Date Filed: October 02, 2026

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

Question:
(Terms) Application, Att. A, pp. 11−12. Clarify why the Company finds the 300-basis point credit spread necessary. Explain if the Company used the full 300 basis point spread in pricing its long-term debt in past financing transactions, and provide relevant examples, documentation, and other evidence.

Response:

A maximum authorized credit spread of 300 basis points is necessary as it will provide CL&P with flexibility in the event of unanticipated widening of credit spreads between now and the time of issuance due to uncertainty or volatility in the capital markets. Please refer to Exhibit A in the pre-filed Testimony of Company witnesses Fallon, Vancho and Dzialo (Attachment A to the Application filed in this docket) illustrating the volatility of credit spreads.

The Company has not used the full 300 basis point spread in pricing recent long-term debt transactions. The Long-term Debt requested in this application will be issued at prevailing credit spreads, which are determined by investors in a competitive market at the time of issuance. It is the Company's goal to achieve least cost financing and obtain the lowest credit spread possible for the respective tenor of long-term debt chosen. Additionally, based on the indicative pricing provided in response to RRU-008, the Company currently does not expect to use the full 300 basis point spread in connection with the proposed 2026 – 2027 financings. However, as the Company cannot predict future credit spreads, 300 basis points is necessary as it will provide CL&P with flexibility in the event of unanticipated widening of credit spreads between now and the time of issuance due to uncertainty or volatility in the capital markets.