Date Filed: August 27, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Office of Consumer Counsel

Question:

401(k) expenses.

a. Provide the annual amount of 401(k) expense (direct and allocated) for employees (direct, allocated, union and non-union) who are also covered under a defined benefit pension plan for each of the years 2021, 2022, 2023, 2024, 2025, and included in the rate year.
b. For each plan, state whether it is frozen or closed and provide the dates the plans were frozen or closed.
c. Explain how paying for employees to have two retirement plans is beneficial to ratepayers.

Response:

a. Please refer to OCC-302, Attachment 1, for the annual amount of 401(k) expense for employees (direct, allocated, union and non-union), who are also covered under a defined benefit pension plan for each of the years 2021, 2022, 2023, 2024, 2025, as included in the Rate Year.

b. The Eversource 401(k) Plan is open for enrollment. Please refer to the chart presented in OCC-302, Attachment 2, for the status of the defined benefit pensions under the Eversource Pension Plan.

c. The customer benefit is that there is an employee providing utility service on the other end of this compensation policy. In order to attract and retain skilled employees that are sought after in the marketplace and are difficult to recruit, it is necessary for the Company to have a compensation structure that provides an appropriate retirement income benefit for a variety of employees with different needs. Because there is no "one size fits all" retirement instrument that the Company can utilize for its employees, it is necessary for the Company to maintain alternatives to adequately meet the needs of employees. In that regard, the 401(k) Plan and defined benefit pension plans are serving two different purposes necessary to compensate the employee.

For example, the 401(k) Plan is designed to incentivize employees to contribute more of their own pay toward their retirement. Within the 401(k), employees are able to manage their own investments and this provides employees with control and portability of their benefit. Conversely, the cash balance pension plan provides *a portion* of the employee

retirement benefit as guaranteed income eliminating market volatility at the employee level for a portion of their retirement benefit. With the cash balance pension plan, the employer is responsible for annual funding and bears the investment risk.

Saving for retirement is a high priority for the Company's employees and it is critical that Eversource remain competitive with other utility industry employers in this regard. However, in 2023, Eversource's compensation benchmarking analysis showed that the former retirement plan, comprised of the 401(k) Plan Employer Match and K-Vantage contribution was falling behind the market and did not provide employees with a sufficient level of retirement benefit to be competitive in the utility industry. As a result, a determination was made that the design of the retirement benefit program was detracting from Eversource's ability attract and retain skilled employees in the utility industry. Eversource's electric (and natural gas) utility employees typically possess very specialized skills sets that are a commodity in high demand in the marketplace and, in addition, the roles that employees fill are often physically demanding and hazardous jobs, providing an essential service on a 24/7/365 basis. By offering adequate retirement plans, Eversource is enabled to recruit and retain engineers, experienced linemen, operators, technicians, managers, and other highly skilled workers. In 2023, Eversource's ability to maintain equilibrium in this regard, with respect to its existing and future employee base, was becoming impaired due to the diminishing value of the retirement benefit.

Recognizing that a change in plan design was necessary, Eversource sought to design a new retirement benefit that would leverage a shared responsibility between CL&P and its employees, so that employees would have a greater incentive to contribute (or to contribute more substantially) to their own retirement income.

Another primary consideration in the program redesign was that the K-Vantage option placed investment responsibility and the associated financial outcome solely on the employee, subjecting employees to the volatility of the stock market, as compared to the stability that would be offered by a secure cash balance contribution managed in the aggregate by Eversource. As a result, all employees of CL&P and ESC who previously received K-Vantage employer contributions (as well as future new hires) are now eligible to participate in the Eversource Cash Balance Pension Plan, which replaces the former K-Vantage option, while promoting longer employee tenures and the availability of a stable and highly skilled workforce.