Date Filed: October 30, 2026

Witness: Craig Dikeman and Matthew J. Correia
Request from: Public Utilities Regulatory Authority

Question:

(CHANGE ORDERS) Interrog. Resp. EOE-046, and Interrog. Resp. EOE-054, Att. Regarding change orders, amendments and other increases in the value of purchase orders and contracts:

a. Identify each provision of the Procurement Policy and the Procurement Manual that governs change orders, amendments and increases in purchase order or contract value, including the approval levels, the documentation required, and any threshold of value or percentage above which a change requires a new competitive solicitation, a sole source justification or a documented exception. If no provision requires a new solicitation, state the basis for that position.

b. For each competitively bid purchase order or contract with an original value of $50,000 or more and with spend charged or allocated to CL&P in 2021 through 2025, provide in an unlocked Excel spreadsheet with formulas intact, keyed to the purchase order numbers in Attachment 1, of the response to Interrogatory EOE-054:

   i. the vendor;
   ii. the purchase order or contract number;
   iii. the scope of work;
   iv. the award date;
   v. the original award value;
   vi. the number of bids received, the vendor's bid rank, the lowest bid received and the next-lowest bid;
   vii. the number and total value of change orders by calendar year;
   viii. the final or current value;
   ix. the change as a percentage of the original award value;
   x. the amount by which the final or current value exceeds the lowest bid and the next-lowest bid; and
   xi. the amounts charged to O&M expense, capital and storm. For O&M expense in 2021 and 2022 which Attachment 1, of the response to Interrogatory EOE-054, does not cover, provide the information from the Company's records.

c. Explain how the Company tracks change order history by vendor and uses it in evaluating bids, prequalifying vendors, setting contract terms and awarding later work. Provide each

report, scorecard, metric, or procedure used for that purpose from 2021 through 2025. If it does not, state the basis for that position.

d. For each purchase order at a value below $50,000 whose value later increased above $50,000 in any of calendar years 2021 through 2025, state the vendor, the original and final values and the dates, and identify any competitive bid, sole source justification or documented exception obtained when the value passed $50,000.

e. For each vendor whose total annual change orders from 2021 through 2025 exceeded 10% of its total original award value, identify the purchase orders and contracts, the reasons for the change orders, the approving individual by title, and the competitively bid work subsequently awarded to the vendor.

f. State the amount related to change orders included in the Test Year O&M expense, by schedule, and the amount reflected in the Rate Year.

Response:

Please note that -- viewed in its entirety as posed to the Company -- there is no feasible path for the Company to answer this question without several months of time to research, assemble and produce the documentation for the record. The subparts contained within the question vastly broaden the request from the titled "Change Orders" and conflate different lines of inquiry that are all reasonable to pursue, but have the effect of creating an intensive, yet disparate, focus for the Company's response. At its essence, the question is asking the Company to produce voluminous quantities of documentation pertaining to several hundred procurement transactions undertaken by the Company in the years 2021 through 2025.

The Company seeks to be as responsive as possible to assist and support the lines of inquiry sought by the question. Accordingly, the Company is answering, below, the subparts of the question that it is able to answer. The Company is also providing RRU-195, Attachment 1, to inform a subsequent set of questions by PURA that potentially could be posed to obtain the information pertinent to PURA's inquiry in a more feasible manner.

The Company appreciates PURA's anticipated cooperation in taking smaller steps to get to the end result.

a. Purchase Order revisions and Contract amendments are governed principally by Section 12 of the Procurement Manual and the "Purchase Order Amendments & Contract Revisions" Section of the Procurement Policy. Each proposed change is reviewed based on the cumulative revised value of the Purchase Order or Contract and must receive the approvals required under the Company's Delegation of Authority Policy. The reasoned basis for the revision and applicable approvals are retained in the General File.

Purchase Orders and Contracts may be changed for several reasons, including:

Purchase Order Changes

- Contingency Releases Within the Original Scope: Previously authorized contingency amounts may be released to address unforeseen work or conditions that remain within the original scope and commercial terms.

- Quantity or Usage Increases: For unit-rate, blanket, or requirements-based Purchase Orders, the value may increase because the Company requires a greater quantity of the originally authorized goods or services.

- Purchase Order Extensions: Additional funding may be required when the period of performance is extended under the existing scope, rates and terms.

- Administrative Corrections: A Purchase Order may be revised to correct an estimated quantity, funding allocation, accounting treatment, or other administrative matters.

Contract Increases and Amendments

- Changes in Scope or Deliverables: Additional or revised work is added to the original contractual requirements.

- Changes in Rates or Commercial Terms: Unit rates, fee schedules, pricing, or other commercial terms are modified.

- Unforeseen Conditions: Field conditions, design changes, regulatory requirements, emergency conditions, or other circumstances require work beyond that originally anticipated.

- Contract Extensions or Renewals: The term of the Contract is extended or renewed, including through the exercise of an option contained in the original Contract, resulting in additional authorized value.

Neither Section 12 of the Procurement Manual, nor the identified provision of the Procurement Policy, establishes a specific dollar or percentage increase that automatically requires a new competitive solicitation. Instead, each increase is reviewed to determine whether it remains within the originally approved scope, terms and commercial framework and to determine whether a formal Contract amendment or additional sourcing action is required. Changes involving scope, Contract language, rates, commercial terms, expenditure of contingency requiring an amendment, negotiation of additional value, or an

increase beyond the authorized Contract value may require a formal Contract amendment and Procurement involvement.

When an increase involves a change in scope, the Company evaluates whether the original competitive solicitation or other sourcing support remains applicable to the revised requirement. The evaluation considers the nature and amount of the increase, the relationship of the additional work to the original scope, prevailing market conditions, the remaining duration of the requirement, and the practicality and timeline requirement to support the release of an additional competitive solicitation. Based on that review, the Company may proceed under the existing sourcing support or require a new competitive solicitation, an approved sole-source justification, or a documented exception, as applicable.

That determination is made on a case-by-case basis. A new solicitation may not be, and is often not, operationally or economically appropriate when the incumbent supplier has already mobilized resources, developed project-specific knowledge, or commenced integrated work and a supplier transition could introduce additional cost, delay, duplication of effort, or execution risk.

Please refer to RRU-195, Attachment 1, identifying Purchase Orders and Contracts that meet one or more of the following criteria:

(1) Supported costs applicable to this rate case;

(2) Were released after 2020;

(3) Had an original released value of $50,000 or more; or

(4) Were supported by a competitive solicitation

RRU-195, Attachment 1 compares the original released value with the current Purchase Order or Contract value and, as a result, identifies transactions that experienced a change, increasing the procurement value, for one or more of the reasons described above.

A single record in the attachment may reflect multiple increases occurring over several years, and for different operational or contractual reasons. Reconstructing each individual increase and providing the requested supporting details would require a manual review of procurement, contractual and business records for each transaction for hundreds of contracts and thousands of transactions.

The information presented by the Company in RRU-195, Attachment 1, provides reasonably available information identifying the supplier, a description of the transaction, the original released value and the current value for the covered transactions.

The Company proposes to perform an in-depth research and compilation effort for a sampling of these transactions, as chosen by PURA. The Company respectfully suggests that it would be feasible to start with five or ten line-items, and to provide the opportunity for the Company to produce the complex documentation associated with each of those line items so that PURA can see what the documentation would look like, and whether it is helpful to PURA. The Company's estimation is that even 10 line-items will require substantial research and compilation, however, it is more feasible than fulfilling the entire list. Then, based on that information, the Company will continue to research items that PURA may elect to further sample, refined by PURA's review of the first batch.

In the alternative, if PURA staff would like to proceed in a different manner, or to otherwise narrow or refine the question and its multiple subparts, the Company will gladly cooperate in that endeavor.