Date Filed: October 02, 2026

Witness: Dzialo, Michael J, FALLON, MATTHEW P, Vancho, James J
Request from: Public Utilities Regulatory Authority

Question:
(Proceeds) Application, Att. A, p. 7-8. Provide a detailed explanation of how the $1.15 billion principal amount of the debt, any fees, and terms and conditions reflect prudent and efficient operation by the Company, including relevant documents and other evidence.

Response:

The proceeds of the issuance of Long-term Debt will be used to: (a) refinance outstanding short-term debt; (b) finance the Company's capital expenditures, in combination with equity resources; (c) pay at maturity the Company's outstanding $500,000,000 3.20% First and Refunding Mortgage Bonds, 2017 Series A, due March 15, 2027; (d) fund working capital requirements; and (e) pay issuance costs. The Company's requested preauthorization amount of $1.15 billion during the 2026 to 2027 period is driven primarily by capital expenditure requirements that will be incurred to provide safe and reliable service to customers and repayments of short-term debt incurred in the ordinary course of business and long-term debt maturities. This approach reflects rigorous prudent and efficient management of the Company's finances to maintain financial integrity so that CL&P is able to continue to access the capital markets for these purposes.

CL&P's intent is to issue the proposed debt in the form of first mortgage bonds. The terms and conditions of the first mortgage bonds will be generally consistent with CL&P's existing first mortgage bonds. The terms and conditions of the first mortgage bonds will be as specified in a supplemental indenture to the Indenture of Mortgage and Deed of Trust Dated as of May 1, 1921 and amended and restated as of April 7, 2005. A draft supplemental indenture was provided as Application Attachment G and the Indenture of Mortgage and Deed of Trust was provided as Application Attachment F.

For any given tenor of First Mortgage Bonds that the Company issues, its ability to obtain favorable financing terms will be principally driven by the ability to obtain least cost financing for the respective tenor chosen. There are several factors that will help the Company obtain least cost financing. First, there is a measure of competition in the Company's solicitation of various investment bankers with broad experience in the debt markets and access to a wide range of potential investors. Secondly, and more significantly, in the marketing process for the bonds our investment bankers will use their expertise to help CL&P obtain least cost financing by identifying the yield that prospective investors are willing to bid, which is based on size of issuance, maturity,

investor demand, and market conditions at the time of issuance and can be influenced by where other comparable bonds of similar credit ratings and tenor have been recently issued. This process is in the public interest because it results in an actual yield on the debt issuance that is the lowest yield that clears the market for the amount of debt and tenors that the Company is issuing.

Additionally, the Company expects the fees associated with the proposed 2026 – 2027 financings to be generally consistent with both past CL&P debt financings and other similarly sized utility first mortgage bond financings in the public market.

As discussed in the pre-filed testimony of Company Witnesses Fallon, Vancho and Dzialo (Attachment A to the Company's Application in this docket), the Company will file a report with PURA within 30 days following each issuance of long-term debt that summarizes the terms and actual costs of each issuance and demonstrates compliance with the pre-approved parameters. The Company proposes to include in each report the yield of similar utility debt securities with comparable terms, maturities and ratings at the time of issuance. This will provide PURA with an objective way to evaluate the competitiveness of the yield on new CL&P long-term debt.