Date Filed: October 23, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray, Sasha P. Lazor and Marianne H. Eichler
Request from: Public Utilities Regulatory Authority

Question:

(REGULATORY OUTCOME METRICS) Interrog. Resps. CIEC-015, Att. 1 and OCC-198, Att. 1; Public Act 23-102, Sec. 2. Regarding corporate performance goals that measure the outcome of proceedings before the Authority:

a. (i) Identify each Eversource Energy Employee Annual Incentive Program and executive Annual Incentive Program plan year from 2018 through 2025 in which the outcome of a proceeding before the Authority was a scored metric or a credited achievement; (ii) include (1) the 2018 metric captioned Positive Regulatory Outcomes weighted at 8% with a target to obtain constructive rate case outcomes; (2) the 2021 Strategic Growth Initiatives achievement citing a comprehensive PURA-approved settlement agreement; (3) the 2023 initiative for constructive regulatory outcomes; and (4) the 2025 Strategic Financial Initiatives and Regulatory Outcomes metric; and (iii) state the weighting and the payout percentage for each.
b. State the amount of variable compensation charged to CL&P in each of the plan years from 2018 through 2025, and the amount included in the Rate Year funded by performance on each metric or initiative identified in response to subpart a.
c. (i) State whether the outcome of this proceeding is a scored metric or a credited achievement in the 2026 corporate performance goals, which the response to OCC-289 described as established annually by the Board of Trustees and which Ex. CLP-EMPLOYEE-4B references as the Q1 2026 scorecard; (ii) state the date on which the Board of Trustees approved them; and (iii) provide the 2026 corporate scorecard as approved, showing each metric, its weighting and its threshold, target and maximum levels.
d. State whether the Company treated any portion of the variable compensation in Schedules C-3.6 and C-3.7 as non-recoverable under Section 2 of Public Act 23-102 given it was funded by performance on a metric measuring the outcome of a rate proceeding before the Authority. If it did not, state the basis for that position.

Response:

a. There is no example in any year at any level of the Eversource variable pay compensation program where the "outcome of ***a proceeding*** before [PURA] was a ***scored metric or a credited achievement***." This continues to misrepresent the details, structure and function of the variable pay program.

First, Eversource Energy is a FERC-jurisdictional, public utility holding company that owns and operates regulated utility companies that are pervasively regulated by state public-utility commissions. There is no successful operation of Eversource Energy – and no attraction of capital to support transmission and distribution systems providing essential services to utility customers -- without positive regulatory outcomes. Positive regulatory outcomes are vital for any kind of company, but particularly for an investor-owned, regulated operating utility. Negative regulatory outcomes cause credit downgrades, loss of investment quality and declining ability to support the system that customers are relying on. It is fully incumbent on Eversource Energy to strive for positive regulatory outcomes for the betterment of customers and customer interests.

Second, the question refers to the Company's response to CIEC-015, Attachment 1, at pages 48-52, which identifies a corporate financial performance goal entitled "Strategic Financial Initiatives and Regulatory Outcomes," described as "Regulatory filings, storm cost recovery and strategic positioning. These terms apply across all four of Eversource Energy's regulatory jurisdictions (FERC, Connecticut, New Hampshire and Massachusetts) and are not tied specifically to "the outcome of a [PURA] proceeding."

In addition, the table presented on page 49 provides details on the "Strategic Initiatives and Regulatory Outcomes," referenced in the title, clearly specifying that the performance achieved is to "***[e]xecute*** regulatory initiatives across three states, including the Yankee Gas Service Company and Public Service Company of New Hampshire rate cases and various capital tracker and performance mechanisms." (CIEC-015, Attachment 1, page 49, emphasis added). All of the description provided describes how the Company ***executed*** on its filings and ***identifies*** the outcome achieved without grading performance on the basis of what the outcome of each rate proceeding was. In other words, it is the completion of the initiative with ***overall*** positive results that is reviewed and accounted for.

The question also refers to the Company's response to OCC-198, Attachment 1. This attachment provided the corporate financial and operating performance goals in a matrix format similar to the chart listed in CIEC-015, Attachment 1, at 49, for the years 2018 to 2023. Similar to the chart in CIEC-015, Attachment 1, at 49, there are only high level, generalized references to the strategic goal of achieving positive regulatory outcomes. Specifically, the following references are shown:

2018 Operational Performance: "Positive regulatory outcomes" and "Obtain constructive rate case outcomes," listing the completion of rate proceedings and rate settlements with "constructive outcomes" for CL&P, Yankee, Aquarion-MA and FERC. There is no reference to or grading of any specific outcome. Here, the chart identifies a weighting of 8% assigned

generally to "positive regulatory outcomes" and "obtain constructive rate case outcomes," tied to positive outcomes in three of the four regulatory jurisdictions served by Eversource Energy.

2019 Operational Performance. "Obtain constructive rate case outcomes," Referencing energy storage, electric vehicle and energy efficiency projects.

2020 Strategic Growth Initiatives. Referencing "constructive outcomes" for the PSNH and NSTAR Gas rate case, and completion of the acquisition of Columbia Gas of Massachusetts Company and the sale of Aquarion-MA assets to the Town of Hingham, among other initiatives.

2021 Strategic Growth Initiatives. Referencing various "approvals" of regulatory matters, including PURA's approval of the 2021 Storm Settlement, MA Grid Mod, NSTAR Gas capital cost recovery, Massachusetts storm-cost recovery and "completion" of the Columbia Gas transaction.

2022 Strategic Growth Initiatives. Referencing that Eversource "successfully advanced several strategic initiatives and produced positive regulatory outcomes" in Massachusetts, New Hampshire and at FERC.

2023 Strategic Growth Initiatives. Referencing "constructive regulatory outcomes" without referencing any state jurisdiction.

Across these references, the terminology refers to "completion" and "approval" of regulatory proceedings, with the terminology "constructive outcomes" applied equally across all jurisdictions and *all outcomes*. There is no example in any year where the specific "***outcome*** of a proceeding before [PURA] was ***a scored metric or a credited achievement***."

b. Please refer to the Company's response to OCC-202[i]. Please note that variable pay is not "funded by performance on each metric or initiative identified in response to subpart a," as stated in the question. All of the references in subpart (a) are citations to the ***corporate financial and operating performance goals***, which apply to determine the CEO's variable pay, as an individual, and the executive officers (named and un-named) in the aggregate. The corporate performance goals do not determine the actual funding amount in any given year. The funding level for variable pay across CL&P and the Eversource enterprise is separately determined by the Chief Financial Officer without application of specific "metrics or initiatives," contrary to the viewpoint of the question.

c. The particular outcome of this proceeding is not a "scored metric or a credited achievement in the 2026 corporate performance goals." Calendar year 2026 is not yet complete and the

proceeding will not be completed in 2026. The response to OCC-289[ii] contains no information specific to 2026, but states that the Board of Trustees approves the corporate financial and operating performance goals. Exh. CLP-EMPLOYEE-4B references as the Q1 2026 scorecard ***for individual employees -- not corporate performance*** set by the Board of Trustees. The 2026 corporate performance scorecard was approved in January 2026 by the Board of Trustees and is provided as RRU-057, Attachment 1.

d. There is no portion of the variable pay compensation listed in Schedules C-3.6 and C-3.7 that should be listed as non-recoverable under Section 2 of Public Act 23-102. No variable compensation paid to any individual employee was, or will be, "funded by performance on a metric ***measuring the outcome of a rate proceeding*** before [PURA]." None of the references cited in this question indicate that there is any "measurement" of the outcome of any rate proceeding in any jurisdiction. The performance indicators seek to establish that Eversource Energy has ***executed*** on its regulatory filings – meaning made the filings and obtained an overall positive outcome. It is the execution, completion and overall positive outcome that is identified, not any particular outcome.

Moreover, Public Act No. 23-102, Section 2 applies to the "attendance, participation, preparation or appeal of a rate proceeding" – none of which is remotely referenced as part of a corporate financial or operating goal in any year.

Prior Referenced Response:

---

[i] OCC-202 Question:

(COMPENSATION) Please provide an unlocked Excel spreadsheet, showing in individual tabs for each year from 2018 through the present each Company employee and executive's pay, separated into base pay, variable pay, benefits, any other compensation provided to the employee (e.g., stocks, options, etc…), the total all-in pay for that year, and the percentage allocated to CL&P customers. This exhibit may include job titles rather than employee names, but please number each position to allow the individual in the position to be tracked across all years.

OCC-202 Response:

Please refer to OCC-202, Attachment 1, for each Eversource Service Company ("ESC") employee allocated base salary, total variable compensation and total indirect costs attributed to CL&P for 2023 through June 2026. The Company also provided the ESC percentage allocated to CL&P customers.

It is typical for ESC employees to charge their time to multiple operating companies throughout the year, and therefore the Company takes the ESC compensation and allocates a portion of the costs to CL&P. In columns (e) through (g) of OCC-202, Attachment 1, represents the dollars allocated to CL&P in the cost of service of this proceeding. Additionally, the compensation for the Company's CEO, CFO, and CL&P President were removed from the cost of service, as discussed in Exhibit CLP-REVREQ-2 at 74, showing zero dollars in columns (e) through (g) of OCC-202, Attachment 1. While the Company's CEO, CFO and CL&P President's compensation are excluded from the rate case,

the Company's CEO, CFO and CL&P President continues to allocate costs to CL&P's as normal part of business operations and business for the benefit of our customers, as referenced in column (i) of OCC-202, Attachment 1.

Please refer to OCC-202, Attachment 2, for each CL&P employee base salary, total variable compensation, and total indirect costs attributed to CLP for 2023 through June 2026. Note the CL&P employees charge 100 percent of their time to CL&P.

Conducting this detailed analysis for years prior to 2023 requires substantial work to extract this particular detail for older historical years, which is not warranted given that the resulting information is outdated. The Company will supplement these responses as the older historical information becomes available.

[ii] OCC-289 Question:

Incentive Compensation. Identify the total amount of incentive compensation expense (direct and allocated) included in the Rate Year related to financial goals.

OCC-289 Response:

The term "financial goals" is a non-specific term that does not adequately or properly differentiate the elements of the Company's variable pay compensation program.

1. Corporate Financial Performance Goals

In the Eversource variable pay program, there are two different types of "financial goals." First, there are the **corporate financial performance goals** that are identified and discussed in the Eversource Energy annual proxy statement, submitted in this docket as CIEC-015, Attachment 1. The establishment of corporate performance goals – and evaluation of performance against those corporate goals, is performed on an annual basis by the Board of Trustees. For 2025, the Board of Trustees determined that the corporate performance goals would be based 70 percent on Eversource Energy's overall financial performance and 30 percent on Eversource Energy's overall operational performance. The Board of Trustees set substantially all of the 2025 target corporate performance goals, including quantitative financial goals, at levels above the prior year's targets, reflecting increased performance expectations and reinforcing the relationship between performance and pay. See, CIEC-015, Attachment 1, at 47. The Board of Trustees further determined the specific goals that would be used to assess corporate performance, with potential ratings on each goal ranging from zero percent to 200 percent of target and assigned weightings for each of the goals. See, id, at 46-47.

In the first quarter of the year after the performance year, the Board of Trustees then examines performance of the corporation against the financial and operational performance goals set for the corporation, as a whole, for the past calendar year. The Board of Trustees (Compensation Committee) also reviews and assesses individual executive performance for the Eversource Energy "executive population." CIEC-015, Attachment 1, at 53. An important point is that the Board of Trustees does not assess performance or set funding parameters for any employees below vice president and there is no determination made by the Board of Trustees setting an individual employee's variable pay compensation in a given performance year below the rank of vice president.

Based on the Board of Trustees' determination of the achieved performance level (i.e., at target, or above or below target, or some combination thereof), a decision is made by the Eversource Energy Chief Financial Officer ("CFO") as to the exact payout amount of the funding pool that will be available for all Eversource Energy employees below the rank of vice president.

2. Employee-Specific Performance Goals

The second category of "performance goals" within the Eversource variable pay program are the **employee-specific performance goals**. Once the funding pool is determined by the CFO, following the Board of Trustees' determination on the achievement of corporate goals, then the variable pay funding pool is distributed among all Eversource Energy employees in accordance with each individual's performance on their own performance metrics. With respect to employee-specific performance goals, it is important to note that some employees may have individual performance goals that relate to performance on financial "metrics" such as budget control, cost containment or efficiency improvement.

However, with respect to individual employees, only the Eversource Energy Chief Executive Officer ("CEO") and CFO have "financial goals" that align with the corporate financial goals, such as earnings per share or dividend growth. *No other employee has individual performance goals that are tied to or track the corporate financial performance goals*. To the extent that an employee may have one or more individual performance goals that pertain to financial metrics, those metrics will be designed to drive a performance outcome works to the benefit of customers, such as cost containment, efficiency improvement or other similar outcome. None of the employee-specific financial metrics tie to corporate financial performance goals.

Therefore, to separate compensation associated with the achievement of corporate financial performance goals and achievement of individual, employee-specific performance goals, the Company proactively removed the variable pay component for the CEO and CFO from the cost of service presented in this case. Because they are the only employees with individual performance goals that are tied to achieving corporate financial goals, the Company is able to confirm that there is no request to include variable pay associated with corporate financial goals in the cost of service in this proceeding.