Date Filed: December 16, 2022

**Witness: Munson, Danielle J, Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Please provide, in MS Excel worksheet format, for the years 2019 through 2021 and through Q3 2022, for each type of product and service exchanged between each Connecticut utility and affiliate companies: 1) the total amount of each major type of product and service charged by each Connecticut utility to an affiliate (including other Connecticut utilities) for each year, and 2) the total amount of each product and service charged to each Connecticut utility by affiliates for each year. For purposes of this response, charges to the utilities from shared services entities, such as Eversource Energy Service Company, may be provided by major service company or department, rather than more detailed service or product amounts.

**Response:**

1. The Connecticut Light & Power Company:

For part 1 and 2 of data request, see FTI-114, Attachment 1 (CLP) for 2019, FTI-114, Attachment 2 (CLP) for 2020 and FTI-114, Attachment 3 (CLP) for 2021. As the FERC Form 1 is only prepared annually, the 2022 data can be provided when filed in April 2023.

2. Yankee Gas Services Company:

For part 1 and 2 of data request, please see FTI-114, Attachment 1 (YGS) for 2019, FTI-114, Attachment 2 (YGS) for 2020 and FTI-114, Attachment 3 (YGS) for 2021. As the FERC Form 2 is only prepared annually, the 2022 data can be provided when filed in April 2023.

3. Aquarion Water Company of Connecticut:

Please see FTI-114, Attachment 1 (AQ).

4. Eversource Energy Service Company:

Please see FTI-114, Attachment 1 (ES).

Eversource Energy
2022 CT Management Audit
Set FTI-01
Date Issued January 24, 2023
Q- FTI-114-SP01
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Date Filed: May 15, 2023

**Witness: Kirven, Debra, Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please provide, in MS Excel worksheet format, for the years 2019 through 2021 and through Q3 2022, for each type of product and service exchanged between each Connecticut utility and affiliate companies: 1) the total amount of each major type of product and service charged by each Connecticut utility to an affiliate (including other Connecticut utilities) for each year, and 2) the total amount of each product and service charged to each Connecticut utility by affiliates for each year. For purposes of this response, charges to the utilities from shared services entities, such as Eversource Energy Service Company, may be provided by major service company or department, rather than more detailed service or product amounts.

**Response:**

This supplement is being provided to update the response FTI-114, for the full year 2022.

1. The Connecticut Light & Power Company:

Please see FTI-114-SP01, Attachment 1 (CLP) for full year 2022. The FERC Form 1 is only prepared annually.

2. Yankee Gas Services Company:

Please see FTI-114-SP01, Attachment 1 (YGS) for full year 2022. The FERC Form 2 is only prepared annually.

3. Aquarion Water Company of Connecticut:

Please see FTI-114-SP01, Attachment 1(AQ) for the updated full year 2022 information previously presented in FTI-114.

4. Eversource Energy Service Company:

Please see FTI-114-SP01, Attachment 1 (ES).

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Set FTI-01
Date Issued November 30, 2022
Q- FTI-115
Page 1 of 1

Date Filed: December 14, 2022

**Witness: Munson, Danielle J, Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Please provide a copy of all active service agreements between each Connecticut utility and affiliates applicable to the years 2019 through 2021 and YTD 2022.

**Response:**

1. The Connecticut Light & Power Company

Please see FTI-115, Attachment 1 (CLP) for the service agreement between Eversource Energy Service Company (formerly Northeast Utilities Service Company) and CL&P.

2. Yankee Gas Services Company

Please see FTI-115, Attachment 1 (YGS) for the service agreement between Eversource Energy Service Company (formerly Northeast Utilities Service Company) and YGS.

3. Aquarion Water Company of Connecticut

Please see FTI-115, Attachment 1 (AQ) for the service agreement between Eversource Energy Service Company and Aquarion Company and its direct and indirect subsidiaries, including AQ.

Please see the following service agreements between Aquarion Water Company (including its affiliates) and:

| | |
|---|---|
| Aquarion Water Company of NH | FTI-115, Attachment 2 (AQ) |
| Aquarion Water Company of MA | FTI-115, Attachment 3 (AQ) |
| Abenaki Water Company | FTI-115, Attachment 4 (AQ) |

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2022 CT Management Audit
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Date Issued November 30, 2022
Q- FTI-116
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Date Filed: December 14, 2022

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please provide a copy of Eversource's current Cost Allocation Manual.

**Response:**

Please refer to FTI-116, Attachment 1 (ES) for a copy of the Eversource Energy Service Company Cost Allocation Manual.

Date Filed: January 06, 2023

**Witness: Carmody, Christine M, Moreira, John, Schweiger, Werner J, Conner, Penelope**
**Request from: F T I Consulting**

**Question:**
Please describe the shared services organizations that provide administrative or management services directly or indirectly to the Connecticut utilities and the services they provide. By shared services organizations we mean Eversource Energy Service Company, or any other U.S. affiliate of Eversource (to the extent their management or administrative costs are directly or indirectly allocated or otherwise charged to the Connecticut utilities.

**Response:**

The Eversource Energy management structure is streamlined for maximum cost efficiency, operational effectiveness and superior customer service. Eversource Energy executive leadership is referred to as the "Senior Team" and is comprised of the Chief Executive Officer ("CEO") and Executive Officers in six functional areas, as follows:

1. Operations: Executive Vice President and Chief Operating Officer (Schweiger)

2. Customer Experience and Energy Strategy: Executive Vice President (Conner)

3. Finance: Executive Vice President, Chief Financial Officer and Treasurer (Moreira)

4. Human Resources and IT: Executive Vice President (Carmody)

5. Legal, Internal Audit, Energy Supply: Executive Vice President and General Counsel (Butler)

6. Corporate Relations and Sustainability: Executive Vice President (Hunt)

These six functional areas encompass all shared services supporting the Eversource Energy Operating Companies. The Executive Officers comprising the Senior Team are directly responsible for providing administrative and management services to the Connecticut utilities and the other Operating Companies in MA and NH. Within these shared services, there are resources that are shared across all operating companies, as well as resources that are dedicated to one or more operating companies, as necessary and appropriate.

The presidents of the Operating Companies, including CL&P, YGS and AQ in Connecticut, report directly to the Chief Operating Officer ("COO"). The COO reports directly to the CEO.

The Operating Companies also interact with the shared-service functions through a variety of committees and activities, as described below.

Within this framework, the Eversource Energy Service Company ("ESC") essentially functions only as a cost accounting and tracking entity through which all shared services are provided. ESC does not encompass a decision-making function that is outside of the purview of the Senior Team.

**Organizational Structure and Accountability**

With respect to ESC and the services it provides to the Operating Companies, a decision was made in 2012, following the merger of Northeast Utilities and NSTAR, to operate ESC consistent with the Service Company model that existed pre-merger at NSTAR. In that model, the "shared services" entity functions exclusively as a cost-sharing platform with a unified management team overseeing both the operating companies and the delivery of shared services to the operating companies. ESC is set up to operate in this same manner with direct oversight and control resting with executive leadership and the Operating Company Presidents, all actively participating in the decision-making framework.

In this shared-services organization, the leaders of each one of the respective shared-service organizations are responsible for an operating budget and work plan. To the extent that work is performed on a shared basis for multiple entities, there is a billing process to account for the cost of that work in alignment with the level of services provided to each Operating Company. In all cases, direct billing of costs is encouraged if work is conducted exclusively for a specific entity. If work benefits two or more companies, the costs are allocated across multiple entities obtaining a benefit from the particular services. The fundamental concept is that the Executive Vice President that runs the respective shared-service function is responsible for assuring that needed work functions and activities are executed efficiently and effectively throughout the EVP's organization and that operating performance goals are achieved for that business unit.

Using this operating model, Eversource Energy has achieved a high mode of efficiency because, rather than having the Operating Companies working as independent entities with separate participation by each Operating President, there is a high level of integration between the Operating Companies and the shared service functions to develop a consolidated business case for major business decisions and solutions in IT, ERP, HR and other functions. Eversource Energy is aware that a relatively large percent of its customers experience Eversource service in one form or another from neighboring states and that some of these customers have multiple accounts in different states. It is not acceptable to customers to have a different experience online or with how they pay their bill or options to pay depending on the state in which they are experiencing the service. Therefore, Eversource identified that it needed to have a consistent quality of service and customer experience across all 4,000,000 customers in CT, MA and NH. For this reason, the shared services function is built to collaborate closely with the Operating

Presidents and to provide them with numerous opportunities for input and participation to arrive at a consensus solution across the Eversource Energy enterprise.

The shared services organizations all function similar to the Operating Company organizations in that each shared service organization has its own set of goals and individual budget, both O&M and capital, and those plans are developed and executed on an annual basis. For each cost control center, a system is established to allocate the cost based on the work that is being performed and the shared-service organization is held accountable for the budget and operating plan associated with their function. Accountability for spending and execution rests with the leader of each one of the shared services organizations. Each one of these senior leaders, whether Legal, IT or Human Resources, are responsible for running their own aspect of the business and keeping within the confines of the approved budgets that are established for each year.

In this context, the role of the presidents of each Operating Company is to assist in developing the capital plan; to execute the annual work plan to meet discrete performance goals; to provide leadership on project and work initiatives; to oversee adherence to the approved O&M budget, while assuring safety to each employee; and otherwise run the business. The Operating Presidents do not have a direct role in ESC as the "cost sharing entity" or its allocations. Instead, the Operating Presidents report to the COO, while having direct interaction with the shared services teams headed by each Executive Officer comprising the Senior Team, as explained further in the section below labeled "Shared Services Reporting." Monthly performance data is produced for evaluation by the Senior Team and the Operating Presidents join the Senior Team for an expanded Senior Team meeting periodically over the course of the year to present and discuss operating and performance results.

The Operating Companies are structured to focus on operations and running the business, whereas the ESC functions as a clearinghouse for the shared-services organizations such as accounting and finance, IT, human resources, regulatory affairs, legal, corporate relations, government relations, customer care and shared operational services. As an example, if in the course of operations, the Operating President sees that a human resource issue or some inefficiency is coming from the shared process, the Operating President has the opportunity to address the issue with the respective shared services personnel assigned to the respective Operating Company or to raise concerns to the COO and/or with the respective Executive Vice President and the leadership team running the shared-service unit.

This organizational approach has yielded accountability and substantial operating efficiency in relation to shared services because all functions are carefully managed from a cost and productivity standpoint under a transparent management structure. This works to ensure that the costs of shared services attributed to each operating company are the result of a rigorous financial-management process.

Aquarion Company operates differently in that there is no service company, primarily due to its size. Costs are directly incurred, directly charged or allocated as appropriate with the management of Aquarion Company performing the shared service function across the operating entities. In this case, Aquarion Company, the parent company, will charge down to CT, MA or NH, as appropriate. Also, as referenced in response to other questions, the Aquarion Company organization utilizes an SAP system that fully integrates all business functions under one platform enabling a model that does not require a formal shared-services entity and is an efficient approach to operate autonomously from Eversource Energy.

With respect to charges between Eversource Energy and Aquarion, it is important to note that Aquarion is largely autonomous. Aquarion receives a monthly bill from ESC for shared services that are provided. ESC employees can only direct-charge Aquarion and billed amounts are settled through a sundry billing process. As a result, Aquarion is not included in any of ESC's causal-based rate codes or any common allocators, which is further explained in the following section. Aquarion Company is separately billed a management fee that includes costs associated with the Senior Team oversight. Officer salary and overheads are charged through separate accounting work orders that are set up for ESC to charge Aquarion Company through the sundry billing process.

**Interactions between the Operating Companies and Shared Services**

With respect to the direct interactions between the Operating Companies and Shared Service organizations, there are numerous efforts made to serve the separate and collective interests of the Operating Companies.

First, the shared service organizations are set up in a way so that dedicated staff is embedded in each respective Operating Company to assist in the running of the operation (for example, Investment Planning, IT and Human Resources). This means that, if the Operating President has a HR, IT or financial planning issue, there is designated shared-service staff assigned to the respective Operating Company to work with directly to resolve pending issues. If there is any problem going on in a particular area, the Operating President knows exactly who to call and to work with to get the issue resolved. The Operating President is also free to reach out to the EVP responsible for the shared-service unit, but normally would not do so whereas the dedicated staff is there to assist.

Second, with respect to financial results, the Operating Presidents receive daily, weekly and monthly insight into the status of their O&M and capital budgets through the support of the Investment Planning Organization located within the Eversource Energy Finance group. The Operating Presidents have the ability to log into the Eversource Energy financial system or performance tracking system and obtain information necessary to perform their leadership role. Investment Planning also conducts a formal monthly meeting with each Operating President and his direct reports to review O&M and capital results, overtime levels and any other financial matters. The AQ Operating President has a line of sight into O&M and capital for each

Aquarion operating subsidiary and has a monthly and quarterly meeting with the COO to review the status.

Third, there are many coordinated functions and activities that are undertaken within the Eversource Energy organization to provide customers with a high level of service and achieve rigorous cost control that involve the participation of the Operating Company Presidents and shared services organizations. Examples of this coordination and collaboration include, but are not limited to, the following:

- On a bi-weekly basis, the Chief Operating Officer conducts a staff meeting for all of his direct reports, as well as key leaders from across the Eversource Energy enterprise, including Finance, Customer Operations, Energy Supply, HR, IT, Legal and Internal Audit. In addition to a roundtable discussion that reviews content across the Eversource Energy enterprise, there are generally two presentations made in powerpoint format by one of the attending organizations. Examples of such presentations might cover Customer Operations, Supply Chain, HR and Labor Relations, IT, as well as others of technical content. These meetings generally last 4+ hours.

- On a monthly basis, the Chief Operating Officer conducts workplan meetings with the Operating Presidents and their leadership teams of the electric, gas and water companies. The monthly workplan meeting date back to 2002, when adopted by the current COO in his former role of Senior Vice President of NSTAR Electric & Gas. A pre-requisite to the monthly workplan meeting is the development of the annual financial Operating Plan discussed in response to FTI-033, by each business unit within Electric, Gas and Water Operations. The workplan meeting then covers the status of the annual financial Operating plans and ongoing activities relating to staffing, operating performance, major projects, safety and other areas and functions. The monthly workplan meetings, led by the respective Operating President or Executive Vice President (of a shared service function) includes members of their immediate staff as well as organizations key to the success of the business unit such as Supply Chain, Safety, Finance and other. These meetings generally last 4-6 hours and may go the entire day.

- On a monthly basis, the Voice of the Customer (VOC) Team distributes a communication to all leaders within Eversource Energy that provides insights to customer survey results, known as the "VOC Spotlight." The results include month-to-date and year-to-date information by state and Operating Company, as appropriate. An overall customer satisfaction update is always included, along with other specific areas of satisfaction that are reviewed based on what is most relevant or important to highlight to leadership on a month-by-month basis. The items highlighted in the monthly communications include overall performance, trends, key takeaways (including both quantitative and qualitative data), areas of opportunity and customer compliments. Within the monthly communication, a link to an online Customer Experience Dashboard is also included that

provides further details to survey results. FTI-117, Attachment 6(ES) provides a sampling of the VOC communications for 2022.

- On a daily basis, transactional surveys are sent to customers to obtain insights on our performance and understand opportunities to improve. Feedback and survey results are pushed to the online Customer Experience Dashboard daily so that management can monitor real-time performance, analyze and take action on customer concerns. Leaders are able to view the results at the Eversource, state or operating company levels and in most cases, drill down into their specific town or work center. Each survey section features key metrics and analytics that allow the viewer to track trends and understand key influences on the results. In some surveys, the dashboard includes customer data that allows leaders to view results by customer segmentation and includes data that allows leaders to benchmark results with similar industry metrics. The CX Dashboard was completed in early 2019 and in 2020, won the industry CS Week Expanding Excellence Award for the Best Analytics Project for a large utility.

- On a bi-monthly basis, the Operating Presidents participate in the Eversource Energy Customer Council, which is comprised of the 16 senior leaders from all of the customer-facing functions across Eversource Energy, including the SVP of IT. At the meetings, the Council reviews detailed customer-service data for each operating jurisdiction with the Operating Presidents, including data on customer satisfaction, customer engagement metrics and digital channel plans. “Voice of the customer” input and performance data are presented at the state-specific level for operational metrics such as call-center performance on billing queries and other customer-facing operational indicators. The Customer Council has a standing charter provided as FTI-117, Attachment 5 (ES).

  The Customer Council was created by the SVP of Customer Operations in early 2022 when he started with Eversource Energy. Prior to his arrival, a Customer Experience (CX) Steering Committee existed involving the collaboration of the Customer Group and the CL&P and YGS Presidents. For example, when it was identified that, based on customer feedback, there were extended time intervals when CL&P would respond to customers about reported outages, a team was organized to analyze and resolve the issue. The Customer Experience Steering Committee reviewed VOC information to identify and implement initiatives to improve the customer experience, and also addressed emergent issues. Strategic initiatives launched and managed by the CX Steering committee included: (1) establishment of the robust voice of the customer infrastructure that now includes online communities, demographically representative of the Eversource customer base by segment, and by state; (2) establishment of the My Account digital experience that presents customers with one click account overview, bill pay, outage reporting experiences; and (3) implementation of Plus 1 culture where every employee has been trained in how to deliver a Plus 1 experience for the customer. This team did not typically review state-by-state performance as the Customer Council now does.

Instead, this team developed and carried out initiatives to address emergent issues relating to the customer experience.

Human Resources also participates in the Customer Council due to the fact that the new processes that come out of this initiative may require education, training and change management with employees. For example, Human Resources led the development of the Plus 1 Culture Change training, and ongoing reinforcement of this throughout the organization. Similarly, customer communications is involved with this group in order to develop the strategic communications necessary to educate customers.

- On a weekly basis, leaders of customer operations and digital channel management functions meet to review contact center and meter-to-cash performance metrics for each operating company, as well as customer satisfaction survey responses to identify emergent issues and areas that require focus for improvement.

- Along with monthly reports on performance, the Senior Team conducts expanded leadership meetings periodically with the inclusion of business leads across the enterprise, such as the Senior Vice President of IT, the Senior Vice President of Customer Operations and Digital Strategy, and the Operating Presidents for CT, MA and NH, as well as Aquarion. At these meetings, the Corporate Performance Management Team reports out on performance across the Eversource Energy enterprise and any problems with performance within a specific operating unit are raised. If there is a variance in performance from the established targets, there is discussion as to what's driving that variance. With the expanded Senior Team around the table, the unit business leads review their actual performance with the group and discuss any issues that need to be addressed. Each participant in the meeting receives a detailed corporate performance report on operating performance across the Eversource Energy organization and the business units.

- At least once annually for CL&P and YGS, the Senior Vice President of IT meets with each Operating President to review the IT Strategic Road Map. The IT Strategic Road Map sets out the three-year investment plan and is designed to enable effective service delivery and strong operating performance of the Operating Company. The IT Strategic Roadmap is developed collaboratively with the business leaders and the annual budget meeting is used as a platform for a robust discussion about the components of the Road Map. At the annual budget meetings, a review of all projects comprising the Road Map is conducted, as well as any re-prioritization of investments and solutions on the Road Map to achieve operating and business objectives. AQ has a separate schedule for the President’s interaction on IT given that it maintains its own IT system, including SAP.

These are just some examples of the collaboration and alignment that exists between the shared service functions and the Operating Company leadership in relation to all major business initiatives, business planning, workforce planning, collective bargaining, labor-management

problem solving, talent management, employee engagement and other matters. The Eversource Energy governance structure and management processes enable full discussion and alignment across the enterprise with respect to the goals, objectives and needs of the Operating Companies.

The structure also enables Eversource Energy to leverage best practices across one or more Operating Companies or shared services organizations to deliver strong performance for customers and efficiencies in the business.

**Shared Services and Cost Accounting**

Service Company Operating Agreements are in place between ESC and each Operating Company to govern the provision of services provided to the respective Operating Company by the ESC. Please refer to FTI-115 for the service agreements between ESC and the CT Utilities for a description of the services that are provided.

Accounting Policy Statement 24, Time Reporting Policy, notes that "Each subsidiary company should be charged directly, when possible, for employees' time benefiting that subsidiary." This avoids cross-subsidization between the Operating Companies. Refer to FTI-120, Attachment 5(ES) for this policy statement.

When an ESC employee is providing services to one subsidiary or business segment, the direct methodology may be utilized. These are categorized as the "N" rate codes, which will directly assign 100% of the costs to that subsidiary or business segment. For example, the following ESC work orders have been established for employees supporting the CT Management Audit:

CL&P: PURAAN11

YGS: PURAAN71

The last three characters of the work-order number contain an alpha followed by two digits. The alpha character in these examples is an "N," which indicates the methodology. In this case, "N" indicates use of the direct-charging methodology, whereby 100% of the charges will be directly assigned to a subsidiary or business segment. The last two digits of a work-order number utilizing the direct methodology indicate the entity code, which is the subsidiary or business segment. When ESC employees charge the work orders noted above, the charges are assigned 100% to CL&P (entity 11) or YGS (entity 71). Please refer to FTI-117, Attachment 1(ES) for the Chart of Accounts and a listing of the Eversource entities.

As mentioned above, services are not allocated to AQ. Therefore, services provided to AQ in support of the CT Management Audit are charged to work order AQPURACT, which has been established to accumulate charges in an ESC intercompany receivable that is included in the monthly sundry bill to AQ.

When costs are incurred to serve the Operating Companies more broadly and cannot be directly assigned by charging an operating company work order or utilizing the ESC direct methodology, costs are allocated based on a specific causal-based methodology. For example, the Plant Accounting team provides accounting services to the Operating Companies and generally allocates their time based on the Gross Plant Assets methodology; whereas members of the Customer Care team generally allocate their time based on the Number of Customers or Customer Handle Time methodologies. Allocations are made only after it is determined that it is not practical or reasonably possible to perform a direct assignment of the costs.

When direct charging is not feasible and a specific causal-based methodology cannot be utilized, common allocators are used to allocate costs. The common methodology is based on the average of net income and gross plant assets. For example, the Corporate Accounting team primarily charges work order ACTG0C04 when supporting the monthly financial close of Eversource Energy. The employees in this organization generally use a common allocator as there is no specific causal driver of the costs or causal-based methodology that may be utilized for providing these corporate accounting services. Please note that the last two characters of rate codes for causal-based and common allocators is not the entity code as it is with the direct methodology, but rather the sequential numbering of rate codes for the combinations of subsidiaries and business segments.

For a listing of the allocation methodologies used as the basis for the applicable rate codes, please refer to FTI-126 and the ESC FERC Form 60 annual filings that present these methodologies on Schedule XXI. This Schedule also explains the rationale for the methodologies. Please also refer to FTI-116 and the ESC Cost Allocation Manual for additional details regarding the allocation methodologies and a list of rate codes.

**Shared Service Controls and Reporting**

There are several controls in place to ensure costs are appropriately allocated. All rate codes are updated annually in January, and as needed, and are prepared, reviewed and approved by the Corporate Accounting Allocations team. The Director of the Corporate Accounting Allocations team is responsible for ensuring the corporate rate codes are accurate.

As it relates to the allocation or assignment of costs, whether those costs be employee payroll, invoiced charges, inventory or otherwise, the person authorized to approve the transaction is responsible for ensuring the appropriate work order and rate code are used to cause the cost to be allocated to the proper affiliate(s) depending on the subsidiaries or business segments benefitting from the goods or services provided.

In addition, the internal control structure used by ESC to ensure all costs are properly charged to the affiliates includes a process that is managed by the Corporate Accounting Allocations team. This process involves comparing the allocated charges to a manual calculation of charges

eligible to be allocated to the subsidiaries or business segments. Any differences are researched and resolved.

The Corporate Allocations Team also sends out a Monthly Monitoring Report from the PowerPlan system, which houses the enterprise-wide cost records. The Monthly Monitoring Report is a set of approximately 400 reports issued to all ESC Cost Center Managers, or their designees for each ESC cost center. The Monthly Monitoring Report shows the amount of O&M expense charged by accounting work order and the percentage by work order charged to each Operating Company. The Corporate Allocations Team also sends out a monthly Key Comparison Report that shows the percentage of O&M expense charged to each subsidiary for the current and prior month, quarter to date and the prior 12 months. The Key Comparison Report also shows the total charge to each Operating Company in that current month. Please refer to FTI-117, Attachment 2(ES) and FTI-117, Attachment 3(ES) for examples of these reports for Cost Control Center 025.

An executive summary is also prepared monthly for the Vice President, Controller and Chief Accounting Officer. This report shows a 13-month comparative analysis of ESC O&M allocated to each Operating Company by each shared service unit through the Executive Vice President level and identifies month-over-month variances within each business area. Please refer to FTI-117, Attachment 4(ES) for the October 2022 reporting package, as an example.

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Q- FTI-118
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Date Filed: December 27, 2022

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
For each of the shared services organizations providing services / charging costs to the Connecticut utilities, describe the basis for pricing the services, and indicate whether, during the years 2018 through 2022, there was any mark-up over the cost of providing the services charged to the Connecticut utilities. To the extent the pricing basis was / is cost, please indicate whether it is "fully distributed" or "fully-allocated" cost and, if it is FDC, whether it includes a rate of return and associated income taxes on assets employed in providing the services, and the basis for the rate of return used.

**Response:**

There is no mark-up on costs for services charged by the Eversource Energy Service Company ("ESC") to the Operating Companies, including the Connecticut Utilities. This is true for the years of 2018 through 2022, and prior. Shared-service costs are direct charged to the Operating Companies to the maximum extent possible. When direct charging is not feasible, then the costs are charged out on the basis of a causal-driver rate code, if possible, or a common allocator.

A rate of return on equity is included in the amounts charged to the Operating Company only on shared capital assets that would constitute utility rate base for the respective Operating Company, if not constructed or purchased on a shared-service basis. Income taxes associated with the rate of return on equity are fully allocated. The ESC rate of return is calculated on an annual basis in January by weighting the most recent authorized return on equity for each Eversource regulated business segment, including transmission and distribution for electric companies. The weighting is derived on the basis of ESC Distributed Labor and the prior year-end plant balances of the applicable ESC projects.

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Date Filed: December 16, 2022

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
For the years 2019, 2020, 2021 and YTD 2022, for each of the shared services entities described in the previous data request, please provide an MS Excel schedule showing, for each requested year, the total amounts charged to each cost-objective (company) receiving the costs. Please break down these amounts charged by charging method (i.e., break it down into totals directly charged and amounts charged using each major allocation method.) Minor amounts charged using methods amounting to less than 5 percent of the service company's total charges may be bundled into the category "other methods."

**Response:**

Please refer to FTI-119, Attachment 1 (ES); FTI-119, Attachment 2 (ES), and FTI-119, Attachment 3 (ES) for the amounts charged to CL&P, YGS and AQ by major allocation method by Eversource Energy Service Company for fiscal years 2019, 2020 and 2021, respectively. The YTD 2022 data will be provided when available.

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Date Filed: May 23, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
For the years 2019, 2020, 2021 and YTD 2022, for each of the shared services entities described in the previous data request, please provide an MS Excel schedule showing, for each requested year, the total amounts charged to each cost-objective (company) receiving the costs. Please break down these amounts charged by charging method (i.e., break it down into totals directly charged and amounts charged using each major allocation method.) Minor amounts charged using methods amounting to less than 5 percent of the service company's total charges may be bundled into the category "other methods."

**Response:**

Please refer to FTI-119-SP01, Attachment 1 (ES) for the amounts charged to CL&P, YGS and AQ by major allocation method by Eversource Energy Service Company for fiscal year 2022.

Date Filed: December 16, 2022

**Witness: Munson, Danielle J, Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Please provide a copy of all written internal policies and procedures currently applicable to the Connecticut utilities and their relationships and transactions with affiliates, including all shared services entities.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

The following Eversource Energy policies are currently applicable to the Connecticut utilities and their relationships and transactions with affiliates. Please also see the attachment to question FTI-116, which provides the Cost Allocation Manual. Note this list consists of only the financial / accounting policies and corporate policies that directly impact finance and / or accounting. The policies attached include:

1. Compensation Policy - FTI-120, Attachment 1 (ES)
2. Delegation of Authority - FTI-120, Attachment 2 (ES)
3. Procurement Policy - FTI-120, Attachment 3 (ES)
4. Reimbursable Expenses - FTI-120, Attachment 4 (ES)
5. Time Reporting Policy - FTI-120, Attachment 5 (ES)
6. Project Authorization - FTI-120, Attachment 6 (ES)
7. Capital vs. Expense Criteria - FTI-120, Attachment 7 (ES)
8. Capitalization of Computer Software - FTI-120, Attachment 8 (ES)
9. Sundry Billing - FTI-120, Attachment 9 (ES)
10. Balance Sheet Account Reconciliation - FTI-120, Attachment 10 (ES)
11. Journal Entry Approvals - FTI-120, Attachment 11 (ES)
12. Unvouchered Liabilities - FTI-120, Attachment 12 (ES)

3. Aquarion Water Company of Connecticut:

Please see FTI-115, Attachments 1-4 (AQ) for the Service Agreements between Eversource Energy Service Company and Aquarion Company and its direct and indirect subsidiaries,

including Aquarion Water Company of Connecticut; and between Aquarion Water Company and its affiliates.

Please see FTI-120, Attachment 1 (AQ) for AQ's Purchasing Policies and Procedures.

Date Filed: December 22, 2022

**Witness: Kirk, Laura, Teixeira, Lucy, Frazier, Douglas E, Chasson-Colebourn, Alexandria**
**Request from: F T I Consulting**

**Question:**
Please provide a description of employee training currently applicable to Connecticut utility employees, and the employees of shared services entities charging costs to the Connecticut utilities. Please provide a list of currently applicable training courses / programs and describe the employees that must attend them.

**Response:**

**Applies to all Eversource Energy Employees:**

All Eversource Energy employees must complete annual eLearning on the Code of Business Conduct and Discriminatory Harassment Prevention. In addition, employees based in Connecticut must complete a two-hour Sexual Harassment Prevention training.

Code of Business Conduct

This eLearning reinforces commitment to the principles of Eversource Energy's Code of Business Conduct and allows all employees to certify their understanding and obligations under the Conflict of Interest and Human Rights Policies.

CHRO – Sexual Harassment Prevention Training

This video developed by the Commission on Human Rights & Opportunities (CHRO) was required to be assigned within six months of employment beginning October 1, 2019 and supplemented every ten years.

Discriminatory Harassment Prevention

This eLearning reinforces Eversource Energy's commitment to equal employment opportunity both in principle and as a matter of policy and a workplace that is free of all forms of discriminatory harassment, including sexual harassment.

1. The Connecticut Light & Power Company

***Exempt, non-craft, non-technical employees***

- For Electric Technical Training Programs – see response to FTI-182
- Electric Supervisor Training
  - 11 technical training modules designed for virtual classroom delivery for incumbent Operations Supervisors.
  - The Electric Supervisor Training program provides the opportunity for new Overhead Field Supervisors to learn the skills and gain the knowledge necessary to direct and oversee the work being performed by their employees in the field. The program is a blend of instructor-led presentations (in-person & virtual), hands-on opportunities, and self-study. Topics include:
    - Applied Electricity
    - T&D Equipment Overview
    - Distribution Print Reading
    - Distribution System Protection and Automation
    - Basic Substation Print Reading
    - Distribution Troubleshooting
    - Transmission & Substation Protection Schemes
    - Control Centers and SCADA Basics
    - Transformer Connections
    - Underground Manhole and Vault Inspection
    - Underground Secondary Networks
- Work Continuation:
  - Exempt employees that have been identified as filling a craft worker role to support a work stoppage:
    - 16 hours annually for OH & UG
    - 16 hours annually for substation electricians
    - 32 hours annually for test specialists
- Annual Safety and Environmental Training
  - Please see FTI-121, Attachment 1(CLP) for a list of currently applicable Safety training courses.

- Please see FTI-121, Attachment 1(ES) for a list of currently applicable Environmental training courses.

2. Yankee Gas Services Company:

- Gas Technical Training – see response to FTI-182
- Fundamentals Of Local Distribution Company (LDC) Operations – new in 2022
  - Voluntary program, open to all Eversource employees, the program explains common equipment, tools, processes and work tasks associated with design, maintenance and operation of a natural gas distribution system. Each session is a three-hour class conducted virtually. There are 10 sessions that comprise the Fundamentals of LDC Operations. If students complete all 10 sessions, they will earn a certificate from the company. They can also take individual sessions. Session include:
  - Gas 101
  - Leak Management
  - Corrosion & Cathodic Protection of Gas Facilities
  - Gas Damage Prevention
  - Gas Pipe Joining
  - Gas Pipeline Construction
  - Gas Tapping & Stopping
  - Gas Instrumentation & Regulation
  - Gas Metering, Regulating & Pipefitting
  - Gas Meter Service
- After three sessions, Eversource Energy has seen representation from across the company from audiences typically not served by "Technical Training".
  - Community Relations
  - Corporate Relations
  - Electric
  - Enterprise Risk Management
  - Environmental Compliance
  - Internal Audit
  - IT

        - Gas Emergency Preparedness
        - Gas Engineering
        - Gas Pipeline Safety Management & QA
        - Gas Planning, Scheduling & Resource Management
        - Gas Sales & Marketing
        - Process Performance & Analysis
        - Safety
    - Work Continuation:
    - Exempt employees that have been identified as filling a craft worker role to support a work stoppage:
        - Initial Training
            - Distribution Helper – 16 hours
            - Damage Prevention Specialist – 16 hours
            - Meter Service Mechanic – 40 hours
        - Annual Refresher Training
            - Distribution Helper – 4 hours
            - Meter Service Mechanic – 24 hours
- Annual Safety and Environmental Training:
    - Please see FTI-121, Attachment 1(YGS) for a list of currently applicable Safety training courses.
    - Please see FTI-121, Attachment 1(ES) for a list of currently applicable Environmental training courses.

3. Aquarion Water Company of Connecticut:

AQ has two separate types of training (Compliance & Non-Compliance Training).

Compliance training such as Sexual Harassment, Code of Conduct, Employee Handbook Training are required training for all employees annually. Other compliance training is more department and role specific. An example would be Confined Space Training or Lockout/Tagout Training that is required for all workers that have to deal with confined spaces or electricity typically in our Utility Operation Divisions or Supply Operation Divisions. Please see FTI-121, Attachment 1 (AQ) for a detailed list of Safety Compliance and Non-Compliance Training.

The second type of training that is provided at the departmental level is non-compliance training. Examples of non-compliance training include the following: Basic Skills, Technical Training, Management & Leadership Training.

Please see FTI-121, Attachment 1 (AQ) for a list of currently applicable training courses.

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Date Filed: January 06, 2023

**Witness: Driscoll, Daniel C, Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please describe the shared service company budgeting program, including the extent to which it is "zero-based" (or ground-up), or managed from top-down, total-cost-oriented basis. Describe control, if any, that the Connecticut utilities have over the amounts of centralized administrative and management services or costs budgeted and charged to them from shared services entities in the Eversource organizational structures.

**Response:**

1. The Connecticut Light & Power Company

2. Yankee Gas Services Company

3. Aquarion Water Company of Connecticut

Please see the responses to Q-FTI-033 and Q-FTI-117 for a discussion of the Eversource Energy budgeting process and shared services organization.

As discussed in those responses, the shared services organizations function similar to the Operating Company organizations in that each shared service organization has its own set of goals and individual budget, both O&M and capital, and those plans are developed and executed on an annual basis. For each cost control center, a system is established to allocate the cost based on the work that is being performed and the shared-service organization is held accountable for the budget and operating plan associated with their function. Accountability for spending and execution rests with the leader of each one of the shared services organizations. Each one of these senior leaders, whether Legal, IT or Human Resources, are responsible for running their own aspect of the business and keeping within the confines of the approved budgets that are established for each year.

Date Filed: December 22, 2022

**Witness: Morrissey, Donald J**
**Request from: F T I Consulting**

**Question:**
In the Eversource kick off presentation on October 31, 2022, there was an Aquarion Organization Structure presented on slide 3 of the company's Powerpoint presentation. This organization structure showed Director positions for administrative business functions such as: Accounting, Administration, Human Resources, IT, Taxes, Corporate Communications, Business Development and Public Relations that are also provided by Eversource Energy Service Company. Please describe in detail the differences in services provided for the aforementioned administrative business functions by employees at Aquarion Water Company versus the services provided in the aforementioned administrative business functions to Aquarion by employees of Eversource Energy Service Company.

**Response:**

Eversource Energy acquired ownership of Aquarion Company and its direct and indirect subsidiaries, including AQ, in December 2017. At the time of the acquisition, Eversource and Aquarion Company indicated to PURA that the water operations were expected to be maintained on an independent basis, at least for some period of time. Since the transaction, Aquarion Company continues to maintain an independent operation based in Bridgeport, CT. Prior to the Eversource Energy transaction, Aquarion's administrative functions were sized to serve Aquarion Company's operations and AQ customers and this continues to be the case.

There are several factors involved in considering the consolidation of Aquarion Company administrative business functions with those of Eversource Energy. One primary consideration is that Aquarion Company and its operating companies utilize SAP as the enterprise-wide resource platform, whereas Eversource Energy does not. SAP is a fully integrated system supporting financial, customer and asset management activities. As a result, the back-office operations or "administrative business functions," are organized around the SAP system with employees through the Director level that have expertise with SAP. In many cases, these functions report on a dotted-line basis to counterparts at the Eversource Energy shared-service levels, including the accounting, rates and tax teams.

Aquarion Company's Treasury function is fully integrated with the Eversource Energy Treasury operations, and Aquarion Company's former Assistant Treasurer was transferred to Eversource's Treasury group reporting directly to the Assistant Treasurer of Eversource.

Similarly, Aquarion Company's Information Technology team supports the Aquarion Company SAP, SCADA, GIS, laboratory information management system ("LIMS") systems, as well as

computer network, telecommunications and other systems supporting the water business. Opportunities to share best practices, particularly in the cyber security area are frequently explored.

Aquarion Company's customer services, including billing, collections, field services and the call center utilize SAP to optimize processes and enhance the customer experience. The Aquarion Company Corporate Communications team includes community relations, social and digital communications and public relations. This team regularly interfaces with the Eversource Energy Communications team.

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Date Filed: December 14, 2022

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please describe what accounting system(s) or ERP system is used by Eversource Energy Service Company dating back to 2019. Please include any system changes from 2019 to present day.

**Response:**

The accounting systems used by Eversource Energy Service Company ("ESC") include:

OneStream – This system is used to maintain ESC's financial statements, record topside entries, entity eliminations and consolidation entries. This system replaced the Hyperion Financial Management ("HFM") system in May 2022.

Oracle eBS – This is the general ledger utilized by ESC.

PowerPlan – This is the sub ledger. It is a detailed cost repository, work order, plant asset, depreciation and tax system. The last major upgrade was January 2019 when ESC implemented a lease module.

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Q- FTI-125
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Date Filed: January 11, 2023

**Witness: Lawrence, Dan, Teixeira, Lucy, Pereira, Armando, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please give the address for all Eversource Energy Service Company locations. In addition, please give the employee headcount for each location as of YE 2019, YE 2020, YE 2021 and Q3 2022.

**Response:**

Please refer to FTI-125, Attachment 1(ES) for a listing of Eversource Energy facilities to which employees report and the associated headcounts for YE 2019, YE 2020, YE 2021 and Q3 2022.

Please refer to FTI-125, Attachment 1(AQ) for a listing of Aquarion facilities to which employees report and the associated headcounts for YE 2019, YE 2020, YE 2021 and Q3 2022.

Detailed information regarding each employee and their work locations over this time period is provided in FTI-113, Attachment 1(ES) through Attachment 4(ES) and FTI-113, Attachment 1(AQ) through Attachment 4(AQ).

Date Filed: December 14, 2022

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please provide the FERC Form 60s for Eversource Energy Service Company for 2019, 2020, and 2021.

**Response:**

Please refer to FTI-126, Attachment 1 (ES); FTI-126, Attachment 2 (ES), and FTI-126, Attachment 3 (ES) for the FERC Form 60s for Eversource Energy Service Company for fiscal years 2019, 2020 and 2021, respectively.

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Date Filed: January 18, 2023

**Witness: Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Please provide any management reporting for Eversource Energy Service Company and any other service company providing services to the Eversource Connecticut affiliates. This would include any budget/actual reports. Please provide these management reports for the years ending 12/31/19, 12/31/20, and 12/31/21.

**Response:**

There are two primary vantage points by which the services provided to the CT Utilities by the shared service business units are evaluated. These vantage points are cost-management and performance results. For these two categories of evaluation, the primary reports would be the following:

1. Year-end actual to budget reports for the shared-services business units with budgeting responsibility, are provided as FTI-150, Attachment 1 (ES) Confidential, FTI-150, Attachment 2 (ES) Confidential, FTI-150, Attachment 3 (ES) Confidential. These materials indicate cost performance for each shared services business unit against budget. Please note that the attached PowerPoint presentations are excerpted from larger presentations that cover operations in CT, MA and NH on a consolidated basis or MA and NH on an individual basis. For additional actual to budget reports for the Operating Companies, please refer to the response to FTI-287.

2. Organizational level Scorecards and Key Initiatives are monitored monthly for performance versus plan for shared-service business units and the Operating Companies. Performance results are provided to the Eversource Senior Team and Expanded Senior Team each month throughout the year. As noted in other responses, the Expanded Senior Team includes the Operating Company Presidents with their officers and directors. Please see FTI-150, Attachments 4(ES) through 7(ES) Redacted and Confidential, for the monthly performance reports issued between 2019 to 2022. Please see the response to FTI-288 for additional information on performance reporting.

Date Filed: January 18, 2023

**Witness: Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Please provide any Powerpoint or similar presentations given to Senior Management that accompany the service company budgets that are submitted to senior management for approval. We would expect these presentations to include topics such as: cost increases or decreases, changes in staffing from the prior year's budget, or anything else to aid in understanding and approving the annual service company budgets. Please provide these presentations for the years ending 12/31/19, 12/31/20, and 12/31/21.

**Response:**

As discussed in response to FTI-033, in the September/October time frame of each year, each business unit with budget responsibility presents their respective, proposed budget to the CFO and the VP of FP&A. The presentations are made by the senior officer(s) of the business unit, which would mean the Chief Operating Officer with the Operating Presidents and/or Executive Vice President/Senior Vice Presidents of the shared service units. Each area will have been provided budget targets for their respective area on which the presentations are expected to be based. The initial presentation is made by Powerpoint. The following attachments provide the initial budget-proposals for each shared services business unit having budget responsibility, as presented in fourth quarter 2019, 2020 and 2021:

Presented in 4th Quarter 2021

- General Counsel Budget Presentation: FTI-151, Attachment 1(ES) Confidential
- Information Technology Budget Presentation: FTI-151, Attachment 2(ES) Confidential
- Human Resources Budget Presentation: FTI-151, Attachment 3(ES) Confidential
- Chief Financial Officer Budget Presentation: FTI-151, Attachment 4(ES) Confidential
- Communications, External Affairs & Sustainability Budget Presentation: FTI-151, Attachment 5(ES) Confidential[1]

[1] Note that 2022 was the first year that Customer Experience & Energy Strategy was separated from Communications, External Affairs & Sustainability. In 2020 and 2021, these two groups were organized within a single, shared services business unit.

- Customer Experience & Energy Strategy Budget Presentation: FTI-151, Attachment, 6(ES) Confidential

Presented in 4th Quarter 2020

- General Counsel Budget Presentation: FTI-151, Attachment 7(ES) Confidential
- Information Technology Budget Presentation: FTI-151, Attachment 8(ES) Confidential[2]
- Human Resources Budget Presentation: FTI-151, Attachment 9(ES) Confidential
- Chief Financial Officer Budget Presentation: FTI-151, Attachment 10(ES) Confidential
- Customer, Communications, External Affairs & Sustainability and Strategy Budget Presentation: FTI-151, Attachment 11(ES) Confidential

Presented in 4th Quarter 2019

- General Counsel Budget Presentation: FTI-151, Attachment 12(ES) Confidential
- Human Resources & Information Technology Budget Presentation: FTI-151, Attachment 13(ES) Confidential
- Chief Financial Officer Budget Presentation: FTI-151, Attachment 14(ES) Confidential
- Corporate Relations & Customer Group Budget Presentation: FTI-151, Attachment 15(ES) Confidential

Please note that the attached PowerPoint presentations are excerpted from larger presentations that cover operations in CT, MA and NH on a consolidated basis, or MA and NH on an individual basis.

[2] Note that 2021 was the first year that Information Technology was separated from Human Resources. In 2020 and prior, these two groups presented as a single, shared services business unit.

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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Synan, Michael P, Lazor, Sasha P**
**Request from: F T I Consulting**

**Question:**
Please list and describe any benchmarking used in setting employee benefits and compensation levels in the Connecticut utilities.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

For CL&P and YGS, Eversource relies on many sources to validate the reasonableness of its benefit offerings. The Willis Towers Watson BenVal Survey conducts a utility segment that provides results compared to comparable utility benefit programs as determined by revenue group. The BenVal survey is relied upon heavily for rate case purposes.

Eversource also participates in other professional and industry groups that offer opportunities to gather information about the value (competitiveness) of the Eversource benefit programs. The organizations include the New England Benefits Council (NEEBC), American Benefits Council (ABC) and International Foundation of Employee Benefits. Benchmarking data is also available through the Eversource Energy benefit provider partners and consultants.

Eversource Energy relies on multiple compensation surveys to ensure that compensation levels are competitive with the market. Survey sources from the utility and general industry sectors include Willis Towers Watson and Mercer.

3. Aquarion Water Company of Connecticut:

See FTI-154, Attachment 1 (AQ) for the latest attached benchmarking studies from 2022.

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Q- FTI-155
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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Lazor, Sasha P**
**Request from: F T I Consulting**

**Question:**
Please provide copies of all employee incentive compensation plans applicable to employees of the Connecticut utilities and employees in other Eversource entities with management responsibility for the Connecticut utilities.

**Response:**

1. The Connecticut Light & Power Company

2. Yankee Gas Services Company:

   For CL&P and YGS, the process is the same. Please see FTI-155, Attachment 1(ES) for the Eversource Energy Incentive Plan document.

3. Aquarion Water Company of Connecticut:

   Attached are the most recent incentive compensation plans for CT, provided as FTI-155, Attachment 1 (AQ) Confidential - 2021 AWC Short Term Incentive Plan Goals

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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please identify and provide copies of any staffing analyses or studies involving employees of the Connecticut utilities (and other Eversource entities) performed in connection with or since 2017.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

   For CL&P and YGS, please see FTI-156, Attachment 1,2,3,4 (ES) (please note that due to the pandemic, the years 2020-2021 were not completed).

3. Aquarion Water Company of Connecticut:

   AQ does not conduct formal staffing studies. However, AQ works with local recruiting agencies, attends Connecticut Business and Industry Association ("CBIA") meetings and belongs to Society of Human Resource Management ("SHRM") to remain current on market and industry trends impacting our ability to properly staff AQ.

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Date Filed: December 19, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
For each of the years 2017 through YTD 2022, for each of the Connecticut utilities, please provide the number of open but vacant positions at the end of each year at the department level.

**Response:**

1. The Connecticut Light & Power Company

2. Yankee Gas Services Company

Please refer to FTI-158, Attachment 1(ES) for Open Requisitions in 2017-2022.

3. Aquarion Water Company of Connecticut

Please refer to FTI-158, Attachment 1 (AQ), for the number of open but vacant positions at the end of each year at the department level, 2017-YTD 2022.

Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please provide a description of the workforce planning process including how the Connecticut utilities are engaged in this process. Please include a discussion of how overtime and third-party contractors are considered in the process. To the extent that this process may vary between electric, gas, and water operations, please include a discussion of these differences.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

The workforce planning process at Eversource is a proactive approach that considers business strategy and future talent requirements. The process goes beyond current needs to cover longer-term, multi-year planning. Human Resources works in conjunction with the Connecticut Utilities annually to confirm the business strategy, projected attrition, talent implications, talent gaps and strategies to fill those gaps. As a result of this process, insights are gained across the organization to make strategic decisions on organization design, redeployment and build vs buy (as examples). This process is the same across Eversource Energy and its operating affiliates.

3. Aquarion Water Company of Connecticut:

AQ has had a consistent headcount related to its on-going operations for many years, other than the increases related to acquisitions. As such the work and work processes are consistent. From time to time, there are variable projects or increase in workload related to operational activities such as required meter changes and dunning that requires AQ to supplement the workforce in order to achieve goals related to regulatory compliance. To this end, AQ will hire contractors to supplement workload related to field service operations, as the amount of work can be variable from year to year. AQ will also hire contractors for certain project work that requires a specialized skill that is difficult to source and/or is not available in AQ. Additionally, AQ utilizes construction contractors to provide services related to main breaks. This practice has been in place for many years. Main breaks are variable in nature, and it would be inefficient for AQ to hire construction crews needed to respond to main breaks during peak period and to respond to breaks across our entire service territory. The arrangements with several construction contractors ensure that there is sufficient coverage across our service territory to respond to

breaks in a timely and cost-efficient manner. AQ will evaluate annually the workload requirements and establish a budget for the use of contractors as needed.

Overtime is evaluated on an annual basis based on the past experience related to emergency work such as main breaks resulting in customer outages and to supplement manpower needed for work on projects that are temporary in nature

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Date Filed: December 20, 2022

**Witness: Sullivan, Stephen T, Driscoll, Daniel C, Akley, William J, Kirven, Debra, Morrissey, Donald J**
**Request from: F T I Consulting**

**Question:**
Is there a review of workforce requirements that considers alignment with the Eversource and utility level financial plan? Over the last four to five years, do you recall any constraint in planning workforce levels due to financial constraints?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

Workforce planning for CL&P and YGS is accomplished as part of the annual budget process, which aligns the requirements and needs of the business with the financial outlook. There are no constraints in planning workforce levels due to financial constraints because the two perspectives are addressed at the same time through the annual planning process. In these meetings, operating and financial goals are identified and resources are matched up to ensure achievement of goals in support of customer and operating efficiency.

Please refer to the response to FTI-033 for an overview of the Eversource Energy budget process.

3. Aquarion Water Company of Connecticut:

Workforce requirements are reviewed at AQ and approved by the President of AQ. The total labor costs and headcount are reviewed at the consolidated level as part of Aquarion Company's total operating and capital plans. AQ has not had constraints in planning workforce levels due to financial constraints over the last four to five years. The goals of AQ are identified and resources matched up to ensure achievement of goals in support of customer and operating efficiency.

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Q- FTI-165
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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Has Human Resources retained consultants or performed any formal internal studies specific to the analysis of workforce staffing levels or organizational design within Eversource, the Service Company or the Connecticut utilities?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

   Yes, CL&P and YGS conduct annual reviews as part of the workforce planning process and/or due to individual business need. This is a joint review between the business and Human Resources.

3. Aquarion Water Company of Connecticut:

   AQ has not retained consultants or performed any formal internal studies specific to the analysis of the workforce staffing levels or organizational design within AQ.

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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
For the period from January 1, 2019 to the present, please provide any benchmarking studies or peer group analysis specific to Networks, the Service Company or the Connecticut utilities regarding workforce staffing levels or organizational design.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

For CL&P and YGS, Eversource Energy participated in a survey with CEWD (Center for Energy Workforce Development) in 2019. The survey results provided a national, regional, and state view of the workforce and the demand for future employees. The results of the 2021 survey showed that the workforce continues to get younger and that non-retirement attrition has ticked up while forecasted retirement attrition has dipped. In 2020, hiring outpaced attrition and forecasts show this trend continues through 2025, while line workers and "renewable" jobs continue to increase. See FTI-166, Attachment 1,2 (ES).

3. Aquarion Water Company of Connecticut:

AQ has not performed any benchmarking studies or peer group analysis specific to workforce staffing levels or organizational design.

Date Filed: December 16, 2022

**Witness: Landry, Leanne M, Kirven, Debra, Desrosiers, Thomas C, Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Does the Company use any KPIs or other metrics to track overtime levels against targets? If so, please identify how this is quantified and provide year-end data, by year, from January 1, 2019 to the present.

**Response:**

1. The Connecticut Light & Power Company:

CL&P monitors budget and actual overtime on a monthly and annual basis for review by Operations leadership. To prepare the reports, overtime is a cost element attribute in the Company's financial system and is the mechanism used to pull the information for reporting, monitoring and analysis.

Refer to the chart provided below for year-end data for CL&P from January 1, 2019 to the present.

**Operations Overtime**
**2019-2022**
**$ Millions**

| | 2019 | | | 2020 | | | 2021 | | | November 2022 YTD | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | Actual | Budget | Variance | Actual | Budget | Variance | Actual | Budget | Variance |
| O&M | 11.3 | 10.6 | 0.7 | 7.1 | 9.0 | (1.9) | 9.2 | 8.1 | 1.1 | 7.8 | 7.2 | 0.6 |
| Capital/Other | 9.6 | 8.6 | 1.0 | 6.4 | 9.6 | (3.2) | 7.9 | 7.2 | 0.7 | 9.7 | 7.5 | 2.1 |
| Total | 20.9 | 19.2 | 1.6 | 13.5 | 18.6 | (5.1) | 17.1 | 15.3 | 1.8 | 17.5 | 14.7 | 2.8 |

2. Yankee Gas Services Company:

YGS monitors budget and actual overtime on a monthly and annual basis for review by Operations leadership. To prepare the reports, overtime is a cost element attribute in YGS's financial system and is the mechanism used to pull the information for reporting, monitoring and analysis.

Refer to the chart provided below for year-end data for YGS from January 1, 2019 to the present.

**Operations Overtime**
**2019-2022**
**$ Millions**

| | 2019 | | | 2020 | | | 2021 | | | November 2022 YTD | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | Actual | Budget | Variance | Actual | Budget | Variance | Actual | Budget | Variance |
| O&M | 3.5 | 3.0 | 0.5 | 2.7 | 3.1 | (0.4) | 2.5 | 3.1 | (0.6) | 2.9 | 2.0 | 0.9 |
| Capital/Other | 3.3 | 2.2 | 1.1 | 3.3 | 2.3 | 1.0 | 3.8 | 3.3 | 0.5 | 4.0 | 3.3 | 0.6 |
| Total | 6.8 | 5.2 | 1.6 | 5.9 | 5.4 | 0.6 | 6.2 | 6.4 | (0.2) | 6.9 | 5.3 | 1.6 |

3. Aquarion Water Company of Connecticut:

AQ prepares monthly overtime reports that track actuals vs budget by department and are sent to the managers for review. For the monthly overtime reports, variance explanations of 10% below or above budget are required to be sent to the Controller and Accounting Manager. In 2022, AQ started tracking overtime as a KPI.

The overtime reports for each of the years ending December 2019, 2020 and 2021 are included in FTI-167, Attachment 1(AQ).

Date Filed: January 11, 2023

**Witness: Morrissey, Donald J, Sullivan, Stephen T, Akley, William J**
**Request from: F T I Consulting**

**Question:**
Please describe the Company's criteria for use of third-party contractors versus employees. Please provide a summary of third-party contractor costs as directly incurred or as allocated to each Connecticut utility from January 1, 2019 to 2021, and year-to-date 2022.

**Response:**

1. The Connecticut Light & Power Company

At CL&P, work is typically resourced by the Integrated Planning and Scheduling group with input from Engineering and the Field Operations/Projects Groups. A Gap Analysis is conducted to determine how much availability the internal crews have. Work is assigned until the internal resource schedule is full and the balance of the work is outsourced to contractors. Projects over $250K follow a competitive bid solicitation process involving contractors from the Eversource Energy Contractor of Choice ("COC") program. Please refer to FTI-192 for a summary of contractor costs.

2. Yankee Gas Services Company

YGS utilizes internal employees to perform many routine ongoing maintenance and operating activities. YGS also utilizes third-party contractors to support its seasonal construction needs, perform routine compliance leak survey inspections and assist with the installation of meter protection and planned cast iron bell joint encapsulations. The use of third-party contractors enables YGS to align the total number of resources needed to complete its annual work plans with a combination of full time and seasonal workers. Projects that require the use of specialized equipment are able to be satisfied through the use of third-party contractors. The use of third-party contractors also enables YGS to resource temporary peaks in its workload.

Please refer to FTI-192 for a summary of contractor costs.

3. Aquarion Water Company of Connecticut

AQ has had a consistent headcount related to its on-going operations for many years, other than the increases related to acquisitions. As a result, the AQ work and work processes are consistent. From time to time, there are variable projects or increases in workload related to operational activities such as required meter changes and dunning that requires AQ to supplement the workforce in order to achieve goals related to regulatory compliance. To this end, AQ hires

contractors to supplement workload related to field service operations, as the amount of work can be variable from year to year. AQ will also hire contractors for certain project work that requires a specialized skill that is difficult to source and/or is not available in AQ. Additionally, AQ utilizes construction contractors to provide services related to main breaks. This practice has been in place for many years. Main breaks are variable in nature, and it would be inefficient for AQ to hire construction crews needed to respond to main breaks during peak period and to respond to breaks across our entire service territory. The arrangements with several construction contractors ensure that there is sufficient coverage across our service territory to respond to breaks in a timely and cost-efficient manner. AQ evaluates annually the workload requirements and establishes a budget for the use of contractors as needed.

Please see FTI-168, Attachments 1 – 4(AQ) for a summary of third-party contractor costs for 2019 through November of 2022.

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Date Filed: January 11, 2023

**Witness: Morrissey, Donald J, Sullivan, Stephen T, Akley, William J**
**Request from: F T I Consulting**

**Question:**
What is the company's overtime policy, and to what extent does the company attempt to minimize overtime costs by looking at FTE alternatives or the use of outside contractors?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

For CL&P and YGS, the answer is the same. Overtime budgets are set to minimize use of OT and OT performance is monitored against target. The number of internal resources employed by CL&P or YGS is based upon forecasted work volumes and overtime is used primarily to manage workload peaks. CL&P and YGS use discretion in determining whether or not to reduce OT by using FTE resources or the use of outside contractors.

Please refer to FTI-168 for details on how work is split between internal resources and contractors.

3. Aquarion Water Company of Connecticut:

Because the nature of a utility is one that requires 24-hour service to customers, AQ's nonexempt employees are required to work overtime from time to time. Employees will be required to work overtime on a rotating basis, based on previously accumulated overtime. Examples of work possibly requiring a non-normal shift schedule include, but are not limited to, plant operations, meter reading, periodic meter changing, credit, and garage maintenance. In addition, certain special projects may also necessitate working other than the normal work hours.

Each respective Director will evaluate the work planned for a particular year and determine the resourcing needed to accomplish their goals. If an increase in headcount is requested, a business case discussion is held with the Vice President responsible for their area of responsibility and the Human Resources Director. The Business Case will include alternatives to evaluate the accomplishment of goals and the cost to AQ. All additions to headcount are reviewed and approved by the President of AQ.

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Date Filed: December 20, 2022

**Witness: Desrosiers, Thomas C, Driscoll, Daniel C, Landry, Leanne M, Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Does the company maintain any KPIs or targets for controlling overtime?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

   For CL&P and YGS, please refer to the response provided in FTI-167.

3. Aquarion Water Company of Connecticut:

   AQ began tracking overtime as a KPI in 2022. As part of the payroll budget process, each department head is responsible for budgeting overtime.

   Please refer to response provided in FTI-167.

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Q- FTI-171
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Date Filed: December 14, 2022

**Witness: Desrosiers, Thomas C, Landry, Leanne M, Kirven, Debra, Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Does the Company review overtime statistics against utility peers?

**Response:**

None of the three companies review overtime statistics against utility peers as overtime is a variable resource available to execute the workplan and is not meaningfully measured against peers.

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Q- FTI-172
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Date Filed: December 20, 2022

**Witness: Morrissey, Donald J, Sullivan, Stephen T, Akley, William J**
**Request from: F T I Consulting**

**Question:**
Has there been any increase in the unavailability of internal workforce resources in recent years that has caused an increase in the use of outside contractors?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

   CL&P and YGS have not increased their use of outside contractors due to the unavailability of internal resources in recent years.

3. Aquarion Water Company of Connecticut:

   The turnover rate has increased for AQ over the last several years due to market conditions. As such, AQ has increased the use of temporary employees who augment the workforce for special projects. AQ's level of use of outside contractors who perform operational activities has remained relatively flat over the last few years.

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Date Filed: December 20, 2022

**Witness: Morrissey, Donald J, Sullivan, Stephen T, Akley, William J**
**Request from: F T I Consulting**

**Question:**
If not provided in another discovery response, does the Company have any benchmarking data regarding use of contractors as a percentage of workforce requirements. If so, please provide any available studies from January 1, 2019 to the present.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

   CL&P and YGS do not perform benchmarking regarding the use of contractors as a percentage of workforce requirements.

3. Aquarion Water Company of Connecticut:

   AQ does not have benchmarking data regarding the use of contractors as a percentage of workforce requirements.

Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please provide a summary of the number of open positions and actual employee headcount by department, by year, as of December 31, 2019 to 2021 and as of the most recent data available for Eversource, the Service Company and each of the Connecticut utilities.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

For CL&P and YGS, please refer to the response to FTI-113 for staffing levels by year.

Please see FTI-174, Attachment 1(ES) for Open Requisitions 2019-2022.

3. Aquarion Water Company of Connecticut:

Please see FTI-174, Attachment 1 (AQ).

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Q- FTI-175
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Date Filed: December 20, 2022

**Witness:** **Teixeira, Lucy, Marcucci, Nancy J**
**Request from:** **F T I Consulting**

**Question:**
Please provide historic data from January 1, 2019 to the present, by year, regarding the average age of the workforce in a level of detail currently available by organization and line of business as it relates to Eversource, the Service Company and each Connecticut utility. Please provide current projections of this data for the next three to five years, as available.

**Response:**

| Average Age | Eversource | ESC | Operations | CL&P | YGS | AQ |
|---|---|---|---|---|---|---|
| 2019 (as of 1/1/19) | 48 | 48 | 47 | 48 | 46 | 48 |
| 2020 (as of 1/1/20) | 47 | 46 | 46 | 47 | 46 | 48 |
| 2021 (as of 1/1/21) | 47 | 47 | 45 | 47 | 46 | 48 |
| 2022 (as of 1/1/22) | 46 | 47 | 45 | 47 | 46 | 47 |
| 2022 (as of 11/30/22) | 45 | 46 | 44 | 46 | 46 | 47 |

Eversource anticipates that the average age will stabilize over the next 3-5 years, which is consistent with industry average. Please see the response to FT1-166 for the study.

For the supporting data, please refer to response to FTI-113.

Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Has the Company implemented any policies or programs to mitigate the impact of an aging workforce, especially considering the impact of this industry issue as it relates to electric, gas, and water operations personnel. Please provide any internal analysis of this issue as presented to executive management as of year-end, by year, for 2019 to 2021 and the most recent information available in 2022.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

CL&P and YGS have developed strategic workplans as part of the annual business and workforce planning process to address immediate and long-range needs to ensure that the ability to acquire, develop and retain excellent talent is maintained.

Employee development programs are aligned to the strategic workforce plan to support succession within all levels of the organization. Programs like the Growth Opportunities for Leadership Development and cohort programs promote educational and professional development opportunities for recent college graduates. Tuition assistance programs, paid internships, co-ops and other pipeline development programs continue to ensure progress in future workforce technical skills and competencies. Through targeted training, development and educational activities, Eversource Energy offers high performers numerous learning experiences to ensure their growth and development as future leaders. Thought provoking stretch assignments, high impact cross-functional team memberships, senior management interaction and exposure, targeted coaching and feedback, and diverse learning experiences that promote interdependent thinking, embrace alternative perspectives, while building teamwork and collaboration represent examples of key components of our key talent program. Eversource Energy also has several established community college partnership programs that feed the craft roles; multiple cohort, and trainee programs in technical and other critical areas; and robust internship and apprentice programs.

Please see attachments in FT1-156 on internal analysis presented to executive management.

3. Aquarion Water Company of Connecticut:

In 2018, AQ implemented an Intern Program in the Supply Operations Division, as that area was identified as an area of risk when AQ last conducted a Succession Planning exercise assessment in 2017. Since 2018, the Intern Program has resulted in 15 full-time permanent hires throughout the organization. Additionally, in the past year, Aquarion has hired a consultant to assist with study workshops for those in the Utility Operations Department to prepare for their distribution certification, which is required by the State of Connecticut.

Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please address what the Company currently considers hard to fill positions at the utilities. What is the current situation in the market compared to last year? What steps is the Company taking to mitigate this situation?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Service Company:

CL&P and YGS consider hard-to-fill positions to be those that have critical impact. Critical impact could be a high degree of technical expertise; a long training lead time; a skill set to fill the position is scarce on the market; the position is highly marketable, highly recruitable and could have high turnover risk; would represent a significant gap or risk if vacant; is essential to executing business strategy; or could have significant strategic impact.

The market this year has not materially changed from last year.

CL&P and YGS are taking a proactive approach to hiring and developing talent to meet the needs of our critical impact positions. Strategic workforce plans identify critical impact positions within the organization and support growth and retention within the organization. Eversource Energy and the Operating Companies work hard to proactively recruit talent into the organization at all levels. Programs like the Growth Opportunities for Leadership Development and cohort programs promoted educational and professional development opportunities for recent college graduates. Tuition assistance programs, paid internships, co-ops and other pipeline development programs continue to ensure progress in future workforce technical skills and competencies. Through targeted training, development and educational activities, Eversource Energy offers high performers numerous learning experiences to ensure their growth and development as future leaders. Thought provoking stretch assignments, high impact cross-functional team memberships, senior management interaction and exposure, targeted coaching and feedback, and diverse learning experiences that promote interdependent thinking, embrace alternative perspectives, while building teamwork and collaboration represent examples of key components of our key talent program. Eversource also has several established community college partnership programs that feed craft roles; multiple cohort, and trainee programs in technical and other critical areas; and robust internship and apprentice programs.

3. Aquarion Water Company of Connecticut:

AQ considers hard to fill positions those that have critical impact. Critical impact could be a high degree of technical expertise; a long training lead time; skill set to fill the position is scarce on the market; position is highly marketable, highly recruitable, and could have high turnover risk; would represent a significant gap or risk if vacant.

The most challenging positions are those in AQ's Supply Operations, Distribution, Water Quality and Information Technology functions of the business. Many of these positions are industry specific and require certifications by the State of Connecticut. These certifications are specific to water treatment and distribution. The job market over the past year has remained competitive for talent, more open roles within the industry than there are skilled workers to fill those job, in addition to higher wage requirements. AQ has implemented an internship program for these hard to fill roles and to date, we have hired 14 interns to fill open roles.

Please refer to FTI-176 for AQ's mitigation plans.

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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
With regard to the Succession Planning process, please describe the extent of coverage within management positions that is subject to succession planning? Has the extent of planning broadened over the last few years? Are there any current plans to expand the number of positions subject to succession planning?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

CL&P and YGS have an annual talent review process that identifies high potential talent and critical impact roles. Succession Planning is also conducted at the Director level and above with Human Resources and Business Leaders. Individual organizations also do their own succession planning process for their teams which include Supervisor and Above. This has been and will continue to be an enterprise-wide process.

3. Aquarion Water Company of Connecticut:

AQ's focus on succession planning has revolved around the roles that are identified as "critical to the operation" due to level of knowledge, industry experience and scarcity of skillsets within the marketplace. The area of focus for AQ is most applicable to the operations side, specifically in Supply Operation, Water Treatment Plants, Water Quality and Distribution systems – the Operators and Management Team. AQ continues to hire, train, and promote from within; however, due to the limited number of candidates with those specific skills sets, AQ continues to be challenged with sourcing and attracting viable candidates for these roles.

AQ has maintained a steady staffing level and the number of critical positions has remained constant. AQ has evolved its internship program, as described in FTI-176, in order to more quickly fill the Operator roles that are expected to become vacant due to the aging workforce and the potential for a higher level of retirements.

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Date Filed: December 27, 2022

**Witness: Cosentino, Denise M**
**Request from: F T I Consulting**

**Question:**
Are there any KRIs associated with workforce issues such as aging workforce, talent pool shortages, etc.? If so please identify each risk identified as relevant to Eversource, the Service Company and the Connecticut utilities. Please provide relevant information for each risk by year, as of December 31, 2019 to 2021 and the most recent information available in 2022.

**Response:**

As part of Eversource Energy's Enterprise Risk Management program, risks that are identified as top enterprise risks have key-risk indicators that are monitored on an ongoing basis.

During the 2022 risk identification and assessment process, "Challenges in acquiring, retaining, and engaging diverse, capable talent in critical roles to safely execute our business plan in a competitive talent marketplace" was identified as a top enterprise risk. Prior to 2022, key-risk indicators were not identified or monitored as workforce was not a top enterprise risk.

For 2022, the key risk indicators used to monitor this risk include:

- Staffing FTEs
- Retention
- Employee Engagement Index
- % Diverse External Hires
- Diversity of Leadership Promotions and Hires

Note that these metrics are measured at ESC level and not at the subsidiary level. See FTI-179, Attachment 1(ES) Confidential, for the 2022 Q3 Key Risk Indicator Report, and FTI-179, Attachment 2 (ES) Confidential for the 2022 Q4 Key Risk Indicator Report.

Date Filed: December 20, 2022

**Witness: Chatterjee, Digaunto**
**Request from: F T I Consulting**

**Question:**
Please discuss the extent to which the Company has developed "reskilling" programs needed to address changes in operations due to DER or other technologies that have had an impact of utility operations.

**Response:**

1. The Connecticut Light & Power Company:

CL&P has, over the course of the last year trained all its system planning engineers on the use of the NWA Toolset (see FTI-016 and FTI-017) to enable them to perform a detailed evaluation of NWA solutions for capital project needs. For future generations of engineers that will be trained (FTI-017), knowledge of the NWA screening process is part of the base training.

In addition, CL&P is holding a twice-a-year Python Basics workshops that provide engineers with a basic understanding of the programing language to enable them to automate process steps or develop solutions themselves as they find areas of improvement.

Also, CL&P is currently training all of its planning engineers (distribution, transmission, DER, and modeling) on PSCAD to provide the technical foundation for evaluating system impacts in the transient and dynamic timeframes, including impacts of inverter-based resources on congested stations (see FTI-016 and FTI-017).

Engineers in training in the Advanced Modeling and Forecasting team also receive training on the use of data visualization tools such as Power BI, cloud computing tools for larger simulations (DataBricks), and scripting languages (Synergi).

In summary, CL&P is training new engineers on the advanced modeling and analysis capabilities needed to develop comprehensive solutions in an integrated system planning environment, considering the impacts of high penetration of DER, electrification policies, new dynamic load types, EV proliferation, non-wires alternatives, battery storage and microgrids and the need to preserve reliability and resiliency under all operating scenarios.

The Electric Operations team has held Safety Standdowns for the linemen to discuss safety issues around islanding and generator backfeeds. DERs are all customer owned and the CL&P workforce does not currently operate or work on this equipment. However, they must be aware of the safety hazards DER's may present and how to identify areas where they exist. Discussions

are held and Safety Briefing sheets are regularly distributed that identify the importance of proper testing, grounding, and insulate/isolate procedures to mitigate the hazards.

Training has been provided to the Connecticut Distribution System Operators covering distributed generation, equipment upgrades (i.e. new reclosers or switches), and software/ program updates (i.e. Outage Management System and Energy Control System). Distributed generations (DG) topics covered where DG resources connect to the distribution system and their impact, back feed safety and operational concerns, and how the DG resources respond to outages. Equipment upgrades topics review new equipment being added to the system and how it interfaces with the distribution system and system operator controls. Software/ program update topics provide gap training based on changes in the tools used by the system operator.

2. Yankee Gas Services Company:

Not applicable.

3. Aquarion Water Company of Connecticut:

Not applicable.

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Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please describe the succession planning process currently employed by Eversource, the Service Company and the Connecticut utilities. Please indicate how the succession planning process applies to the various levels of management and, more broadly, into the exempt workforce.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

CL&P and YGS have an annual talent review process that identifies high potential talent and critical impact roles. Succession Planning is also conducted at the Director level and above with Human Resources and Business Leaders. Individual organizations also do their own succession planning process for their teams which include Supervisor and Above. This has been and will continue to be an enterprise-wide process.

3. Aquarion Water Company of Connecticut:

High potential talent is reviewed annually during the annual performance assessment process. Critical positions have been identified - please refer to response to FTI-178. Succession planning for positions that are manager level and above are discussed with Human Resources on an annual basis, and the executive team during the quarterly review process.

Date Filed: January 11, 2023

**Witness: Kirven, Debra, Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Please provide a detailed listing of 3rd party contract labor spend for 2020, 2021 and YTD 2022. The listing should include the vendor's name, the specific program worked by the vendor, and the amount of spend for 2020, 2021 and YTD 2022. The listing by vendor should include the top ten vendors in each calendar year, with remaining costs lumped together to provide annual totals. The listing should also be broken out by Eversource, the Service Company and each of the Connecticut utilities. The listing should also be broken down by major business units and departments, as available.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

Eversource Energy, CL&P and YGS consider "third-party contractor labor" services as representing the "third-party contractor spend." The data provided in the attachments listed below were pulled from the Eversource Maximo (Accounts Payable Module) system. All costs are by vendor and not by program or major business units. To present the data regarding third-party contractor services accurately and in context, the following payments to third-party vendors are excluded:

- Third party energy supplier purchases and contracts
- Property tax payments
- Electric and gas purchase power payments
- Storm costs
- Co-generation payments
- Capital lease payments
- Intercompany billings and transactions

Please see FTI-192, Attachment 1 (CLP), FTI-192, Attachment 1 (YGS) and FTI-192, Attachment 1 (ES) for a summary of third-party contractor costs for 2019 through December 2022 for Eversource Energy, CL&P and YGS. The data presented in these attachments includes the top 15 vendors in each calendar year with remaining costs lumped together and a high-level description of the services provided by each vendor. Please note the attachments provide information for 2019 to be responsive to the information requested in FTI-168.

3. Aquarion Water Company of Connecticut:

AQ considers temporary help and professional services to constitute "third-party contractor labor." All costs are tracked by G/L account and are not tracked by program.

Please see FTI-192, Attachment 1(AQ) for a summary of third-party contractor labor costs for 2019 through November of 2022. Please note the attachments provide information for 2019 to be responsive to the information requested in FTI-168.

Date Filed: December 22, 2022

**Witness:** **Teixeira, Lucy, Marcucci, Nancy J**
**Request from:** **F T I Consulting**

**Question:**
Please provide historic data from 2019 to 2021 and YTD 2022, by year, regarding the number of people leaving Eversource, the Service Company, and each of the Connecticut utilities due to retirements, involuntary terminations, etc. If available, also provide current projections for this data for the next three to five years.

**Response:**

Eversource Energy:

| Eversource | 2019 | 2020 | 2021 | 2022 (through 11/30/22) | 2023 |
|---|---|---|---|---|---|
| Involuntary | 81 | 86 | 107 | 97 | 123 |
| Voluntary (non-retirement) | 199 | 159 | 354 | 457 | 512 |
| Voluntary (retirement) | 261 | 267 | 401 | 345 | 337 |

Operations:

| Operations | 2019 | 2020 | 2021 | 2022 (through 11/30/22) | 2023 |
|---|---|---|---|---|---|
| Involuntary | 44 | 54 | 67 | 60 | 77 |
| Voluntary (non-retirement) | 117 | 77 | 177 | 269 | 295 |
| Voluntary (retirement) | 174 | 191 | 268 | 218 | 232 |

The Service Company:

| Eversource Energy Service Company | 2019 | 2020 | 2021 | 2022 (through 11/30/22) |
|---|---|---|---|---|
| Involuntary | 38 | 31 | 38 | 44 |
| Voluntary (non-retirement) | 106 | 98 | 231 | 272 |
| Voluntary (retirement) | 93 | 80 | 139 | 148 |

The Connecticut Light & Power Company:

| CL&P | 2019 | 2020 | 2021 | 2022 (through 11/30/22) |
|---|---|---|---|---|
| Involuntary | 13 | 12 | 18 | 13 |
| Voluntary (non-retirement) | 18 | 10 | 26 | 27 |
| Voluntary (retirement) | 42 | 39 | 57 | 54 |

Yankee Gas Services Company:

| YGS | 2019 | 2020 | 2021 | 2022 (through 11/30/22) |
|---|---|---|---|---|
| Involuntary | 9 | 2 | 8 | 5 |
| Voluntary (non-retirement) | 11 | 4 | 8 | 6 |
| Voluntary (retirement) | 8 | 8 | 4 | 13 |

Aquarion Water Company of Connecticut:

Below is the termination data for the following years 2019-2021, and YTD 2022. AQ expects a similar trend over the next three years due to the aging workforce and the competitive nature of the business environment at this time.

**2019:**
Retirements: 16
Separations: 7
Involuntary Terminations: 3

**2020:**
Retirements: 16
Separations: 10
Involuntary Terminations: 18

**2021:**
Retirements: 9
Separations: 18
Involuntary Terminations: 5

**2022 through 11/30/22:**
Retirements: 9
Separations: 25
Involuntary Terminations: 6

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Date Filed: December 20, 2022

**Witness: Marcucci, Nancy J, Teixeira, Lucy**
**Request from: F T I Consulting**

**Question:**
Please identify and describe the information systems used to facilitate workforce planning at each of the Connecticut utilities. Also, please describe any resource support provided by Eversource (i.e., technology, staffing, oversight) in workforce planning at the Connecticut utilities.

**Response:**

1. The Connecticut Light & Power Company:

Information Systems used to facilitate workforce planning are WorkDay and PowerBi. Eversource Human Resources provides the resource support in the workforce planning process.

2. Yankee Gas Services Company:

YGS uses the same systems and support as CL&P above.

3. Aquarion Water Company of Connecticut:

AQ currently utilizes SAP and SuccessFactors. Eversource does not provide any technical oversight to AQ, as AQ operates as a standalone company for workforce planning.

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Date Filed: January 04, 2023

**Witness: Landry, Leanne M, Kirven, Debra, Driscoll, Daniel C, Desrosiers, Thomas C**
**Request from: F T I Consulting**

**Question:**
Please describe in detail how the Connecticut utilities monitor overtime. Please provide any written variance analyses performed for overtime expenses, identify who prepares these analyses, and to whom within the Connecticut utilities and Eversource the reports are sent.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

The Investment Planning Team prepares bi-weekly and monthly overtime reports for CL&P and YGS, comparing budget and actual overtime for review by Operations leadership. On a monthly basis, overtime slides are presented to CL&P and YGS Operating Presidents and Eversource Energy Executive Vice Presidents and the Chief Operating Officer, comparing year-over-year capital and expense overtime and premiums paid, as well as a budget to actual comparison. In addition, various *ad hoc* analysis is done throughout the year as requested by CL&P and YGS leadership.

Please refer to the response provided in FTI-167.

3. Aquarion Water Company of Connecticut:

AQ's payroll administrator prepares monthly overtime reports which compare actuals vs. budget for each department. The reports are sent to the managers of each department. For the monthly overtime reports, variance explanations of 10% below or above budget are required to be sent to the Controller and Accounting Manager. On a monthly basis, overtime slides are presented to AQ's President and Eversource's Vice President of Operations which compare expense vs. capital by AQ Vice President and top 10 earning codes compared to prior year.

Please refer to reports provided in FTI-167, Attachment 1 (AQ).

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Date Filed: December 22, 2022

**Witness: Landry, Leanne M, Desrosiers, Thomas C, Teixeira, Lucy, Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Please provide the budgeted amounts for third-party contractor expenses from 2019-2022. Also, please provide any analysis reports that explain variances in budgeted and actual contractor expenses.

**Response:**

None of the CT Utilities budget at the individual contractor level. However, as noted in the response to FTI-033, the budgets are developed using major cost categories for both O&M and capital expenses. One of those categories is Outside Services. At a high level, this expense category captures the amount budgeted for third-party contractor costs. As actual costs are incurred, the costs are charged to the same major cost categories to support variance analyses.

Contractor costs are also estimated as part of the capital project authorization process, but the specific contractor names is typically not known at the time of the approval.

Date Filed: December 20, 2022

**Witness: Teixeira, Lucy, Lazor, Sasha P**
**Request from: F T I Consulting**

**Question:**
Please provide, for the Connecticut utilities and Eversource Energy Service Company and for the years 2019 through 2022, tables showing management employee salary grades and step bands, with applicable salary ranges for each grade and step band. For each salary grade, please include the generic title typically used for jobs in the grade (e.g. supervisor, manager, project manager, director, senior director, vice president, etc.)

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

For CL&P and YGS, please refer to FTI-199, Attachment 1(ES) Confidential for salary grades and ranges from 2019-2022.

3. Aquarion Water Company of Connecticut:

Please see FTI-199, Attachment 1 (AQ) Confidential showing tables for 2019-2022 management employee salary grades, step bands, and job titles.

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Date Filed: January 17, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
What corporate functions such as HR, IT, regulatory, legal, accounting, etc. are allocated across the three CT Companies? How are they allocated and what is the process for allocation, and approval of allocation? Provide a description for the basis for the allocations, and provide documents agreed to and signed by the CT Utilities and any other companies/affiliates involved.

**Response:**

Please refer to the response to FTI-117 for the allocation process and FTI-300 for signed documents and contracts between the CT Utilities and other companies/affiliates.

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Date Filed: January 06, 2023

**Witness: Driscoll, Daniel C**
**Request from: F T I Consulting**

**Question:**
Describe in detail the budgetary controls that Eversource has in place to ensure maximum efficiency and benefit for the CT Utilities related to shared services.

**Response:**

On a monthly basis, detailed O&M and Capital reports are generated for each functional organization in the Financial Performance System (FPS) dashboard application. These reports can be accessed by the owners of each functional organization, as well as subordinates and analysts that oversee cost control centers within the functional organization. The O&M detail reports provide actual, budget and variance information by cost category. The Capital detail reports provide actual, budget and variance information by project category. Budget analysts communicate regularly with the owners of each functional organization to assist in understanding their area financial results and the drivers of variances. In addition, budget analysts meet monthly with the VP and Director of FP&A to review the O&M and Capital detail reports by organization and discuss the major drivers of the variances.

Please refer to FTI-033 for a comprehensive summary of the budget process and applicable procedures for all CT Utilities.

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Date Filed: January 06, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Describe the degree of control, if any, each of the three CT Utilities have over the volumes or prices of the shared services charged to them.

**Response:**

Please refer to the response to FTI-117, which addresses this Question.

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Q- FTI-299
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Date Filed: January 04, 2023

**Witness: Akley, William J, Morrissey, Donald J, Sullivan, Stephen T**
**Request from: F T I Consulting**

**Question:**
Highlight any procedural or structural changes that have occurred as a result of COVID-19 for each of the three CT Utilities.

**Response:**

As a result of COVID-19, the following enterprise-wide procedural and structural changes have occurred throughout Eversource Energy, including CL&P, YGS and AQ:

- Human Resource policies and procedures were established regarding hybrid and flexible work schedules.
- A vaccination requirement and vaccination exemption process remains in place as a condition of employment.
- Additional IT infrastructure and support has been implemented as a direct result of increased usage of collaboration tools (e.g., Microsoft Teams) driven by remote work arrangements.
- Eversource's Supply Chain model adapted from a 'buy-to-forecast" model to increasing the volume of materials inventory to address shortages and longer purchase fulfillment cycles. This includes inventory of personal protective equipment supplies.
- Global Supply Chain has been identified as a key risk in Eversource's risk registry and will continue to be monitored and reassessed in the near future.

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Date Issued December 07, 2022
Q- FTI-300
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Date Filed: January 17, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Provide the services, amounts and procedures utilized in relation to all entities within the Eversource corporate structure that currently directly charge or allocate costs to Connecticut utilities; describe the general basis of the allocations and clearly identify each entity with Eversource charging time to the CT Utilities′. Provide copies of the contracts executed between these entities for the last three years.

**Response:**

Please refer to FTI-117 for an explanation on cost allocation and time-charging procedures.

Please refer to FTI-300, Attachment 1(CLP) Confidential for charges from Eversource affiliates to CL&P for the last three years.

Please refer to FTI-300, Attachment 1(YGS) Confidential for charges from Eversource affiliates to YGS for the last three years.

Please refer to FTI-300, Attachment 1(AQ) Confidential for charges from Eversource affiliates to AQ for the last three years.

Please see FTI-300, Attachment 1(ES) Confidential, FTI-300, Attachment 2(ES) Confidential, and FTI-300, Attachment 3(ES) Confidential for contracts executed between YGS and CL&P for the last three years. Please see FTI-115, Attachment 1(AQ) for the contract between Eversource Energy Service Company and Aquarion Company (AQ parent).

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Date Issued February 01, 2023
Q- FTI-347
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Date Filed: February 21, 2023

**Witness: Munson, Danielle J, Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-114, Attachment 1 (ES), please provide the following information: A) Please explain the nature of the "one time charge related to the Hingham (Massachusetts water company) sale," in the amount of $11.5 million, including 1) the nature of the costs incurred by EESC and which function in EESC incurred them, and 2) how the $11.5 million amount was calculated, accumulated or determined. B) Please state whether this charge was assigned or allocated to any of Aqauarion's water companies, and if so, which companies and in what amounts. C) If this charge was not allocated, assigned or billed to any of Aqaurion's water companies, please describe how it was treated for accounting purposes by Aquarion.

**Response:**

(a) There were no costs incurred by the Eversource Energy Service Company (ESC). The Hingham, MA sale was compelled by the Town of Hingham pursuant to provisions of the historical Town Charter and the sale had to be recorded at fair value. In accordance with Article 2.1(a) of the Hingham Asset Purchase agreement (FTI-347, Attachment 1 (ES) Confidential), a portion of the proceeds from the Hingham sale was recorded as a charitable contribution to fund the Eversource Energy Foundation. This charitable contribution totaled $6.4 million and the remainder was retained by ESC. The Eversource Energy Foundation is an independent, non-profit philanthropic organization that is funded solely by shareholders from Eversource Energy and is dedicated to supporting our communities and making a positive difference in the lives of our customers.

(b) Aquarion Water Company of Massachusetts, Inc. included this charge when calculating the after-tax gain on the sale of the Hingham system of $3.5 million.

(c) Not applicable. Please refer to part (b), above.

Date Filed: February 21, 2023

**Witness:** **Munson, Danielle J**
**Request from:** **F T I Consulting**

**Question:**
Referring to the attachments to FTI-114, specifically, the "footnotes" pages from FERC Form 1 in attachments 1, 2 & 3 (CLP), please explain the following: A) Some of the EESC function categories appear to be functions, as titled, such as "Corporate Relations," "Electric Distribution" and "Information Technology." Others appear to be types of cost, such as "Benefits," "Depreciation" and "Rate of Return." Please explain why cost categories that appear to be types of cost are grouped with what appear to be the costs of specific service company functions. B) Are the expenses in the function "Benefits" the payroll benefits associated with all Eversource employees (utility and service company), or just the service company? Please explain. C) Describe the costs in the "Depreciation" function. Is this depreciation on service company plant investment only? D) Describe the costs in the "Rate of Return" function. Is this a regulated return on investment in service company property? If not, what is it? Why is it charged to umbrella FERC account 401, Operating Expense if it is return on investment? E) In the amounts shown for various functions, over $60 million (in 2019, at least) is recorded as FERC umbrella account 412 - Revenue from Plant Leased to Others. This does not appear to be leased plant revenue. Please explain what it is and what title Eversource gives to FERC account 412.

**Response:**

(a) The "footnotes" pages from FERC Form 1 in FTI-114, Attachments 1, 2, 3 (CL&P) for affiliate charges from the Eversource Energy Service Company (ESC) are categorized by service department – function, as required by the FERC Form 1 and 2 instructions. For increased transparency and due to the amounts, Eversource Energy also presents certain costs separately, including "Benefits," "Depreciation" and "Rate of Return."

(b) The costs represented in the "Benefits" function include ESC employee benefits, as well a certain CL&P Operating Company employee benefits, which were paid through direct charging ESC workorders. The benefit costs were appropriately charged to CL&P and a corresponding intercompany payable established to ESC.

(c) Yes, the costs in the "Depreciation" function are for ESC plant investments only.

(d) Yes, the costs in the "Rate of Return" function are the ESC return on the capital investment that is made by ESC on behalf of the Operating Companies, primarily relating to shared IT infrastructure. Generally, the Rate of Return applied by ESC in the normal course of business for computing the revenue requirement associated with capital investments made by ESC on behalf of the Operating Companies is derived using: (1) a weighted average of the

Operating Companies' most recently authorized ROEs; and (2) ESC's actual capital structure, including the cost of ESC debt. The Rate of Return is charged to FERC Account 401, operating expenses, as it is charged to the affiliates in FERC Account 930.2 "Miscellaneous General Expenses." This accounting was reviewed with FERC Audit Staff in conjunction with Docket No. FA19-8-000. The final report is provided as FTI-240, Attachment 1 (CL&P), and no comments were noted.

(e) The amounts presented in FERC Account 412 on the "footnotes" pages to the FERC Form 1 should have been presented as FERC Accounts 107 and 108. This is a presentation item only as the charges were appropriately recorded on CL&P's balance sheets in FERC Accounts 107 and 108.

Date Filed: February 22, 2023

**Witness:** **Munson, Danielle J**
**Request from:** **F T I Consulting**

**Question:**
Referring to the attachments to FTI-114, specifically, the "footnotes" pages from FERC Form 1 in attachments 1, 2 & 3 (CLP), please explain the following: A) Why did EESC's depreciation costs charged to CL&P increase 74% between 2019 and 2021, from $21,865,986 to $38,083,220? What is the plant behind the additional $16.2 million in EESC depreciation charged to CL&P in 2021 compared with 2019? B) Why did EESC Engineering and Emergency Prep function costs charged to CL&P increase by 36% between 2019 and 2021, from $18,845,858 in 2019 to $25,558,065 in 2021? What is the additional $6.7 million in Engineering / Emergency Prep function cost charged to CL&P in 2021 compared with 2019? C) Why did Finance and Accounting costs charged by EESC to CL&P increase by 24%, from $14,624,106 in 2020 to $18,100,314 in 2021? WHat comprises the additional $3.5 million in CL&P's share of Finance and Accounting cost in 2021 over the cost in 2020? D) Why did EESC Rate of Return charged to CL&P increase 29%, from $22,214,097 in 2019 to $28,632,315 in 2021? What comprises the additional $6.4 million in Rate of Return charged to CL&P in 2021 over the amount charged in 2019? E) Overall, please explain why EESC costs charged to CL&P increased by 17% between 2019 and 2021, from $329.9 million to $385.7 million, a rate much higher than the rate of inflation for the two year period?

**Response:**

(a) The depreciation costs charged to CL&P increased between 2019 and 2021 due to increased asset investments, primarily for IT infrastructure. The plant behind the additional $16.2 million in Eversource Energy Service Company depreciation charged to CL&P in 2021 compared with 2019 primarily relates to the following assets/projects that were placed in service during that time period: Microsoft Office 365, ITSM Suite Upgrade, Digital Strategy – One Company Web, Work & Asset Management (WAM) – Electric Operations, Power Survey Technology, and IT Bill Consolidation.

(b) The $6.7 million increase in Engineering and Emergency Prep was primarily driven by higher outside services and higher labor charges. Outside services increased due to engineering contractors hired to perform reliability trends and asset data management. Overall labor increased primarily due to additional employees hired in the Project Controls Engineering group, a new Engineering Rotational program that commenced in 2020, and increased time charged on Telecom Engineering due to additional projects between 2019 and 2021.

(c) The $3.5 million increase in Finance and Accounting is primarily due to higher outside services and higher labor charges due to annual merit increases. Certain areas within the Finance

organization support the Transmission program. Due to the increased number of capital projects, there has been an increase in contractor labor to provide the level of support required. Additionally, approximately $1 million of the increase is due to certain deferred compensation costs presented in Finance and Accounting in 2021 but reflected within the "Benefits" category in the prior years.

(d) The $6.4 million increase in Rate of Return is due to increased asset investments at Eversource Energy Service Company necessitated to: (1) enable business process improvements and new business capabilities via the implementation of new technology solutions; (2) improve customer interaction capabilities; (3) standardize collaboration and service technologies across the enterprise; and (4) maintain secure and supported technology solutions.

(e) Overall, costs increased from 2019 to 2021 primarily due to the above mentioned variances. In addition, the variance also includes higher medical and other benefits, including merit increases; an increase in overall labor charges due to an increase in full-time employees hired in the Transmission organization; and, higher costs for outside services related to information technology infrastructure and application maintenance/support.

Date Filed: February 22, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Referring to the attachments to FTI-114, specifically, the "footnotes" pages from FERC Form 2 in attachments 1, 2 & 3 (YGS), please explain the following: A) Why did EESC's depreciation costs charged to Yankee Gas increase 58% between 2019 and 2020, from $5,714,824 to $9,017,288? What is the plant behind the additional $3.3 million in EESC depreciation charged to Yankee in 2020 compared with 2019? B) Why did EESC Benefits costs charged to Yankee Gas increase by 21%, from $19,189,946 to $23,257,244 between 2019 and 2021? What comprises the additional $$4.1 million in Benefits costs charged to Yankee in 2021 compared with 2019? C) Why did Operations Administration costs charged by EESC to Yankee Gas increase by 24%, from $12,150,626 in 2019 to $15,055,015 in 2020? What comprises the additional $2.9 million in Yankee Gas's share of EESC Operations Administration cost in 2020 over the cost in 2019? D) Why did EESC Rate of Return charged to Yankee Gas increase 33%, from $5,397,911 in 2019 to $7,177,834 in 2020? What comprises the additional $1.8 million in Rate of Return charged to Yankee Gas in 2020 over the amount charged in 2019? E) Overall, please explain why EESC costs charged to Yankee Gas increased by 13% in one year from 2019 to 2020, from $68.7 million to $77.6 million, a rate much higher than the rate of inflation for the one year period?

**Response:**

(a) The depreciation costs charged to YGS increased between 2019 and 2020 due to increased asset investments, primarily for IT infrastructure. The plant behind the additional $3.3 million in EESC depreciation charged to YGS in 2020 compared with 2019 primarily relates to the following assets/projects that were placed in service during that time period: Work and Asset Management (WAM) – Gas mobile, Microsoft Office 365, ITSM Suite Upgrade, and IT Bill Consolidation.

(b) The $4.1 million increase in Eversource Energy Service Company (ESC) benefits costs to YGS in 2021 compared to 2019 is primarily due to higher medical and prescription benefits and higher post-retirement benefits. Approximately $2.4 million of this increase relates to higher medical and prescription benefit charges for YGS employees that were paid using a direct charging ESC workorder. The benefit costs were appropriately charged to YGS and a corresponding intercompany payable established to ESC.

(c) The $2.9 million increase in Operations Administration is primarily driven by higher labor charges due to new employees hired into the Management Gas Control, Project Engineering and Quality Assurance organizations as well as higher outside services for Engineering Design Services.

(d) The $1.8 million increase in Rate of Return charged to YGS is due to increased asset investments at ESC necessitated to: (1) enable business process improvements and new business capabilities via the implementation of new technology solutions; (2) improve customer interaction capabilities; (3) standardize collaboration and service technologies across the enterprise; and (4) maintain secure and supported technology solutions.

(e) Overall, costs increased from 2019 to 2020 primarily due to the above-mentioned variances. In addition, the variance for the one-year period includes the impact of COVID 19 related costs and higher costs for outside services related to information technology infrastructure and application support/maintenance.

Date Filed: February 22, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-114, Attachment 2 (CLP), please: A) Identify the storm event or events responsible for most or all of the $19.2 million in "storm outage support" provided by NSTAR Electric and Public Service New Hampshire to CL&P, as shown on page 429 of FERC Form 1 for 2020. B) Identify the month or months in 2020 in which most of the support was provided to CL&P, and the approximate number of NSTAR and PSNH employees whose time was charged to CL&P. If the outage support was something other than employee labor, please describe it. C) Please describe the $4,006,888 in meters transferred by CL&P to NSTAR Electric in 2020. Specifically, how many meters were transferred, why did CL&P have so many spare meters, why were they needed by NSTAR, and what was the pricing basis for the meters transferred? D) Please describe the $6,741,305 in transmission system modifications CL&P made on behalf of NSTAR Electric in 2020. Specifically, 1) was this CL&P employee labor, and if so, how may employees were involved? 2) If it was not employee labor, what was the nature of the cost and how was the transfer price established.

**Response:**

(a) and (b) The $19.2 million in outage support was caused by Tropical Storm Isaias in early August 2020; a thunderstorm event in late August 2020; and a rain/wind event in November 2020. The number of NSTAR and PSNH employees supporting the Tropical Storm Isaias response in Connecticut in early August 2020 was 789 and 416, respectively. The number of NSTAR and PSNH employees supporting the thunderstorm event in late August 2020 was 106 and 89, respectively. The number of NSTAR and PSNH employees supporting the rain/wind event in November 2020 was 72 and 64, respectively.

(c) There were 28,318 meters transferred in the amount of $3,449,896 to NSTAR Electric. There were excess meters at CL&P as a result of PURA's initiation of an AMI proceeding in 2019, in Docket No. 17-12-03RE02, and the impact of the COVID-19 pandemic, which reduced the amount of meter exchanges conducted in 2020 in CT. To put the meters to use, the meters were transferred to Eastern Massachusetts for use in that service territory. The service territory in Western Massachusetts does not have a meter lab. Therefore, the meters are received in and stored in the closest meter lab to that service territory, which is New Britain, CT. When meters are shipped to Western Massachusetts, they are then transferred to individual area work centers for deployment.

The remaining $556,992 relates to 3,508 meters that were inadvertently paid for by CL&P due to an incorrect paying entity in the source system. When this transaction was paid, an

intercompany receivable was established at CL&P and NSTAR Electric received the charge and established an intercompany payable to CL&P. The intercompany payable and receivable were settled in cash in the following month. The meters were transferred at book cost.

(d) The majority of the costs charged to NSTAR Electric in the amount of $6,726,533 was for materials issued from a CT storeroom for projects in the Western Massachusetts service territory. The remaining charges were due to labor, employee expenses and vehicle charges incurred by employee personnel to manage and transport the materials. There is no mark-up on costs for services or materials charged by affiliates.

Date Filed: February 24, 2023

**Witness: Munson, Danielle J, Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-114, Attachment 1 (ES), please: A) provide a breakout, by year, of the direct labor and payroll overheads charged by EESC to Aquarion by EESC function and describe the nature of work provided by each function. B) For each functional amount provided in A, describe the allocation method used, or indicate the costs were directly charged.

**Response:**

(a) Please see FTI-352, Attachment 1(AQ) for the direct labor and overheads charged by Eversource Service Company (ESC) to Aquarion Company. For further information on the nature of work performed, please see FTI-115, Attachment 1 (AQ) for the service agreement between ESC and Aquarion Company.

(b) No allocation method is used for charges to Aquarion Company from ESC as Aquarion is largely autonomous. ESC employees can only direct-charge Aquarion and billed amounts are settled through a sundry billing process. As a result, Aquarion is not included in any of ESC′s causal-based rate codes or any common allocators.

Date Filed: February 24, 2023

**Witness: Munson, Danielle J, Sullivan, Stephen T, Morrissey, Donald J, Akley, William J**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-115, Attachments 1 (AQ), (CLP) and (YGS), the EESC service agreements with CL&P and YGS each state, in Section 1, that "Service Company agrees to furnish to Associate Company if and to the extent requested by Associate Company . . . the services hereinafter referred to in Section 2 hereof at such times and for such periods as may be requird . . ." (emphasis added). A) Please describe in what practical sense Aquarion, CL&P and YGS actually "request" services from EESC and how this occurs. Separately, please explain what leverage the Connecticut utilities have, if applicable, over the nature, the price or the quantity of services provided by EESC. B) If any of the Connecticut utilities have questioned or successfully limited the type, price or quantity of services purchased from EESC in the past five years (2018 through 2022), please provide examples, including the reasons, and the dollar amounts involved. C) The same individual, Richard Morrison, signed these service agreements on behalf CL&P and Yankee Gas. As such, it appears Morrison was (or still is) and employee of Northeast Utilities, rather than and employee of either of the two Connecticut utilities. Please confirm or clarify and correct our understanding. D) Was, or is, Donald Morrissey, who signed the agreement on behalf of Aquarion, an employee of Aquarion, an employee of Eversource Energy Service Company or an employee of some other entity?

**Response:**

1. The Connecticut Light & Power Company and Yankee Gas Services Company:

(a) Federal and state laws governing transactions between a regulated utility and its affiliated companies (regulated or unregulated) favor reliance on a written agreement documenting the terms and conditions of services shared among those affiliated companies. This is the impetus for service company agreements. Operating companies "request" services from the service company as any business partner would request from a contractual counter party, i.e., one company is requesting a service, and one company is providing that service. At the same time, in a utility holding company structure involving shared services, the service company is not a wholly independent third-party that would have no relationship with the Operating Company outside of the contract or that is pursuing the relationship for profit purposes.

To the contrary, shared service organizations are simply platforms to enable the provision of shared services and the associated cost sharing. Utilities pay for those services *at cost* – there is no separate profit stream that the parent company is making from the shared services arrangement. The ability to apportion large and small expenditures among multiple entities

within an environment of rigorous cost control within each shared-service organization creates an inherent efficiency not available in the marketplace where – instead -- "bargaining leverage" is a primary tool for cost control. In the utility shared-service context, the concept of "leverage" is obviated because all entities in the organization have interests that are 100% aligned. The share serviced organization may have a revenue requirement arising from capital investment, but the return on that capital expenditure would be paid in any event if the utility affiliate undertook the same capital investment on its own. By sharing those capital costs, customers of all participating companies pay less than they otherwise would because the cost of the necessary capital investment is shared, whereas it would not be without the shared services organization. Eversource Energy runs a tight operation involving numerous contact points between the shared services organization and the individual Operating business units. As a result, the Connecticut utilities receive the benefit that they would with bargaining leverage in a third-party transaction.

(b) At Eversource Energy, the shared services platform is set up so that the Operating Companies do not need to carry resources that devote time to "bargaining" with the shared services unit as if the shared services unit had business interests separate from the Operating Company. The shared service organization is held accountable for budgets and service levels in parallel with the Operating Companies, and therefore, all parts of the organization are working to the greater good, under the combined management of the Eversource Energy President & CEO, and Senior Leadership Team.

(c) Richard Morrison is an attorney, who at the time that these service agreements were signed, was an employee of the Northeast Utilities Service Company (now Eversource Energy Service Company). Mr. Morrison was the duly elected and acting Secretary, a corporate officer, of each of CL&P and YGS, and was authorized to sign documents on behalf of those corporations. Richard Morrison retired from Eversource in 2021.

2. <u>Aquarion Water Company of Connecticut:</u>

(a) AQ requests services from ESC for such things as accounting for acquisitions, legal, treasury, rate case assistance, income taxes, insurance claims and audits of financial statements.

(b) AQ typically requests assistance for the services rendered by EESC based on the activity where assistance is needed, and is charged accordingly based on the service provided. For example, to the extent AQ has a legal matter to be addressed, AQ would receive services from EESC and be charged for the direct time and costs associated with the services rendered.

(c) n/a

(d) Donald Morrissey is the President of Aquarion Water Company and has not ever worked as a direct employee of Eversource Energy.

Date Filed: February 21, 2023

**Witness: Driscoll, Daniel C, Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-117, please answer the following questions. A) The response states that: 1) EESC functions as a cost account and tracking entity through which all shared services are provided, 2) EESC is set up to operate in this same manner with direct oversight and control resting with exectuvie leadership and the Operating Company Presidents, all actively participating in the decision-making framework, and 3) The concept is that the EVP runs the respective shared service function and is responsible for assuring the needed work functions and activities are executive efficiently and effectively. Regarding this, if there are any reports comparing EESC budgeted costs to EESC actual costs and analyzing variances (often called budget variance reports) at the EVP organization level, or at levels below the EVP organization level such as the cost center level, please provide a copy of these reports covering all EESC operations for the year to date December 2022, or if for some reason the report covering activity through December 2022 is not yet available, provide the report for year to date through November 2022. B) If there are no budget to actual comparisons done for EESC costs, please so state. C) Regarding the charts provided in response to FTI_117, Attachment 4 (ES), please describe what these report are used for, who reviews them and whether they are prepared every month.

**Response:**

The December 2022 budget variance report for the shared-service business units with budgeting responsibility are provided as FTI-354, Attachment 1 (ES) Redacted and Confidential. Please note that the Attachment is redacted to remove commercially sensitive information regarding the unregulated offshore wind line of business. These materials indicate cost performance for each shared services business unit at the Executive Vice President (EVP) level against budget. Please note that the Attachment provides a powerpoint presentation that is excerpted from a larger presentation that covers operations in CT, MA and NH on a consolidated basis, or MA and NH on an individual basis.

Included within FTI-117, Attachment 4 (ES) is a monthly report that is reviewed by the Director of Accounting and provided to the Controller and Chief Accounting Officer each month. This report contains information on costs charged to the Operating Companies with an ESC rate code. The slides show total O&M charged by ESC each month to each subsidiary by total amount and percentage, along with a comparison to the prior 12 months. In addition to the total ESC O&M, the slides show the information for each shared-service organization at the Executive Vice President level and the Corporate Cost Areas.

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Date Filed: February 21, 2023

**Witness: Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-115, Attachments 2, 3 & 4 (AQ), please answer the following questions. A) It appears, from reviewing these agreements that shared services provided by Aquarion's parent to the water utilities are provided by employees of the Connecticut utility, which is called Aquarion Water Company, a Connecticut corporation. Please confirm or correct our understanding and define the term "Service Company" as it is referred to in these agreements. B) Assuming Aquarion's shared services are provided by employees of Aquarion's Connecticut utility, please indicate how shared services employees and functions are separated from the operational functions that are not shared and are applicable only to Connecticut operations. For example, cost centers could be the basis for separation, with certain cost centers being designated as shared and others designated as belonging to Connecticut utility operations.

**Response:**

(a) The "Service Company" refers to the intermediate holding company, Aquarion Water Company, which is the parent of the water utilities, including Aquarion Water Company of Connecticut ("AQ").

(b) As defined within the terms of the Service Agreement, provided in FTI-115, Attachments 2, 3, 4 (AQ), the Service Company, through any of its Affiliates, may provide services to the other utility subsidiaries. Such expenses, including labor, benefits and other expenses related to those services are rendered 'at cost' to the other utility subsidiary. Article II of the agreement specifies that any such charges shall be charged directly to water utility where applicable. As an example, in the case when an AQ employee provides services to another utility, their time is directly charged to that subsidiary and any benefits associated with that time is also charged to the other utility.

AQ does not designate its cost centers as either "shared' or "operational", but rather any function within the organization can charge another subsidiary. As noted above, any such services are charged 'at cost' with no markup. For example, AQ's Engineering and Planning department employees providing services to Aquarion Water Company of New Hampshire (AWC-NH) will charge their time and related benefits will follow to AWC-NH.

Date Filed: February 22, 2023

**Witness: Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Referring to the response to FTI-114, Attachment 1 (AQ), please provide, in Excel format, for the 2019 through 2022 calendar years, Aquarion shared services charged amounts to each water company cost objective by shared services function (e.g. accounting, administration, communications, engineering, finance, etc.) and, within each functional category, by cost distribution method (amounts directly charged separated from amounts allocated on the basis of customers).

**Response:**

As stated in response to FTI-355, Aquarion does not designate between "shared-service" functions and "operational" functions. The functions noted above, including accounting, administration, communications, engineering, finance among others are charged to the respective operating company where services are provided. These charges are at cost including labor, benefits and overheads.

In the response on FTI-114, Attachment 1(AQ), these charges (accounting, administration, communications, engineering, finance, etc.) are included in the line item designated as "Direct labor charged from CT." To further clarify the benefit to AQ customers resulting from the allocation of services to other Aquarion affiliates, refer to FTI-356, Attachment 1(AQ), that reflects the reduction in AQ costs that form the basis of AQ's cost of service (lines 33 through 39).

Functional Areas Allocated:

| Department Function | Method of Charge |
|---|---|
| Accounting | Direct |
| Administration | Direct |
| Communications | Direct |
| Engineering | Direct |
| Finance | Direct |
| Customer Services | Allocated using # customers |
| IT | Allocated using # customers |
| All other departments | Direct |

Please refer to FTI-356, Attachment 2(AQ) for a detailed breakdown by department with charges that are grouped within the "Direct labor charged from CT" line on FTI-114, Attachment 1(AQ).

Date Filed: February 21, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please describe the intercompany accounting and payment procedures for EEMC's shared services cost allocations to Eversource's subsidiaries. A) Describe how intercompany charges are recorded (e.g. a receivable by EESC and an intercompany payable by the benefiting subsidiary), and B) Describe how EESC is compensated for the services it provides, whether it has a bank balance and an account separate from other subsidiaries, and whether it is paid monthly by the subsidiaries it provides services to.

**Response:**

Intercompany accounting for shared-service cost allocations to Eversource Energy operating subsidiaries is performed automatically by the PowerPlan allocations module.

(a) Using a payroll transaction as an example, when an ESC employee charges a workorder that allocates shared-service costs, such as an employee charging accounting workorder (AWO) ACTG0C04, the following accounting is recorded at ESC:

DR Expense - AWO ACTG0C04
CR Payroll Liability

When the allocations process is run, the following accounting is recorded at ESC:

DR Intercompany Receivable from Affiliated Companies
CR Expense - AWO ACTG0C04

The following accounting is concurrently recorded on the subsidiaries' books based on rate code C04 (as described in the response to FTI-117):

DR Expense - AWO ACTG0C04
CR Intercompany Payable to ESC

(b) ESC is compensated for the services it provides through the intercompany settlement process that occurs after an accounting close month is completed. Each subsidiary has its own bank account and cash payments are issued to settle the intercompany payables and receivables on each subsidiary's records.

Date Filed: February 23, 2023

**Witness: Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
Please describe the intercompany accounting and payment procedures for Aquarion's shared services charges and cost allocations to the Abenaki, Massachusetts, and New Hampshire water companies. A) Describe how intercompany charges are recorded (e.g. a receivable by EESC and an intercompany payable by the benefiting subsidiary), and B) Describe how Aquarion Connecticut is compensated for the services it provides, whether it has a bank balance and an account separate from other subsidiaries, and whether it is paid monthly by the subsidiaries it provides services to.

**Response:**

As stated in our response to FTI-355, Aquarion does not designate between ‘shared’ service functions and “operational” functions.

(a) Intercompany charges are recorded in accordance with the Service Agreement provided in accordance with FTI-115, (refer to FTI-115 Attachment 2(AQ)). As an example, at the time services are provided by Aquarion Water Company of CT (AQ) to another affiliate, AQ would record an intercompany receivable, while a corresponding intercompany payable would be recorded by the affiliate.

(b) AQ is compensated for the services it provides to affiliates based on the actual cost incurred in providing those subsidiaries as described in the Service Agreement noted above. At the end of each month, all the intercompany amounts are “settled” at the Aquarion parent level, whereby intercompany receivable/payable balances, rounded to the nearest $100,000, are transferred to an Intercompany Note receivable/payable account which bears interest at a market-based borrowing rate. In this way, AQ or other affiliate is being compensated/paying for any outstanding intercompany balance.

Date Filed: February 22, 2023

**Witness: Kirven, Debra**
**Request from: F T I Consulting**

**Question:**
For calendar years 2019 through 2022, please provide, in Excel format, the customer inputs used to calculate the customer-based allocation factors used to distribute common Aquarion shared services costs among the water companies in each year.

**Response:**

The allocations from Aquarion (Aquarion Company the parent) to the water utilities are partially based on the number of customers for each water utility. The following table provides the customer count data used for each year's allocations from 2019 – 2022.
Also see FTI-359, Attachment 1 (AQ) for an excel version of this table.

AQ is providing this data with respect to all AQ subsidiaries, not just AQ (AWC-CT) which is the subject of this audit. AQ is providing this data to further the purposes of the audit, and subject to the provisions of the non-disclosure agreement with FTI.

**Note: Current year allocations are based on customer count as of the end of prior year.**

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| AWC-CT | 198,269 | 199,051 | 199,629 | 207,075 |
| AWC-MA | 19,876 | 6,714 | 6,748 | 8,852 |
| AWC-NH | 9,487 | 9,541 | 9,600 | 9,640 |
| Abenaki | - | - | - | 836 |
| Torrington | - | - | - | 10,000 |
| | 227,632 | 215,306 | 215,977 | 236,403 |

Date Filed: February 22, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Regarding the example spreadsheet for CCC 025, Service COmpany Accounting, provided in response to FTI-117, Attachment 2 (ES), please: 1) indicate whether these reports are prepared for all cost centers, who is responsible for reviewing them and how they are used. 2) Financial Data on teh Eversource website covers the following electric companies: CL&P, NSTAR Electric and PSNH. What is WMECO, with separate distribution and transmission columns, in this example? Is it part of NSTAR Electric? What distinguishes amounts charged to the NSTAR column of the spreadsheet from amounts charged to the two WMECO columns? 3) In the "direct charges" section of this example, $283 is charged to "other." What subsidiary is "other"? 4) In the direct charges section of this example, $1,320 is directly charged to Yankee Gas. Please describe the nature of the service provided in this particular example, provide a breakdown of the costs (direct labor, benefits, taxes, outside services, etc.) embedded in this charge, and provide a copy of the associated timesheet or invoice which caused the charged to be directed to Yankee Gas.

**Response:**

1. The report in FTI-117, Attachment 2 (ES) is prepared monthly for all Service Company cost centers. The report is sent to the budget analyst for the cost center, the manager or director who is responsible for the cost center, or both. They are used to summarize all O&M charges by rate code, work order, and Eversource subsidiary where costs are charged. This is helpful to increase visibility and identify issues – for example, if a cost center responsible for supporting the gas distribution business had charges going to electric transmission and distribution subsidiaries, this report would allow the cost center owner to easily identify the issue and have the charges corrected if they were in error.

2. References to “WMECO” in these reports are for the electric transmission and distribution businesses serving Western Massachusetts. Western Massachusetts Electric Company (WMECO) was previously a separate Eversource subsidiary that was merged into NSTAR Electric effective January 1, 2018. As a result of a rate case decision from the Massachusetts Department of Public Utilities (DPU) in docket DPU 17-05, the final order required that the Company continue to maintain separate financial records for the Eastern Massachusetts (formerly NSTAR Electric) and Western Massachusetts (formerly WMECO) service territories.

3. The “Other” column includes subsidiaries that are not listed on the report individually. Charges to Eversource Gas of Massachusetts is separately presented on this report and

included in "Other." As this entity was recently added to the report, we are working with the PowerPlan vendor to remove EGMA from "Other." The report is scheduled to be updated in 2023 as part of the PowerPlan upgrade project.

4. The $1,320 in services direct charged to Yankee Gas related to two employees on the Corporate Accounting Allocations team who supported the Revenue Requirements team on a Yankee Gas project. Refer to FTI-360 Attachment 1(ES) Confidential for an example of one of the individual's timesheets and the hours charged to accounting workorder RCSE0N71. As the workorder is a direct charging workorder (i.e. direct charging methodology ending in rate code N71), the charges were allocated 100% to Yankee Gas within cost center 025.

Date Filed: February 27, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Reference the February 10 2023 discussion between Robert Welchlin, Danielle Munson and Christopher Plecs concerning the provision of EESC accounting data for audit purposes. Please provide, as a trial run and as it is practical to produce, service company accounting data from the PowerPlan system in MS Excel format for one month which includes the following information: fiscal year, the FERC account to which the cost was charged, the EESC cost center that incurred the cost and the service company organizational group / department it is a part of, the type of cost (labor, outside services, etc.), the allocation method, and distribution dollar amounts to each cost objective entity.

**Response:**

For all transaction data from the PowerPlan system for the month of August 2022 in MS Excel format, see FTI-390, Attachment 1(ES).

For all of the Eversource Energy Service Company allocations for the month of August 2022 in MS Excel format, see FTI-390, Attachment 2(ES).

Date Filed: March 21, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Reference the February 10 2023 discussion between Robert Welchlin, Danielle Munson and Christopher Plecs concerning the provision of EESC accounting data for audit purposes. Please provide, as a trial run and as it is practical to produce, service company accounting data from the PowerPlan system in MS Excel format for one month which includes the following information: fiscal year, the FERC account to which the cost was charged, the EESC cost center that incurred the cost and the service company organizational group / department it is a part of, the type of cost (labor, outside services, etc.), the allocation method, and distribution dollar amounts to each cost objective entity.

**Response:**
Please see the following attachments, which were updated from the original attachments provided in FTI-390 to summarize transactions, remove certain fields and provide annual transactions from 2020 - 2022 based on a discussion between Robert Welchlin, Danielle Munson, Christopher Plecs, and Brendan Nelson on March 7, 2023:

Allocated Transactions:

| | |
|---|---|
| FTI-390-SP01, Attachment 1 (ES) | (2020 Allocated Transactions) |
| FTI-390-SP01, Attachment 2 (ES) | (2021 Allocated Transactions) |
| FTI-390-SP01, Attachment 3 (ES) | (2022 Allocated Transactions) |

All Eversource Energy Service Company (ESC) Transactions:

| | |
|---|---|
| FTI-390-SP01, Attachment 4 (ES) | (2020 All ESC Transactions) |
| FTI-390-SP01, Attachment 5 (ES) | (2021 All ESC Transactions) |
| FTI-390-SP01, Attachment 6 (ES) | (2022 All ESC Transactions) |

The "Allocations" source table in FTI-390, Attachment 1(ES) contains certain transactions required for stand-alone ESC financial reporting purposes and transactions that are not allocated to the affiliated companies. To identify only the transactions on the "Allocations" source table in FTI-390, Attachment 1(ES) that are allocated and to agree to FTI-390, Attachment 2(ES), the "Allocations" source table should be filtered with "NUSCO Direct" and "Allocations" in the GL Journal Category column.

Date Filed: March 15, 2023

**Witness: Hunt III, James W**
**Request from: F T I Consulting**

**Question:**
Please A) provide a description of Eversource subsidiaries HWP, Rock River Realty, and the Yankee Companies (CYAPC, MYAPC & YAEC) and what they do. B) To the extent any company is subject to the jurisdiction of the FERC or other federal or state regulators, please identify the companies, the regulators that have jurisdiction and the nature of the regulation.

**Response:**

A) 1. HWP – Formerly known as Holyoke Water Power Company, owns limited, non-utility real estate in Holyoke, Massachusetts. HWP is a direct subsidiary of Eversource Energy.

2. The Rocky River Realty Company (RRR) – Owns and leases non-utility real estate in Connecticut and Massachusetts. RRR is a direct subsidiary of Eversource Energy.

3. Connecticut Yankee Atomic Power Company (CYAPC) – Owns and manages the sites of decommissioned nuclear generating plants. Eversource Energy ownership interests in CYAPC are provided below by company:

- CL&P – 34.5%
- NSTAR Electric Company – 23.5%
- PSNH – 5%

4. Maine Yankee Atomic Power Company (MYAPC) - Owns and manages the sites of decommissioned nuclear generating plants. Eversource Energy ownership interests in MYAPC are provided below by company:

- CL&P – 12%
- NSTAR Electric Company – 7%
- PSNH – 5%

5. Yankee Atomic Electric Company (YAEC) - Owns and manages the sites of decommissioned nuclear generating plants. Eversource Energy ownership interests in YAEC are provided by below by company:

- CL&P – 24.5%
- NSTAR Electric Company – 21%
- PSNH – 7%

B) HWP and RRR do not fall under FERC jurisdiction.

The three Yankee companies, CYAPC, MYAPC, and YAEC, are regulated by the Nuclear Regulatory Commission (NRC), in connection with the operation of the Interim Spent Fuel Storage Installations (ISFSIs) on each decommissioned site, and the Federal Energy Regulatory Commission (FERC), in connection with the wholesale power purchase agreements with the sponsor company utilities, including CL&P, NSTAR Electric Company and PSNH.

Date Filed: March 09, 2023

**Witness:** **Munson, Danielle J**
**Request from:** **F T I Consulting**

**Question:**
Please provide a description of each company in which Eversource holds an equity ownership interest that is not fully consolidated, the percentage interest Eversource had at the end of 2022, whether EESC or any other Eversource entity provided services to the company since the beginning of 2019, and if so, the nature of the service and the approximate amount billed to the company for the service.

**Response:**

For the requested information, please see FTI-422, Attachment 1(ES).

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Date Filed: March 07, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please describe Northern Pass Transmission Company, the nature of any services EESC provides to it, the approximate annual amount of the services, and how the services are charged or allocated.

**Response:**

Northern Pass Transmission Company ("NPT") is an inactive company that was formed in 2010. The Northern Pass transmission project would have interconnected from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. The project was terminated in 2019.

On March 30, 2018, the New Hampshire Site Evaluation Committee ("NHSEC"), one of the state regulatory agencies from which NPT was required to obtain a siting permit, issued a written decision denying NPT's siting application. In the first quarter of 2018, Eversource conducted an impairment review of the Northern Pass project and concluded, at that time, that the recorded amount of project costs was recoverable. On July 12, 2018, the NHSEC issued a written decision denying Northern Pass' April 2018 motion for rehearing, and on October 12, 2018, the New Hampshire Supreme Court accepted an appeal filed by NPT that alleged that the NHSEC failed to follow applicable law in its review of the project. On July 19, 2019, the New Hampshire Supreme Court issued a decision denying NPT's appeal and affirming the NHSEC's evaluation and decision that denied NPT's siting application.

In total, this resulted in a pre-tax impairment charge of $239.6 million within Operating Income on the statement of income for the three and six months ended June 30, 2019 and was reflected in the Electric Transmission segment.

For information on the nature of services performed prior to the impairment, please see FTI-423, Attachment 1(ES) Confidential for the service agreement between Eversource Energy Service Company and NPT. Effective August 2019, NPT was removed from ESC's corporate allocations. Any residual charges were direct charged to NPT.

Date Filed: March 07, 2023

**Witness: Munson, Danielle J**
**Request from: F T I Consulting**

**Question:**
Please describe Hopkinton LNG Company, the nature of any services EESC provides to it, the approximate annual amount of the services, and how the services are charged or allocated to it.

**Response:**

Hopkinton LNG Corporation ("HOPCO") is an indirect, wholly owned subsidiary of Eversource Energy. HOPCO provides liquefaction, storage and vaporization services to the NSTAR Gas Company and Eversource Gas Company of Massachusetts from a total of nine facilities in the Commonwealth of Massachusetts. The 2021 annual amount of services provided was $2,939,672.

For information on the nature of services performed, please see FTI-424, Attachment 1(ES) Confidential for the service agreement between Eversource Energy Service Company ("ESC") and HOPCO.

When ESC is providing services to one subsidiary or business segment, the direct methodology may be utilized. When costs are incurred to serve the Operating Companies more broadly and cannot be directly assigned by charging an operating company work order or utilizing the ESC direct methodology, costs are allocated based on a specific causal-based methodology. When direct charging is not feasible and a specific causal-based methodology cannot be utilized, common allocators are used to allocate costs. Please refer to FTI-117 for more detail on how ESC's services are charged or allocated to HOPCO and FTI-116 for the ESC Cost Allocation Manual.

Date Filed: March 15, 2023

**Witness:** **Teixeira, Lucy, Marcucci, Nancy J**
**Request from:** **F T I Consulting**

**Question:**
Please provide a table showing, at the end of 2019, 2020, 2021 and 2022, the number of Eversource employees for each company, venture or other entity for which employee data was not provided in response to FTI-113 and indicate whether the employees are considered Eversource employees for the purpose of participating in pension and benefit programs. .

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

Please refer to FTI-113 SP02 for the complete listing of Eversource employees as of year-end 2019, 2020, 2021 and 2022. All employees listed in FTI-113 are considered employees of Eversource Energy regardless of their assigned Company code including for the purpose of participating in pension and benefit programs.

For a table of employee data that was not provided in FTI-113 prior to the SP02 supplement, please see FTI-425, Attachment 1(ES).

3. Aquarion Water Company of Connecticut:

Aquarion Company has its own and separate pension plan. FTI-425, Attachment 1(AQ) indicates whether the employees are eligible for the Aquarion Company Pension. FTI-425, Attachment 1(AQ) lists all Aquarion Company employees, including employees of Aquarion Services, Aquarion Water Company of Massachusetts, and Aquarion Water Company of New Hampshire, for 2019 through 2022. AQ is providing this data for subsidiaries outside the scope of this audit to further the purposes of the audit and subject to the provisions of the non-disclosure agreement with FTI.

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Q- FTI-426
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Date Filed: March 07, 2023

**Witness: Munson, Danielle J, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Analysis of organizational data (FTI-113) shows Eversource Energy Service Company (EESC) has business units titled Offshore Wind Execution and Offshore Wind Siting and Compliance. The units had a combined workforce of 11 employees at the end of September 2022. A) Were the employees in these two business units formerly employees of Eversource's utilities? B) To the extent EESC provides services to Northwest Offshore or other wind ventures, are the costs directly charged, allocated or both? To the extent allocated, what allocation method is used? B) To what extent and from which EESC organizational units (including, but not limited to Offshore Wind Execution, Siting and Compliance) does EESC provide services to Northeast Offshore, LLC or any other wind ventures?

**Response:**

A) There are four employees who previously worked in different roles within Eversource. All four of these employees were (and continue to be) Eversource Energy Service Company ("ESC") employees. There is one employee who previously worked in different roles in both CL&P and ESC. The remaining employees were new hires.

B) ESC provides services to North East Offshore and other wind ventures. Virtually all of the services provided to North East Offshore and other wind ventures are direct charged. For the minor amount of costs allocated, the allocation methods used are facilities floor space and labor.

The ESC organizational units that direct charge the wind ventures include the following: Wind Project Execution (includes the business units titled Offshore Wind Execution, Siting and Compliance), Communications + External Affairs + Sustainability, Controller, Enterprise Risk Management, Finance + Regulatory + Treasury, Human Resources, Information Technology, Internal Audit + Security, Legal, and Supply Chain + Real Estate + Materials.

Date Filed: May 15, 2023

**Witness: Synan, Michael P, Lazor, Sasha P**
**Request from: F T I Consulting**

**Question:**
Please provide the most recent surveys identified in FTI-154:
- Willis Towers Watson BenVal Survey
- Willis Towers Watson compensation survey
- Mercer compensation survey

Please also provide any analysis of Eversource salary and benefit offerings to the aforementioned surveys between 2019 and 2022.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

Please see FTI-567, Attachment 1(ES) for the Willis Towers Watson BenVal Survey. This survey conducts a utility segment which provides results compared to comparable utility benefit programs as determined by revenue group. The BenVal survey is conducted every other year, with the latest survey having been conducted in 2021.

Eversource ranked 7 of 13 for benefit programs for its salaried workforce and 5 of 13 in the union ranking. All participants are assigned a unique identifier and ES is CNE (CNEU for the union results).

The Company's combined non-union employee benefit program value is 100.19 percent of the average value and is well within the utility group range of 88.05 percent to 111.93 percent.

Similarly, the Company's combined union employee-benefit program value is 101.16 percent of the average value and is well within the utility group range of 87.14 percent to 112.16 percent.

In 2019, the Company combined value for the non-union benefit program was 102.85 percent of the average and well within the utility group range of 112.88 percent to 89.09 percent. Similarly, the Company′s combined union employee-benefit program value is 110.19 percent of the average value and is well within the utility group range of 133.62 percent to 82.03 percent.

For the Willis Towers Watson compensation survey please see FTI-567, Attachment 2(ES) Confidential.

For the Mercer compensation survey please see FTI-567, Attachment 3(ES) Confidential.

On an ongoing basis, our Eversource HR/Compensation and Benefits analysts use these external survey sources to regularly assess the competitiveness of our compensation and benefits programs. These surveys provide the basis to our total rewards philosophy and structure.

Date Filed: May 08, 2023

**Witness: Lazor, Sasha P, Teixeira, Lucy**
**Request from: F T I Consulting**

**Question:**
Please provide the attachments to FTI-199.

**Response:**

Due to sensitive nature of the information provided, FTI-199, Attachment 1(ES) Confidential and FTI-199, Attachment 1(AQ) Confidential were submitted by email directly to Chad Epps at cepps@overlandcounsulting.com and Howard Lubow at hlubow@overlandconsulting.com on December 22, 2022. The attachments were emailed from Sasha Lazor and Lucy Texeira directly.

Date Filed: May 08, 2023

**Witness: Lazor, Sasha P**
**Request from: F T I Consulting**

**Question:**
Please provide a schedule for CL&P and YGS (or for Eversource, if not available at the utility level) that shows the average annual base salary increase by Band (as described on FTI-152, Attachment 2) for the years 2019-2023.

**Response:**

Eversource applies a consistent merit increase across all companies and bands as follows:

| Year | Annual Merit Increase (%) |
|---|---|
| 2019 | 3.00% |
| 2020 | 3.00% |
| 2021 | 3.00% |
| 2022 | 3.00% |

Date Filed: June 16, 2023

**Witness:** **Teixeira, Lucy, Lazor, Sasha P**
**Request from:** **F T I Consulting**

**Question:**
Please provide a summary that shows for each year from 2019 - 2022:
- the corporate performance measurements used in the computation of incentive compensation
- the target or target range (i.e., threshold/target/max) for each metric
- the actual result of each metric
- the total incentive compensation expense associated with each plan year

If possible, please segregate the results for Eversource Energy, CL&P, YGS, and AQ. Please provide the data separately for each incentive compensation plan (executive, non-executive, etc.)

**Response:**

For the corporate performance measurements used in the computation of the total amount of funding available for incentive compensation, the best reference is the "Compensation Discussion and Analysis" section of the Eversource Energy annual proxy statement provides the most extensive and detailed review. As described therein, the corporate performance goals are used ***only*** for determination as to whether incentive compensation will be paid for the prior performance year, i.e., the corporate performance metrics are not used to gauge the performance of individual employees.

For CL&P and YGS, please refer to the following:

- FTI-571, Attachment 1(ES) for the 2020 Proxy Statement, with the 2019 Annual Incentive Program Performance Assessments beginning on page 48.
- FTI-571, Attachment 2(ES) for the 2021 Proxy Statement, with the 2020 Annual Incentive Program Performance Assessments beginning on page 54.
- FTI-571, Attachment 3(ES) for the 2022 Proxy Statement, with the 2021 Annual Incentive Program Performance Assessments beginning on page 54.
- FTI-571, Attachment 4(ES) for the 2023 Proxy Statement, with the 2022 Annual Incentive Program Performance Assessments beginning on page 57.

For AQ's corporate performance measurements used in the computation of the total amount of funding available for incentive compensation, please refer to FTI-571, Attachments 1(AQ) through 4(AQ) for 2019 through 2022.

Please refer to FTI-571, Attachment 5 (ES) for the total incentive compensation expense associated with each plan year for Eversource Energy, CL&P, and YGS.

Please refer to FTI-571, Attachment 5(AQ) for the total incentive compensation expense associated with each plan year for AQ.

The Eversource Energy incentive compensation plan is designed to drive performance improvements and operational excellence throughout the organization through the use of numerous detailed metrics that are applied across positions within the same job scope, or across all job scopes. There is no weighting that is generally applicable to each metric. Instead, there are specific performance targets that are tracked across the year and given weights on an individual employee level. Each individual employee has a personal "scorecard" that may encompass some of the company-wide metrics applicable to the employee's individual job function. In addition, each individual employee has performance metrics that are specifically applicable to the employee and may include successful completion of significant work projects, or other performance goals specific to the employee's job function.

If corporate performance objectives are reached and incentive compensation is authorized by the Eversource Energy Board of Trustees, a funding pool is established for the purpose of fulfilling variable pay compensation payments. The decision to fund the pool requires confirmation that the organization has sufficient resources to meet the commitment. The financial goal (earnings per share) provides a measure of confirmation of the organization′s financial resources and therefore acts as a "trigger" as to whether incentive compensation will be paid to employees. The Chief Executive Officer and Chief Financial Officer are held accountable for these metrics, exclusively, as these positions have the most opportunity to influence achievement of the goals. If no funding pool is created, then no employee throughout the enterprise receives incentive compensation because the absence of a funding pool would mean that Eversource Energy has not met the rigorous goals set for performance of the corporation and funds are, therefore, not available.

Once the decision has been made to fund the incentive compensation pool, each employee must demonstrate that they have achieved the employee- and job-specific goals set out in the employee′s job performance plan. The actual performance goals for each individual employee typically revolve around the successful completion of specified projects and successful execution of responsibilities within the scope of the individual employee's job position. The individual employee's goals are designed to promote the achievement of results that are consistent with overall corporate performance goals in the areas of Customer, Employee, Financial, and Process. However, the employee′s individual performance goals are job specific.

The percentage of an individual employee′s compensation tied to the variable pay component is dependent upon their job-scope level, which provides a potential range of payout for each employee at that job scope level. For exempt employees, the employee′s individual performance

and achievement of predetermined goals as determined by their supervisor is also factored into the amount of the variable compensation granted. The payment made to the employee is based 100 percent on the employee's individual performance against pre-designated goals and objectives specifically related to the employee's job position.

For the performance goals applicable to the executives of each business unit, please refer to the organizational level scorecards in response to FTI-150. Individual executives may have additional goals related to specific projects with a performance year. For example, please refer to FTI-571, Attachment 6(ES) for the 2021 organizational goals by department for the Vice President of Distribution Rates. As demonstrated in the Attachment, these goals cascade down from the Vice President to the Directors of each Department, and so forth down to their managers and employees. It is important to note that the Vice President of Distribution Rates may have corporate performance goals included in FTI-571, Attachment 6(ES) that are monitored on the CFO's scorecard as demonstrated in FTI-150, Attachment 6(ES). Please refer to FTI-150, Attachment 6(ES), specifically pages 179-180, for an example of Doug Horton's 2021 goals that are reported on the CFO's scorecard, providing the performance for March 2021. These same goals can be shown on FTI-571, Attachment 6(ES).

Date Filed: May 15, 2023

**Witness: Landry, Leanne M, Kirven, Debra, Driscoll, Daniel C, Desrosiers, Thomas C**
**Request from: F T I Consulting**

**Question:**
For each Connecticut utility company, please provide the monthly overtime slides provided to executive leadership, as discussed in the response to FTI-196, for the months of December 2022, 2021, 2020 and 2019.

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

The overtime reports described in response to FTI-196 are provided monthly as part of the Operations Briefing package that were provided in response to FTI-287. Specifically, the overtime and premium costs can be found at the following locations within those attachments:

December 2019 – FTI-287, Attachment 2(ES) Confidential at pages 13,28,30,31

December 2020 – FTI-287, Attachment 3(ES) Redacted and Confidential at pages 7-11,43,57,68,110

December 2021 – FTI-287, Attachment 4(ES) Redacted and Confidential at pages 12-16,40,52,63,143,144,147,148

December 2022 – FTI-575, Attachment 1(ES) Redacted and Confidential at pages 15-20,47,73,83,160,161,166,170.

In addition, managers through executives can review monthly financial results for their responsible organization through the Company's Financial Performance System (FPS), which shows real time actual and budgeted expenditures by cost control center and cost element including overtime. Please note that December 2020 and December 2021 include both CT and MA Electric Operations information as it was a combined organization under one president. December 2022 is strictly CT Electric Operations as CT and MA Electric Operations were two separate organizations each with their own president in 2022. Overtime slides were not broken out at the president level in the December 2019 reports.

3. Aquarion Water Company of Connecticut:

Please refer to FTI-575, Attachment 1(AQ) for the Consolidated Aquarion (including MA and NH) overtime slides provided to executive leadership for the months of December 2022 and 2021 (includes comparison to 2020). Prior to March of 2021, Aquarion was not required to submit overtime slides to executive leadership.

Please see FTI-167, Attachment 1(AQ) for AQ (CT only) internal overtime reports by department for the years ending December 2019, 2020 and 2021.

Date Filed: June 16, 2023

**Witness: Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please provide the workforce summary presentations at FTI-156 for the CL&P and YGS utility subsidiaries.

**Response:**

1. The Connecticut Light & Power Company:

Please see FTI-617, Attachment 1(CLP).

2. Yankee Gas Services Company:

Please see FTI-617, Attachment 1(YGS). This summary is for all Gas Distribution. This summary is not separated by individual company or state.

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Date Issued June 02, 2023
Q- FTI-618
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Date Filed: June 16, 2023

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
What was the actual employee attrition rate in 2022? What is currently projected for 2023? What does management believe has caused the recent reduction in attrition rates?

**Response:**

1. The Connecticut Light & Power Company:

The 2022 YE attrition rate is **9.94%.** In 2023, a similar trend with voluntary non-retirements from 2022 is anticipated. Retirements are expected to be lower due to market conditions and projected a **9.7%** attrition rate, coming in slightly lower than 2022. With lower than anticipated attrition, the projected annual attrition rate has been adjusted down to **8.3%.**

Some considerations to lower attrition:

- Large Companies (Meta, Amazon, Salesforce, Microsoft, Goldman Sachs) are experiencing major lay-offs – employees starting to see instability in other industries.
- The U.S. job market is showing signs of softening as rising interest rates and slowing economic growth begin to take their toll on hiring - high inflation, rising costs and possible recession.

For the full 2022 Attrition Analysis please refer to FTI-618, Attachment 1(ES).

2. Yankee Gas Services Company:

Same as above

3. Aquarion Water Company of Connecticut:

The attrition rate for 2022 was 10.5% and the projected attrition rate for 2023 is expected to be in the 8-10% range. The attrition rate for Aquarion has been in this range since 2020 due to the higher retirements due to an aging workforce. AQ expects the attrition to continue in this range for the next few years.

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Date Issued June 02, 2023
Q- FTI-619
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Date Filed: June 16, 2023

**Witness: Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
The most recent CEWD workforce survey was dated 2021 (provided in FTI-166). Has the 2022 report been received? If so, please provide.

**Response:**

Eversource did not participate in the 2022 CEWD workforce survey. Eversource is participating in the 2023 survey which is currently underway.

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Date Issued June 02, 2023
Q- FTI-620
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Date Filed: June 16, 2023

**Witness: Kirven, Debra, Landry, Leanne M, Desrosiers, Thomas C**
**Request from: F T I Consulting**

**Question:**
"The YGS overtime amounts provided in the tables on the Company's response to FTI-167 are sustantially lower than the overtime amounts reported on the monthly operations briefing reports provided on FTI-575 and FTI-287. For example, on FTI-287, Att. 4 (ES), p. 12 & 13, Gas Operations overtime expense were $6,364.5K and $12,676K for O&M and Capital, respectively, while the table on FTI-167 shows 2021 YGS overtime expenses of $2,500K and $3,800K for O&M and Capital, respectively. Similar differences were observed in 2019 and 2020.

1. Are the amounts reported in the table on FTI-167 correct?
2. If these amounts are correct, where is the remaining gas operations overtime incurred?
3. Please provide updated amounts for O&M and Capital overtime at CL&P, YGS and AQ through 12/31/22."

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

The amounts reported in the table on FTI-167 are correct; however, those amounts represent only the overtime associated with the Yankee Gas Services Company. The overtime reports shown in the monthly Operations Financial Briefing provided in FTI-287 and FTI-575 represent the total overtime incurred for all of the gas companies within the Eversource family.

Please see the chart below for the YGS specific overtime incurred through 12/31/22.

**Operations Overtime**
**YTD December 2022**
**$ Millions**

Yankee Gas Services Company

| | 2022 | | |
|---|---|---|---|
| | Actual | Budget | Variance |
| O&M | 3.3 | 2.3 | 1.0 |
| Capital/Other | 4.4 | 3.7 | 0.7 |
| Total | 7.7 | 6.0 | 1.7 |

Please refer to the chart below for the CL&P specific overtime incurred through 12/31/22.

**Operations Overtime**
**YTD December 2022**
**$ Millions**

The Connecticut Light & Power Company

| | 2022 | | |
|---|---|---|---|
| | Actual | Budget | Variance |
| O&M | 8.3 | 7.8 | 0.5 |
| Capital/Other | 10.5 | 8.2 | 2.3 |
| Total | 18.8 | 16.1 | 2.8 |

3. Aquarion Water Company of Connecticut:

Please refer to FTI-575, Attachment 1(AQ) for the O&M and Capital OT for the full year of 2022.

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Q- FTI-621
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Date Filed: June 16, 2023

**Witness: Teixeira, Lucy, Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please provide executive summary reports on succession planning outcomes from 2019 through 2022 for nonexecutive positions. Also, please provide the most recent executive succesion planning documents provided to the Board of Trustees. Have there been any material changes to the executive succession planning process since 2019?

**Response:**

1. The Connecticut Light & Power Company:

2. Yankee Gas Services Company:

Please see FTI-621, Attachment 1(ES)Confidential through FTI-621, Attachment 3(ES)Confidential for the executive summaries from 2019 through 2022 that provide an overview of our process and results. This process occurs every 18 months, but did not occur in 2020 due to the COVID-19 pandemic. There have not been any material changes to our Talent Management/Succession Planning process since 2019.

Eversource does not share Executive level succession planning documents with the Board of Trustees.

3. Aquarion Water Company of Connecticut:

AQ does not prepare executive summary reports for succession planning as AQ does not have a formalized process for succession planning.

Eversource Energy
2022 CT Management Audit
Set FTI-24
Date Issued June 02, 2023
Q- FTI-622
Page 1 of 1

Date Filed: June 16, 2023

**Witness: Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
What positions has Eversource identifed to be critical skill roles? What positions have been added or removed from this designation since 2019?

**Response:**

For the list of positions that Eversource identified to be critical skill roles, please see FTI-622, Attachment 1(ES). No positions have been added or removed from this list since 2019.

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2022 CT Management Audit
Set FTI-24
Date Issued June 02, 2023
Q- FTI-623
Page 1 of 1

Date Filed: June 16, 2023

**Witness:** **Marcucci, Nancy J, Cosentino, Denise M**
**Request from:** **F T I Consulting**

**Question:**
Please provide the most recent update to the enterprise risk evaluation for talent acquisition and retention (see FTI-179, Att. 2 (ES)). If any KRI's in the most recent report is not rated "on target", please indicate the actual and target metric scores, and identify the action plans management has implemented to address the elevated risk.

**Response:**

The most recent update to the enterprise risk evaluation for talent acquisition and retention is the 2023 Q2 Key Risk Indicator Report (included as FTI-623, Attachment 1 (ES) Confidential).

As noted in FTI-179, these metrics are measured at ESC level and not at the subsidiary level.

This report is based on metrics for year to date (YTD) of April 30, 2023. The KRI for 'Key Talent Retention, New Hire Turnover, CSR Turnover' is not rated "on target". This KRI is comprised of three components, Key Talent Retention, New Hire Turnover, and Customer Service Representative (CSR) Turnover. Key Talent Retention was considered on target at 99% compared to a target of 96%. New Hire Turnover was 5.1% compared to a YTD target of 4.0%, which was 27.5% below target. The CSR turnover rate was 29.5% compared to the YTD target of 22%, which was 34% below target.

New Hire Contact Center (CSR) turnover is calculated as a rolling 12-month metric. Attrition is steadily reducing this year (down from 31.4%). Action plans put in place include enhanced screening and review of job responsibilities, streamlined onboarding and training. New Hire Attrition is also calculated on a 12-month rolling basis. We anticipate this to slow down, similar to the enterprise-wide attrition.

Date Filed: June 16, 2023

**Witness: Marcucci, Nancy J**
**Request from: F T I Consulting**

**Question:**
Please provide the HR strategy documents for Talent Acquisition and Learning & Development that have been recently developed, as indicated in the Mitigation section of the enterprise risk evaluation provided in FTI-179, Att. 2 (ES).

**Response:**

For the Talent Acquisition and Learning & Development Strategy please see FTI-624, Attachment 1(ES) and Attachment 2 (ES).

Date Filed: June 16, 2023

**Witness:** **Synan, Michael P**
**Request from:** **F T I Consulting**

**Question:**
The enterprise risk evaluation at FTI-179, Att. 2 (ES) states that the Company planned to "implement benefits progam enhancements". What recent enhancements has Eversource implemented to improve employee recruitment and retention?

**Response:**

For summaries of the recent benefit enhancements, please refer to FTI-625, Attachments 1(ES) and FTI-625, Attachments 2(ES).

Eversource Energy
2022 CT Management Audit
Set FTI-24
Date Issued June 02, 2023
Q- FTI-632
Page 1 of 1

Date Filed: June 16, 2023

**Witness: Lazor, Sasha P**
**Request from: F T I Consulting**

**Question:**
With regard to salary bands, where did Eversource employees, on average, fall on the range of the salary bands in each year from 2019 through 2022 (at whatever measurement date the Company used in its analysis). If available, please also provide this data for CL&P and YGS employees at the respective utility level.

**Response:**

Please refer to FTI-632, Attachment 1(ES) detailing where Eversource non-represented employees fell on the range of the salary bands for 2019 – 2022, broken out by all Eversource, CL&P, and YGS.

Date Filed: July 05, 2023

**Witness:** **Driscoll, Daniel C**
**Request from:** **F T I Consulting**

**Question:**
During the June 15 2023 service company cost discussion with Danielle Munson, Leanne Landry, Tom Desrosiers and John Griffin, it was noted that Eversource Service Company made a conscious decision regarding the breakout of budget and actual cost data by the service company; specifically that costs would be centrally controlled by the individual EVP organizations within the service company, and that costs would not be budgeted or tracked as distributed to subsidiaries. Please clarify and / or expand on this and explain why the decision was made to budget and control costs at the service company level without providing information at the distributed cost (subsidiary) level.

**Response:**

With respect to ESC and the services it provides to the Operating Companies, a decision was made in 2012, following the merger of Northeast Utilities and NSTAR, to operate ESC consistent with the Service Company model that existed pre-merger at NSTAR. In that model, the "shared services" entity functions exclusively as a cost-sharing platform with a unified management team overseeing both the operating companies and the delivery of shared services to the operating companies. ESC is set up to operate in this same manner with direct oversight and control resting with executive leadership and the Operating Company Presidents, all actively participating in the decision-making framework.

In this shared-services organization, the leaders of each one of the respective shared-service organizations are responsible for an operating budget and work plan. To the extent that work is performed on a shared basis for multiple entities, there is a billing process to account for the cost of that work in alignment with the level of services provided to each Operating Company. Direct billing of service company costs to a specific corporate affiliate will occur when work is conducted exclusively for that specific entity.

If work benefits two or more companies, the costs are allocated across the applicable entities obtaining a benefit from the particular services. The fundamental concept is that the Executive Vice President that runs the respective shared-service function is responsible for assuring that needed work functions and activities are executed efficiently and effectively throughout the EVP's organization and that operating performance goals are achieved for that business unit.

Using this operating model, Eversource Energy has achieved a high mode of efficiency because, rather than having the Operating Companies working as independent entities with separate participation by each Operating President, there is a high level of integration between the

Operating Companies and the shared service functions to develop a consolidated business case for major business decisions and solutions in IT, ERP, HR and other functions. Eversource Energy is aware that a relatively large percent of its customers experience Eversource service in one form or another from neighboring states and that some of these customers have multiple accounts in different states. It is not acceptable to customers to have a different experience online or with how they pay their bill or options to pay depending on the state in which they are experiencing the service. Therefore, Eversource identified that it needed to have a consistent quality of service and customer experience across all 4,000,000 customers in CT, MA and NH. For this reason, the shared services function is built to collaborate closely with the Operating Presidents and to provide them with numerous opportunities for input and participation to arrive at a consensus solution across the Eversource Energy enterprise.

The shared services organizations all function similar to the Operating Company organizations in that each shared service organization has its own set of goals and individual budget, both O&M and capital, and those plans are developed and executed on an annual basis. For each cost control center, a system is established to allocate the cost based on the work that is being performed and the shared-service organization is held accountable for the budget and operating plan associated with their function. Accountability for spending and execution rests with the leader of each one of the shared services organizations. Each one of these senior leaders, whether Legal, IT or Human Resources, are responsible for running their own aspect of the business and keeping within the confines of the approved budgets that are established for each year.

In this context, the role of the presidents of each Operating Company is to assist in developing the capital plan; to execute the annual work plan to meet discrete performance goals; to provide leadership on project and work initiatives; to oversee adherence to the approved O&M budget, while assuring safety to each employee; and otherwise run the business. The Operating Presidents do not have a direct role in ESC as the "cost sharing entity" or its allocations. Instead, the Operating Presidents report to the COO, while having direct interaction with the shared services teams headed by each Executive Officer comprising the Senior Team. Monthly performance data is produced for evaluation by the Senior Team; and the Operating Presidents join the Senior Team for an expanded Senior Team meeting periodically over the course of the year to present and discuss operating and performance results.

The Operating Companies are structured to focus on operations and running the business, whereas the ESC functions as a clearinghouse for the shared-services organizations such as accounting and finance, IT, human resources, regulatory affairs, legal, corporate relations, government relations, customer care and shared operational services. As an example, if in the course of operations, the Operating President sees that a human resource issue or some inefficiency is coming from the shared process, the Operating President has the opportunity to address the issue with the respective shared services personnel assigned to the respective

Operating Company or to raise concerns to the COO and/or with the respective Executive Vice President and the leadership team running the shared-service unit.

This organizational approach has yielded accountability and substantial operating efficiency in relation to shared services because all functions are carefully managed from a cost and productivity standpoint under a transparent management structure. This works to ensure that the costs of shared services attributed to each operating company are the result of a rigorous financial management process.

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Date Issued August 07, 2023
Q- FTI-707
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Date Filed: August 23, 2023

**Witness: Tobin, Richard P**
**Request from: F T I Consulting**

**Question:**
In reference to Steve Sullivan's interview, with respect to how resource re-allocation decisions can be made in the event of an emergency, if a major storm event occurred in New Hampshire or Massachusetts, could the CT Company presidents could dispatch CT-specific crews to the affected Eversource jurisdiction with approval from the Senior Team? If so, how would the request and approval be made - would the affected president ask the Senior Team who asks Mr. Sullivan, or would the affected president ask Mr. Sullivan who asks the Senior Team, or is the Senior Team uninvolved in such a decision?

**Response:**

In emergency events, a command structure is invoked adhering to requirements of the Emergency Response Plan. When the ERP is triggered in one or more Eversource jurisdictions, requests for additional resources from affiliate companies are made by the Incident Management Team (IMT) through the Eversource Resource Support Group (ERSG), which is a component of the Emergency Coordination Team (ECT).

As a member of the ECT, Mr. Sullivan provides updates regarding the status of any Connecticut restoration activities, disposition of resources in CT and recommendations for any resource allocations or re-allocations. Based on these inputs, the ECT directs the ERSG to coordinate the allocation or movement of resources between states. The Senior Team is not involved in making these decisions, although senior leadership is always kept apprised of the ongoing situation.