RRU-029 Q:

(O&M) Application, GenConn-02 (Settlement), Tab: Ex. 7-Consolidated; Interrog. Resp. RRU-12. The UI Administrative Compensation for 2025 is approximately $875,000.

a. Describe the services performed for GenConn by the 11 UI employees. This description should include, at a minimum, a breakdown of the charges by category, e.g., accounting, regulatory, plant related, etc., as well as the number of hours by each category.
b. Has GenConn performed any analysis to determine whether there is a lower cost provider for these services? If so, provide the analysis. If not, explain why the analysis has not been performed.
c. Provide the Independent Financial Statement Audit Report for which the Company paid $154,000.
d. Provide the engagement letter for the above audit, as well as the management letter and any other documents provided by the auditor.
e. Has GenConn obtained multiple quotes for the audit work? If so, provide the other quotes provided by prospective audit firms/vendors. If not, explain why the Company did not seek multiple bids for the audit.
f. The 2027 Rate Year amount of $935k is almost double the 2008 proposed escalated through the Rate Year amount of $472k. Explain the reasons for this increase in this line item compared to what was contemplated in the original application.

RRU-029 A:

a. Avangrid (ASC/UIL) employees provide a range of operational, financial and accounting, and regulatory services to support GenConn's operations and compliance obligations under the UI Administrative Agreement. These services are described below:

   <u>Plant and Operational Support Services</u> – 2,949 Hours in 2025

   UI personnel provide management, operational oversight, and administrative support for GenConn's generating facilities. These services include:

   - Executive leadership and oversight provided by the Leadership assigned and responsible for GenConn Joint Venture and its operations.
   - Coordination and oversight of plant activities, maintenance planning, vendor management, and operational performance monitoring.
   - Review of operational and management reports used to monitor facility performance and support decision-making.

- Preparation and review of regulatory filings and submissions.
- Development of rate-related analyses and supporting schedules.
- Preparation of responses to information requests and data requests issued by regulatory agencies.
- Accounts payable processing, including invoice review, payment administration, vendor coordination, and related administrative support.
- Coordination among plant personnel, contractors, and service providers to support the reliable operation of the facility.

Financial and Accounting Services– 2,058 Hours in 2025

UI personnel provide financial and accounting support necessary for GenConn's financial reporting and business operations. These services include:

- General accounting and financial recordkeeping.
- Preparation and analysis of monthly, quarterly, and annual financial statements.
- Account reconciliations and maintenance of accounting records.
- Cash management support.
- Support for external financial statement audits, including audit coordination and preparation of supporting documentation.
- Internal management reporting and financial performance analysis.
- Compliance with applicable accounting standards and financial reporting requirements.
- Long Term Debt management and compliance support

Regulatory Services– 418 Hours in 2025

UI personnel provide regulatory and compliance support to assist GenConn in fulfilling its regulatory obligations. These services include:

- Preparation and review of regulatory filings and submissions.
- Preparation of responses to information requests and data requests issued by regulatory agencies.
- Regulatory accounting support and analysis.
- Monitoring regulatory requirements and assisting with regulatory compliance activities.
- Coordination with external consultants, auditors, and legal counsel on regulatory matters.

- Support for regulatory proceedings and related reporting requirements.

The use of UI personnel allows GenConn to access specialized operational, financial, accounting, and regulatory expertise while leveraging the institutional knowledge of a 50 percent owner that is familiar with the facility's operations, reporting requirements, and regulatory obligations.

b. GenConn has not performed a formal analysis to identify a lower-cost provider for the accounting, finance, regulatory, leadership, and plant support services provided by UIL/ASC.

As a 50 percent owner of GenConn, UI has extensive knowledge of the facility's operations, financial reporting requirements, regulatory obligations, and governance framework. The use of UI personnel allows GenConn to leverage existing expertise and established processes while maintaining continuity in support of the facility's operations and regulatory responsibilities.

Given UI's ownership interest, specialized knowledge, and ability to provide integrated operational, financial, regulatory, and administrative support, GenConn has not undertaken a separate assessment of alternative providers for these services.

c. Please refer to RRU-029 Attachment 1 CONFIDENTIAL for the 2025 Audit Opinion.

d. Please refer to RRU-029 Attachment 2 CONFIDENTIAL for the 2025 Engagement Letter. Please note that the 2025 expense included in the instant filing includes approximately $148,000 of costs for 2025, and a true up for the 2024 audit of approximately $6,000.

Please refer to RRU-029 Attachment 3 CONFIDENTIAL for copies of communications between the Company and its auditor.

e. No, the Company did not obtain multiple quotes for the audit engagement, however GenConn operates within Avangrid's broader control environment, and relies on shared information technology systems, cybersecurity infrastructure, network environment, and organizational controls that are subject to annual independent audit testing. The Company determined that soliciting multiple bids would not provide a commensurate benefit because any alternative auditor would be required to obtain an understanding of, and perform procedures over, the same shared control environment already reviewed as part of the Avangrid audit process. Utilizing the audit firm already performing this work avoids unnecessary duplication, improves audit efficiency, promotes consistency in the evaluation of shared controls, and helps minimize overall audit costs while maintaining audit quality and auditor independence. Further, it is the Company’s understanding that KPMG

performs broader audit services for Avangrid following a competitive solicitation, and the Company benefited from that solicitation through the ability to utilize this known vendor.

f. As described in the Company's response to Interrogatory RRU-22, the amounts included in the Company's original revenue requirements application in Docket No. 08-08-01 were developed before the facilities became operational and were based on forecasted staffing assumptions and estimated cost categories. Accordingly, certain functions and associated costs were classified differently than they are reflected in the current Rate Year forecast.

Specifically, Exhibit 7, Row 25 of the original application (Docket No. 08-08-01) included approximately $802,000 of escalated contract labor costs recorded in Outside Services Employed (i.e., UI). These costs included contracted finance and accounting support and are comparable in nature to costs currently reflected within UI Administrative Costs. Therefore, a direct comparison of the original application amount of $472,000 to the 2027 Rate Year forecast of $935,000 does not reflect a like-for-like comparison.

When the approximately $802,000 of contract labor and administrative support costs included in the original application are considered together with the $472,000 of administrative costs, the comparable amount contemplated in the original application is approximately $1.274 million. As a result, the $935,000 forecast included for the 2027 Rate Year is approximately $339,000 lower than the comparable amount reflected in the original application.

The apparent increase is therefore largely attributable to differences in cost classification between the original forecast and current reporting. The remaining differences reflect refinement made after the facility became operational to align cost classifications with actual operating practices and the ability to assign costs directly to specific maintenance functions.