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, pp. 7–8. Provide greater detail regarding the intended use of the funds. Specifically, provide:

a. Clarification of the forecasted amount of short-term debt the Company plans on paying and when such payments would be made.
b. Evidence to support the fact that the incurred short-term debt that the Company plans to pay off with the proposed financing was incurred for capital construction purposes and is permissible under General Statutes § 16-43(b).

Response:

a. The Company uses cash from operations to fund capital expenditures and working capital obligations on a daily basis. If capital expenditures coupled with working capital obligations exceed cash from operations, the Company uses short-term debt to bridge the gap until such time that the short-term debt can be repaid or refinanced with long-term capital. When the Company's short-term debt balance starts to approach its limit, long-term debt issuances and equity contributions are used to maintain adequate cash liquidity. Both the Federal Energy Regulatory Commission ("FERC") and the CL&P Board of Directors have granted authorization that allows CL&P to incur total short-term borrowings up to a maximum of $600 million.

   As of June 30, 2026, CL&P had short-term debt outstanding of $107.0 million, although that balance will continue to increase as capital expenditures are made up until the point that it is refinanced with long-term debt. Historically, the Company has often had approximately $400 million or more of short-term debt outstanding prior to a long-term debt financing, which leaves cushion below its short-term debt limit to reserve capacity for unforeseen and unpredictable cash needs.

   As discussed in the pre-filed testimony of Company Witnesses Fallon, Vancho and Dzialo (Attachment A to the Application filed in this docket), in accordance with its latest forecast, and subject to prevailing capital market conditions and the Company's capital requirements, CL&P currently projects that it will access the capital markets for $450 million in 2026 and for $700 million in 2027, for a total of $1.15 billion during the 2026 –

2027 period. At the time of issuance, CL&P will use the proceeds to repay all or a portion of its then outstanding short-term debt.

b. The short-term debt that the Company plans to pay off with the proposed financing will have been incurred for capital construction purposes and is permissible under General Statutes § 16-43(b), as further described below.

The Company's cash resources are managed in the aggregate and are not separately attributed to individual capital projects. The cash proceeds from the long-term debt issuances will pay off short-term debt with any excess flowing into the Company's total amount of cash resources. On a day-to-day basis, the Company's capital expenditures are a major draw on cash resources, driving the use of short-term debt for construction purposes. Short-term debt exists only until the point that the short-term debt is replaced with long-term capital sources (i.e., long-term debt and equity).

Furthermore, as discussed in the response to question RRU-001, during the 2026-2027 time period, the Company expects to generate net cash flow of approximately $1.0 billion after the payment of its operating expenses (including taxes), and dividends; therefore, short-term debt is not required to cover these cash outflows