Date Filed: October 23, 2026

Witness: Sasha P. Lazor and Marianne H. Eichler
Request from: Public Utilities Regulatory Authority

Question:

(INCENTIVE PAYOUTS) Application, Ex. CLP-EMPLOYEE-3; Interrog. Resps. OCC-201, Att. 1 and OCC-292, Att. 2. Regarding the distribution of performance ratings and variable compensation payouts:

a. Provide: (i) a detailed explanation for why Attachment 1 of the Company's response to Interrogatory OCC-201 reports that 45 unrated EESCO employees received average variable pay of 117.9% of target for 2025 but the Company's response to Interrogatory OCC-292 describes unrated employees as employees hired after October 31, who are ineligible for merit or variable compensation, or employees on leave at the time of review; and (ii) the number of unrated employees on each stated ground in each of the calendar years from 2021 through 2025.
b. State, for each of plan years 2021 through 2025 and separately for CL&P and EESCO, the number of employees in each rating band who received an award above target and the aggregate amount paid above target.
c. (i) Explain the growth in the number of CL&P employees receiving a performance rating from 219 in 2021 to 354 in 2025, and in the number of EESCO employees receiving a performance rating from 1,910 in 2021 to 3,699 in 2025, as shown in OCC-292, Attachment 2, and (ii) state, for CL&P and for EESCO separately, the total number of employees on December 31 of each year, the number eligible for variable compensation, and the eligible number as a percentage of the total.
d. State the number of CL&P employees placed on a performance improvement plan and the number involuntarily separated for performance issues in each of calendar years 2021 through 2025.

Response:

a. (i) The Company wishes to clarify a statement included in its response to Interrogatory OCC-201[i]. While the response indicated that certain "unrated" employees may have been hired after October 31, none of the 45 unrated EESCO employees who received a variable compensation award in 2025, nor any in the prior years, were hired after October 31 or otherwise ineligible for a variable compensation award. All 45 unrated employees in 2025 met the eligibility requirements for variable compensation and received awards under the applicable plan.

Employees may be designated as "unrated" for reasons unrelated to incentive compensation eligibility. The majority of unrated employees are employees who were on an approved leave of absence during all or part of the performance management cycle and therefore did not receive a formal performance rating. In addition, a small number of employees may be designated as unrated because a performance rating was not entered into the performance management system prior to the compensation cycle. An unrated designation does not necessarily preclude eligibility for variable compensation.

(ii) The Company does not maintain historical data identifying unrated employees by the specific reason they were designated as unrated (e.g., leave of absence, administrative omission, or other circumstances). Accordingly, the Company is unable to provide a breakdown of unrated employees by category for calendar years 2021 through 2025.

b. Please refer to RRU-059, Attachment 1. It should be noted that, for purposes of this response, an employee's variable compensation target is defined as 100% of the employee's established variable compensation opportunity. Under Eversource's annual incentive program, payout opportunities above target are determined based on individual performance ratings and are subject to the following incentive guidelines:

Successful Contributor: 70% to 125% of target
High Contributor: 125% to 175% of target
Top Achiever: 175% to 200% of target

Accordingly, employees receiving a Successful Contributor rating may receive awards above 100% of target. Employees receiving High Contributor and Top Achiever ratings are generally eligible for awards above target. The accompanying data identifies, for each plan year 2021 through 2025 and separately for CL&P and EESCO, the number of employees whose incentive award exceeded 100% of target and the aggregate amount paid above target.

c. (i) The increase in the number of employees receiving a performance rating at both CL&P and EESCO from 2021 through 2025 is primarily attributable to growth in the number of non-union employees who are eligible to participate in the companies' variable compensation programs and therefore receive annual performance ratings. Over this period, both companies added non-union positions to support business needs and operational requirements. By contrast, the number of union-represented employees, who generally are not eligible for variable compensation and typically do not receive performance ratings under this program, remained relatively stable during the same period. As a result, the population of employees receiving performance ratings increased from 219 to 354 at CL&P and from 1,910 to 3,699 at EESCO between 2021 and 2025.

(ii) Please refer to RRU-059, Attachment 2.

d. Five CL&P employees who were eligible for variable compensation were involuntarily terminated for performance-related reasons during the period 2021 through 2025, as reflected in the table below.

Of these five employees, one employee was placed on a formal Performance Improvement Plan ("PIP") in 2022 prior to termination. The performance-related issues leading to these separations included failure to meet the requirements of the position ("not suited to job"), sustained poor work performance, and violations of company policy. For purposes of performance management, policy violations are considered a form of poor work performance by the Company.

Year	Terminated for Performance Issues
2021	1
2022	3
2023	0
2024	0
2025	1

Prior Referenced Response:

[i] OCC-201 Question:

(VARIABLE PAY) Please provide the data in Exhibit-CLP-EMPLOYEE-3, for each year from 2018 through 2024, separated by year.

OCC-201 Response:

Please refer to OCC-201, Attachment 1, for each year from 2018 through 2024, separated by year.