Date Filed: September 01, 2026

Witness: Brendan J. O'Brien, John G. Griffin, Garrett J. Murray, Leanne M. Landry and Jeffrey D. Turano
Request from: Office of Consumer Counsel

Question:

Payroll.
a. Provide annual Capital and O&M budgeted payroll (direct and allocated) for each year 2021, 2022, 2023, 2024, 2025, and the rate year.
b. Provide annual Capital and O&M actual payroll (direct and allocated) for each year 2020, 2021, 2022, 2023, 2024, and 2025.
c. Provide annual Capital and O&M payroll authorized by PURA for each year 2021, 2022, 2023, 2024 and 2025.

Response:

a. Please refer to OCC-319, Attachment 1, for budgeted capitalized and O&M expense payroll, charged direct and allocated for each year requested. The Company's proposed payroll O&M expense for the Rate Year is provided in Exhibit CLP-REVREQ-2, Schedule C-3.5. The Company does not calculate the capitalized payroll as part of the cost of service as a specific line item. The proposed revenue requirement in this proceeding reflects the level of payroll O&M expense necessary to cover the Company's Rate Year cost of service. The Company's cost of service includes projected capital placed in service through the Rate Year, and labor is one component of the projected capital, however, the Company cannot separately identify the labor included in its capital forecast.

b. Refer to EOE-123, Attachment 1, for the annual capitalized and O&M actual payroll for each year requested.

c. The amount of payroll that is capitalized in any given year is project dependent and based on the Company's policy for capitalizing costs per Accounting Policy Statement ("APS) #8, Capital Versus Expense Criteria, which is required to adhere to the generally accepted accounting principles ("GAAP"). During a rate case, the Test Year's capitalization ratio is used to determine the Rate Year level of O&M payroll. This level of O&M payroll allows a cost of service to be calculated for use in setting customers' rates. The actual level of O&M payroll experienced by the Company will be different based on many factors, including business needs, market-based changes in compensation, attrition, retirements, etc. Such differences are part of the ebb and flow inherent in the ratemaking process. The amount of O&M payroll applicable for the years 2021 through 2025 from the approved

2018 Settlement Agreement and subsequent annual Full-Time Equivalent ("FTE") step adjustments for 2018, 2019 and 2020 in Docket No. 17-10-46 was $129.285 million per year.