Date Filed: August 18, 2026

Witness: Sasha P. Lazor and Marianne H. Eichler
Request from: Connecticut Industrial Energy Consumers

Question:

(Employee Compensation and Benefits Panel) Does the Company's variable pay program include any employee incentive tied to capital additions? If the answer is in the affirmative, identify and explain in detail each such incentive.

Response:

There are two stages to the Company's variable pay program. In the first stage, there is an annual determination ***to fund variable pay compensation and at what level***. This is a determination made by the Board of Trustees, which views the determination on a holistic, enterprise-wide basis because – when the decision is made to fund the variable pay compensation component – it is a decision that will apply across the entire Eversource Energy enterprise for all employees of every division and operating unit. From a corporate financial perspective, this is a determination in the range of $80 million on an enterprise-wide basis, which is therefore made by the Board of Trustees based on a pre-determined mix of financial and service-based objectives. This stage is described in detail in CIEC-015, Attachment 1 (2026 Proxy Statement), at pages 48-52, reflecting a weighting of approximately 70% financial objectives and 30% service-related objectives. At this level, there is no metric tied to capital additions or achievement of the capital expenditure forecast.

The second stage of the Eversource Energy variable pay program is the determination of ***what individual employees have earned in the prior performance year*** in relation to their specific performance goals. The determination of what each individual employee has earned is derived through an annual "top-to-bottom" process within each operating unit whereby the performance of each employee is evaluated and rated as compared to a designated slate of goals that are tailored to the employee's specific work function and role within the organization. Within an operating affiliate, such as CL&P, the employee-specific performance goals are 100% tied to customer-beneficial functions and activities.

Depending on the function and role of the employee, the employee's specific performance goals may include "financial" objectives such as budget control and efficiency innovation. These types of financial objectives benefit customers directly by helping to control costs and assure efficiency in the cost of providing service to customers in day-to-day operations. In this regard, there is no employee that is incentivized to find capital additions for the purpose of achieving earnings or growing rate base. However, employees may have a performance goal that seeks to incentivize good budget practices, such as budget accuracy or bringing the work plan in on budget. Good

performance on these types of goals works to the direct benefit of customers by assuring rational and efficient business operations.