



# STATE OF CONNECTICUT

**PUBLIC UTILITIES REGULATORY AUTHORITY  
TEN FRANKLIN SQUARE  
NEW BRITAIN, CT 06051**

**DOCKET NO. 14-05-06RE01    APPLICATION OF THE CONNECTICUT LIGHT AND  
POWER COMPANY TO AMEND RATE SCHEDULES  
- ADIT ADJUSTMENTS**

July 2, 2015

By the following Commissioners:

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**DECISION**

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## **DECISION**

### **I. INTRODUCTION**

#### **A. SUMMARY**

In this Decision, the Public Utilities Regulatory Authority approves the Settlement Agreement between The Connecticut Light and Power Company and the Public Utilities Regulatory Authority Prosecutorial Staff filed on May 19, 2015. The Agreement will allow The Connecticut Light and Power Company to decrease accumulated deferred income taxes by \$165.592 million for rate years ending November 30, 2015 and November 30, 2016. To reflect this, the Public Utilities Regulatory Authority approves rate base increases of \$163.167 million for 2015 and \$163.138 for 2016. As a result, the Public Utilities Regulatory Authority approves total distribution revenue requirements of \$1,054.570 million for the 2015 and \$1,059.185 million for the 2016 rate years. The new total distribution revenues represent increases of \$18.390 million and \$18.611 million for the 2015 and 2016 rate years, respectively.

#### **B. BACKGROUND OF THE PROCEEDING**

The Connecticut Light and Power Company d/b/a Eversource Energy (CL&P or Company) is a public service company within the meaning of §16-1 of the General Statutes of Connecticut (Conn. Gen. Stat.). CL&P is a subsidiary of Northeast Utilities (NU).

In the Decision dated December 17, 2014, in Docket No. 14-05-06, Application of The Connecticut Light and Power to Amend Rate Schedule (Rate Case Decision), the Public Utilities Regulatory Authority (PURA or Authority) reduced the allowed rate base amount by approximately \$165.592 million for adjustments associated with the Company's proposed accumulated deferred income taxes (ADIT) utilized to offset the proposed rate base amount. The ADIT adjustment consisted of (1) a \$40.85 million increase to the deferred tax liabilities associated with the cumulative repair tax deduction (RTD) which the Company will deduct in its 2014 federal income tax return, and (2) the reversal of the Company's elimination of \$124.742 million in plant-related ADIT recorded in Account 28200 (August 2013 True-up Adjustment). Rate Case Decision, pp. 11-24.

On December 23, 2014, CL&P filed a motion requesting that the Authority clarify the effect of two regulatory assets pertaining to the computation of ADIT. Specifically, CL&P requested clarification that the Rate Case Decision:

(1) Creates two regulatory assets to account for the revenue requirement impact of the \$166 million rate-base exclusion associated with: (1) the RTD, and (2) the Account 28200 adjustment based on the Company's proposal in Docket No. 14-05-06.

(2) Authorizes recovery of the revenue requirement resulting from the proper computation of ADIT and the associated rate base approved by the Authority from December 1, 2014, the beginning of the Rate Year.

(3) Authorizes a filing by CL&P on or before February 6, 2015, to reopen and resolve issues associated with the Account 28200 Adjustment, with a Final Decision rendered by the Authority by March 15, 2015.

(4) Authorizes a filing by CL&P on or before June 30, 2015, to reopen and resolve issues associated with the 2014 RTD and cumulative look-back adjustment with a Final Decision rendered by the Authority by September 1, 2015, following the Company's submission of its filed 2014 tax return.

On January 7, 2015, the Authority reopened the instant proceeding for the limited purpose of receiving further evidence in order to make determinations regarding the deferred taxes associated with RTD and the accounting treatment related to an August 2013 adjustment to the ADIT balances in Account 28200. In that ruling, the Authority provided clarification regarding regulatory asset treatments and stated that the recovery of the related revenue requirement would be effective from the date of Rate Case Decision as if the amount was included in distribution rates as of December 1, 2014. The Authority also indicated that the timeline for the issuance of a Final Decision in this response would depend on how quickly CL&P responded to the PURA inquiries.

### **C. CONDUCT OF THE PROCEEDING**

By Notice of Hearing dated April 9, 2015, the Authority held a public hearing on this matter on May 21, 2015, at its offices, Ten Franklin Square, New Britain, Connecticut. The hearing was continued to June 11, 2015, which was cancelled as the Authority determined it was not needed. By Notice of Close of Hearing dated June 12, 2015, the hearing on this matter was closed.

By Notice of Taking Administrative Notice dated January 16, 2015, the Authority noted and incorporated into the record of this proceeding certain documents, as identified therein, and the Company's Written Exceptions submitted in Docket No. 14-05-06. By a correspondence dated January 16, 2015, the Company requested that the Authority take administrative notice of its revised Response to Interrogatory AC-104. Thus, by Notice of Taking Administrative Notice dated January 26, 2015, the Authority noted and incorporated into the record of the instant proceeding the response to Interrogatory AC-104 and certain documents and testimonies submitted in Docket No. 14-05-06. Furthermore, on April 2, 2015, the Authority administratively noticed and incorporated into the record of the instant proceeding the response to Audit Request OCC-20 filed in the Rate Case proceeding, the Company's Federal Energy Regulatory Commissions Form 1 reports for 2011, 2012 and 2013, as well as certain documents filed in Docket No. 13-03-23, Petition of The Connecticut Light and Power Company for Approval to Recover its 2011-2012 Major Storm Costs (Storm Proceeding).

By correspondence dated February 20, 2015, and pursuant to Conn. Gen. Stat. §16-19j(a), PURA's Director of Advocacy and Regulatory Operations appointed and designated a Prosecutorial Unit (PRO) for this proceeding.

On May 19, 2015, the Authority received a motion for the approval of settlement agreement jointly filed by CL&P and PRO (Settlement Agreement). Appendix A

attached to this Decision contains the Settlement Agreement. On May 27, 2015, the Company and the PRO (Settlement Parties) filed an amendment in which they agreed to change the date for the Authority to approve the Settlement Agreement from June 15, 2015 to July 2, 2015 (Amendment to Settlement Agreement).

By Proposed Final Decision issued on June 23, 2015 (Draft), the Authority offered Parties and Intervenors an opportunity to provide Written Exceptions and present Oral Argument on the Draft. On July 1, 2015, the Parties and Intervenors presented Oral Arguments.

#### **D. PARTIES AND INTERVENORS OR PARTICIPANTS**

The Authority recognized the following as Parties to this proceeding: The Connecticut Light and Power Company, 107 Selden Street, Berlin, Connecticut 06037; Office of Consumer Counsel, Ten Franklin Square, New Britain, CT 06051; the Public Utilities Regulatory Authority's Prosecutorial Unit, Ten Franklin Square, New Britain, CT 06051; and the Commissioner of the Department of Energy and Environmental Protection, 79 Elm Street, Hartford, CT 06106.

### **II. AUTHORITY ANALYSIS**

#### **A. SETTLEMENT AGREEMENT**

##### **1. Account 28200 ADIT Adjustments**

The Settlement Parties stated that the \$124.742 million adjustment to Account 28200 consisted of a \$47 million reduction that resulted from a change in tax accounting method made by the Company on its 2012 income tax return, a \$74 million reclassification that moved deferred taxes associated with the capitalized storm costs from Account 283 to Account 282 and \$4 million of normal true-up adjustments to reflect the tax timing differences accrued on the books in the prior year to the actual filed return. Settlement Agreement, p. 2. The Settlement Parties also stated that the \$47 million reduction to the ADIT balance in Account 282 will have no effect on rate base as it was fully offset by a \$47 million reduction to Account 190. Similarly, the Settlement Parties stated that the \$74 million reduction to Account 282 associated with the 2012 tax depreciation on capitalized storm costs was equally offset by an increase in Account 283. Thus, this adjustment will have no effect on the Company's rate base. Therefore, the Settlement Parties agreed that the Company has adequately supported its August 2013 adjustment to Account 282 and that the Authority should reverse the disallowance of \$124.742 million ADIT adjustment made in the Rate Case Decision. Id.

The OCC recommends that the Authority maintain the \$74 million ADIT adjustment related to the \$180.4 million 2012 storm costs that the Company capitalized for tax purposes. The OCC stated that the actual tax treatment of the 2012 storm costs was never explained during either the Storm Proceeding or in Docket No. 14-05-06. According to the OCC, the details of the tax treatment of the 2012 storm costs are only revealed in this proceeding in the Company's response to Interrogatory AC-19. The attachment for this response shows tax depreciation of \$91,046,076 leading to \$37 million of "Deferred Tax Turnaround" in 2012. According to the OCC, the term

“turnaround” presumed CL&P originally assumed full deduction of the \$180.4 million in 2012 storm costs which led to \$74 million in ADITs; but with the decision to capitalize, and coupled with the 50% bonus depreciation, ADITs were only \$37 million. The OCC contends that this detail was not shown in the ADIT exhibit provided in Docket No. 14-05-06. Also, CL&P did not initially show how the \$37 million turnaround adjustment impacted the Company’s ADIT accounting and its claim that it was included in the total \$82.449 million ADIT credited to account 282 for 2013. OCC Brief, pp. 5-11.

Moreover, CL&P made the decision to capitalize the 2012 storm costs for tax purposes in January 2013. However, in the Storm Proceeding, which began in March 2013, CL&P never informed the Authority of its decision to capitalize 2012 storm costs and did not clarify that these storm costs would be deducted for tax purposes. The OCC cited exhibits and testimonies provided by the Company subsequent to January 2013 in which CL&P suggested that the deferred taxes related to the tax deductions of storm costs have been recorded on its books. The OCC contends that on several instances, CL&P offered evidence that the storm costs would be deducted for tax purposes when the Company already determined not to do so. According to the OCC, during Docket No. 13-03-23, the Authority relied on CL&P’s claims that the 2012 storm costs were deducted for income tax purposes stating that tax benefit of \$169 million was recorded on the Company’s books as ADIT. However, the Company’s books could not have reflected the \$169 million because the 2012 storm costs were actually capitalized for tax purposes and not deducted. The OCC also cited chronological inconsistencies regarding the turn-around of ADIT related to the capitalized storm costs. According to the OCC, the \$37 million could not be recorded as a turnaround amount in 2012 given the decision to capitalize storm cost was not made until January 2013 and ADIT true-up adjustment was not made until August 2013. The OCC opines that CL&P’s testimony regarding the capitalization of the 2012 storm costs is chronologically confusing and inconsistent. The OCC concludes that the Authority’s disallowance of the \$74 million ADIT adjustment in the Rate Case Decision was appropriate and should be maintained. OCC Brief, pp. 5-11.

Based on its review of testimonies and evidence provided in this proceeding, the Authority agrees with the Settlement Parties and will reverse the \$124.742 million reduction to the Company’s rate base effected in the Rate Case Decision. Hence, the allowed rate base is increased by \$124.742 million.

The Authority acknowledges the increase to rate base as part of the Settlement Agreement as well as the validity of the ADIT adjustment from a purely accounting perspective. The Authority is however concerned with CL&P’s motivations in electing to change the method for accounting for asset retirement in a general asset account (GAA) and its impact from a ratemaking perspective. Assets in a GAA are placed in service the same year and have the same recovery period, depreciation method and convention. In other words, assets in a GAA are depreciated as a single asset. Typically, a GAA election is irrevocable. Response to Interrogatory OCC-6, Attachment 5. Also, a taxpayer usually continues to depreciate the asset that is disposed from a GAA. However, with the advent of the RTD regulations, the inclusion of assets in a GAA is elective and qualifying dispositions require recognitions of gains or losses. Id. Pursuant to the RTD regulations:

- (A) *Optional termination of a general asset account.*—Upon the disposition of all of the assets, or the last asset, in a general asset account, a taxpayer may apply this paragraph (e)(3)(ii) to recover the adjusted depreciable basis of the general asset account (rather than having paragraph (e)(2) of this section apply). Under this paragraph (e)(3)(ii), the general asset account terminates and the amount of gain or loss for the general asset account is determined under section 1001(a) by taking into account the adjusted depreciable basis of the general asset account at the time of the disposition (as determined under the applicable convention for the general asset account). The recognition and character of the gain or loss are determined under other applicable provisions of the Internal Revenue Code, except that the amount of gain subject to section 1245 (or section 1250) is limited to the excess of the depreciation allowed or allowable for the general asset account, including any expensed cost (or the excess of the additional depreciation allowed or allowable for the general asset account), over any amounts previously recognized as ordinary income under paragraph (e)(2) of this section.

Response to Interrogatory OCC-6 Attachment 5, p. 7.

The Authority is concerned with the Company's decision to file Form 3115 with its 2012 Federal tax return and to retroactively change the retirement method for accounting for previously retired pre-2012 GAA assets was simply to avail CL&P the choice of not recognizing those qualifying dispositions and simultaneously avoid the capitalization of the related replacement costs under the new RTD regulations. The Company's change of accounting treatment was only made feasible with the adoption of the RTD regulations as promulgated in the Revenue Procedure 2012-20. Response to Interrogatory OCC-6 Attachment 2. Contrary to the Company's testimony that Account 190 was credited to offset the \$47 million debited to Account 282 for the deferred tax effect of the accounting change, the actual offsetting credit was made to Account 41010. Docket No. 14-05-06 Response to Interrogatory AC-128, Attachment 2, p. 24. The Company's optional dissolution of the accrued deferred tax liabilities increased rate base by \$47 million and reduced the deferred tax expense in 2013. The Company's argument that without the accounting change CL&P would have generated additional net operating loss (NOL) and the rate base effect would have been the same is not entirely correct. The deferred tax effects of NOL have a significantly shorter turn-around period as the NOL can be carried forward to immediate subsequent periods with positive taxable incomes. The turn-around period for the increased tax basis that resulted from the Company changing the accounting method for retired assets in a GAA is up to 15 years. Also, the Authority considers the recording of deferred tax assets related to NOL to be appropriate if expenses that generate the NOL have normalization implications. The recording of NOL deferred tax assets for expenses that are normally flow-through items should not increase rate base; such expenses have no deferred taxes related to temporary timing differences between financial and tax reporting purposes. Given the Authority's concern, CL&P will be directed to include an analysis for the rate base effects of any IRC Section 418(a) adjustment reported in future Form 3115 filings or similar Federal tax elections. Such filing should include an allocation of deferred taxes for the related tax expenses that caused the adjustments.

## 2. Repair Tax Deduction

The Settlement Parties stated that the Company did not know the actual RTD for its 2014 federal tax return when it filed its Docket No. 14-05-06 application and that CL&P had made a “high-level” estimate of \$200 million, which included \$178 million RTD for periods prior to 2014 and \$22 million for 2014. The Company believes that the final RTD amount for its 2014 tax return will likely be substantially less than its original estimate. For purposes of the Settlement Agreement, the Company remains committed to its original \$200 million estimate for establishing revenue requirements and will forego its right to true up the original RTD estimate to the final RTD taken in its filed 2014 tax return. Settlement Agreement, p. 3. Based on current information and analysis performed to date by Ernst & Young (E&Y), the Settlement Parties indicated that the final RTD amount is \$62 million. Appendix B attached to this Decision shows the calculation of a \$5.1 million net savings to customers. The savings is based on the Settlement Agreement provision that the Company would not true-up the \$200 million originally estimated in Docket No. 14-05-06 to its updated RTD estimate of \$62 million. The Settlement Parties requested that the Authority reverse the \$40.85 million reduction to the Company’s rate base for the imputed additional \$100 million RTD made in the Rate Case Decision. Additionally, the Settlement Agreement proposed that the Company only true up the RTD if the actual RTD taken in its 2014 tax return is higher than \$150 million. *Id.*, Tr. 05/21/15, p. 136. Moreover, the Company stated that the determination of the final RTD amount involved complex calculations and CL&P is willing to have E&Y provide an expert report and work papers on how the accounting firm derived and calculated the actual RTD taken in the Company’s 2014 tax return. Tr. 05/21/15, pp. 13-15 and 20.

The OCC contends that the Company did not demonstrate that the RTD adjustment made in the Rate Case Decision was improper; only that a recalculation of the RTD adjustment was needed. The OCC argued that the Company provided confusing testimony by “inappropriately” splitting the original estimated RTD total of \$200 million for rate making purposes between 2014 and 2015 although the entire amount would be deducted for tax purposes in 2014. To bolster its argument, the OCC cited PRO’s pre-filed testimony which indicated that the deferred tax effect of the entire estimated \$200 million RTD should be included in the ADIT balance as of the beginning of the rate year. OCC Brief, pp. 2-5. Furthermore, the OCC hints that the Company’s claim that its original RTD estimates were overstated adds to the inadequacies of CL&P’s presentation of evidence and approach to the RTD ADIT issue in Docket No. 14-05-06. The OCC recommends that the Authority not modify the RTD adjustment herein but wait and true-up the RTD figures in a subsequent reopener after CL&P filed its 2014 tax return. *Id.* In the alternative, the OCC suggests that the Authority maintain at least one-half of the RTD ADIT adjustment made in the Rate Case Decision. *Id.*, p. 11.

Based on the record, the Authority will reverse the \$40.85 million reduction to the Company’s rate base for the deferred tax effect of additional \$100 million RTD imputed in the Rate Case Decision. However, the Company will be required to provide the documents that E&Y used to determine the final RTD for periods prior to 2014 and the actual RTD for 2014, and Federal tax forms and schedules included in CL&P’s 2014 tax



return that support its total RTD deductions. Furthermore, if following the filing of its 2014 Federal tax return, the Company determines that the average RTD deduction for the rate year is more than the \$150 million agreed to in the Settlement Agreement, CL&P should propose to the Authority a mechanism for true-up the deferred tax impact of the excess amount.

### **3. Rate Treatment**

The Settlement Parties proposed that the Company be allowed to create two regulatory assets for the 13-month period of December 1, 2014 through December 31, 2015, and to recover the total amount over a 23-month period of January 1, 2016 through November 30, 2017. If new base rates from the Company's next rate case do not become effective in December 2017, there will be a true-up when the new rates are implemented to effectively remove the recovery of the amortization of these two regulatory assets as of November 30, 2017. According to the Settlement Parties, the regulatory assets will total approximately \$20.5 million to reflect the revenue requirement impact of increasing rate base by \$165.592 million. Furthermore, on January 1, 2016, the Company will implement a single rate adjustment to recover a total of \$29.575 million, which consists of \$10.680 million of annualized revenue requirement associated with the amortization of the aggregate regulatory assets of \$20,469,583 and \$18.895 million for an annualized revenue requirement associated with the \$165,592,000 increase to the Company's rate base. Settlement Agreement, pp. 3 and 4.

As discussed above, the Authority increased the allowed total rate base by \$165.592 (\$124.742 + \$40.850) million. Also, the Authority revised the total allowed working capital to reflect the increase to rate base. Due to the negative net lag days associated with the return on rate base, the Authority reduced the allowed working capital by \$2.425 million and \$2.454 million for the 2015 and 2016 rate years, respectively. Hence, the additional rate bases are \$163.167 (\$165.592 - \$2.425) million for the 2015 rate year and \$163.138 (\$165.592 - \$2.454) million for the 2016 rate year. As a result, the total allowed revenue requirements for the rate year ending November 30, 2015, is \$1,054.570 million, or approximately \$18.390 million more than the amount allowed in the Rate Case Decision. Similarly, the revised total allowed revenue requirements for the rate year ending November 30, 2016, is \$1,059.185 million, or approximately \$18.611 million more than the amount allowed in the Rate Case Decision. The Authority directs the Company to create a regulatory asset for the 2015 rate year only and that CL&P utilize the new total revenue approved in this Decision for the 2016 rate year to propose new base rates effective on December 1, 2015. The regulatory asset of \$18.390 million for the 2015 rate year will be collected over 24 months via an average dollar (\$) per KWh surcharge effective on December 1, 2015. The rates for 2016 rate year will be the Company's retail rates until CL&P's next rate case. This approach avoids the creation of additional regulatory asset for periods subsequent to November 30, 2017. For periods subsequent to November 30, 2015, the new revenue requirement for the 2016 rate year will become the base distribution revenue for decoupling true-up purposes.

In its Written Exceptions, the Company stated that the Authority should calculate the additional revenue requirement on the additional rate base of \$163.167 million using

the return on equity (ROE) of 9.17% because its actual 2015 rates were based on an allowed ROE of 9.17% which did not include the 15 basis point ROE penalty. The Company cited to the Rate Case Decision discussion that indicated the 15 basis point ROE penalty would reduce revenue requirement by \$4.394 million and that this amount would be trued-up in the Company's 2015 decoupling mechanism. CL&P's Written Exceptions, pp.5-7.

In this Decision, the Authority has determined the revenue requirements for the 2015 and 2016 rate years that supersede the amounts allowed in the Rate Case Decision. The decoupling mechanism is a mechanical application that trues-up allowed revenues to those actually collected. For 2015, the approved rate design allowed the Company to collect a certain level of revenues that would be reconciled to the amount approved in this proceeding. Also, this rate design was allowed in the Rate Case Decision for the 2015 rate year so that the Company would not be required to file new base rates for the 2016 year when the ROE penalty was no longer applicable. Additionally, if the additional rate base allowed in this proceeding had been included in the allowed rate base for Rate Case Decision, the ROE of 9.02% reflecting the 15 basis point penalty would be similarly applied for determining the revenue requirement for the 2015 rate year. In Decision dated June 3, 2015, in Docket No. 12-07-06RE01, Application of The Connecticut Light and Power Company for Approval of its System Resiliency Plan – Expanded Plan (Expanded System Resiliency Decision), the Authority stated that:

The key and controlling directions regarding the 9.02% ROE penalty is that it will be applied as an adjustment to the revenue requirement target in the Company's first decoupling mechanism reconciliation. Rate Case Decision, p. 152. The \$4.394 million amount illustrated the effect of a 15 basis point ROE penalty on the revenue requirement determined at the time of the Decision which did not yet account for the Expanded Plan and resolution of the ADIT issues pending in Docket No. 14-05-06RE01, and other adjustments that will impact the final revenue requirement target to be used in the decoupling mechanism reconciliation. To be clear, the 9.02% ROE applies to whatever the final 2015 revenue requirement is determined to be after it is adjusted to account for this Expanded Plan, resolution of the outstanding ADIT issue in Docket No. 14-05-06RE01 and any other additions or subtractions that may impact the actual 2015 revenue requirement. Therefore, the 9.02% ROE is appropriate to apply to this Expanded Plan and any other subsequent additional costs added to the Company's 2015 revenue requirement attributable to other programs operated by CL&P.

Expanded System Resiliency Decision, p. 6.

Furthermore, because of the additional rate base allowed in this Decision, the Authority determined that the revenue requirement effect of the 15 basis point ROE penalty is approximately \$4.685 million, not the \$4.394 million derived in the Rate Case Decision. The Authority determines that the Company's request that the Authority use a 9.17% ROE to calculate the additional revenue requirements on the \$163.167 million increase to rate base for the 2015 rate year would mitigate the intended effect of the

ROE penalty. Therefore, the Authority declines the request to use 9.17% as the ROE to calculate the additional revenue requirements for the 2015 rate year.

### **III. FINDINGS OF FACT**

1. In the Rate Case Decision, the Authority reduced the allowed rate base by approximately \$165.592 million for ADIT adjustments.
2. The ADIT adjustment constituted a \$40.85 million increase to RTD ADIT and a partial reversal of the Company's August 2013 true-up adjustment of \$124.742 million.
3. On January 7, 2015, the Authority opened the instant proceeding for the limited purpose of receiving further evidence in order to make determinations on the ADIT adjustments.
4. On February 20, 2015, the PURA appointed and designated a PRO for this proceeding.
5. On May 19, 2015, the Authority received the Settlement Agreement jointly filed by Settlement Parties.
6. On May 27, 2015, the Settlement Parties filed the Amendment to Settlement Agreement.
7. The Settlement Parties agreed that the \$47 million reduction to the Account 282 ADIT balance will have no effect on rate base because of an offsetting NOL.
8. The Settlement Parties agreed that the \$74 million reduction to Account 282 should have had no effect on rate base because of an offsetting increase in Account 283.
9. The Settlement Parties agreed that the Company has adequately supported its August 2013 true-up adjustment.
10. Assets in a GAA are placed in service the same year and have the same recovery period, depreciation method and convention.
11. A GAA election is typically irrevocable.
12. Depreciation usually continues for assets in a GAA that are retired.
13. With the RTD regulations, the inclusion of assets in a GAA is elective and qualifying dispositions require recognitions of gains or losses.
14. The Company's change of the accounting treatment of GAA dispositions was only made feasible with the adoption of RTD regulations as promulgated in the Revenue Procedure 2012-20.

15. The recording of deferred tax assets related to NOL is appropriate in order to reflect the fact that deferred tax liabilities which reduce rate base have not been realized and should be offset by the related deferred tax asset NOL. Normalization implications should also be considered.
16. The rate base should not be increased for the NOL deferred tax assets related to expenses that are normally flow-through items.
17. CL&P made a "high-level" RTD estimate of \$200 million for its rate case application filed in Docket No. 14-05-06.
18. The Settlement Parties calculated net savings to customers of \$5.1 million if the Company does not true-up its updated RTD estimate of \$62 million to the originally RTD estimate of \$200 million.
19. The Settlement Parties requested that the Authority reverse the \$40.85 million reduction to rate base for the Rate Case Decision's imputed additional RTD of \$100 million.
20. The Settlement Agreement indicated that the Company will only true-up the RTD if the actual RTD taken in CL&P's 2014 tax return is higher than \$150 million.
21. The Settlement Parties requested the creation of two regulatory assets for the 13-month period of December 1, 2014 through December 31, 2015; the total to be recovered over the 23-month period of January 1, 2016 through November 30, 2017.
22. The Settlement Parties indicated that the total for the two regulatory assets is approximately \$29.575 million.

#### **IV. CONCLUSION AND ORDERS**

##### **A. CONCLUSION**

The Authority approves the Settlement Agreement in all material aspects except for the proposed rate treatment of the additional revenue requirements or regulatory assets. Based on the evidence in the record and pursuant to Conn. Gen. Stat. §4-181a(a)(1)(A), the Authority reverses its average ADIT adjustment and hereby increases the average rate base by \$163.167 million and \$163.138 million respectively for the 2015 and 2016 rate years. Correspondingly, the reversal resulted in an increase of \$18.390 million to the revenue requirements for the rate year ending November 30, 2015. Therefore, the updated total revenue requirements allowed for the 2015 rate year is \$1,054.570 million. The regulatory asset of \$18.390 million for the 2015 rate year will be collected over 24 months beginning on December 1, 2015. The additional revenue requirement approved in the instant proceeding shall be incorporated into the Company's calculation of the Decoupling Rider for the 2015 rate year. Also, the Authority increases the revenue requirement for the rate year ending November 30, 2016, by \$18.611 million. Thus, the new total revenue requirement for the 2016 rate year is \$1,059.185 million. The Authority notes that Article 1.3 of the Settlement

Agreement approved in the Decision dated April 2, 2012, in Docket 12-01-07, Application for Approval of Holding Company Transaction Involving Northeast Utilities and NSTAR (NU-NSTAR Merger Decision), requires the Company to file an application to amend its base rates for new rates effective no later than December 1, 2017. As a result, the Authority directs CL&P to file new rates reflecting the billing determinants and financial profile approved in the Rate Case Decision for the 2016 rate year. The Company is directed herein to collect the \$18.611 million increase for the 2016 rate year through an increase to the variable charges by utilizing the allocation methodology approved for the Rate Case Decision. Until its next rate case, any shortfall between revenue requirement approved in this Decision and the actual amount collected from customers during the 2016 rate year will be reconciled in the Company's Decoupling Rider.

## **B. ORDERS**

For the following Orders, the Company shall submit one original of the required documentation to the Executive Secretary, 10 Franklin Square, New Britain, Connecticut 06051 and file an electronic version through the Authority's website at [www.ct.gov/pura](http://www.ct.gov/pura). Submissions filed in compliance with the Authority's Orders must be identified by all three of the following: Docket Number, Title and Order Number. Compliance with orders shall commence and continue as indicated in each specific Order or until the Company requests and the Authority approves that the Company's compliance is no longer required after a certain date.

1. No later than August 31, 2015, the Company shall submit to the Authority a copy of its 2014 federal income tax returns and along with all applicable forms and schedules, including CL&P's standalone Forms 3115, 4562 and Schedule M-3.
2. No later than August 31, 2015, the Company shall file a copy of all work papers that the Company utilized to determine the RTD taken in its 2014 federal income tax return, including work papers supporting E&Y's RTD determination.
3. No later than October 30, 2015, CL&P shall file for review and approval an exhibit showing the average amount (\$) per KWh for the \$18.390 million regulatory asset allowed herein to be charged to customers beginning on December 1, 2015. The filing shall include the Company's projected monthly distribution loads (KWh) for the 24 months beginning on December 1, 2015.
4. No later than October 30, 2015, CL&P shall file for review and approval its amended rate schedules for the 2016 rate year that reflect the billing determinants and financial profile approved in the Rate Case Decision, and the total revenue requirement of \$1,059.185 million allowed in this Decision. CL&P shall allocate the revenue increase of \$18.611 million related to the rate base adjustment to the rate classes using the methodology that was used in the Rate Case Decision. The Company shall increase only the variable Kwh charges for each rate class.

## V. RATE MODEL

### A. 2015 RATE YEAR

#### 1. Income Statement

THE CONNECTICUT LIGHT AND POWER COMPANY - DN 14-05-06RE01					
INCOME STATEMENT					
6/12/2015					
ELECTRIC - RATE YEAR STARTING DECEMBER 1, 2014					
BASED ON SETTLEMENT AGREEMENT FILED 05/19/2015					
	REVISED PRO FORMA RATE YEAR	AUTHORITY ADJUSTMENTS	TABLE II	FINAL CHANGES	TABLE III
OPERATING REVENUES	\$905,882	\$616	\$906,498		\$906,498
OPERATING REVENUES - OTHER		0	0		0
RATE REQUEST	221,098	0	221,098	(73,026)	148,072
TOTAL REVENUES	1,126,981	616	1,127,597	(73,026)	1,054,570
OPERATION & MAINTENANCE EXPENSE	\$375,418	(21,366)	\$354,052	(221)	353,831
OTHER O&M		0	0		0
MISC. EXPENSE		0	0		0
DEPRECIATION EXPENSE	150,372	(7,440)	142,932		142,932
AMORTIZATION EXPENSE	61,662	34	61,696		61,696
MISC. EXPENSE		0	0		0
TAXES, SALES & PAYROLL	11,449	(414)	11,035		11,035
GROSS EARNINGS TAXES	85,203	(96)	85,107	(5,156)	79,951
PROPERTY TAXES	81,435	(1,988)	79,447		79,447
PROVISION FOR DEF. INCOME TAXES, NET	27,885	3,039	30,924	0	30,924
STATE TAXES	6,744	2,222	8,966	(6,088)	2,877
FEDERAL TAXES (CURRENT)	60,700	7,863	68,563	(21,546)	47,017
INVESTMENT TAX CREDIT	(954)	0	(954)		(954)
TOTAL OPERATING EXPENSES	\$859,914	(18,145)	\$841,769	(33,012)	\$808,757
INCOME FROM LEASE OF UTILITY PLANT	0	0	0		0
OPERATING INCOME	\$267,067	\$18,761	\$285,828	(40,014)	245,814

PER CENT REVENUE  
INCREASE ALLOWED = 16.3345%

**2. Rate Base**

THE CONNECTICUT LIGHT AND POWER COMPANY - DN 14-05-06RE01  
 RATE BASE LAST REVIEW DATE 6/12/2015  
 ELECTRIC - RATE YEAR STARTING DECEMBER 1, 2014

	REVISED PROFORMA	AUTHORITY ADJUSTMENTS	TABLE I
UTILITY PLANT IN SERVICE PLANT 2	5,257,802	(4,510)	\$5,253,292 0
LESS: CONS. WORK IN PROGRESS		0	0
LESS: ACCUM DEP AND AMORT	1,312,534	(3,720)	1,308,814
	-----	-----	-----
NET PLANT	3,945,268	(790)	3,944,478
	-----	-----	-----
PLUS:			
MATERIALS & SUPPLIES	\$54,818	0	54,818
WORKING CAPITAL	17,230	(4,294)	12,936
PREPAYMENTS	4,655	0	4,655
DEFERRED TAXES - CIAC	38,418	0	38,418
ACCUM. DEFERRED INCOME TAXES - FAS 10	391,860	0	391,860
REGULATORY ASSET - FASB 158		0	0
DEFERRED ASSETS, NET OF TAXES	191,788	(17)	191,771
LESS:			
ACCUM. DEFERRED INCOME TAXES	\$789,750	5,991	795,741
CUST. ADVANCES AND DEPOSITS	15,406	0	15,406
STORM RESERVES		0	0
DEFERRED INCOME TAXES - FAS 158		0	0
ALLOWANCE FOR BAD DEBT		0	0
PENSION LIABILITIES		0	0
RESERVES, NET OF TAXES	40,555	(1,775)	38,780
ACCUM. DEFERRED INCOME TAXES - FAS 10	391,860	0	391,860
	-----	-----	-----
RATE BASE	3,406,466	(9,317)	3,397,149
	=====	=====	=====
RETURN ON RATE BASE	7.83%	7.24%	7.24%
	-----	-----	-----
OPERATING INCOME	266,739	(20,924)	245,814
	=====	=====	=====

**B. 2016 RATE YEAR**

**1. Income Statement**

THE CONNECTICUT LIGHT AND POWER COMPANY - DN 14-05-06RE01

INCOME STATEMENT

6/12/2015

PER CENT REVENUE

ELECTRIC - RATE YEAR STARTING DECEMBER 1, 2015

INCREASE ALLOWED =

16.8437%

BASED ON SETTLEMENT AGREEMENT FILED 05/19/2015

	REVISED PRO FORMA RATE YEAR	AUTHORITY ADJUSTMENTS	TABLE II	FINAL CHANGES	TABLE III
OPERATING REVENUES	\$905,882	\$616	\$906,498		\$906,498
OPERATING REVENUES - OTHER		0	0		0
RATE REQUEST	221,098	0	221,098	(68,411)	152,687
<b>TOTAL REVENUES</b>	<b>1,126,981</b>	<b>616</b>	<b>1,127,597</b>	<b>(68,411)</b>	<b>1,059,185</b>
OPERATION & MAINTENANCE EXPENSE	\$375,418	(21,366)	\$354,052	(207)	353,845
OTHER O&M		0	0		0
MISC. EXPENSE		0	0		0
DEPRECIATION EXPENSE	150,372	(7,440)	142,932		142,932
AMORTIZATION EXPENSE	61,662	34	61,696		61,696
MISC. EXPENSE		0	0		0
TAXES, SALES & PAYROLL	11,449	(414)	11,035		11,035
GROSS EARNINGS TAXES	85,203	(96)	85,107	(4,830)	80,277
PROPERTY TAXES	81,435	(1,988)	79,447		79,447
PROVISION FOR DEF. INCOME TAXES, NET	27,885	3,039	30,924	0	30,924
STATE TAXES	6,744	2,223	8,967	(5,704)	3,264
FEDERAL TAXES (CURRENT)	60,700	7,868	68,568	(20,184)	48,384
INVESTMENT TAX CREDIT	(954)	0	(954)		(954)
<b>TOTAL OPERATING EXPENSES</b>	<b>\$859,914</b>	<b>(18,139)</b>	<b>\$841,775</b>	<b>(30,925)</b>	<b>\$810,850</b>
INCOME FROM LEASE OF UTILITY PLANT	0	0	0		0
<b>OPERATING INCOME</b>	<b>\$267,067</b>	<b>\$18,755</b>	<b>\$285,822</b>	<b>(37,485)</b>	<b>248,337</b>



**2. Rate Base**

THE CONNECTICUT LIGHT AND POWER COMPANY - DN 14-05-06RE01  
 RATE BASE LAST REVIEW DATE 6/12/2015  
 ELECTRIC - RATE YEAR STARTING DECEMBER 1, 2015

	REVISED PROFORMA	AUTHORITY ADJUSTMENTS	TABLE I
UTILITY PLANT IN SERVICE PLANT 2	5,257,802	(4,510)	\$5,253,292 0
LESS: CONS. WORK IN PROGRESS		0	0
LESS: ACCUM DEP AND AMORT	1,312,534	(3,720)	1,308,814
NET PLANT	3,945,268	(790)	3,944,478
PLUS:			
MATERIALS & SUPPLIES	\$54,818	0	54,818
WORKING CAPITAL	17,230	(4,905)	12,325
PREPAYMENTS	4,655	0	4,655
DEFERRED TAXES - CIAC	38,418	0	38,418
ACCUM. DEFERRED INCOME TAXES - FAS 10	391,860	0	391,860
REGULATORY ASSET - FASB 158		0	0
DEFERRED ASSETS, NET OF TAXES	191,788	(17)	191,771
LESS:			
ACCUM. DEFERRED INCOME TAXES	\$789,750	5,991	795,741
CUST. ADVANCES AND DEPOSITS	15,406	0	15,406
STORM RESERVES		0	0
DEFERRED INCOME TAXES - FAS 158		0	0
ALLOWANCE FOR BAD DEBT		0	0
PENSION LIABILITIES		0	0
RESERVES, NET OF TAXES	40,555	(1,775)	38,780
ACCUM. DEFERRED INCOME TAXES - FAS 10	391,860	0	391,860
RATE BASE	3,406,466	(9,928)	3,396,538
RETURN ON RATE BASE	7.83%	7.31%	7.31%
OPERATING INCOME	266,739	(18,402)	248,337

# APPENDIX A – SETTLEMENT AGREEMENT

## STATE OF CONNECTICUT

### PUBLIC UTILITIES REGULATORY AUTHORITY

APPLICATION OF THE	:	DOCKET NO. 14-05-06RE01
CONNECTICUT LIGHT AND	:	
POWER COMPANY TO AMEND ITS	:	
RATE SCHEDULES – ADIT	:	
ADJUSTMENTS	:	May 19, 2015
	:	
	:	

### SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the Prosecutorial Unit of the Public Utilities Regulatory Authority (“PRO”) and The Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource” or the “Company”) (together, the “Settling Parties”) in connection with issues within the scope of this reopened proceeding now pending before the Public Utilities Regulatory Authority (“Authority”) in the above-referenced docket.

WHEREAS, the Authority issued a final decision dated December 17, 2014 in Docket No. 14-05-06 on the Company’s application to amend rate schedules (“Rate Case Decision”);

WHEREAS, the Rate Case Decision included certain adjustments to rate base and revenue requirements related to the Company’s calculation of accumulated deferred income taxes (“ADIT”) and the repairs tax deduction (“RTD”) to be taken by Eversource on its 2014 federal income tax return;

WHEREAS, the Company filed a December 23, 2014 motion requesting that the Authority clarify the effect of two regulatory assets pertaining to the computation of ADIT created in the Rate Case Decision;

WHEREAS, the Authority issued a final reopening decision dated January 7, 2015 in Docket No. 14-05-06 in which it stated that it would conduct further proceedings in a reopened docket “for the limited purpose of receiving further evidence in order to make determinations regarding deferred taxes associated with [RTD] and the accounting treatment related to the August 2013 adjustment to the [ADIT] balances in Account 28200,” and that it “will determine the appropriate ADIT adjustment to rate base in this reopened proceeding;”

WHEREAS, the Authority designated the reopened proceeding as Docket No. 14-05-06RE01;

WHEREAS, the Settling Parties subsequently engaged in discovery and negotiations, and PRO submitted pre-filed testimony, concerning the issues in this reopened proceeding and the matters addressed in this Settlement Agreement; and

WHEREAS, the Settling Parties have raised competing and disputed claims with regard to the issues in this reopened proceeding, but wish to resolve these issues on mutually agreeable terms, and in a manner consistent with the policy of the Authority under Conn. Gen. Stat. §16-19jj to encourage the use of settlements to resolve contested cases and proceedings.

NOW THEREFORE, in consideration of the exchange of promises and covenants herein contained, the legal sufficiency of which is hereby acknowledged, the Settling Parties agree, subject to approval by the Authority, as follows:

**ARTICLE I: ACCOUNT 28200 ADIT ADJUSTMENTS**

- 1.1 The majority of the Company's \$124,742,000 adjustment consisted of two items: (1) a \$47 million reduction as a result in a change in tax accounting method made by the Company on its 2012 income tax return; and (2) a \$74 million reclassification that effectively moved the impact of the tax depreciation associated with capitalized storm costs to Account 282 from Account 283.
- 1.2 \$47 million reduction: The Company's \$47 million adjustment reduced the ADIT balance in Account 282 (a liability account) and was fully offset by a \$47 million adjustment to Account 190 (an asset account). As a result, the adjustment was neutral in its effect on the Company's rate base.
- 1.3 \$74 million reclassification: The \$74 million reduction to Account 282 associated with the 2012 tax depreciation on capitalized storm costs was equally offset by an increase in Account 283 (both of which are ADIT liability accounts). As a result, the adjustment was neutral in its effect on the Company's rate base.
- 1.4 \$4 million adjustment: The \$4 million balance of the adjustment consisted of normal true-up adjustments to reflect the tax timing differences accrued on the books in the prior year to the actual filed return.
- 1.5 The Company has adequately supported the August 2013 adjustment of \$124,742,000 to Account 282. The reduction to rate base associated with the Authority's disallowance of the ADIT adjustment in the Rate Case Decision should be reversed, and the Company's final rate base should be adjusted to reflect the complete set of accounting entries in their entirety for the full \$124,742,000.

## ARTICLE 2: REPAIRS TAX DEDUCTION

- 2.1 At the time of the Company's 2014 rate filing, the amount of RTD that would be taken by the Company for income tax purposes on its 2014 federal tax return was not known with certainty. The Company provided in its rate filing a high-level estimate of a deduction of \$200 million (\$81.7 million deferred tax liability), which included the cumulative RTD through 2013 of \$178 million and \$22 million for 2014.
- 2.2 Based on current information and analysis performed to date by Ernst & Young, the final RTD amount for the Company's 2014 tax return will likely be substantially less than the Company's original high-level estimate.
- 2.3 In order to achieve an expeditious resolution to this reopened docket, the Company will remain committed to its original RTD estimate for purposes of establishing revenue requirements for the current rate year. The reduction to rate base associated with the Authority's recalculation of the RTD amount in the Rate Case Decision, an additional \$100 million deduction (or \$40.85 million deferred tax liability), should be reversed.
- 2.4 The Company shall forego its right to true up its original RTD estimate to the final RTD amount in its filed 2014 tax return. Exhibit A to this Settlement Agreement provides the Company's calculation that if the final RTD amount is \$62 million, the value of this settlement provision in the Company's estimation is a \$5.1 million net savings to customers.
- 2.5 Notwithstanding the foregoing provision, the Company agrees to a true up if the final RTD amount in its filed 2014 tax return proves to be higher than \$150 million.

## ARTICLE 3: RATE TREATMENT

- 3.1 The Company shall be authorized to create two regulatory assets established in the Rate Case Decision for the period December 1, 2014 through December 31, 2015, without carrying charges accrued for this period, and to recover these regulatory assets over a 23-month period commencing January 1, 2016 and ending on November 30, 2017. If new base rates from the Company's next rate case do not become effective in December 2017, there will be a true-up reflected when new rates are implemented to effectively remove the recovery of the amortization of these two regulatory assets as of the end of the recovery period. The regulatory assets will total approximately \$20.5 million to reflect recoupment of amounts owed to the Company based on: (1) the elimination of the Account 282 ADIT adjustment of \$124,742,000; and (2) the elimination of the additional \$100 million RTD estimate imputed in the Rate Case Decision which reduced rate base by \$40,850,000 ( $\$100,000,000 \times 40.85\%$ ). The Company's rate base shall be adjusted immediately to reflect these ADIT and RTD amounts, for treatment consistent with other rate base items. There shall be a single rate adjustment on

January 1, 2016 to implement recovery of both the regulatory assets and the additional annualized revenue requirement of approximately \$19 million associated with the \$165,592,000 increase (\$124,742,000 + 40,850,000) to the Company's rate base.

For the avoidance of doubt, the rate adjustment on January 1, 2016 will total \$29.575 million comprised of (a) \$10.680 million of annualized revenue requirement associated with the amortization of the aggregate regulatory assets (\$20,469,583 divided by 23 months = \$889,982 per month x 12 months) and (b) \$18.895 million of annualized revenue requirement associated with the increase to the Company's rate base (\$165,592,000 x (10.57% x 1.0795)).<sup>1</sup>

- 3.2 Nothing in this settlement is intended to affect the application of the 15 basis point ROE penalty imposed in the Rate Case Decision to the adjusted revenue requirement resulting from this settlement. The penalty shall apply once to the deferred amounts recorded by the Company during the rate year (December 1, 2014 – November 30, 2015), and captured through the operation of the decoupling mechanism as determined by the Authority in the Rate Case Decision, consistent with all other deferrals recorded by the Company during the rate year.

#### **ARTICLE 4: AUTHORITY APPROVAL AND OTHER CONDITIONS**

- 4.1 The Settling Parties assert that, if the Authority does not approve this Settlement Agreement in its entirety on or before June 15, 2015, this filing shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.
- 4.2 The Settling Parties agree that the terms of this Settlement Agreement are consistent with Connecticut law and the public interest.
- 4.3 The provisions of this Settlement Agreement are not severable. This Settlement Agreement is conditioned on its full approval by the Authority without additional conditions or requirements.
- 4.4 This Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in this proceeding is true or false. Except as specified in this Settlement Agreement to accomplish the customer benefit intended by this Settlement Agreement, the entry of an order by the Authority approving the Settlement Agreement shall not in any respect constitute a determination by the Authority as to the merits of any other issue raised in this proceeding.

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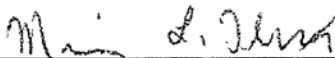
<sup>1</sup> The 10.57% represents the allowed pre-tax rate of return (based on a 9.17% return on equity ("ROE") and 50.38% equity ratio), the result of which is grossed up to cover gross earnings tax and uncollectible expenses (1.0795).

- 4.5 The making of this Settlement Agreement establishes no precedent or principles applicable to any other proceeding, and shall not be deemed to foreclose any party from making any contention in any proceeding or investigation, except as to those issues and proceedings that are stated in this Settlement Agreement as being specifically resolved and terminated by approval of this Settlement Agreement.
- 4.6 This Settlement Agreement is the product of settlement negotiations. The Settling Parties agree that the content of those negotiations (including any workpapers or documents produced in connection with the negotiations) are confidential, that all offers of settlement are without prejudice to the position of any party or participant presenting such offer or participating in such discussion, and, except to enforce rights related to this Settlement Agreement, comply with the Connecticut Freedom of Information Act or defend against claims made under this Settlement Agreement, that they will not use the content of those negotiations in any manner in these or other proceedings involving one or more of the parties to this Settlement Agreement, or otherwise.
- 4.7 Any number of counterparts of this Settlement Agreement may be executed, and each shall have the same force and effect as an original instrument, and as if all the parties to all the counterparts had signed the same instrument.

The signatories listed below represent that they are authorized on behalf of their principals to enter into this Settlement Agreement as of May 19, 2015.

**PROSECUTORIAL UNIT OF THE  
PUBLIC UTILITIES REGULATORY  
AUTHORITY**

**THE CONNECTICUT LIGHT  
AND POWER COMPANY d/b/a  
EVERSOURCE ENERGY**

By:   
Miriam Theroux  
Attorney  
Prosecutorial Unit  
Public Utilities Regulatory Authority  
Ten Franklin Square  
New Britain, CT 06051

By: \_\_\_\_\_  
Jay S. Buth  
Vice President, Controller and  
Chief Accounting Officer  
Eversource Energy  
107 Selden Street  
Berlin, Connecticut 06037

**STATE OF CONNECTICUT  
PUBLIC UTILITIES REGULATORY AUTHORITY**

<b>APPLICATION OF THE</b>	<b>:</b>	<b>DOCKET NO. 14-05-06RE01</b>
<b>CONNECTICUT LIGHT AND</b>	<b>:</b>	
<b>POWER COMPANY TO AMEND ITS</b>	<b>:</b>	
<b>RATE SCHEDULES – ADIT</b>	<b>:</b>	
<b>ADJUSTMENTS</b>	<b>:</b>	<b>May 27, 2015</b>

**AMENDMENT TO SETTLEMENT AGREEMENT**

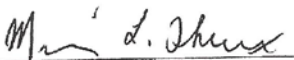
This Amendment to Settlement Agreement (“Amendment”) is entered into by and between the Prosecutorial Unit of the Public Utilities Regulatory Authority (“PRO”) and The Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource” or the “Company”) (together, the “Settling Parties”) in connection with their Settlement Agreement dated May 19, 2015 (“Settlement Agreement”). The Settling Parties agree as follows:


1. Article 4.1 of the Settlement Agreement is hereby amended and restated as follows:
  - 4.1 The Settling Parties assert that, if the Authority does not approve this Settlement Agreement in its entirety on or before July 2, 2015, this filing shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.
2. All other provisions of the Settlement Agreement are unchanged and remain in full force and effect.

The signatories listed below represent that they are authorized on behalf of their principals to enter into this Amendment to Settlement Agreement as of May 27, 2015.

**PROSECUTORIAL UNIT OF THE  
PUBLIC UTILITIES REGULATORY  
AUTHORITY**

**THE CONNECTICUT LIGHT  
AND POWER COMPANY d/b/a  
EVERSOURCE ENERGY**

By:   
Miriam Theroux  
Attorney  
Prosecutorial Unit  
Public Utilities Regulatory Authority  
Ten Franklin Square  
New Britain, CT 06051

By:   
Jay S. Byth  
Vice President, Controller and  
Chief Accounting Officer  
Eversource Energy  
107 Selden Street  
Berlin, Connecticut 06037



## APPENDIX B

<b>Impact to Customers of CL&amp;P Proposal to Stay at Original Estimate</b>			
<b>\$ in millions</b>			
	<b>Deduction</b>	<b>DTL</b>	<b>RB Impact I/(D)</b>
Original RTD Estimate as filed	200.00	(81.70)	(61.28)
PURA Addt'l RTD in excess of CL&P Estimate	100.00	(40.85)	(40.85)
Subtotal - Incorrect DTL & RB Impact	300.00	(122.55)	(102.13)
What Term Sheet Proposal Does:			
Removes PURA Adj & Stands by Original Est.	(100.00)	40.85	40.85
Final Estimate for RTD	200.00	(81.70)	(61.28)
Annual Revenue Impact to Customers (Increase)			6.33
	<b>Deduction</b>	<b>DTL</b>	<b>RB Impact I/(D)</b>
RTD Estimate	200.00	(81.70)	(61.28)
PURA Addt'l RTD in excess of CL&P Estimate	100.00	(40.85)	(40.85)
Subtotal - Incorrect DTL & RB Impact	300.00	(122.55)	(102.13)
What True Up per Re-opener Lang Does:			
Adjustment to Planned Filed RTD	(238.00)	97.22	73.73
Final RTD Amounts (Currently planned to be filed)	62.00	(25.33)	(28.39)
Annual Revenue Impact to Customers (Increase)			11.43
<b>Net Savings to Customers if Keeping Original Est</b>			<b>5.10</b>

**DOCKET NO. 14-05-06RE01    APPLICATION OF THE CONNECTICUT LIGHT AND  
POWER COMPANY TO AMEND RATE SCHEDULES  
- ADIT ADJUSTMENTS**

This Decision is adopted by the following Commissioners:

Arthur H. House

John W. Betkoski, III

Michael A. Caron

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.



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Jeffrey R. Gaudiosi, Esq.  
Executive Secretary  
Public Utilities Regulatory Authority

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July 2, 2015  
Date