Date Filed: October 19, 2026

Witness: Kara A. O'Connor
Request from: Public Utilities Regulatory Authority

Question:

(EMPLOYEE BENEFITS) Application, Sch. C-3.12 and WP C-3.12; Interrog. Resp. OCC-069, Att. 1 and Interrog. Resp. OCC-204, Att. 1. Regarding the composition of Schedule C- 3.12 and the movement from the Test Year to the Rate Year:

a. (i) Provide: (i) OCC-204, Attachment 1, shows 2025 net 401(k) expense of $6,690,000. OCC-302, Attachment 1, captioned Supplemental Retirement Plan (401K), shows 2025 net 401(k) expense of $866,000 for CL&P and $418,000 for EESCO, a total of $1,284,000. Identify the plan or plans included in each attachment and state the 401(k) amount on Schedule C-3.12 for the Test Year and the Rate Year. (ii) OCC-204, Attachment 1, is captioned as the employee benefit programs within the Employee Benefits Schedule. It does not include the SERP and Non-SERP expense in OCC-356, Attachment 1, which note (a) of that attachment states agrees to Schedule C-3.12, or the FAS 106 expense in OCC-338, Attachment 1. Identify every benefit program on Schedule C-3.12 and WP C-3.12 that is omitted from OCC-204, Attachment 1, with the Test Year and Rate Year amount of each. (iii) From 2025 to the Rate Year, the EESCO capitalized portion falls from 41.7% to 28.1% for pension in OCC-336, Attachment 1, and for FAS 106 in OCC-338, Attachment 1, and from 39.0% to 28.0% for 401(k) in OCC-302, Attachment 1. Over the same period the CL&P capitalized portion falls only from 55.9% to 52.4% in all three. State the basis for each Rate Year capitalization rate.
b. Provide Attachment 1 to the Company response to Interrogatory OCC-204, divided between CL&P direct cost and EESCO allocated cost for each benefit program and year and state the allocation percentage and rate code applied to each.
c. Provide the derivation, by benefit program other than healthcare, of the pro forma adjustment of $5,522,000 that increases the Test Year employee benefits expense of $23,791,000 to the Test Year pro forma amount of $29,313,000. State the amount of the adjustment attributable to each benefit program.

Response:

a. (i)The 2025 Test Year 401(k) expense amount included in OCC-204, Attachment 1, represents total 401(k) expense for CL&P and EESCO employees. As described in subpart (a.) of the Company's response to OCC-302[i], the 2025 Test Year amount included in OCC-302, Attachment 1, represent the 401(k) expense for employees (direct, allocated, union and non-union), who are also covered under a defined benefit pension plan and represents

a portion of the total 401(k) costs included in OCC-204, Attachment 1. As shown on Exhibit CLP-REVREQ-2 (Schedules A, B, C, D), Schedule C-3.12, page 7, the 401(k) expense in the 2025 Test Year net of capitalization is $6,689,000 and the 401(k) expense in the Rate Year is $8,453,000 net of capitalization.

(ii) Please refer to RRU-063, Attachment 1, for a listing of all employee benefit programs included within Schedule C-3.12, Employee Benefits. This attachment is inclusive of the programs provided in OCC-204, Attachment 1.

(iii) The supporting calculation for 52.36% capitalization for CL&P Direct and 28.07% capitalization for EESCO Allocated charges, where applicable can be found in the Company's response to RRU-015, Attachment 1, (Page 2).

b. Please refer to RRU-063, Attachment 2, for the programs included in OCC-204[ii], separated between CL&P direct costs and EESCO allocated costs. Please refer to RRU-063 Attachment 3, for the allocation percentage and rate code applied to each program.

c. Please refer to RRU-063, Attachment 1, line 178, for the calculation of the approximately $5,522,000 Test Year pro forma adjustment by benefit program.

Prior Referenced Responses:

[i] OCC-302 Question:

401(k) expenses.

a. Provide the annual amount of 401(k) expense (direct and allocated) for employees (direct, allocated, union and non-union) who are also covered under a defined benefit pension plan for each of the years 2021, 2022, 2023, 2024, 2025, and included in the rate year.
b. For each plan, state whether it is frozen or closed and provide the dates the plans were frozen or closed.
c. Explain how paying for employees to have two retirement plans is beneficial to ratepayers.

OCC-302 Response:

a. Please refer to OCC-302, Attachment 1, for the annual amount of 401(k) expense for employees (direct, allocated, union and non-union), who are also covered under a defined benefit pension plan for each of the years 2021, 2022, 2023, 2024, 2025, as included in the Rate Year.

b. The Eversource 401(k) Plan is open for enrollment. Please refer to the chart presented in OCC-302, Attachment 2, for the status of the defined benefit pensions under the Eversource Pension Plan.

c. The customer benefit is that there is an employee providing utility service on the other end of this compensation policy. In order to attract and retain skilled employees that are sought after in the marketplace and are difficult to recruit, it is necessary for the Company to have a compensation structure that provides an

appropriate retirement income benefit for a variety of employees with different needs. Because there is no "one size fits all" retirement instrument that the Company can utilize for its employees, it is necessary for the Company to maintain alternatives to adequately meet the needs of employees. In that regard, the 401(k) Plan and defined benefit pension plans are serving two different purposes necessary to compensate the employee.

For example, the 401(k) Plan is designed to incentivize employees to contribute more of their own pay toward their retirement. Within the 401(k), employees are able to manage their own investments, and this provides employees with control and portability of their benefit. Conversely, the cash balance pension plan provides a portion of the employee retirement benefit as guaranteed income eliminating market volatility at the employee level for a portion of their retirement benefit. With the cash balance pension plan, the employer is responsible for annual funding and bears the investment risk.

Saving for retirement is a high priority for the Company's employees and it is critical that Eversource remain competitive with other utility industry employers in this regard. However, in 2023, Eversource's compensation benchmarking analysis showed that the former retirement plan, comprised of the 401(k) Plan Employer Match and K-Vantage contribution was falling behind the market and did not provide employees with a sufficient level of retirement benefit to be competitive in the utility industry. As a result, a determination was made that the design of the retirement benefit program was detracting from Eversource's ability to attract and retain skilled employees in the utility industry. Eversource's electric (and natural gas) utility employees typically possess very specialized skills sets that are a commodity in high demand in the marketplace and, in addition, the roles that employees fill are often physically demanding and hazardous jobs, providing an essential service on a 24/7/365 basis. By offering adequate retirement plans, Eversource is enabled to recruit and retain engineers, experienced linemen, operators, technicians, managers, and other highly skilled workers. In 2023, Eversource's ability to maintain equilibrium in this regard, with respect to its existing and future employee base, was becoming impaired due to the diminishing value of the retirement benefit.

Recognizing that a change in plan design was necessary, Eversource sought to design a new retirement benefit that would leverage a shared responsibility between CL&P and its employees, so that employees would have a greater incentive to contribute (or to contribute more substantially) to their own retirement income.

Another primary consideration in the program redesign was that the K-Vantage option placed investment responsibility and the associated financial outcome solely on the employee, subjecting employees to the volatility of the stock market, as compared to the stability that would be offered by a secure cash balance contribution managed in the aggregate by Eversource. As a result, all employees of CL&P and ESC who previously received K-Vantage employer contributions (as well as future new hires) are now eligible to participate in the Eversource Cash Balance Pension Plan, which replaces the former K-Vantage option, while promoting longer employee tenures and the availability of a stable and highly skilled workforce.

[ii] OCC-204 Question

(BENEFITS) Please refer to Exhibit CLP-EMPLOYEE-1.

a. Does the Company offer any employee benefits not discussed in the testimony (e.g., dependent care benefits, pet care, pet insurance, etc…)? If yes, please describe all benefits.
b. Please provide on unlocked Excel spreadsheet showing on an annual basis from 2018 to the present the total cost associated with each employee benefit (e.g., health insurance, dental insurance, vision insurance, retirement savings, etc…).

OCC-204 Response:

a. The Company offers certain voluntary benefits to employees that include legal, home and auto insurance, student loan refinancing and identity theft protection. The Company incurs no expense for these plans, but makes them available to employees and in certain circumstances, facilitates payroll deductions for payment as employees can receive better insurance rates via payroll deduction.

b. The Company provided the data for the 5-year historical period 2021 through 2025 in its initial application (see Exhibit CL&P-REVREQ-3) and does not have information prior to 2021 readily available for this response. Please refer to OCC-204, Attachment 1, for Employee Benefit program costs from 2021 to the present.