacity and DASI markets = $11,000,000 (currently).

4) LCs (Debt Service Ratio (DSR) Principal Paydown and Collateral Reserve Indenture) required and associated with GenConn's long term debt terms = $4,110,000.

5) CIBC fees on uncommitted balance = $10,440,000 ($35,000,000 – 24,560,000 (committed LC's)).

6) CIBC Admin Fee = $10,000.

The forecasted LOC/LC fees based on fixed rates remain consistent, and actuals are reconciled annually.