Date Filed: October 06, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 10–16. Identify the specific determinations Eversource asks the Authority to make based on this testimony and distinguish those determinations from policy guidance, advisory conclusions, and issues addressed by other Company witnesses or panels.

Response:

The purpose of Exhibit CLP-IAP-1 is to offer the PURA an affordability lens that distinguishes calibrated investment from both over-spending and under-spending, and not to advocate for any particular level of capital expenditure (Exhibit CLP-IAP-1, at page 11, line 7–11; page 16, line. 10–15). Through that testimony, the Company is providing an analytical construct for PURA to use in evaluating affordability in relation to the investment necessary for the Company to safely and reliably serve its customers in a cost environment that has shifted sharply upward since its last rate case (Ex. CLP-IAP-1, at page. 12, line 18;page 13, line 3), and to consider a multi-part framework for reviewing affordability, as discussed in response to UPA-021[i].

Specifically, based on Exhibit CLP-IAP-1, the Company asks PURA to: (1) evaluate the affordability of the proposed capital investment using the Three Bs and the Investment Calibration Framework, as described in the response to UPA-021; and (2) approve the four affirmative affordability measures (the PBMRP, the Economic Development Rate, Rate 6 - Optional Residential Space Heating Rate, and the Consumer Dividend as the S-Factor), as described in the response to UPA-030[ii], with the design and tariff provisions sponsored by other Company witnesses. The case studies, the discussion of the tail risks of underinvestment, and the recommended role of peer benchmarking are offered as policy guidance to inform PURA's review, not as separate determinations.

The level of investment and the project-level need for it are supported by the Leadership Panel (Exhibit CLP-ELP-1) and the system planning testimony (Exhibit CLP-TSP-1 through CLP-TSP-3).

Prior Referenced Responses:

[i] UPA-021 Question:

Reference Application, Ex. CLP-IAP-1, p. 25. State whether Eversource proposes that the Authority consider the "Three Bs" (Budget, Burden, and Balance) and Investment Calibration Framework as the standard for evaluating affordability in this proceeding. If not, identify the existing Authority affordability standard Eversource believes should continue to govern and explain how Eversource proposes to apply the "Three Bs" and Investment Calibration Framework in conjunction with that standard.

UPA-021 Response:

Yes, the Company is proposing that PURA consider the "Three B's" and the "Investment Calibration Framework" as the standard for evaluating affordability in this proceeding. This framework is designed to: (1) retain the definition of customer affordability and low-income discount rate standards established in Docket No. 17-12-03RE11 ("RE11"), as further refined in subsequent proceedings; and (2) modifies and replaces the "unaffordability"[i] threshold from Docket 17-12-03RE08 ("RE08") with a valid analytical framework, utilizing the Company's benefit-cost analysis. The Company developed the benefit-cost analysis following Docket No. 17-12-03RE08 in combination with the prioritization of reliability investment, the inherent PBMRP design, and PURA's balanced review of costs and benefits, applying the statutory standard of "just and reasonable rates" for safe and reliable service. This is an integrated framework that brings together the customer affordability, capital cost and reliability considerations that PURA already weighs so that these elements are assessed together.

The "Three Bs" are built on existing constructs and map to: "Budget" (a budgetary inflationary test, discussed in CLP-IAP-1 as the affordability threshold in RE08, but also an element of the PBMRP design itself, as well as the RE08 benefit-cost analysis – discussed further below), "Burden" (low-income discount rates established under RE11), and Balance (general ratemaking principles). The framework organizes how those standards are applied together -- it does not replace these mechanisms with a single test.

The framework has three steps, as discussed in Exhibit CLP-IAP-1, at page 17-20:

1. Budget: Is the cost reasonable? In this step, PURA first establishes whether the proposed level of spending is in a reasonable range, taking into account historical spending, input-cost escalation and the Company's prioritization of investment (page 18, line 5–12).

2. Burden: What is the effect on customers? PURA then evaluates the resulting bill impacts and whether customers, particularly low-income customers, are protected. The Company does not propose to change PURA's approach here. The low-income discount framework established in Docket No. 17-12-03RE11 continues to govern, as addressed in Exhibit CLP-CUSTOMER-1 (page 24, line 10–19). The RE11 energy-burden analysis is also the

most direct quantitative measure available to PURA of whether customers can bear the resulting bills.

3. Balance: Does the investment deliver safe and reliable service at the right level and pace? Lastly, PURA determines whether the investment avoids both underinvestment and overinvestment, so that each dollar buys a commensurate reliability or service benefit (page19, line 4–11; page 25, line 11–18). This is the step the framework adds, and it is where the Investment Calibration Framework applies (page 20, line 7–9).

The Company supports the Reliability and Resilience Frameworks established in RE08, pursuant to which the Company has planned its reliability and resilience capital investment plan. The frameworks rely on and utilize the benefit-cost analysis the Company developed for that purpose, and a standardized case planning for a five percent SAIDI and SAIFI improvement, which the decision describes as an evaluation tool rather than an implementation directive (Exhibit CLP-TSP-1, at page 13, line 1–4; page 84, line 8; page. 85, line 3). The Company supports those frameworks, and the Balance step relies on them.

The Company does not support the "unaffordability" threshold from RE08, as it is fundamentally flawed from a legal and factual perspective. Aside from the legal flaws, this threshold is unable to account for multiple drivers of cost over time, including changes in system need, asset age, weather exposure, electrification, or equipment prices that move differently from the chosen index. Moreover, its results vary materially depending on which inflation index is used (page 23, line 20; page 24, line 9). The Company proposes that, for capital planning, the RE08 benefit-cost framework, together with the PBMRP, serves the purpose potentially contemplated by PURA in Docket No. 17-12-03RE08. The PBMRP escalates O&M by an inflation index net of productivity, and it caps capital at an approved forecast, which together provide disciplined budgets with predictable customer impacts. The benefit-cost framework measures that spending against the reliability benefits the investment is meant to buy.

As the name implies, the Balance step is a balancing test, not a single numeric threshold, and it requires PURA's judgment and discretion. The framework supplies the guideposts for that judgment, including a budget review of the Company's benefit-cost analysis and prioritization of reliability investment (Exhibit CLP-ELP-1, at page 67, line 17–19; Exhibit CLP-TSP-1); the RE011 energy-burden analysis; and a ratemaking mechanism that governs the pace of recovery and holds the Company accountable for results, which in this proceeding is the proposed PBMRP with its capital cap and reliability PIMs (Exhibit CLP-ELP-1, at page 50, line 1–9; page 101–102). Please refer also to the Company's responses to UPA-024[i], UPA-025[i], and UPA-026[i]. This framework brings together multiple analyses that PURA already considers and is intended to provide the framework through which affordability is evaluated in this proceeding.

[ii] UPA-030 Question:

Reference Application, Ex. CLP-IAP-1, pp. 57–58. For each of the four affirmative affordability measures Eversource identifies (the performance-based multi-year rate plan, economic development rate, optional residential space-heating rate, and Consumer Dividend), state the specific action Eversource recommends that the Authority take in this proceeding. Also, state whether conclusion is that CL&P's proposal is affordable depends on implementation of each measure and, if not, identify which measures Eversource considers necessary to support that conclusion.

UPA-030 Response:

The Company recommends that PURA take the following actions with respect to each affordability measure:

Measure	Recommended action	Supporting testimony
PBMRP	Approve the PBMRP as proposed, including the I − X − S adjustment to base-rate O&M and the Capital Funding Mechanism capped at the approved forecast with annual, downward-only reconciliation	Ex. CLP-ELP-1; Exs. CLP-PBR-1 to PBR-3; Ex. CLP-IAP-1, pp. 59–62
Economic Development Rate	Approve the EDR rider for qualifying Rate 57 and 58 customers adding incremental load, with a declining five-year discount, a marginal-cost floor, and a repayment provision	UI 22-08-08 Ex. CLP-RATES-1; Ex. CLP-IAP-1, pp. 62–67
Optional residential space heating rate (Rate 6)	Approve optional Rate 6 for eligible residential customers converting from delivered fuels to air-source heat pumps	Exs. CLP-RATES-1, RATES-6; Ex. CLP-IAP-1, pp. 67–70
Consumer Dividend	Adopt the Consumer Dividend as the S-Factor, with an unconditional 0.30 percent floor, an asymmetric annual ratchet that can raise the applied level to 0.60 percent over the plan term, and a trigger based on Core Operating Expense per customer against the escalated benchmark	Ex. CLP-IAP-1, pp. 70–84; Ex. CLP-PBR-1 Ex. CLP-ELP-1, pp. 92–96

While each measure is designed to provide value to customers, the affordability of the Company's proposal is not dependent on the implementation of each measure. The conclusion that CL&P's proposed investment is affordable rests primarily on the calibration evidence: benefit-cost results (Ex. CLP-IAP-7), the historical bill and cost benchmarking record, and the documented system need (Ex. CLP-IAP-1, p. 85, l. 13 – p. 86, l. 7). The measures are complementary. The Economic Development Rate and Rate 6 can each be evaluated on its own merits; the Consumer Dividend operates, and therefore is dependent on the PBMRP. Please also see the response to UPA-022[ii].

Of the four, the PBMRP, meaning the O&M formula together with the Capital Funding Mechanism, is the measure the Company considers necessary to sustain that conclusion over the plan term. It is the structure that makes calibrated investment achievable over time: the annual change in revenue adjustments supporting capital is capped at the approved forecast, reconciled only downward during the course of the PBMRP, and recovered at a measured pace (p. 30, l. 13 – p. 31, l. 3; p. 87, ll. 3–13). See Exhibit See Exhibits CLP-ELP-1 (pp. 73–119) and CLP-PBR-1 for support of the PBMRP proposal.

The next three measures were designed to benefit consumers without shifting costs to other customers. The Consumer Dividend is an affordability enhancement for the PBMRP and operates within it as the S-Factor through which customers share in efficiency gains. The Economic Development Rate addresses the sales base over which fixed costs are spread and can have a meaningful effect depending on customer participation (p. 58, ll. 7–20). The optional residential space heating rate (Rate 6) is a targeted measure that lowers the electric cost of operating a heat pump, relative to the standard residential rate, for eligible customers, with no cost redistribution to non-adopting customers, and adds sales over which embedded costs are spread (p. 69, ll. 3–12).

As described in the Company's response to UPA-033[ii], the Company acknowledges that its proposals in this proceeding do not reflect the singular framework in existence that could support affordable investment in the state of Connecticut. The Company has proposed a comprehensive framework in this proceeding, leveraging its experience and that of its expert consultants work in other jurisdictions, and conforming as closely as possible to the PFDs in

PURA's PBR proceedings, in order to propose a framework that could support the level of going-forward system investment needs while operating in a multi-year rate case stay out, which is a fundamental component of PBR frameworks adopted elsewhere. If PURA adopts a framework that materially differs from the Company's proposals, or is not calibrated to support the level of investment needed in the system on a going forward basis, the Company will not be in a position to commit to a rate case stay-out period of, which will result in more frequent rate cases, in which all components of the Company's costs will be updated to then-current levels.

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, p. 25. State whether Eversource proposes that the Authority consider the "Three Bs" (Budget, Burden, and Balance) and Investment Calibration Framework as the standard for evaluating affordability in this proceeding. If not, identify the existing Authority affordability standard Eversource believes should continue to govern and explain how Eversource proposes to apply the "Three Bs" and Investment Calibration Framework in conjunction with that standard.

Response:

Yes, the Company is proposing that PURA consider the "Three B's" and the "Investment Calibration Framework" as the standard for evaluating affordability in this proceeding. This framework is designed to: (1) retain the definition of customer affordability and low-income discount rate standards established in Docket No. 17-12-03RE11 ("RE11"), as further refined in subsequent proceedings; and (2) modifies and replaces the "unaffordability"[1] threshold from Docket 17-12-03RE08 ("RE08") with a valid analytical framework, utilizing the Company's benefit-cost analysis. The Company developed the benefit-cost analysis following Docket No. 17-12-03RE08 in combination with the prioritization of reliability investment, the inherent PBMRP design, and PURA's balanced review of costs and benefits, applying the statutory standard of "just and reasonable rates" for safe and reliable service. This is an integrated framework that brings together the customer affordability, capital cost and reliability considerations that PURA already weighs so that these elements are assessed together.

The "Three Bs" are built on existing constructs and map to: "Budget" (a budgetary inflationary test, discussed in CLP-IAP-1 as the affordability threshold in RE08, but also an element of the

[1] In PURA's decision in Docket No. 17-12-03RE08, at page 45, PURA described its "affordability" threshold as "a rebuttable presumption … appropriate for purposes of determining the threshold for 'unaffordable rates.'" Further, PURA stated, "each EDC's reliability program budget proposed under this Framework ***is unaffordable*** if it exceeds the Company's historic average annual reliability program budget, using a data set of the annual reliability program budgets from the 10 years preceding the chosen test year and factoring in reasonable escalation factors derived from Gross Domestic Product (GDP) Deflator index published by the U.S. Bureau of Economic Analysis." (emphasis added). Thus, PURA's "affordability" threshold is actually designed as a cap, encompassing an inherent legal error in that it effectively determines that rates are "unaffordable" (i.e., not just and reasonable) if the expected and necessary investment costs exceed the cap. Notably, the "unaffordability" cap was designed and presented by PURA in Docket No. 17-12-03RE08 only in its decision (in an uncontested proceeding), and without any input of any participant in the proceeding.

PBMRP design itself, as well as the RE08 benefit-cost analysis – discussed further below), "Burden" (low-income discount rates established under RE11), and Balance (general ratemaking principles). The framework organizes how those standards are applied together -- it does not replace these mechanisms with a single test.

The framework has three steps, as discussed in Exhibit CLP-IAP-1, at page 17-20:

1. Budget: Is the cost reasonable? In this step, PURA first establishes whether the proposed level of spending is in a reasonable range, taking into account historical spending, input-cost escalation and the Company's prioritization of investment (page 18, line 5–12).

2. Burden: What is the effect on customers? PURA then evaluates the resulting bill impacts and whether customers, particularly low-income customers, are protected. The Company does not propose to change PURA's approach here. The low-income discount framework established in Docket No. 17-12-03RE11 continues to govern, as addressed in Exhibit CLP-CUSTOMER-1 (page 24, line 10–19). The RE11 energy-burden analysis is also the most direct quantitative measure available to PURA of whether customers can bear the resulting bills.

3. Balance: Does the investment deliver safe and reliable service at the right level and pace? Lastly, PURA determines whether the investment avoids both underinvestment and overinvestment, so that each dollar buys a commensurate reliability or service benefit (page19, line 4–11; page 25, line 11–18). This is the step the framework adds, and it is where the Investment Calibration Framework applies (page 20, line 7–9).

The Company supports the Reliability and Resilience Frameworks established in RE08, pursuant to which the Company has planned its reliability and resilience capital investment plan. The frameworks rely on and utilize the benefit-cost analysis the Company developed for that purpose, and a standardized case planning for a five percent SAIDI and SAIFI improvement, which the decision describes as an evaluation tool rather than an implementation directive (Exhibit CLP-TSP-1, at page 13, line 1–4; page 84, line 8; page. 85, line 3). The Company supports those frameworks, and the Balance step relies on them.

The Company does not support the "unaffordability" threshold from RE08, as it is fundamentally flawed from a legal and factual perspective. Aside from the legal flaws, this threshold is unable to account for multiple drivers of cost over time, including changes in system need, asset age, weather exposure, electrification, or equipment prices that move differently from the chosen index. Moreover, its results vary materially depending on which inflation index is used (page 23, line 20; page 24, line 9). The Company proposes that, for capital planning, the RE08 benefit-cost framework, together with the PBMRP, serves the purpose potentially contemplated by PURA in Docket No. 17-12-03RE08. The PBMRP escalates O&M by an inflation index net of productivity, and it caps capital at an approved forecast, which together provide disciplined budgets with

predictable customer impacts. The benefit-cost framework measures that spending against the reliability benefits the investment is meant to buy.

As the name implies, the Balance step is a balancing test, not a single numeric threshold, and it requires PURA's judgment and discretion. The framework supplies the guideposts for that judgment, including a budget review of the Company's benefit-cost analysis and prioritization of reliability investment (Exhibit CLP-ELP-1, at page 67, line 17–19; Exhibit CLP-TSP-1); the RE011 energy-burden analysis; and a ratemaking mechanism that governs the pace of recovery and holds the Company accountable for results, which in this proceeding is the proposed PBMRP with its capital cap and reliability PIMs (Exhibit CLP-ELP-1, at page 50, line 1–9; page 101–102). Please refer also to the Company's responses to UPA-024[i], UPA-025[ii], and UPA-026[iii]. This framework brings together multiple analyses that PURA already considers and is intended to provide the framework through which affordability is evaluated in this proceeding.

Prior Referenced Responses

[i] UPA-024 Question:

Reference Application, Ex. CLP-IAP-1, pp. 27–28. Explain how the Authority should determine whether a proposed capital investment is efficient for affordability purposes. Also, provide the following:

a. Identify the specific cost, benefit, performance, or alternative-investment information Eversource recommends that the Authority considers in that evaluation; and
b. explain how that comparison distinguishes an efficient investment from one that is "prudent and effective but not highly efficient.

UPA-024 Response:

Exhibit CLP-IAP-1 uses three distinct terms (p. 28, ll. 9–18): prudent, effective and efficient. An investment is prudent if the decision was reasonable when made. It is effective if it delivers the reliability or service benefit it was meant to achieve. It is efficient if it delivers that benefit at an appropriate cost relative to the alternatives. The concept is that PURA should determine efficiency at three levels: (1) whether each project is the lower-cost way to meet its need; (2) whether the portfolio as a whole funds the highest-value work first within the approved budget; and (3) whether one investment can meet several needs.

A. This approach asks that PURA consider the following in determining whether a proposed capital investment is efficient for affordability purposes:

- **Cost**: Project cost estimates, unit costs compared with the Company's own history and a lifecycle cost, including the O&M the investment avoids or adds.
- **Benefit**: Expected reliability improvement (SAIDI, SAIFI, customer minutes of interruption avoided), monetized customer interruption costs, safety and risk reduction, and capacity needed to meet State policy such as electrification.

- **Performance**: Historical results after installation compared with the forecast benefit (p. 57, ll. 3–8). Those results also feed back into the Company's benefit-cost model, recalibrating its estimates of reliability benefit per dollar over time.
- **Alternatives**: Repair versus replacement, non-wires alternatives, deferral with a stated risk, different technology, and bundling of work to reduce mobilization and outage costs.
- **Prioritization**: The rationale for ranking work, such as customer benefit per dollar within the budget. The Company's benefit-cost model evaluates historic outages zone by zone rather than circuit by circuit, uses the Company's data on upgrades made over the past 20 years to estimate SAIDI and SAIFI benefits per dollar, and can be run against a stated reliability objective (Ex. CLP-TSP-1, p. 34, ll. 6–16). The Company's model compares work types at the device level, including reconductoring and backbone and lateral automation (TSP-1 p. 60, ll. 3–7). Resiliency work is ranked using an All-In SAIDI model that combines blue-sky and grey-sky SAIDI with a 1-in-10-year catastrophic storm (Ex. CLP-ELP-1, p. 62, ll. 16–22; p. 72, ll. 10–18).
- **Multi-Needs**: Efficiency also includes whether one investment can meet several needs. Replacing an aging asset with one sized for expected load, such as electrification, can avoid a second investment later, while like-for-like replacement can be the lower-cost choice where that need is not expected. The Company's plan targets locations with multiple needs, such as asset health, capacity, voltage and reliability, so that one investment resolves them together (Ex. CLP-TSP-3, slide 34).
- **Metrics:** The Company's plan also uses cost-efficiency metrics such as dollars per customer-minute of interruption saved, risk-based analytics that weigh the probability and consequence of failure, and planning at the protection-device (zone) level (Ex. CLP-TSP-3, slide 34). To track efficiency after investments are made, the Company has also proposed reporting metrics for capital expense per customer and per line mile, alongside its reliability performance incentive mechanisms, as sponsored by the Leadership Panel (Ex. CLP-ELP-1, p. 103, ll. 10–16; Ex. CLP-ELP-3).

The Company's planning applies this comparison. For each zone, the model identifies the most cost-effective upgrade, which could be anything from tree trimming to a full rebuild (Ex. CLP-TSP-1, p. 34, ll. 16–18). For capacity projects, planners use every available load transfer among stations before upgrading a substation transformer (TSP-1 p. 34, l. 21 – p. 35, l. 3). The Company's resiliency proposal illustrates the comparison. Spacer cable reconductoring delivers nearly two-thirds of the resiliency benefit of undergrounding for about one-third of the cost (Ex. CLP-ELP-1, p. 63, ll. 14–18). The hardening program is projected to avoid approximately 12.4 million customer-minutes of interruption per year, about $37.1 million per year at the Company's estimate of $3 per customer-minute (ELP-1 p. 64, ll. 8–11). B oth undergrounding and spacer cable would be effective; spacer cable is the more efficient choice for most zones.

B. Distinguishing "efficient" from "prudent."

The benefit of an investment is harder to measure than its cost. Refer to Ex. CLP-TSP-1, p. 86, ll. 4–7. The benefit-cost analysis reduces uncertainty; it does not eliminate it. Distribution assets serve customers for decades, and decisions about them are made with the information available today. Not every capital investment is made to improve measured reliability. Connecting new customers, adding capacity to serve load growth or to host distributed generation, and relocating facilities for public works projects are required to provide service, and their benefit does not appear in outage metrics.

Further the benefits of a reliability or resiliency investment depend on events whose location and timing cannot be known in advance, so a sound investment may show little measurable benefit over a narrow period. For that reason, effectiveness is better assessed over time and across the system than project by project. The reliability metrics the

Company proposes measure performance at the system level (Ex. CLP-ELP-3). The Company refines its estimates as performance data accumulate.

The benefits of an asset that may be in service for decades are spread across the many outages it helps avoid. Efficiency asks the further question of whether the same benefit could have been obtained at lower cost, or whether a higher-value project was displaced. An investment can be prudent and effective but not highly efficient where, for example, an asset is replaced when a targeted repair would have maintained performance, or where a project with lower benefit per dollar is funded ahead of one with higher benefit per dollar. The comparison that distinguishes efficient from effective is therefore made when the work is planned: the ranking of projects by benefit per dollar and the consideration of lower-cost alternatives.

Cost-efficiency must also be looked at with a long-term lens. Without programmatic or technological changes, PURA should expect the marginal benefit per dollar to decline over time as the highest-value work is completed. A declining ratio across the plan is not by itself evidence of inefficiency; the relevant check is that the portfolio remains ordered by value and that funded projects continue to produce net benefits. Two factors offset that decline. As performance results feed back into the model, its estimates become more precise, allowing investment to be targeted more exactly. And the model becomes more important, not less, once the most obvious opportunities have been completed.

When reviewing this model, three features safeguard against a benefit-cost model being tilted toward more spending. First, the model's benefit estimates come from the Company's own data on upgrades made over the past 20 years (Ex. CLP-TSP-1, p. 34, ll. 10–12; Ex. CLP-ELP-1, p. 67, ll. 17–19). Second, customer outage costs are valued using Lawrence Berkeley National Laboratory's Interruption Cost Estimate calculator, an independent source (Ex. CLP-TSP-1, p. 39, ll. 9–13), and inputs such as the value per customer-minute are on the record for review. Third, results are checked after the fact: the amount of revenue support provided for ongoing capital investments for the duration of the PBMRP capital is capped at the approved forecast, reliability is measured through the proposed SAIDI, SAIFI and customer reliability PIMs, and performance is reported annually (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 101–102). The Company has also noted that AMI data would improve its ability to measure the benefit customers actually experience from automation investments (Ex. CLP-TSP-1, p. 86, ll. 4–11).

[ii] UPA-025 Question:

Reference Application, Ex. CLP-IAP-1, pp. 31–32 and 54. Identify each quantitative threshold, benchmark, or other criterion used to distinguish underinvestment, calibrated investment, and overinvestment under the Investment Calibration Framework. If Eversource establishes no such thresholds or criteria, state so. Explain how the results presented on page 54 of Ex. CLP-IAP-1 to determine where CL&P's proposed capital investment falls within the framework.

UPA-025 Response:

The Investment Calibration Framework does not establish a numeric threshold, such as a dollar amount per customer or a percentage of rate base, separating underinvestment, calibrated investment and overinvestment. The framework is a way of organizing PURA's review of the level of investment; it is not a formula that produces a number.

That is deliberate. The appropriate level of investment depends on each system's age, condition, load, weather exposure and policy requirements, so a single threshold would not be sound, and it would carry its own unintended consequences. Spending just under a fixed line could be treated as sufficient regardless of the system's condition and spending just over it as excessive regardless of need. Setting investment levels is a judgment made within parameters, much as PURA sets other multi-year program budgets, i.e., the budget is built from historical experience and from the work needed going forward, and decisions are then made within that range.

The framework's focus was to create a methodology of quantifying and prioritizing the investments costs and benefits so that effective and efficient investments can be identified and prioritized, understanding all of the moving parts that change these estimates and potentially whether a project is cost effective. The focus was not meant to provide a single number. The Company's proposed budgets target impacts in relation to what is deemed by analytical evaluation to be effective and efficient.

The level of investment that is effective and efficient also depends on the objective it is measured against. The Company's benefit-cost model identifies the most cost-effective work for a stated reliability objective, such as a given improvement in SAIDI or SAIFI, and it can be run against different objectives (Ex. CLP-TSP-1, p. 34, ll. 12–18; p. 60, ll. 3–5). What is cost-effective therefore depends on the selected objective. The Company's planning presents the choice as a range, which is how the framework expects the question to be approached. The Company identified three investment levels: (1) Sustained Performance, the baseline needed to sustain the system, which carries lower near-term spending but higher emergent-failure and capital risk; (2) the proposed level, which adds Enhanced Reliability and Resiliency to constituted the Targeted System Performance plan; and (3) a higher Advancing the Grid level that the Company does not propose in this proceeding. The framework does not determine the specific dollar amounts at any of those levels. The support for the amounts proposed, including how the capital forecast was developed, is presented by the Leadership Panel and the System Engineering Panel (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3; see also the response to UPA-033[ii]).

The framework is neutral as to the answer. The crux of the analysis is the identification of a planning and investment approach and a vision on the "end state" that is envisioned as the proper regulatory outcome for customers. Therefore, in place of a fixed threshold, the framework identifies criteria that the Company recommends PURA apply collectively, several of which are quantitative:

Criterion	Indicates Insufficient Investment	Indicates Calibration	Indicates Over-Investment
Project Benefit-Cost Results	High-value projects repeatedly deferred	Portfolio funded in order of value; funded projects above 1.0	Projects funded below 1.0 or lower-cost alternatives passed over
Reliability and Asset Condition	Deteriorating SAIDI/SAIFI, rising equipment-caused and fair-weather outages, growing replacement backlog	Performance stable or improving against commitments	Gains well beyond commitments at a relatively high cost
Composition of Spending	Existing system work is consistently deferred	Spending mainly on maintaining and strengthening the existing system	Building for load that is not there or not expected (p. 47, ll. 3–6)
Cost Benchmarking	Capital investment levels well below peers, alongside rising maintenance needs on an aging system (p. 56, ll. 7–10)	Costs near or below benchmark with adequate performance	Capital investment well above peers without commensurate performance

The Company applies these criteria through two planning approaches. For reliability improvement, it selects projects using the benefit-cost model described in the response to UPA-024, ranked by metrics such as dollars per customer-

minute of interruption saved (Ex. CLP-TSP-3, slides 34–35). The ranking sets the order in which work is funded toward the stated objective; it is not a rule that every project above a fixed benefit-cost ratio is built. For asset health, it runs programmatic replacement of asset classes with known degradation patterns, including bare copper overhead conductor, paper-insulated lead cable, right-of-way poles, direct-buried cable, pad-mounted switchgear and substation transformers. The pace of each program reflects historical spending patterns, with reasonable escalations for age and condition (p. 67, ll. 3–5; p. 69, ll. 11–13) (Ex. CLP-TSP-3, 37, 57–62, 71).

The asset programs, their pacing and the associated failure data are presented by the System Engineering Panel (Ex. CLP-TSP-1; Ex. CLP-TSP-3, slides 57–62, 71). Exhibit CLP-IAP-1 offers no opinion on the specific program lengths or budgets. It identifies the age and condition of assets pacing, weighed against cost, as the kind of consideration the Balance step relies on.

Applied to CL&P, the benchmarking results describe the Company's historical position. LEI's unit cost benchmarking ranks CL&P 32nd of 88 utilities nationally and 8th of 22 in the Northeast on capital cost per customer, and 47th of 88 and 8th of 22 on total cost per customer. After controlling for labor prices, network density, scale and other drivers, CL&P's capital costs averaged approximately 14 percent below the model-predicted benchmark and its total costs approximately 2 percent below it over 2015–2024 (Ex. CLP-PBR-3, pp. 9, 16-17)[ii]. Together with the condition of an aging system, those results place CL&P historically within the calibrated range, toward the under-investment side.

The benchmarking results do not by themselves locate the proposed plan. The testimony's conclusion that the proposed investment is calibrated rests on the combination of criteria above: the proposed reliability budget satisfies the RE08 affordability test and the investments carry benefit-to-cost ratios above 1.0 (Ex. CLP-IAP-7), the spending is directed at the existing system (Ex. CLP-IAP-1, p. 46, l. 10 – p. 47, l. 11), and the need is documented in Exhibits CLP-TSP-1 through TSP-3, including an aging asset base and rising SAIDI (Ex. CLP-ELP-1, p. 42, l. 4 – p. 43, l. 2; p. 48, ll. 3–9).

[iii] UPA-026 Question:

Reference Application, Ex. CLP-IAP-1, p. 54. Explain the analytical basis for concluding that CL&P's below-average capital spending reflects a "drift toward under-investment." Identify the specific reliability, asset-condition, performance, or investment-need used to distinguish efficient below-average spending from underinvestment. Provide all supporting calculations and workpapers.

UPA-026 Response:

Underinvestment and efficiency are separate questions. Underinvestment means investing less than the system needs, given its age, condition, load, weather exposure and the reliability objectives set for it (see the response to UPA-025[iii]). Efficiency relates to whether each dollar spent buys a commensurate benefit (Ex. CLP-IAP-1, p. 85, ll. 5–7). A comparison of spending to an average, whether of peers or of the Company's own history, does not by itself establish either one. In the near term, under-investment can also constitute cost discipline (Ex. CLP-IAP-1, p. 35, ll. 1–6). What indicates whether lower spending is meeting system need is how the system is performing, i.e., whether reliability is stable or improving, or declining. As explained in the response to UPA-025, this is a judgment based on several signals, not a single threshold:

	Reliability Stable or Improving	**Reliability Declining**
Spending below peer average	Lower spending is meeting system need. Most likely where input prices are stable,	Under-investment signal. Deferred work is showing up as reduced performance.

	the utility can lock in long-term procurement, load is changing slowly, and assets are not yet at end of life.	
Spending above peer average	Investment catching up or improving performance. The test is whether each dollar buys a commensurate benefit.	Over-investment signal. Spending is not producing results.

CL&P is not operating in the stable environment described by the "spending below peer average" and "reliability stable or improving" quadrant above (the upper left quadrant). Rather, it is moving toward the "spending below peer average" and "reliability declining" quadrant. Distribution equipment prices have risen well above general inflation, are changing, and much of the asset base is at or near end of life (Ex. CLP-IAP-1, p. 45, l. 18 – p. 46, l. 9; Ex. CLP-ELP-1, p. 42, ll. 4–20). Blue-sky SAIDI was 77.5 minutes in 2025, against a 2021–2025 average of 71.1 minutes, which indicates that SAIDI may be showing signals of decline (Ex. CLP-TSP-1, p. 76, Table 1), while SAIFI remained flat (Ex. CLP-ELP-1, p. 48, 11ll. 3-9). It is important to note, however, that external factors also affect SAIDI/SAIFI performance and this must be factored into the analysis.

Below-average capital spending together with reliability showing initial signs of decline indicates that there is a need for elevated levels of investment in the future.

The specific signs Exhibit CLP-IAP-1 relies upon are (page citations are to Ex. CLP-IAP-1 unless noted):

1. Constrained investment period. The Company refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16).
2. Equipment cost inflation. Because of the equipment price increases noted above, a similar nominal budget supports less work over time (p. 45, l. 18 – p. 46, l. 9).
3. O&M pattern. Higher O&M relative to peers, alongside modest capital spending, can be consistent with an aging system that needs more maintenance to stay in service (p. 56, ll. 7–10), although cross-utility O&M comparisons also reflect differences in service territory characteristics, regulatory requirements, company capitalization policy, labor costs and policy-program accounting (pp. 54–56). Increasing emergent failures also take resources away from proactive replacement (Ex. CLP-TSP-1, p. 22, ll. 14–16).
4. Asset condition and reliability. The Company's planning testimony documents an aging distribution system, with major asset classes at or beyond their expected service lives, rising equipment failures, and reliability that remains in the top quartile but has begun to slip, (Ex. CLP-ELP-1, pp. 42, 48–49; Ex. CLP-TSP-1, p. 35; Ex. CLP-TSP-3, slide 58). The asset-level detail is presented by the Leadership Panel and the System Engineering Panel. The point for the framework is the direction of those indicators. The data show a pattern associated with the underinvestment side of the calibrated range rather than one of stability or over-investment.

Taken together, these signs place CL&P within the calibrated range but moving toward its underinvestment side. Exhibit CLP-IAP-1's opinion is directed at the framework and at whether the proposed plan sits within the calibrated range; it is not centered on the amount of investment the Company has identified (p. 16, ll. 10–15). The support for the specific amounts proposed is presented in the Company's planning testimony (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3) Exhibit CLP-IAP-1 did not rely on separate calculations for this conclusion; it relies on the record evidence cited above, including the LEI benchmarking results and workpapers (Ex. CLP-PBR-3) and the reliability data in Ex. CLP-TSP-1, Table 1.

Date Filed: October 06, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, p. 25. Identify the evidence Eversource relies upon to conclude that the proposed capital plan is affordable from the customer perspective and quantify the bill or energy-burden impact attributable to the proposed capital investment. Provide all supporting calculations and workpapers.

Response:

To conclude that the proposed capital plan is affordable, the Company followed the Three B's discussed in response to UPA-021,[i] and relied on the following evidence: (1) the cost benchmarking performed by LEI (Exhibit CLP-PBR-3); (2) the Company's benefit-cost modeling of reliability investment (Exhibit CLP-TSP-1 & CLP-TSP-3); (3) application of the RE08 affordability test (notwithstanding the Company's stated concerns with the methodological basis for this alleged threshold); (4) alignment with RE011; and (5) data showing that the distribution costs are not significantly impacting the volatility of customer bills (Exhibit CLP-IAP-1,atpage. 21–22; 48-49; Figures 2 and 4).

Using the proposed "Three B's Framework", Eversource has provided the following evidence that the proposed capital plan is affordable:

1. "Burden" or impact on customers:

    a. The distribution portion of a typical residential bill has grown modestly in real terms -- about 9 percent from January 2015 to 2026 (about 0.8 percent per year), and about 0.2 percent in real terms from 2019 to 2026 (page 22, line. 11–17; page 48, line. 5–16; Figure 4).

    b. The bill volatility customers have experienced since 2021 came from supply and public-benefits charges, not distribution (page 21, line 3; page 22, line 7; Figure 2).

    c. Under the current multi-year plan, the ESI limited the bill impact of $2.7 billion of capital investment to less than $2 per month each year, on average, over 2018–2025 (page 60, line 12–16)

d. The most direct quantitative measure of customer affordability available to PURA is energy burden under the RE011 framework. The Company's five-tier low-income discount is designed to hold participating customers' energy burden to roughly six percent (Exhibit CLP-IAP-1, at page 86, ll. 8–12; Exhibit CLP-CUSTOMER-1).

2. "Budget"

   a. Structural protections in the proposal -- the Capital Funding Mechanism caps the level of capital revenue support during the PBMRP at the approved forecast in this proceeding and reconciles annually, but only downward, so customers pay the lesser of forecast or actual plant in service (page 61, line 14–18; page 87, line 3–13; Exhibit CLP-ELP-1, at page 101–102). Amounts expended above the cap would be allowed in rates only prospectively from the date of a future prudence review and forward (in the context of a future rate case), imposing an element of regulatory lag on capital investments above the cap, and above forecasted levels.

   b. The proposed reliability investment satisfies the RE08 affordability test, notwithstanding the Company's concerns with the methodological basis for that threshold (UPA-021) (Exhibit CLP-IAP-7; Exhibit CLP-IAP-1, page 23, line 1–19).

3. "Balance"

   a. The Company prioritizes reliability investment using a benefit-cost model that ranks work by customer benefit per dollar, so that the investment delivers the reliability it is meant to buy at an appropriate cost relative to alternatives (Exhibit CLP-TSP-1, page 34–35; Exhibit CLP-TSP-3, slide 34). See, also, the responses to UPA-024[ii] through UPA-026.[iii]

   b. National and peer comparisons point the same way. LBNL's national study shows that 20 of 22 sampled utilities plan more spending on managing the existing system than on capacity expansion, and indirectly that Eversource is at the low end of planned capital growth among peers, and that New England's distribution rate pressure reflects a contracting sales base more than capital spending growth (Exhibit CLP-IAP-1, at page 46–47, 52–53; Exhibit CLP-IAP-4, at page 19, 21–22, 30). LEI's benchmarking places CL&P's capital cost per customer below the national average and below the model-predicted benchmark (Exhibit CLP-PBR-3, at page 9 and 17). Once the plan is in place, the Company proposes to measure its performance against its own plan, accounting, territory and customer (Exhibit CLP-IAP-1, at page 57, line 3–16; please refer to the response to UPA-031[iv]).

Exhibit CLP-IAP-1 does not independently calculate the bill impact of the ongoing capital plan. However, the Company has provided total bill impacts by rate class in response to AMTRAK-012[v]. In that response, the total average bill impacts are 1.3%, 1.3% and 1.4% for Rate Years 2, 3, and 4 (UPA-022 Attachment 1, Line 66). For Rate Years 2 through 4, the revenue requirement associated with the proposed capital plan is recovered through the Capital Funding Mechanism. The table below isolates that component from the total revenue increases.

The capital plan adds $67.2 million, $71.4 million and $74.5 million of incremental distribution revenue in Rate Years 2, 3 and 4 which represent 87%, 88%, and 89% of the estimated total distribution revenue increase for each Rate Year 2, 3, and 4. These are forecast amounts. Under the Capital Funding Mechanism, recovery is reconciled annually to the lesser of forecast or actual and can be adjusted downward only.

($ Millions)	Rate Year 2	Rate Year 3	Rate Year 4
F-Factor Revenue	$67.2	$71.4	$74.5
Total Revenue Increase (F-Factor + I-X)	$77.6	$81.1	$83.0
F-Factor % of Total	87%	88%	89%

Prior Referenced Responses:

[i] UPA-021 Question:

Reference Application, Ex. CLP-IAP-1, p. 25. State whether Eversource proposes that the Authority consider the "Three Bs" (Budget, Burden, and Balance) and Investment Calibration Framework as the standard for evaluating affordability in this proceeding. If not, identify the existing Authority affordability standard Eversource believes should continue to govern and explain how Eversource proposes to apply the "Three Bs" and Investment Calibration Framework in conjunction with that standard.

UPA-021 Response

Yes, the Company is proposing that PURA consider the "Three B's" and the "Investment Calibration Framework" as the standard for evaluating affordability in this proceeding. This framework is designed to: (1) retain the definition of customer affordability and low-income discount rate standards established in Docket No. 17-12-03RE11 ("RE11"), as further refined in subsequent proceedings; and (2) modifies and replaces the "unaffordability"[i] threshold from Docket 17-12-03RE08 ("RE08") with a valid analytical framework, utilizing the Company's benefit-cost analysis. The Company developed the benefit-cost analysis following Docket No. 17-12-03RE08 in combination with the prioritization of reliability investment, the inherent PBMRP design, and PURA's balanced review of costs and benefits, applying the statutory standard of "just and reasonable rates" for safe and reliable service. This is an integrated framework that brings together the customer affordability, capital cost and reliability considerations that PURA already weighs so that these elements are assessed together.

The "Three Bs" are built on existing constructs and map to: "Budget" (a budgetary inflationary test, discussed in CLP-IAP-1 as the affordability threshold in RE08, but also an element of the PBMRP design itself, as well as the RE08 benefit-cost analysis – discussed further below), "Burden" (low-income discount rates established under RE11), and Balance (general ratemaking principles). The framework organizes how those standards are applied together -- it does not replace these mechanisms with a single test.

The framework has three steps, as discussed in Exhibit CLP-IAP-1, at page 17-20:

1. Budget: Is the cost reasonable? In this step, PURA first establishes whether the proposed level of spending is in a reasonable range, taking into account historical spending, input-cost escalation and the Company's prioritization of investment (page 18, line 5–12).

2. Burden: What is the effect on customers? PURA then evaluates the resulting bill impacts and whether customers, particularly low-income customers, are protected. The Company does not propose to change PURA's approach here. The low-income discount framework established in Docket No. 17-12-03RE11 continues to govern, as addressed in Exhibit CLP-CUSTOMER-1 (page 24, line 10–19). The RE11 energy-burden analysis is also the most direct quantitative measure available to PURA of whether customers can bear the resulting bills.

3. Balance: Does the investment deliver safe and reliable service at the right level and pace? Lastly, PURA determines whether the investment avoids both underinvestment and overinvestment, so that each dollar buys a commensurate reliability or service benefit (page19, line 4–11; page 25, line 11–18). This is the step the framework adds, and it is where the Investment Calibration Framework applies (page 20, line 7–9).

The Company supports the Reliability and Resilience Frameworks established in RE08, pursuant to which the Company has planned its reliability and resilience capital investment plan. The frameworks rely on and utilize the benefit-cost analysis the Company developed for that purpose, and a standardized case planning for a five percent SAIDI and SAIFI improvement, which the decision describes as an evaluation tool rather than an implementation directive (Exhibit CLP-TSP-1, at page 13, line 1–4; page 84, line 8; page. 85, line 3). The Company supports those frameworks, and the Balance step relies on them.

The Company does not support the "unaffordability" threshold from RE08, as it is fundamentally flawed from a legal and factual perspective. Aside from the legal flaws, this threshold is unable to account for multiple drivers of cost over time, including changes in system need, asset age, weather exposure, electrification, or equipment prices that move differently from the chosen index. Moreover, its results vary materially depending on which inflation index is used (page 23, line 20; page 24, line 9). The Company proposes that, for capital planning, the RE08 benefit-cost framework, together with the PBMRP, serves the purpose potentially contemplated by PURA in Docket No. 17-12-03RE08. The PBMRP escalates O&M by an inflation index net of productivity, and it caps capital at an approved forecast, which together provide disciplined budgets with predictable customer impacts. The benefit-cost framework measures that spending against the reliability benefits the investment is meant to buy.

As the name implies, the Balance step is a balancing test, not a single numeric threshold, and it requires PURA's judgment and discretion. The framework supplies the guideposts for that judgment, including a budget review of the Company's benefit-cost analysis and prioritization of reliability investment (Exhibit CLP-ELP-1, at page 67, line 17–19; Exhibit CLP-TSP-1); the RE011 energy-burden analysis; and a ratemaking mechanism that governs the pace of recovery and holds the Company accountable for results, which in this proceeding is the proposed PBMRP with its capital cap and reliability PIMs (Exhibit CLP-ELP-1, at page 50, line 1–9; page 101–102). Please refer also to the Company's responses to UPA-024[i], UPA-025[i], and UPA-026[i]. This framework brings together multiple analyses that

PURA already considers and is intended to provide the framework through which affordability is evaluated in this proceeding.

[ii] UPA-024 Question:

Reference Application, Ex. CLP-IAP-1, pp. 27–28. Explain how the Authority should determine whether a proposed capital investment is efficient for affordability purposes. Also, provide the following:

a. Identify the specific cost, benefit, performance, or alternative-investment information Eversource recommends that the Authority considers in that evaluation; and
b. explain how that comparison distinguishes an efficient investment from one that is "prudent and effective but not highly efficient."

UPA-024 Response:

Exhibit CLP-IAP-1, uses three distinct terms (p. 28, ll. 9–18): prudent, effective and efficient. An investment is prudent if the decision was reasonable when made. It is effective if it delivers the reliability or service benefit it was meant to achieve. It is efficient if it delivers that benefit at an appropriate cost relative to the alternatives. The concept is that PURA should determine efficiency at three levels: (1) whether each project is the lower-cost way to meet its need; (2) whether the portfolio as a whole funds the highest-value work first within the approved budget; and (3) whether one investment can meet several needs.

A. This approach asks that PURA consider the following in determining whether a proposed capital investment is efficient for affordability purposes:

- **Cost**: Project cost estimates, unit costs compared with the Company's own history and a lifecycle cost, including the O&M the investment avoids or adds.

- **Benefit**: Expected reliability improvement (SAIDI, SAIFI, customer minutes of interruption avoided), monetized customer interruption costs, safety and risk reduction, and capacity needed to meet State policy such as electrification.

- **Performance**: Historical results after installation compared with the forecast benefit (p. 57, ll. 3–8). Those results also feed back into the Company's benefit-cost model, recalibrating its estimates of reliability benefit per dollar over time.

- **Alternatives**: Repair versus replacement, non-wires alternatives, deferral with a stated risk, different technology, and bundling of work to reduce mobilization and outage costs.

- **Prioritization**: The rationale for ranking work, such as customer benefit per dollar within the budget. The Company's benefit-cost model evaluates historic outages zone by zone rather than circuit by circuit, uses the Company's data on upgrades made over the past 20 years to estimate SAIDI and SAIFI benefits per dollar, and can be run against a stated reliability objective (Ex. CLP-TSP-1, p. 34, ll. 6–16). The Company's model compares work types at the device level, including reconductoring and backbone and lateral automation (TSP-1 p. 60, ll. 3–7). Resiliency work is ranked using an All-In SAIDI model that combines blue-sky and grey-sky SAIDI with a 1-in-10-year catastrophic storm (Ex. CLP-ELP-1, p. 62, ll. 16–22; p. 72, ll. 10–18).

- **Multi-Needs**: Efficiency also includes whether one investment can meet several needs. Replacing an aging asset with one sized for expected load, such as electrification, can avoid a second investment later, while like-for-like replacement can be the lower-cost choice where that need is not expected. The Company's plan targets locations with multiple needs, such as asset health, capacity, voltage and reliability, so that one investment resolves them together (Ex. CLP-TSP-3, slide 34).

- **Metrics:** The Company's plan also uses cost-efficiency metrics such as dollars per customer-minute of interruption saved, risk-based analytics that weigh the probability and consequence of failure, and planning at the protection-device (zone) level (Ex. CLP-TSP-3, slide 34). To track efficiency after investments are made, the Company has also proposed reporting metrics for capital expense per customer and per line mile, alongside its reliability performance incentive mechanisms, as sponsored by the Leadership Panel (Ex. CLP-ELP-1, p. 103, ll. 10–16; Ex. CLP-ELP-3).

The Company's planning applies this comparison. For each zone, the model identifies the most cost-effective upgrade, which could be anything from tree trimming to a full rebuild (Ex. CLP-TSP-1, p. 34, ll. 16–18). For capacity projects, planners use every available load transfer among stations before upgrading a substation transformer (TSP-1 p. 34, l. 21 – p. 35, l. 3). The Company's resiliency proposal illustrates the comparison. Spacer cable reconductoring delivers nearly two-thirds of the resiliency benefit of undergrounding for about one-third of the cost (Ex. CLP-ELP-1, p. 63, ll. 14–18). The hardening program is projected to avoid approximately 12.4 million customer-minutes of interruption per year, about $37.1 million per year at the Company's estimate of $3 per customer-minute (ELP-1 p. 64, ll. 8–11). Both undergrounding and spacer cable would be effective; spacer cable is the more efficient choice for most zones.

B. Distinguishing "efficient" from "prudent."

The benefit of an investment is harder to measure than its cost. Refer to Ex. CLP-TSP-1, p. 86, ll. 4–7. The benefit-cost analysis reduces uncertainty; it does not eliminate it. Distribution assets serve customers for decades, and decisions about them are made with the information available today. Not every capital investment is made to improve measured reliability. Connecting new customers, adding capacity to serve load growth or to host distributed generation, and relocating facilities for public works projects are required to provide service, and their benefit does not appear in outage metrics.

Further the benefits of a reliability or resiliency investment depend on events whose location and timing cannot be known in advance, so a sound investment may show little measurable benefit over a narrow period. For that reason, effectiveness is better assessed over time and across the system than project by project. The reliability metrics the Company proposes measure performance at the system level (Ex. CLP-ELP-3). The Company refines its estimates as performance data accumulate.

The benefits of an asset that may be in service for decades are spread across the many outages it helps avoid. Efficiency asks the further question of whether the same benefit could have been obtained at lower cost, or whether a higher-value project was displaced. An investment can be prudent and effective but not highly efficient where, for example, an asset is replaced when a targeted repair would have maintained performance, or where a project with lower benefit per dollar is funded ahead of one with higher benefit per dollar. The comparison that distinguishes efficient from effective is therefore made when the work is planned: the ranking of projects by benefit per dollar and the consideration of lower-cost alternatives.

Cost-efficiency must also be looked at with a long-term lens. Without programmatic or technological changes, PURA should expect the marginal benefit per dollar to decline over time as the highest-value work is completed. A declining ratio across the plan is not by itself evidence of inefficiency; the relevant check is that the portfolio remains ordered by value and that funded projects continue to produce net benefits. Two factors offset that decline. As performance

results feed back into the model, its estimates become more precise, allowing investment to be targeted more exactly. And the model becomes more important, not less, once the most obvious opportunities have been completed.

When reviewing this model, three features safeguard against a benefit-cost model being tilted toward more spending. First, the model's benefit estimates come from the Company's own data on upgrades made over the past 20 years (Ex. CLP-TSP-1, p. 34, ll. 10–12; Ex. CLP-ELP-1, p. 67, ll. 17–19). Second, customer outage costs are valued using Lawrence Berkeley National Laboratory's Interruption Cost Estimate calculator, an independent source (Ex. CLP-TSP-1, p. 39, ll. 9–13), and inputs such as the value per customer-minute are on the record for review. Third, results are checked after the fact: the amount of revenue support provided for ongoing capital investments for the duration of the PBMRP capital is capped at the approved forecast, reliability is measured through the proposed SAIDI, SAIFI and customer reliability PIMs, and performance is reported annually (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 101–102). The Company has also noted that AMI data would improve its ability to measure the benefit customers actually experience from automation investments (Ex. CLP-TSP-1, p. 86, ll. 4–11).

[iii] UPA-026 Question:

Reference Application, Ex. CLP-IAP-1, p. 54. Explain the analytical basis for concluding that CL&P's below-average capital spending reflects a "drift toward under-investment." Identify the specific reliability, asset-condition, performance, or investment-need used to distinguish efficient below-average spending from underinvestment. Provide all supporting calculations and workpapers.

UPA-026 Response:

Underinvestment and efficiency are separate questions. Underinvestment means investing less than the system needs, given its age, condition, load, weather exposure and the reliability objectives set for it (see the response to UPA-025[iii]). Efficiency relates to whether each dollar spent buys a commensurate benefit (Ex. CLP-IAP-1, p. 85, ll. 5–7). A comparison of spending to an average, whether of peers or of the Company's own history, does not by itself establish either one. In the near term, under-investment can also constitute cost discipline (Ex. CLP-IAP-1, p. 35, ll. 1–6). What indicates whether lower spending is meeting system need is how the system is performing, i.e., whether reliability is stable or improving, or declining. As explained in the response to UPA-025, this is a judgment based on several signals, not a single threshold:

	Reliability Stable or Improving	**Reliability Declining**
Spending below peer average	Lower spending is meeting system need. Most likely where input prices are stable, the utility can lock in long-term procurement, load is changing slowly, and assets are not yet at end of life.	Under-investment signal. Deferred work is showing up as reduced performance.
Spending above peer average	Investment catching up or improving performance. The test is whether each dollar buys a commensurate benefit.	Over-investment signal. Spending is not producing results.

CL&P is not operating in the stable environment described by the "spending below peer average" and "reliability stable or improving" quadrant above (the upper left quadrant). Rather, it is moving toward the "spending below peer average" and "reliability declining" quadrant. Distribution equipment prices have risen well above general inflation, are changing, and much of the asset base is at or near end of life (Ex. CLP-IAP-1, p. 45, l. 18 – p. 46, l. 9; Ex. CLP-ELP-1, p. 42, ll. 4–20). Blue-sky SAIDI was 77.5 minutes in 2025, against a 2021–2025 average of 71.1 minutes,

which indicates that SAIDI may be showing signals of decline (Ex. CLP-TSP-1, p. 76, Table 1), while SAIFI remained flat (Ex. CLP-ELP-1, p. 48, 11ll. 3-9). It is important to note, however, that external factors also affect SAIDI/SAIFI performance and this must be factored into the analysis.

Below-average capital spending together with reliability showing initial signs of decline indicates that there is a need for elevated levels of investment in the future.

The specific signs Exhibit CLP-IAP-1 relies upon are (page citations are to Ex. CLP-IAP-1 unless noted):

1. Constrained investment period. The Company refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16).

2. Equipment cost inflation. Because of the equipment price increases noted above, a similar nominal budget supports less work over time (p. 45, l. 18 – p. 46, l. 9).

3. O&M pattern. Higher O&M relative to peers, alongside modest capital spending, can be consistent with an aging system that needs more maintenance to stay in service (p. 56, ll. 7–10), although cross-utility O&M comparisons also reflect differences in service territory characteristics, regulatory requirements, company capitalization policy, labor costs and policy-program accounting (pp. 54–56). Increasing emergent failures also take resources away from proactive replacement (Ex. CLP-TSP-1, p. 22, ll. 14–16).

4. Asset condition and reliability. The Company's planning testimony documents an aging distribution system, with major asset classes at or beyond their expected service lives, rising equipment failures, and reliability that remains in the top quartile but has begun to slip, (Ex. CLP-ELP-1, pp. 42, 48–49; Ex. CLP-TSP-1, p. 35; Ex. CLP-TSP-3, slide 58). The asset-level detail is presented by the Leadership Panel and the System Engineering Panel. The point for the framework is the direction of those indicators. The data show a pattern associated with the underinvestment side of the calibrated range rather than one of stability or over-investment.

Taken together, these signs place CL&P within the calibrated range but moving toward its underinvestment side. Exhibit CLP-IAP-1's opinion is directed at the framework and at whether the proposed plan sits within the calibrated range; it is not centered on the amount of investment the Company has identified (p. 16, ll. 10–15). The support for the specific amounts proposed is presented in the Company's planning testimony (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3) Exhibit CLP-IAP-1 did not rely on separate calculations for this conclusion; it relies on the record evidence cited above, including the LEI benchmarking results and workpapers (Ex. CLP-PBR-3) and the reliability data in Ex. CLP-TSP-1, Table 1.

[iv] UPA-031 Question:

Reference Application, Ex. CLP-IAP-1, pp. 56–57. Clarify the role Eversource recommends for peer benchmarking after implementation of a multi-year rate plan. Specifically, state whether Eversource recommends continuing peer benchmarking as an ongoing performance measure, using it periodically for comparative analysis, or relying primarily on CL&P's approved plan and historical performance to measure performance over time.

UPA-031 Response:

The Company recommends relying primarily on CL&P's approved plan and its own historical performance to measure cost-efficiency performance over the plan term. While peer benchmarking may be used periodically for comparative analysis, such as in preparation for a future rate case, the Company does not recommend peer benchmarking as an

ongoing measure of cost efficiency or affordability performance, primarily due to the lack of a platform for establishing reliable comparability. However, the Company does and will continue to benchmark system and customer reliability metrics against peer utilities, as these industry-standard measures provide meaningful and actionable comparisons of service performance.

Once a multi-year plan is established, the Company's progress towards achieving additional cost efficiencies should be measured against a Company-specific baseline, including: Core Operating Expense per customer against a baseline escalated by an inflation-based benchmark, capital spending against the approved plan, and reliability against the plan's commitments, with regular public reporting (Ex. CLP-IAP-1, p. 57, ll. 3–8). Refer to the Company's response to CLF-AC-005[iv]). These metrics reflect the Company's efforts to improve cost efficiency during the PBR term. Peer benchmarking, however, is comparative so the Company's comparative standing against its peers could be driven by changes outside the control of the Company, such as poorer cost control by other utilities. In addition, the expense of continuous cost efficiency peer benchmarking could negatively impact consumer dividend by adding expense throughout the PBR term without significant benefit to customers through improved cost efficiency. Therefore, while peer benchmarking is useful for assessing cost efficiency on a periodic basis, for the purpose of annually assessing cost efficiency and affordability performance during the PBR term the Company has proposed to measure performance against the proposed baselines.

The Company continues to benchmark against peers in other areas, including reliability and customer satisfaction. The Company has also proposed reporting-only cost-efficiency metrics for the plan term (Ex. CLP-ELP-1, p. 112, Table 5; Ex. CLP-ELP-3). Also refer to the Company's response to UPA-022[iv].

[v] AMTRAK-012 Question:

Provide illustrative examples showing how a positive or negative adjustment under each mechanism identified in AMTRAK-11 would be reflected in customer rates and customer bills during the PBMRP term.

AMTRAK-012 Response:

Year 2 Total (Column AS) is due entirely to Rate Year 2 incremental distribution revenue (Column L) found on Page 1. All other rates and mechanisms (Columns O through AQ) are included for completeness of understanding the illustrative total bill, but do not impact the allocation of illustrative distribution revenue increases to customer classes. Therefore, all other mechanisms included in Attachment 1 are held constant.

Lastly, Rate Year 3 Total differs from Rate Year 2 by the incremental Rate Year 3 distribution revenue only, while Rate Year 4 Total differs from Rate Year 3 by the incremental Rate Year 4 distribution revenue only.

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 25–27. Define "investment compression" as used in Ex. CLP-IAP-1 and identify the specific evidence relied upon to conclude that reducing or constraining CL&P's proposed capital investment would result in higher long-term customer costs or diminished system performance.

Response:

As described in Exhibit CLP-IAP-1, the term "investment compression" means reducing or constraining necessary capital investment as a means of lowering near-term rates, without a finding that the investment reduced is unnecessary, imprudent or inefficient. Compression can be direct, through disallowance or deferral of planned capital, or indirect, through constraints on cost recovery or the authorized return that make necessary work harder to finance (Ex. CLP-IAP-1, p. 16, ll. 7–9; p. 26, ll. 14–17). The evidence relied upon is summarized in the responses to UPA-025[i] and UPA-026[ii].

Prior Referenced Responses:

[i] UPA-025 Question:

Reference Application, Ex. CLP-IAP-1, pp. 31–32 and 54. Identify each quantitative threshold, benchmark, or other criterion used to distinguish underinvestment, calibrated investment, and overinvestment under the Investment Calibration Framework. If Eversource establishes no such thresholds or criteria, state so. Explain how the results presented on page 54 of Ex. CLP-IAP-1 to determine where CL&P's proposed capital investment falls within the framework.

UPA-025 Response:

The Investment Calibration Framework does not establish a numeric threshold, such as a dollar amount per customer or a percentage of rate base, separating underinvestment, calibrated investment and overinvestment. The framework is a way of organizing PURA's review of the level of investment; it is not a formula that produces a number.
That is deliberate. The appropriate level of investment depends on each system's age, condition, load, weather exposure and policy requirements, so a single threshold would not be sound, and it would carry its own unintended consequences. Spending just under a fixed line could be treated as sufficient regardless of the system's condition and spending just over it as excessive regardless of need. Setting investment levels is a judgment made within parameters, much as PURA sets other multi-year program budgets, i.e., the budget is built from historical experience and from the work needed going forward, and decisions are then made within that range.

The framework's focus was to create a methodology of quantifying and prioritizing the investments costs and benefits so that effective and efficient investments can be identified and prioritized, understanding all of the moving parts that change these estimates and potentially whether a project is cost effective. The focus was not meant to provide a single number. The Company's proposed budgets target impacts in relation to what is deemed by analytical evaluation to be effective and efficient.

The level of investment that is effective and efficient also depends on the objective it is measured against. The Company's benefit-cost model identifies the most cost-effective work for a stated reliability objective, such as a given improvement in SAIDI or SAIFI, and it can be run against different objectives (Ex. CLP-TSP-1, p. 34, ll. 12–18; p. 60, ll. 3–5). What is cost-effective therefore depends on the selected objective. The Company's planning presents the choice as a range, which is how the framework expects the question to be approached. The Company identified three investment levels: (1) Sustained Performance, the baseline needed to sustain the system, which carries lower near-term spending but higher emergent-failure and capital risk; (2) the proposed level, which adds Enhanced Reliability and Resiliency to constituted the Targeted System Performance plan; and (3) a higher Advancing the Grid level that the Company does not propose in this proceeding. The framework does not determine the specific dollar amounts at any of those levels. The support for the amounts proposed, including how the capital forecast was developed, is presented by the Leadership Panel and the System Engineering Panel (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3; see also the response to UPA-033[i]).

The framework is neutral as to the answer. The crux of the analysis is the identification of a planning and investment approach and a vision on the "end state" that is envisioned as the proper regulatory outcome for customers. Therefore, in place of a fixed threshold, the framework identifies criteria that the Company recommends PURA apply collectively, several of which are quantitative:

Criterion	**Indicates Insufficient Investment**	**Indicates Calibration**	**Indicates Over-Investment**
Project Benefit-Cost Results	High-value projects repeatedly deferred	Portfolio funded in order of value; funded projects above 1.0	Projects funded below 1.0 or lower-cost alternatives passed over
Reliability and Asset Condition	Deteriorating SAIDI/SAIFI, rising equipment-caused and fair-weather outages, growing replacement backlog	Performance stable or improving against commitments	Gains well beyond commitments at a relatively high cost
Composition of Spending	Existing system work is consistently deferred	Spending mainly on maintaining and strengthening the existing system	Building for load that is not there or not expected (p. 47, ll. 3–6)
Cost Benchmarking	Capital investment levels well below peers, alongside rising maintenance needs on an aging system (p. 56, ll. 7–10)	Costs near or below benchmark with adequate performance	Capital investment well above peers without commensurate performance

The Company applies these criteria through two planning approaches. For reliability improvement, it selects projects using the benefit-cost model described in the response to UPA-024, ranked by metrics such as dollars per customer-minute of interruption saved (Ex. CLP-TSP-3, slides 34–35). The ranking sets the order in which work is funded

toward the stated objective; it is not a rule that every project above a fixed benefit-cost ratio is built. For asset health, it runs programmatic replacement of asset classes with known degradation patterns, including bare copper overhead conductor, paper-insulated lead cable, right-of-way poles, direct-buried cable, pad-mounted switchgear and substation transformers. The pace of each program reflects historical spending patterns, with reasonable escalations for age and condition (p. 67, ll. 3–5; p. 69, ll. 11–13) (Ex. CLP-TSP-3, 37, 57–62, 71).

The asset programs, their pacing and the associated failure data are presented by the System Engineering Panel (Ex. CLP-TSP-1; Ex. CLP-TSP-3, slides 57–62, 71). Exhibit CLP-IAP-1 offers no opinion on the specific program lengths or budgets. It identifies the age and condition of assets pacing, weighed against cost, as the kind of consideration the Balance step relies on.

Applied to CL&P, the benchmarking results describe the Company's historical position. LEI's unit cost benchmarking ranks CL&P 32nd of 88 utilities nationally and 8th of 22 in the Northeast on capital cost per customer, and 47th of 88 and 8th of 22 on total cost per customer. After controlling for labor prices, network density, scale and other drivers, CL&P's capital costs averaged approximately 14 percent below the model-predicted benchmark and its total costs approximately 2 percent below it over 2015–2024 (Ex. CLP-PBR-3, pp. 9, 16-17)[i]. Together with the condition of an aging system, those results place CL&P historically within the calibrated range, toward the under-investment side.

The benchmarking results do not by themselves locate the proposed plan. The testimony's conclusion that the proposed investment is calibrated rests on the combination of criteria above: the proposed reliability budget satisfies the RE08 affordability test and the investments carry benefit-to-cost ratios above 1.0 (Ex. CLP-IAP-7), the spending is directed at the existing system (Ex. CLP-IAP-1, p. 46, l. 10 – p. 47, l. 11), and the need is documented in Exhibits CLP-TSP-1 through TSP-3, including an aging asset base and rising SAIDI (Ex. CLP-ELP-1, p. 42, l. 4 – p. 43, l. 2; p. 48, ll. 3–9).

[ii] UPA-026 Question:

Reference Application, Ex. CLP-IAP-1, p. 54. Explain the analytical basis for concluding that CL&P's below-average capital spending reflects a "drift toward under-investment." Identify the specific reliability, asset-condition, performance, or investment-need used to distinguish efficient below-average spending from underinvestment. Provide all supporting calculations and workpapers.

UPA-026 Response:

Underinvestment and efficiency are separate questions. Underinvestment means investing less than the system needs, given its age, condition, load, weather exposure and the reliability objectives set for it (see the response to UPA-025[ii]). Efficiency relates to whether each dollar spent buys a commensurate benefit (Ex. CLP-IAP-1, p. 85, ll. 5–7). A comparison of spending to an average, whether of peers or of the Company's own history, does not by itself establish either one. In the near term, under-investment can also constitute cost discipline (Ex. CLP-IAP-1, p. 35, ll. 1–6). What indicates whether lower spending is meeting system need is how the system is performing, i.e., whether reliability is stable or improving, or declining. As explained in the response to UPA-025, this is a judgment based on several signals, not a single threshold:

	Reliability Stable or Improving	**Reliability Declining**
Spending below peer average	Lower spending is meeting system need. Most likely where input prices are stable, the utility can lock in long-term procurement, load is changing slowly, and assets are not yet at end of life.	Under-investment signal. Deferred work is showing up as reduced performance.
Spending above peer average	Investment catching up or improving performance. The test is whether each dollar buys a commensurate benefit.	Over-investment signal. Spending is not producing results.

CL&P is not operating in the stable environment described by the "spending below peer average" and "reliability stable or improving" quadrant above (the upper left quadrant). Rather, it is moving toward the "spending below peer average" and "reliability declining" quadrant. Distribution equipment prices have risen well above general inflation, are changing, and much of the asset base is at or near end of life (Ex. CLP-IAP-1, p. 45, l. 18 – p. 46, l. 9; Ex. CLP-ELP-1, p. 42, ll. 4–20). Blue-sky SAIDI was 77.5 minutes in 2025, against a 2021–2025 average of 71.1 minutes, which indicates that SAIDI may be showing signals of decline (Ex. CLP-TSP-1, p. 76, Table 1), while SAIFI remained flat (Ex. CLP-ELP-1, p. 48, 11ll. 3-9). It is important to note, however, that external factors also affect SAIDI/SAIFI performance and this must be factored into the analysis.

Below-average capital spending together with reliability showing initial signs of decline indicates that there is a need for elevated levels of investment in the future.

The specific signs Exhibit CLP-IAP-1 relies upon are (page citations are to Ex. CLP-IAP-1 unless noted):

1. Constrained investment period. The Company refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16).
2. Equipment cost inflation. Because of the equipment price increases noted above, a similar nominal budget supports less work over time (p. 45, l. 18 – p. 46, l. 9).
3. O&M pattern. Higher O&M relative to peers, alongside modest capital spending, can be consistent with an aging system that needs more maintenance to stay in service (p. 56, ll. 7–10), although cross-utility O&M comparisons also reflect differences in service territory characteristics, regulatory requirements, company capitalization policy, labor costs and policy-program accounting (pp. 54–56). Increasing emergent failures also take resources away from proactive replacement (Ex. CLP-TSP-1, p. 22, ll. 14–16).
4. Asset condition and reliability. The Company's planning testimony documents an aging distribution system, with major asset classes at or beyond their expected service lives, rising equipment failures, and reliability that remains in the top quartile but has begun to slip, (Ex. CLP-ELP-1, pp. 42, 48–49; Ex. CLP-TSP-1, p. 35; Ex. CLP-TSP-3, slide 58). The asset-level detail is presented by the Leadership Panel and the System Engineering Panel. The point for the framework is the direction of those indicators. The data show a pattern associated with the underinvestment side of the calibrated range rather than one of stability or over-investment.

Taken together, these signs place CL&P within the calibrated range but moving toward its underinvestment side. Exhibit CLP-IAP-1's opinion is directed at the framework and at whether the proposed plan sits within the calibrated range; it is not centered on the amount of investment the Company has identified (p. 16, ll. 10–15). The support for the specific amounts proposed is presented in the Company's planning testimony (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3) Exhibit CLP-IAP-1 did not rely on separate calculations for this conclusion; it relies on the record evidence cited above, including the LEI benchmarking results and workpapers (Ex. CLP-PBR-3) and the reliability data in Ex. CLP-TSP-1, Table 1.

Date Filed: October 06, 2026S

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 27–28. Explain how the Authority should determine whether a proposed capital investment is efficient for affordability purposes. Also, provide the following:

a. Identify the specific cost, benefit, performance, or alternative-investment information Eversource recommends that the Authority considers in that evaluation; and
b. explain how that comparison distinguishes an efficient investment from one that is "prudent and effective but not highly efficient."

Response:

Exhibit CLP-IAP-1 uses three distinct terms (p. 28, ll. 9–18): prudent, effective and efficient. An investment is prudent if the decision was reasonable when made. It is effective if it delivers the reliability or service benefit it was meant to achieve. It is efficient if it delivers that benefit at an appropriate cost relative to the alternatives. The concept is that PURA should determine efficiency at three levels: (1) whether each project is the lower-cost way to meet its need; (2) whether the portfolio as a whole funds the highest-value work first within the approved budget; and (3) whether one investment can meet several needs.

A. <u>This approach asks that PURA consider the following in determining whether a proposed capital investment is efficient for affordability purposes</u>:

- **Cost**: Project cost estimates, unit costs compared with the Company's own history and a lifecycle cost, including the O&M the investment avoids or adds.

- **Benefit**: Expected reliability improvement (SAIDI, SAIFI, customer minutes of interruption avoided), monetized customer interruption costs, safety and risk reduction, and capacity needed to meet State policy such as electrification.

- **Performance**: Historical results after installation compared with the forecast benefit (p. 57, ll. 3–8). Those results also feed back into the Company's benefit-cost model, recalibrating its estimates of reliability benefit per dollar over time.

- **Alternatives**: Repair versus replacement, non-wires alternatives, deferral with a stated risk, different technology, and bundling of work to reduce mobilization and outage costs.

- **Prioritization**: The rationale for ranking work, such as customer benefit per dollar within the budget. The Company's benefit-cost model evaluates historic outages zone by zone rather than circuit by circuit, uses the Company's data on upgrades made over the past 20 years to estimate SAIDI and SAIFI benefits per dollar, and can be run against a stated reliability objective (Ex. CLP-TSP-1, p. 34, ll. 6–16). The Company's model compares work types at the device level, including reconductoring and backbone and lateral automation (TSP-1 p. 60, ll. 3–7). Resiliency work is ranked using an All-In SAIDI model that combines blue-sky and grey-sky SAIDI with a 1-in-10-year catastrophic storm (Ex. CLP-ELP-1, p. 62, ll. 16–22; p. 72, ll. 10–18).

- **Multi-Needs**: Efficiency also includes whether one investment can meet several needs. Replacing an aging asset with one sized for expected load, such as electrification, can avoid a second investment later, while like-for-like replacement can be the lower-cost choice where that need is not expected. The Company's plan targets locations with multiple needs, such as asset health, capacity, voltage and reliability, so that one investment resolves them together (Ex. CLP-TSP-3, slide 34).

- **Metrics:** The Company's plan also uses cost-efficiency metrics such as dollars per customer-minute of interruption saved, risk-based analytics that weigh the probability and consequence of failure, and planning at the protection-device (zone) level (Ex. CLP-TSP-3, slide 34). To track efficiency after investments are made, the Company has also proposed reporting metrics for capital expense per customer and per line mile, alongside its reliability performance incentive mechanisms, as sponsored by the Leadership Panel (Ex. CLP-ELP-1, p. 103, ll. 10–16; Ex. CLP-ELP-3).

The Company's planning applies this comparison. For each zone, the model identifies the most cost-effective upgrade, which could be anything from tree trimming to a full rebuild (Ex. CLP-TSP-1, p. 34, ll. 16–18). For capacity projects, planners use every available load transfer among stations before upgrading a substation transformer (TSP-1 p. 34, l. 21 – p. 35, l. 3). The Company's resiliency proposal illustrates the comparison. Spacer cable reconductoring delivers nearly two-thirds of the resiliency benefit of undergrounding for about one-third of the cost (Ex. CLP-ELP-1, p. 63, ll. 14–18). The hardening program is projected to avoid approximately 12.4 million customer-minutes of interruption per year, about $37.1 million per year at the Company's estimate of $3 per customer-minute (ELP-1 p. 64, ll. 8–11). B oth undergrounding and spacer cable would be effective; spacer cable is the more efficient choice for most zones.

B. Distinguishing "efficient" from "prudent."

The benefit of an investment is harder to measure than its cost. Refer to Ex. CLP-TSP-1, p. 86, ll. 4–7. The benefit-cost analysis reduces uncertainty; it does not eliminate it. Distribution assets serve customers for decades, and decisions about them are made with the information available today. Not every capital investment is made to improve measured reliability. Connecting new customers, adding capacity to serve load growth or to host distributed generation, and relocating facilities for public works projects are required to provide service, and their benefit does not appear in outage metrics.

Further the benefits of a reliability or resiliency investment depend on events whose location and timing cannot be known in advance, so a sound investment may show little measurable benefit over a narrow period. For that reason, effectiveness is better assessed over time and across the system than project by project. The reliability metrics the Company proposes measure performance at the system level (Ex. CLP-ELP-3). The Company refines its estimates as performance data accumulate.

The benefits of an asset that may be in service for decades are spread across the many outages it helps avoid. Efficiency asks the further question of whether the same benefit could have been obtained at lower cost, or whether a higher-value project was displaced. An investment can be prudent and effective but not highly efficient where, for example, an asset is replaced when a targeted repair would have maintained performance, or where a project with lower benefit per dollar is funded ahead of one with higher benefit per dollar. The comparison that distinguishes efficient from effective is therefore made when the work is planned: the ranking of projects by benefit per dollar and the consideration of lower-cost alternatives.

Cost-efficiency must also be looked at with a long-term lens. Without programmatic or technological changes, PURA should expect the marginal benefit per dollar to decline over time as the highest-value work is completed. A declining ratio across the plan is not by itself evidence of inefficiency; the relevant check is that the portfolio remains ordered by value and that funded projects continue to produce net benefits. Two factors offset that decline. As performance results feed back into the model, its estimates become more precise, allowing investment to be targeted more exactly. And the model becomes more important, not less, once the most obvious opportunities have been completed.

When reviewing this model, three features safeguard against a benefit-cost model being tilted toward more spending. First, the model's benefit estimates come from the Company's own data on upgrades made over the past 20 years (Ex. CLP-TSP-1, p. 34, ll. 10–12; Ex. CLP-ELP-1, p. 67, ll. 17–19). Second, customer outage costs are valued using Lawrence Berkeley National Laboratory's Interruption Cost Estimate calculator, an independent source (Ex. CLP-TSP-1, p. 39, ll. 9–13), and inputs such as the value per customer-minute are on the record for review. Third, results are checked after the fact: the amount of revenue support provided for ongoing capital

investments for the duration of the PBMRP capital is capped at the approved forecast, reliability is measured through the proposed SAIDI, SAIFI and customer reliability PIMs, and performance is reported annually (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 101–102). The Company has also noted that AMI data would improve its ability to measure the benefit customers actually experience from automation investments (Ex. CLP-TSP-1, p. 86, ll. 4–11).

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 31–32 and 54. Identify each quantitative threshold, benchmark, or other criterion used to distinguish underinvestment, calibrated investment, and overinvestment under the Investment Calibration Framework. If Eversource establishes no such thresholds or criteria, state so. Explain how the results presented on page 54 of Ex. CLP-IAP-1 to determine where CL&P's proposed capital investment falls within the framework.

Response:

The Investment Calibration Framework does not establish a numeric threshold, such as a dollar amount per customer or a percentage of rate base, separating underinvestment, calibrated investment and overinvestment. The framework is a way of organizing PURA's review of the level of investment; it is not a formula that produces a number.

That is deliberate. The appropriate level of investment depends on each system's age, condition, load, weather exposure and policy requirements, so a single threshold would not be sound, and it would carry its own unintended consequences. Spending just under a fixed line could be treated as sufficient regardless of the system's condition and spending just over it as excessive regardless of need. Setting investment levels is a judgment made within parameters, much as PURA sets other multi-year program budgets, i.e., the budget is built from historical experience and from the work needed going forward, and decisions are then made within that range.

The framework's focus was to create a methodology of quantifying and prioritizing the investments costs and benefits so that effective and efficient investments can be identified and prioritized, understanding all of the moving parts that change these estimates and potentially whether a project is cost effective. The focus was not meant to provide a single number. The Company's proposed budgets target impacts in relation to what is deemed by analytical evaluation to be effective and efficient.

The level of investment that is effective and efficient also depends on the objective it is measured against. The Company's benefit-cost model identifies the most cost-effective work for a stated reliability objective, such as a given improvement in SAIDI or SAIFI, and it can be run against different objectives (Ex. CLP-TSP-1, p. 34, ll. 12–18; p. 60, ll. 3–5). What is cost-effective therefore depends on the selected objective. The Company's planning presents the choice as a

range, which is how the framework expects the question to be approached. The Company identified three investment levels: (1) Sustained Performance, the baseline needed to sustain the system, which carries lower near-term spending but higher emergent-failure and capital risk; (2) the proposed level, which adds Enhanced Reliability and Resiliency to constituted the Targeted System Performance plan; and (3) a higher Advancing the Grid level that the Company does not propose in this proceeding. The framework does not determine the specific dollar amounts at any of those levels. The support for the amounts proposed, including how the capital forecast was developed, is presented by the Leadership Panel and the System Engineering Panel (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3; see also the response to UPA-033[i]).

The framework is neutral as to the answer. The crux of the analysis is the identification of a planning and investment approach and a vision on the "end state" that is envisioned as the proper regulatory outcome for customers. Therefore, in place of a fixed threshold, the framework identifies criteria that the Company recommends PURA apply collectively, several of which are quantitative:

Criterion	Indicates Insufficient Investment	Indicates Calibration	Indicates Over-Investment
Project Benefit-Cost Results	High-value projects repeatedly deferred	Portfolio funded in order of value; funded projects above 1.0	Projects funded below 1.0 or lower-cost alternatives passed over
Reliability and Asset Condition	Deteriorating SAIDI/SAIFI, rising equipment-caused and fair-weather outages, growing replacement backlog	Performance stable or improving against commitments	Gains well beyond commitments at a relatively high cost
Composition of Spending	Existing system work is consistently deferred	Spending mainly on maintaining and strengthening the existing system	Building for load that is not there or not expected (p. 47, ll. 3–6)
Cost Benchmarking	Capital investment levels well below peers, alongside rising maintenance needs on an aging system (p. 56, ll. 7–10)	Costs near or below benchmark with adequate performance	Capital investment well above peers without commensurate performance

The Company applies these criteria through two planning approaches. For reliability improvement, it selects projects using the benefit-cost model described in the response to UPA-024, ranked by metrics such as dollars per customer-minute of interruption saved (Ex. CLP-TSP-

3, slides 34–35). The ranking sets the order in which work is funded toward the stated objective; it is not a rule that every project above a fixed benefit-cost ratio is built. For asset health, it runs programmatic replacement of asset classes with known degradation patterns, including bare copper overhead conductor, paper-insulated lead cable, right-of-way poles, direct-buried cable, pad-mounted switchgear and substation transformers. The pace of each program reflects historical spending patterns, with reasonable escalations for age and condition (p. 67, ll. 3–5; p. 69, ll. 11–13) (Ex. CLP-TSP-3, 37, 57–62, 71).

The asset programs, their pacing and the associated failure data are presented by the System Engineering Panel (Ex. CLP-TSP-1; Ex. CLP-TSP-3, slides 57–62, 71). Exhibit CLP-IAP-1 offers no opinion on the specific program lengths or budgets. It identifies the age and condition of assets pacing, weighed against cost, as the kind of consideration the Balance step relies on.

Applied to CL&P, the benchmarking results describe the Company's historical position. LEI's unit cost benchmarking ranks CL&P 32nd of 88 utilities nationally and 8th of 22 in the Northeast on capital cost per customer, and 47th of 88 and 8th of 22 on total cost per customer. After controlling for labor prices, network density, scale and other drivers, CL&P's capital costs averaged approximately 14 percent below the model-predicted benchmark and its total costs approximately 2 percent below it over 2015–2024 (Ex. CLP-PBR-3, pp. 9, 16-17)[1]. Together with the condition of an aging system, those results place CL&P historically within the calibrated range, toward the under-investment side.

The benchmarking results do not by themselves locate the proposed plan. The testimony's conclusion that the proposed investment is calibrated rests on the combination of criteria above: the proposed reliability budget satisfies the RE08 affordability test and the investments carry benefit-to-cost ratios above 1.0 (Ex. CLP-IAP-7), the spending is directed at the existing system (Ex. CLP-IAP-1, p. 46, l. 10 – p. 47, l. 11), and the need is documented in Exhibits CLP-TSP-1 through TSP-3, including an aging asset base and rising SAIDI (Ex. CLP-ELP-1, p. 42, l. 4 – p. 43, l. 2; p. 48, ll. 3–9).

Prior Referenced Response:

[i] UPA-033 Question:

Reference Application, Ex. CLP-IAP-1, pp. 30–31. Explain the role of performance-based regulation in the Investment Calibration Framework. State whether Eversource's framework depends on implementation of a performance-based ratemaking structure to maintain capital investment within the calibrated range and identify any PIMs, metrics, or

[1] The benchmarking figures stated on pages 53–54 of Exhibit CLP-IAP-1 differ slightly from those in the filed benchmarking report, Exhibit CLP-PBR-3. The Exhibit CLP-PBR-3 figures are used in this response and supersede the corresponding figures in Exhibit CLP-IAP-1. The conclusion stated on page 54 is unchanged.

mechanisms used to evaluate capital investment. If not, identify how the framework maintains investment within the calibrated range absent performance-based regulation.

UPA-033 Response:

No ratemaking structure, performance-based or otherwise, determines whether a given investment is effective or efficient (UPA-024[i]). This determination comes as a result of the work of planning, engineering and execution, tested through the Company's project justification and alternatives analysis and, ultimately, PURA's prudence review. What a ratemaking mechanism determines is the financial environment in which those decisions are made and the underlying incentives inherent in the regulatory framework (Ex. CLP-IAP-1, p. 30, ll. 1–12).

Performance-based regulation, properly designed, is the structure that makes calibration achievable and holds it in place over the plan term (p. 30, l. 13 – p. 31, l. 3). The PBMRP follows the methodology of a comprehensive PBR plan, except that its formula applies to O&M only (Ex. CLP-ELP-1, p. 85, ll. 12–19). O&M revenue is adjusted annually by the I − X − S formula, with the Consumer Dividend as the S-Factor. Capital investment is addressed through the Capital Funding Mechanism, which limits recovery to the lesser of the approved forecast or actual plant in service and places the risk of excess capital spending on the Company (pp. 101–102).

An index applied to capital would pass input-price changes through to customers; a fixed forecast does not. The capital forecast underlying the cap was developed by the Company's engineering organization and is described by the Leadership Panel and the System Engineering Panel (Ex. CLP-ELP-1, pp. 64–72; Ex. CLP-TSP-1, pp. 39–61). The intent of the framework proposed by the Company is to advance a regulatory framework that affordably enables cost effective system investment to support the economic vitality of Connecticut, introduces PIMs for transparency and accountability for the duration of the plan, and retains appropriate incentives for the Company to control costs of both O&M and capital spending to the greatest extent possible over the course of the plan.

The framework itself does not depend on performance-based regulation; it is an evaluation lens that PURA can apply under any ratemaking structure. However, the PBMRP is the Company's proposed means of keeping investment within the calibrated range for CL&P over the plan term, balancing recovery of costs with rate stability and gradual year-over-year customer bill impacts. In addition, PBR drives efficiency in utilities working within these confines and supports cost discipline over time. Absent performance-based regulation, that evaluation would occur in base rate cases as part of the prudence review. The Company has stated that, without the PBMRP, it would expect to file rate cases as close to annually as possible (Ex. CLP-ELP-1, p. 85, ll. 1–3).

The mechanisms and controls in the PBMRP that the Company relies upon to keep capital investment within the calibrated range, and to provide transparency and accountability for performance are:

- Capital Funding Mechanism. Revenue is capped based on the approved capital expenditure forecast with an annual, downward-only reconciliation (Ex. CLP-ELP-1, pp. 101–102).
- Reliability PIMs: System Reliability PIMs for blue-sky SAIDI and SAIFI with performance-based benchmarks, and a Customer Reliability PIM targeting repeat CEMI and CELID customers, offered as part of the PBMRP (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 106–107, Table 3). These tie the Company's financial results to the reliability the capital program is meant to support. The SAIDI and SAIFI PIMs are penalty-only, with penalties of $1.75 million to $3.5 million each; the Customer Reliability PIM is incentive-only, with an incentive of $1.5 million to $3.0 million.
- Performance Metrics: 16 proposed metrics across three categories, with descriptions, targets and PIM design in Exhibit CLP-ELP-3 (Ex. CLP-ELP-1, p. 103, ll. 10–16).
- Reporting: Capital spending against the approved plan and reliability against commitments, with regular public reporting (p. 57, ll. 3–8); cost-efficiency metrics, reported without targets or penalties (Ex. CLP-ELP-1, p. 112, Table 5; p. 113, l. 5 – p. 114, l. 16).

- Project-Level Review: The reliability benefit-cost model on the record (Ex. CLP-ELP-1, p. 67, ll. 17–19; Ex. CLP-TSP-1, p. 60, ll. 3–7) and prudence review.

The Company's proposals set forth a comprehensive framework in this proceeding, leveraging the Company's experience, and that of its expert consultants work in other jurisdictions, while conforming as closely as possible to the proposed final decisions in PURA's PBR proceedings, in order to propose a framework that could support the level of going-forward system investment needs while operating in a multi-year rate case stay out, which is a fundamental component of PBR frameworks adopted elsewhere. If PURA adopts a framework that materially differs from the Company's proposals, or is not calibrated to support the level of investment needed in the system on a going forward basis, the Company will not be in a position to commit to a rate case stay-out period of four years, which will result in more frequent rate cases, in which all components of the Company's costs will be updated to then-current levels.

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, p. 54. Explain the analytical basis for concluding that CL&P's below-average capital spending reflects a "drift toward under-investment." Identify the specific reliability, asset-condition, performance, or investment-need used to distinguish efficient below-average spending from underinvestment. Provide all supporting calculations and workpapers.

Response:

Underinvestment and efficiency are separate questions. Underinvestment means investing less than the system needs, given its age, condition, load, weather exposure and the reliability objectives set for it (see the response to UPA-025[i]). Efficiency relates to whether each dollar spent buys a commensurate benefit (Ex. CLP-IAP-1, p. 85, ll. 5–7). A comparison of spending to an average, whether of peers or of the Company's own history, does not by itself establish either one. In the near term, under-investment can also constitute cost discipline (Ex. CLP-IAP-1, p. 35, ll. 1–6). What indicates whether lower spending is meeting system need is how the system is performing, i.e., whether reliability is stable or improving, or declining. As explained in the response to UPA-025, this is a judgment based on several signals, not a single threshold:

	Reliability Stable or Improving	**Reliability Declining**
Spending below peer average	Lower spending is meeting system need. Most likely where input prices are stable, the utility can lock in long-term procurement, load is changing slowly, and assets are not yet at end of life.	Under-investment signal. Deferred work is showing up as reduced performance.
Spending above peer average	Investment catching up or improving performance. The test is whether each dollar buys a commensurate benefit.	Over-investment signal. Spending is not producing results.

CL&P is not operating in the stable environment described by the "spending below peer average" and "reliability stable or improving" quadrant above (the upper left quadrant). Rather, it is moving

toward the "spending below peer average" and "reliability declining" quadrant. Distribution equipment prices have risen well above general inflation, are changing, and much of the asset base is at or near end of life (Ex. CLP-IAP-1, p. 45, l. 18 – p. 46, l. 9; Ex. CLP-ELP-1, p. 42, ll. 4–20). Blue-sky SAIDI was 77.5 minutes in 2025, against a 2021–2025 average of 71.1 minutes, which indicates that SAIDI may be showing signals of decline (Ex. CLP-TSP-1, p. 76, Table 1), while SAIFI remained flat (Ex. CLP-ELP-1, p. 48, 11ll. 3-9). It is important to note, however, that external factors also affect SAIDI/SAIFI performance and this must be factored into the analysis.

Below-average capital spending together with reliability showing initial signs of decline indicates that there is a need for elevated levels of investment in the future.

The specific signs Exhibit CLP-IAP-1 relies upon are (page citations are to Ex. CLP-IAP-1 unless noted):

1. Constrained investment period. The Company refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16).

2. Equipment cost inflation. Because of the equipment price increases noted above, a similar nominal budget supports less work over time (p. 45, l. 18 – p. 46, l. 9).

3. O&M pattern. Higher O&M relative to peers, alongside modest capital spending, can be consistent with an aging system that needs more maintenance to stay in service (p. 56, ll. 7–10), although cross-utility O&M comparisons also reflect differences in service territory characteristics, regulatory requirements, company capitalization policy, labor costs and policy-program accounting (pp. 54–56). Increasing emergent failures also take resources away from proactive replacement (Ex. CLP-TSP-1, p. 22, ll. 14–16).

4. Asset condition and reliability. The Company's planning testimony documents an aging distribution system, with major asset classes at or beyond their expected service lives, rising equipment failures, and reliability that remains in the top quartile but has begun to slip, (Ex. CLP-ELP-1, pp. 42, 48–49; Ex. CLP-TSP-1, p. 35; Ex. CLP-TSP-3, slide 58). The asset-level detail is presented by the Leadership Panel and the System Engineering Panel. The point for the framework is the direction of those indicators. The data show a pattern associated with the underinvestment side of the calibrated range rather than one of stability or over-investment.

Taken together, these signs place CL&P within the calibrated range but moving toward its underinvestment side. Exhibit CLP-IAP-1's opinion is directed at the framework and at whether the proposed plan sits within the calibrated range; it is not centered on the amount of investment the Company has identified (p. 16, ll. 10–15). The support for the specific amounts proposed is presented in the Company's planning testimony (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3) Exhibit CLP-IAP-1 did not rely on separate calculations for this conclusion; it relies on the record

evidence cited above, including the LEI benchmarking results and workpapers (Ex. CLP-PBR-3) and the reliability data in Ex. CLP-TSP-1, Table 1.

Prior Referenced Response:

---

[i] UPA-025 Question:

Reference Application, Ex. CLP-IAP-1, pp. 31–32 and 54. Identify each quantitative threshold, benchmark, or other criterion used to distinguish underinvestment, calibrated investment, and overinvestment under the Investment Calibration Framework. If Eversource establishes no such thresholds or criteria, state so. Explain how the results presented on page 54 of Ex. CLP-IAP-1 to determine where CL&P's proposed capital investment falls within the framework.

UPA-025 Response:

The Investment Calibration Framework does not establish a numeric threshold, such as a dollar amount per customer or a percentage of rate base, separating underinvestment, calibrated investment and overinvestment. The framework is a way of organizing PURA's review of the level of investment; it is not a formula that produces a number.

That is deliberate. The appropriate level of investment depends on each system's age, condition, load, weather exposure and policy requirements, so a single threshold would not be sound, and it would carry its own unintended consequences. Spending just under a fixed line could be treated as sufficient regardless of the system's condition and spending just over it as excessive regardless of need. Setting investment levels is a judgment made within parameters, much as PURA sets other multi-year program budgets, i.e., the budget is built from historical experience and from the work needed going forward, and decisions are then made within that range.

The framework's focus was to create a methodology of quantifying and prioritizing the investments costs and benefits so that effective and efficient investments can be identified and prioritized, understanding all of the moving parts that change these estimates and potentially whether a project is cost effective. The focus was not meant to provide a single number. The Company's proposed budgets target impacts in relation to what is deemed by analytical evaluation to be effective and efficient.

The level of investment that is effective and efficient also depends on the objective it is measured against. The Company's benefit-cost model identifies the most cost-effective work for a stated reliability objective, such as a given improvement in SAIDI or SAIFI, and it can be run against different objectives (Ex. CLP-TSP-1, p. 34, ll. 12–18; p. 60, ll. 3–5). What is cost-effective therefore depends on the selected objective. The Company's planning presents the choice as a range, which is how the framework expects the question to be approached. The Company identified three investment levels: (1) Sustained Performance, the baseline needed to sustain the system, which carries lower near-term spending but higher emergent-failure and capital risk; (2) the proposed level, which adds Enhanced Reliability and Resiliency to constituted the Targeted System Performance plan; and (3) a higher Advancing the Grid level that the Company does not propose in this proceeding. The framework does not determine the specific dollar amounts at any of those levels. The support for the amounts proposed, including how the capital forecast was developed, is presented by the Leadership Panel and the System Engineering Panel (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3; see also the response to UPA-033[i]).

The framework is neutral as to the answer. The crux of the analysis is the identification of a planning and investment approach and a vision on the "end state" that is envisioned as the proper regulatory outcome for customers. Therefore,

in place of a fixed threshold, the framework identifies criteria that the Company recommends PURA apply collectively, several of which are quantitative:

Criterion	Indicates Insufficient Investment	Indicates Calibration	Indicates Over-Investment
Project Benefit-Cost Results	High-value projects repeatedly deferred	Portfolio funded in order of value; funded projects above 1.0	Projects funded below 1.0 or lower-cost alternatives passed over
Reliability and Asset Condition	Deteriorating SAIDI/SAIFI, rising equipment-caused and fair-weather outages, growing replacement backlog	Performance stable or improving against commitments	Gains well beyond commitments at a relatively high cost
Composition of Spending	Existing system work is consistently deferred	Spending mainly on maintaining and strengthening the existing system	Building for load that is not there or not expected (p. 47, ll. 3–6)
Cost Benchmarking	Capital investment levels well below peers, alongside rising maintenance needs on an aging system (p. 56, ll. 7–10)	Costs near or below benchmark with adequate performance	Capital investment well above peers without commensurate performance

The Company applies these criteria through two planning approaches. For reliability improvement, it selects projects using the benefit-cost model described in the response to UPA-024, ranked by metrics such as dollars per customer-minute of interruption saved (Ex. CLP-TSP-3, slides 34–35). The ranking sets the order in which work is funded toward the stated objective; it is not a rule that every project above a fixed benefit-cost ratio is built. For asset health, it runs programmatic replacement of asset classes with known degradation patterns, including bare copper overhead conductor, paper-insulated lead cable, right-of-way poles, direct-buried cable, pad-mounted switchgear and substation transformers. The pace of each program reflects historical spending patterns, with reasonable escalations for age and condition (p. 67, ll. 3–5; p. 69, ll. 11–13) (Ex. CLP-TSP-3, 37, 57–62, 71).

The asset programs, their pacing and the associated failure data are presented by the System Engineering Panel (Ex. CLP-TSP-1; Ex. CLP-TSP-3, slides 57–62, 71). Exhibit CLP-IAP-1 offers no opinion on the specific program lengths or budgets. It identifies the age and condition of assets pacing, weighed against cost, as the kind of consideration the Balance step relies on.

Applied to CL&P, the benchmarking results describe the Company's historical position. LEI's unit cost benchmarking ranks CL&P 32nd of 88 utilities nationally and 8th of 22 in the Northeast on capital cost per customer, and 47th of 88 and 8th of 22 on total cost per customer. After controlling for labor prices, network density, scale and other drivers, CL&P's capital costs averaged approximately 14 percent below the model-predicted benchmark and its total costs

approximately 2 percent below it over 2015–2024 (Ex. CLP-PBR-3, pp. 9, 16-17)[i]. Together with the condition of an aging system, those results place CL&P historically within the calibrated range, toward the under-investment side.

The benchmarking results do not by themselves locate the proposed plan. The testimony's conclusion that the proposed investment is calibrated rests on the combination of criteria above: the proposed reliability budget satisfies the RE08 affordability test and the investments carry benefit-to-cost ratios above 1.0 (Ex. CLP-IAP-7), the spending is directed at the existing system (Ex. CLP-IAP-1, p. 46, l. 10 – p. 47, l. 11), and the need is documented in Exhibits CLP-TSP-1 through TSP-3, including an aging asset base and rising SAIDI (Ex. CLP-ELP-1, p. 42, l. 4 – p. 43, l. 2; p. 48, ll. 3–9).

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 53–54. For each peer-benchmarking or historical-spending metric Eversource relied upon to conclude that CL&P's proposed capital investment is within the calibrated range, explain how the metric supports that conclusion and state whether the metric used to evaluate any proposed investment against a lower-cost alternative.

Response:

Peer benchmarking and historical spending metrics are one input to the Investment Calibration Framework, not the sole basis for its conclusions. Within the Three Bs, the Budget and Balance perspectives are informed by showing whether CL&P's historical costs sit relative to peers and to its own history. They are weighed together with the system-need, reliability and benefit-cost evidence discussed in the responses to UPA-024[i], UPA-025[ii], and UPA-026[iii]. The derivation of the LEI benchmarking results is addressed in Exhibit CLP-PBR-3. Exhibit CLP-IAP-1 relies on those results as reported.

The metrics relied upon, and how each supports the conclusion, are:

Metric	Source	How it supports the conclusion
Capital cost per customer, unit-cost ranking (32nd of 88 nationally; 8th of 22 in the Northeast)	Ex. CLP-PBR-3, p. 17	Eversource's historical capital spending has not been high relative to peers
Capital cost against the econometric benchmark (about 14% below)	Ex. CLP-PBR-3, p. 9	The same result holds after controlling for labor prices, density and scale
Total cost per customer (47th of 88; about 2% below benchmark)	Ex. CLP-PBR-3, pp. 9, 17	Overall cost position is near the national midpoint, not at either tail
Composition and growth of planned distribution spending	Ex. CLP-IAP-4, pp. 19, 30	Most sampled utilities plan more spending on the existing system than on capacity expansion, so a reliability-weighted plan is not an outlier; the study's planned-spending data show modest planned capital growth for Eversource (Ex. CLP-IAP-1, p. 53, ll. 5–9)

Metric	Source	How it supports the conclusion
Real growth in the distribution portion of the residential bill	Ex. CLP-IAP-1, pp. 22, 48	The distribution portion of the residential bill has grown modestly in real terms
RE08 affordability test (historical reliability budget escalated by the Handy-Whitman index)	Ex. CLP-IAP-7, pp. 3–4; Ex. CLP-IAP-1, p. 23, ll. 4–19	The proposed reliability budget is within the escalated historical average, indicating higher costs for a comparable level of work rather than a large expansion of work
Reliability benchmarking (IEEE top quartile, at its lower edge)	Ex. CLP-ELP-1, p. 48 ll. 3–9	Reliability remains in the top quartile but has begun to slip, which is consistent with CL&P being within the calibrated range but moving toward its underinvestment side
OM&A cost per customer (69th of 88 nationally; 11th of 22 in the Northeast; about 12% above benchmark)	Ex. CLP-PBR-3, pp. 9, 17	Higher O&M relative to peers, alongside modest capital spending, can be consistent with rising maintenance needs on an aging system; the comparison is affected by differences in capitalization policy among utilities (pp. 54–56)

None of these metrics are used to evaluate an individual proposed investment against a lower-cost alternative. These metrics are portfolio-level measures that inform where CL&P's overall cost and performance rank. The comparison of individual investments against lower-cost alternatives occurs in the Company's project planning and benefit-cost analysis. For example, for each zone the Company's benefit cost model identifies the most cost-effective upgrade, ranging from tree trimming to a full rebuild (Ex. CLP-TSP-1, p. 34, ll. 16–18; Ex. CLP-TSP-3, slide 34). The Company has also proposed four reporting-only cost-efficiency metrics for the PBMRP term, including capital expense per customer and per line mile (Ex. CLP-ELP-1, p. 112, Table 5; Ex. CLP-ELP-3). These are forward-looking reporting metrics and were not relied upon for the conclusion at pp. 53–54. Please also refer to the Company's response to UPA-024.

Prior Referenced Responses:

[i] UPA-024 Question:

Reference Application, Ex. CLP-IAP-1, pp. 27–28. Explain how the Authority should determine whether a proposed capital investment is efficient for affordability purposes. Also, provide the following:

a. Identify the specific cost, benefit, performance, or alternative-investment information Eversource recommends that the Authority considers in that evaluation; and
b. explain how that comparison distinguishes an efficient investment from one that is "prudent and effective but not highly efficient.

UPA-024 Response:

Exhibit CLP-IAP-1, uses three distinct terms (p. 28, ll. 9–18): prudent, effective and efficient. An investment is prudent if the decision was reasonable when made. It is effective if it delivers the reliability or service benefit it was meant to achieve. It is efficient if it delivers that benefit at an appropriate cost relative to the alternatives. The concept is that PURA should determine efficiency at three levels: (1) whether each project is the lower-cost way to meet its need; (2) whether the portfolio as a whole funds the highest-value work first within the approved budget; and (3) whether one investment can meet several needs.

A. This approach asks that PURA consider the following in determining whether a proposed capital investment is efficient for affordability purposes:

- **Cost**: Project cost estimates, unit costs compared with the Company's own history and a lifecycle cost, including the O&M the investment avoids or adds.

- **Benefit**: Expected reliability improvement (SAIDI, SAIFI, customer minutes of interruption avoided), monetized customer interruption costs, safety and risk reduction, and capacity needed to meet State policy such as electrification.

- **Performance**: Historical results after installation compared with the forecast benefit (p. 57, ll. 3–8). Those results also feed back into the Company's benefit-cost model, recalibrating its estimates of reliability benefit per dollar over time.

- **Alternatives**: Repair versus replacement, non-wires alternatives, deferral with a stated risk, different technology, and bundling of work to reduce mobilization and outage costs.

- **Prioritization**: The rationale for ranking work, such as customer benefit per dollar within the budget. The Company's benefit-cost model evaluates historic outages zone by zone rather than circuit by circuit, uses the Company's data on upgrades made over the past 20 years to estimate SAIDI and SAIFI benefits per dollar, and can be run against a stated reliability objective (Ex. CLP-TSP-1, p. 34, ll. 6–16). The Company's model compares work types at the device level, including reconductoring and backbone and lateral automation (TSP-1 p. 60, ll. 3–7). Resiliency work is ranked using an All-In SAIDI model that combines blue-sky and grey-sky SAIDI with a 1-in-10-year catastrophic storm (Ex. CLP-ELP-1, p. 62, ll. 16–22; p. 72, ll. 10–18).

- **Multi-Needs**: Efficiency also includes whether one investment can meet several needs. Replacing an aging asset with one sized for expected load, such as electrification, can avoid a second investment later, while like-for-like replacement can be the lower-cost choice where that need is not expected. The Company's plan targets locations with multiple needs, such as asset health, capacity, voltage and reliability, so that one investment resolves them together (Ex. CLP-TSP-3, slide 34).

- **Metrics:** The Company's plan also uses cost-efficiency metrics such as dollars per customer-minute of interruption saved, risk-based analytics that weigh the probability and consequence of failure, and planning at the protection-device (zone) level (Ex. CLP-TSP-3, slide 34). To track efficiency after investments are made, the Company has also proposed reporting metrics for capital expense per customer and per line mile, alongside its reliability performance incentive mechanisms, as sponsored by the Leadership Panel (Ex. CLP-ELP-1, p. 103, ll. 10–16; Ex. CLP-ELP-3).

The Company's planning applies this comparison. For each zone, the model identifies the most cost-effective upgrade, which could be anything from tree trimming to a full rebuild (Ex. CLP-TSP-1, p. 34, ll. 16–18). For capacity projects, planners use every available load transfer among stations before upgrading a substation transformer (TSP-1 p. 34, l. 21 – p. 35, l. 3). The Company's resiliency proposal illustrates the comparison. Spacer cable reconductoring delivers nearly two-thirds of the resiliency benefit of undergrounding for about one-third of the cost (Ex. CLP-ELP-1, p. 63, ll. 14–18). The hardening program is projected to avoid approximately 12.4 million customer-minutes of interruption per year, about $37.1 million per year at the Company's estimate of $3 per customer-minute (ELP-1 p. 64, ll. 8–11). Both undergrounding and spacer cable would be effective; spacer cable is the more efficient choice for most zones.

B. Distinguishing "efficient" from "prudent."

The benefit of an investment is harder to measure than its cost. Refer to Ex. CLP-TSP-1, p. 86, ll. 4–7. The benefit-cost analysis reduces uncertainty; it does not eliminate it. Distribution assets serve customers for decades, and decisions about them are made with the information available today. Not every capital investment is made to improve measured reliability. Connecting new customers, adding capacity to serve load growth or to host distributed generation, and relocating facilities for public works projects are required to provide service, and their benefit does not appear in outage metrics.

Further the benefits of a reliability or resiliency investment depend on events whose location and timing cannot be known in advance, so a sound investment may show little measurable benefit over a narrow period. For that reason, effectiveness is better assessed over time and across the system than project by project. The reliability metrics the Company proposes measure performance at the system level (Ex. CLP-ELP-3). The Company refines its estimates as performance data accumulate.

The benefits of an asset that may be in service for decades are spread across the many outages it helps avoid. Efficiency asks the further question of whether the same benefit could have been obtained at lower cost, or whether a higher-value project was displaced. An investment can be prudent and effective but not highly efficient where, for example, an asset is replaced when a targeted repair would have maintained performance, or where a project with lower benefit per dollar is funded ahead of one with higher benefit per dollar. The comparison that distinguishes efficient from effective is therefore made when the work is planned: the ranking of projects by benefit per dollar and the consideration of lower-cost alternatives.

Cost-efficiency must also be looked at with a long-term lens. Without programmatic or technological changes, PURA should expect the marginal benefit per dollar to decline over time as the highest-value work is completed. A declining ratio across the plan is not by itself evidence of inefficiency; the relevant check is that the portfolio remains ordered by value and that funded projects continue to produce net benefits. Two factors offset that decline. As performance results feed back into the model, its estimates become more precise, allowing investment to be targeted more exactly. And the model becomes more important, not less, once the most obvious opportunities have been completed.

When reviewing this model, three features safeguard against a benefit-cost model being tilted toward more spending. First, the model's benefit estimates come from the Company's own data on upgrades made over the past 20 years (Ex. CLP-TSP-1, p. 34, ll. 10–12; Ex. CLP-ELP-1, p. 67, ll. 17–19). Second, customer outage costs are valued using Lawrence Berkeley National Laboratory's Interruption Cost Estimate calculator, an independent source (Ex. CLP-TSP-1, p. 39, ll. 9–13), and inputs such as the value per customer-minute are on the record for review. Third, results are checked after the fact: the amount of revenue support provided for ongoing capital investments for the duration of the PBMRP capital is capped at the approved forecast, reliability is measured through the proposed SAIDI, SAIFI and customer reliability PIMs, and performance is reported annually (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 101–102). The Company has also noted that AMI data would improve its ability to measure the benefit customers actually experience from automation investments (Ex. CLP-TSP-1, p. 86, ll. 4–11).

[ii] UPA-025 Question:

Reference Application, Ex. CLP-IAP-1, pp. 31–32 and 54. Identify each quantitative threshold, benchmark, or other criterion used to distinguish underinvestment, calibrated investment, and overinvestment under the Investment Calibration Framework. If Eversource establishes no such thresholds or criteria, state so. Explain how the results presented on page 54 of Ex. CLP-IAP-1 to determine where CL&P's proposed capital investment falls within the framework.

UPA-025 Response:

The Investment Calibration Framework does not establish a numeric threshold, such as a dollar amount per customer or a percentage of rate base, separating underinvestment, calibrated investment and overinvestment. The framework is a way of organizing PURA's review of the level of investment; it is not a formula that produces a number.

That is deliberate. The appropriate level of investment depends on each system's age, condition, load, weather exposure and policy requirements, so a single threshold would not be sound, and it would carry its own unintended consequences. Spending just under a fixed line could be treated as sufficient regardless of the system's condition and spending just over it as excessive regardless of need. Setting investment levels is a judgment made within parameters, much as PURA sets other multi-year program budgets, i.e., the budget is built from historical experience and from the work needed going forward, and decisions are then made within that range.

The framework's focus was to create a methodology of quantifying and prioritizing the investments costs and benefits so that effective and efficient investments can be identified and prioritized, understanding all of the moving parts that change these estimates and potentially whether a project is cost effective. The focus was not meant to provide a single number. The Company's proposed budgets target impacts in relation to what is deemed by analytical evaluation to be effective and efficient.

The level of investment that is effective and efficient also depends on the objective it is measured against. The Company's benefit-cost model identifies the most cost-effective work for a stated reliability objective, such as a given improvement in SAIDI or SAIFI, and it can be run against different objectives (Ex. CLP-TSP-1, p. 34, ll. 12–18; p. 60, ll. 3–5). What is cost-effective therefore depends on the selected objective. The Company's planning presents the choice as a range, which is how the framework expects the question to be approached. The Company identified three investment levels: (1) Sustained Performance, the baseline needed to sustain the system, which carries lower near-term spending but higher emergent-failure and capital risk; (2) the proposed level, which adds Enhanced Reliability and Resiliency to constituted the Targeted System Performance plan; and (3) a higher Advancing the Grid level that the Company does not propose in this proceeding. The framework does not determine the specific dollar amounts at any of those levels. The support for the amounts proposed, including how the capital forecast was developed, is presented by the Leadership Panel and the System Engineering Panel (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3; see also the response to UPA-033[ii]).

The framework is neutral as to the answer. The crux of the analysis is the identification of a planning and investment approach and a vision on the "end state" that is envisioned as the proper regulatory outcome for customers. Therefore, in place of a fixed threshold, the framework identifies criteria that the Company recommends PURA apply collectively, several of which are quantitative:

Criterion	Indicates Insufficient Investment	Indicates Calibration	Indicates Over-Investment
Project Benefit-Cost Results	High-value projects repeatedly deferred	Portfolio funded in order of value; funded projects above 1.0	Projects funded below 1.0 or lower-cost alternatives passed over
Reliability and Asset Condition	Deteriorating SAIDI/SAIFI, rising equipment-caused and fair-weather outages, growing replacement backlog	Performance stable or improving against commitments	Gains well beyond commitments at a relatively high cost
Composition of Spending	Existing system work is consistently deferred	Spending mainly on maintaining and strengthening the existing system	Building for load that is not there or not expected (p. 47, ll. 3–6)
Cost Benchmarking	Capital investment levels well below peers, alongside rising maintenance needs on an aging system (p. 56, ll. 7–10)	Costs near or below benchmark with adequate performance	Capital investment well above peers without commensurate performance

The Company applies these criteria through two planning approaches. For reliability improvement, it selects projects using the benefit-cost model described in the response to UPA-024, ranked by metrics such as dollars per customer-minute of interruption saved (Ex. CLP-TSP-3, slides 34–35). The ranking sets the order in which work is funded toward the stated objective; it is not a rule that every project above a fixed benefit-cost ratio is built. For asset health, it runs programmatic replacement of asset classes with known degradation patterns, including bare copper overhead conductor, paper-insulated lead cable, right-of-way poles, direct-buried cable, pad-mounted switchgear and substation transformers. The pace of each program reflects historical spending patterns, with reasonable escalations for age and condition (p. 67, ll. 3–5; p. 69, ll. 11–13) (Ex. CLP-TSP-3, 37, 57–62, 71).

The asset programs, their pacing and the associated failure data are presented by the System Engineering Panel (Ex. CLP-TSP-1; Ex. CLP-TSP-3, slides 57–62, 71). Exhibit CLP-IAP-1 offers no opinion on the specific program lengths or budgets. It identifies the age and condition of assets pacing, weighed against cost, as the kind of consideration the Balance step relies on.

Applied to CL&P, the benchmarking results describe the Company's historical position. LEI's unit cost benchmarking ranks CL&P 32nd of 88 utilities nationally and 8th of 22 in the Northeast on capital cost per customer, and 47th of 88 and 8th of 22 on total cost per customer. After controlling for labor prices, network density, scale and other drivers, CL&P's capital costs averaged approximately 14 percent below the model-predicted benchmark and its total costs approximately 2 percent below it over 2015–2024 (Ex. CLP-PBR-3, pp. 9, 16-17)[ii]. Together with the condition of an aging system, those results place CL&P historically within the calibrated range, toward the under-investment side.

The benchmarking results do not by themselves locate the proposed plan. The testimony's conclusion that the proposed investment is calibrated rests on the combination of criteria above: the proposed reliability budget satisfies the RE08 affordability test and the investments carry benefit-to-cost ratios above 1.0 (Ex. CLP-IAP-7), the spending

is directed at the existing system (Ex. CLP-IAP-1, p. 46, l. 10 – p. 47, l. 11), and the need is documented in Exhibits CLP-TSP-1 through TSP-3, including an aging asset base and rising SAIDI (Ex. CLP-ELP-1, p. 42, l. 4 – p. 43, l. 2; p. 48, ll. 3–9).

[iii] UPA-026 Question:

Reference Application, Ex. CLP-IAP-1, p. 54. Explain the analytical basis for concluding that CL&P's below-average capital spending reflects a "drift toward under-investment." Identify the specific reliability, asset-condition, performance, or investment-need used to distinguish efficient below-average spending from underinvestment. Provide all supporting calculations and workpapers.

UPA-026 Response:

Underinvestment and efficiency are separate questions. Underinvestment means investing less than the system needs, given its age, condition, load, weather exposure and the reliability objectives set for it (see the response to UPA-025[iii]). Efficiency relates to whether each dollar spent buys a commensurate benefit (Ex. CLP-IAP-1, p. 85, ll. 5–7). A comparison of spending to an average, whether of peers or of the Company's own history, does not by itself establish either one. In the near term, under-investment can also constitute cost discipline (Ex. CLP-IAP-1, p. 35, ll. 1–6). What indicates whether lower spending is meeting system need is how the system is performing, i.e., whether reliability is stable or improving, or declining. As explained in the response to UPA-025, this is a judgment based on several signals, not a single threshold:

	Reliability Stable or Improving	**Reliability Declining**
Spending below peer average	Lower spending is meeting system need. Most likely where input prices are stable, the utility can lock in long-term procurement, load is changing slowly, and assets are not yet at end of life.	Under-investment signal. Deferred work is showing up as reduced performance.
Spending above peer average	Investment catching up or improving performance. The test is whether each dollar buys a commensurate benefit.	Over-investment signal. Spending is not producing results.

CL&P is not operating in the stable environment described by the "spending below peer average" and "reliability stable or improving" quadrant above (the upper left quadrant). Rather, it is moving toward the "spending below peer average" and "reliability declining" quadrant. Distribution equipment prices have risen well above general inflation, are changing, and much of the asset base is at or near end of life (Ex. CLP-IAP-1, p. 45, l. 18 – p. 46, l. 9; Ex. CLP-ELP-1, p. 42, ll. 4–20). Blue-sky SAIDI was 77.5 minutes in 2025, against a 2021–2025 average of 71.1 minutes, which indicates that SAIDI may be showing signals of decline (Ex. CLP-TSP-1, p. 76, Table 1), while SAIFI remained flat (Ex. CLP-ELP-1, p. 48, 11ll. 3-9). It is important to note, however, that external factors also affect SAIDI/SAIFI performance and this must be factored into the analysis.

Below-average capital spending together with reliability showing initial signs of decline indicates that there is a need for elevated levels of investment in the future.

The specific signs Exhibit CLP-IAP-1 relies upon are (page citations are to Ex. CLP-IAP-1 unless noted):

1. Constrained investment period. The Company refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16).

2. Equipment cost inflation. Because of the equipment price increases noted above, a similar nominal budget supports less work over time (p. 45, l. 18 – p. 46, l. 9).

3. O&M pattern. Higher O&M relative to peers, alongside modest capital spending, can be consistent with an aging system that needs more maintenance to stay in service (p. 56, ll. 7–10), although cross-utility O&M comparisons also reflect differences in service territory characteristics, regulatory requirements, company capitalization policy, labor costs and policy-program accounting (pp. 54–56). Increasing emergent failures also take resources away from proactive replacement (Ex. CLP-TSP-1, p. 22, ll. 14–16).

4. Asset condition and reliability. The Company's planning testimony documents an aging distribution system, with major asset classes at or beyond their expected service lives, rising equipment failures, and reliability that remains in the top quartile but has begun to slip, (Ex. CLP-ELP-1, pp. 42, 48–49; Ex. CLP-TSP-1, p. 35; Ex. CLP-TSP-3, slide 58). The asset-level detail is presented by the Leadership Panel and the System Engineering Panel. The point for the framework is the direction of those indicators. The data show a pattern associated with the underinvestment side of the calibrated range rather than one of stability or over-investment.

Taken together, these signs place CL&P within the calibrated range but moving toward its underinvestment side. Exhibit CLP-IAP-1's opinion is directed at the framework and at whether the proposed plan sits within the calibrated range; it is not centered on the amount of investment the Company has identified (p. 16, ll. 10–15). The support for the specific amounts proposed is presented in the Company's planning testimony (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3) Exhibit CLP-IAP-1 did not rely on separate calculations for this conclusion; it relies on the record evidence cited above, including the LEI benchmarking results and workpapers (Ex. CLP-PBR-3) and the reliability data in Ex. CLP-TSP-1, Table 1.

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, p. 33. Clarify the relationship between the Investment Calibration Framework and the traditional ratemaking principle of gradualism. State whether Eversource intends for the framework to supplement gradualism, incorporate gradualism as one component, or change how the Authority considers gradualism when evaluating capital investment and associated rate impacts.

Response:

The Company's proposed Investment Calibration Framework is intended to supplement the ratemaking principle of gradualism. The Company is not proposing to change how PURA applies the principle.

Saying that, the two address different questions. The Investment Calibration Framework addresses whether the level and pace of investment are calibrated to customer value. Whereas, gradualism in ratemaking addresses the pace at which the rate impact of that investment reaches customers. The testimony notes that gradualism, traditionally associated with avoiding rate shock, is also an affordability concept where households face rising costs across many expenses at once (Ex. CLP-IAP-1, p. 33, ll. 14–18).

The PBMRP applies gradualism to recovery over the plan term. The PBMRP recovers costs in smaller, steadier increments rather than through large increases that are typical of full rate cases (p. 59, ll. 7–21). Under the current multi-year rate plan from 2018-2025, the ESI limited the bill impact to less than $2 per month each year, on average, while recovering the costs of $2.7 billion of invested capital (p. 60, ll. 12–16).

As an example, Docket No. 17-12-03RE11 ("RE11"), the energy-burden framework provides a measurable, household-level reference point for the affordability concern that gradualism addresses. Gradualism is traditionally judged at the system or rate-class level, by the size of each rate change. The testimony's point is that affordability is experienced by households, which face rising costs across many expenses at once (p. 33, ll. 14–18). Energy burden, meaning the share of household income spent on energy, the measure PURA used in Docket No. 17-12-03RE11 that households' experience, and the five-tier low-income discount developed under RE11 is designed to hold participating customers' energy burden to roughly six percent (p. 86, ll. 8–12; Ex. CLP-CUSTOMER-1).

The PBMRP and the RE11 discount rate work together. The PBMRP applies gradualism in two ways. For O&M, the annual I − X − S adjustment limits increases to input-cost inflation, net of productivity and the Consumer Dividend. For capital investment, the Capital Funding Mechanism limits recovery to the approved forecast, reconciled annually but only downward, so the maximum capital-related increase during the PBMRP is known and cannot exceed the forecast (Ex. CLP-ELP-1, pp. 101–102). The RE11 discount then protects the customers most exposed to those increases, so that the pace of calibrated investment need not be set by the circumstances of the most vulnerable households alone.

Date Filed: October 06, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 37–45. For each case study, identify the specific factual condition or indicator that Eversource contends is also present at CL&P and cite the CL&P-specific evidence supporting that comparison.

Response:

The case studies are not offered as equivalencies. The testimony presents the case studies as a documented record of how the under-investment tail has unfolded elsewhere, not as a prediction for CL&P, and it draws no causal inference from them for CL&P (Ex. CLP-IAP-1, p. 20, ll. 15–20; p. 36, ll. 7–10 and 18–19).

The case studies are relevant to CL&P because the conditions at work in those situations -- aging assets and exposure to extreme events -- are not unique to those systems. Connecticut is not insulated from major weather events, and the age and condition of distribution assets is a significant determinant of how a system performs when that stress arrives (Ex. CLP-IAP-1, p. 36, ll. 12–13 and 16–18). Where a case involves a condition that is also present on CL&P's system, the table below identifies it with reference to the CL&P-specific evidence. The Investment Calibration Framework is useful only if the ends of the range can be described as well as the middle. The case studies serve that purpose. The case studies show what the under-investment tail looks like when it materializes and what it costs customers, which a framework that were defined only in the abstract could not convey (Ex. CLP-IAP-1, pp. 31–32, 37–45).

A range of outcomes is the right lens because the result of under-investment depends on many interacting factors and on events whose timing cannot be predicted, such as a severe storm or the failure of major substation equipment. The same system condition can produce very different results depending on when and how it is tested, which is why the level of investment has to be decided before those events occur rather than after (Ex. CLP-IAP-1, p. 36, l. 20 – p. 37, l. 2). The view of those tails is based on the witness' experience with tail risk as a regulator in Massachusetts. In that experience, the cost to customers came from how a system performed under stress, and the system's condition going into that stress shaped the outcome.

Case	Condition Identified in the Case Study	CL&P-Specific Evidence
PG&E (pp. 37–39)	Aging assets interacting with vegetation and extreme-event exposure	Bare copper conductor beyond its 40-to-50-year service life and vulnerable to tree contact; bulk transformers and substation assets will be past 50 years; poles below current strength standards (Ex. CLP-ELP-1, p. 42, ll. 4–20; p. 68, ll. 15–19). Connecticut experiences frequent storm-active days, which account for a large share of customer outages (Ex. CLP-ELP-1 p. 63, ll. 4–9). Connecticut has among the heaviest tree cover in the country, most outages are caused by trees or limbs, and most tree-related outages come from tree failure, often from outside the trim zone (Ex. CLP-VMP-1, p. 46, ll. 3–22; p. 47, ll. 1–2). CL&P's inspection and maintenance practices are not suggested to resemble those documented at PG&E
Hawaiian Electric (pp. 39–40)	Balance-sheet capacity relative to catastrophic exposure	CL&P's system is exposed to severe weather, experiencing approximately 35 to 45 storm-active days annually (Ex. CLP-TSP-1, p. 61, ll. 19–21). (Ex. CLP-IAP-1, p. 36, ll. 13–16). The Company's financial capacity and cost of capital are addressed by its cost of capital witness (Ex. CLP-ROE-1)
MBTA (pp. 40–41)	Maintenance crowded out over time, producing a state-of-good-repair backlog	The MBTA case illustrates how carrying costs and deferred maintenance compound over time in a capital-intensive system, and how few options remain once they do. Exhibit CLP-IAP-1 does not contend that a comparable backlog exists at CL&P; the case is included to show the direction of the risk.

Entergy New Orleans (pp. 42-43)	Quantified reductions in distribution capital and maintenance followed by reliability decline	The utility refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16; p. 60, fn. 39). SAIDI increasing, with CL&P still in the top quartile at its lower edge; equipment failures account for about 35–40 percent of blue-sky outages (Ex. CLP-ELP-1, p. 48, ll. 3–9; p. 49, ll. 1–6). These indicators show the direction of the trend.
Florida Power & Light (pp. 44–45)	Calibrated investment run through a defined plan, reporting, cost recovery with prudence review, and scrutiny of the benefit-cost case	The Company's proposal: a defined multi-year plan with reliability PIMs, annual reporting, a reliability benefit-cost model described in the Company's testimony, and capital capped at the approved forecast (Ex. CLP-IAP-1, p. 87, ll. 3–13; Ex. CLP-ELP-1, p. 50, ll. 1–9; p. 67, ll. 17–19; p. 118, ll. 6–14). Resiliency work selected by predicted benefit and delivered with spacer cable at about one-third the cost of undergrounding (Ex. CLP-ELP-1, p. 63, ll. 14–18)

The CL&P-specific evidence cited in the table, on asset age and condition, storm exposure and reliability trends is discussed further in the responses to UPA-025[i] and UPA-026[ii]. The underlying data on CL&P's assets and reliability are presented by the Leadership Panel (Ex. CLP-ELP-1) and the System Engineering Panel (Ex. CLP-TSP-1).

Prior Referenced Response:

[i] UPA-025 Question:

Reference Application, Ex. CLP-IAP-1, pp. 31–32 and 54. Identify each quantitative threshold, benchmark, or other criterion used to distinguish underinvestment, calibrated investment, and overinvestment under the Investment Calibration Framework. If Eversource establishes no such thresholds or criteria, state so. Explain how the results presented on page 54 of Ex. CLP-IAP-1 to determine where CL&P's proposed capital investment falls within the framework.

UPA-025 Response:

The Investment Calibration Framework does not establish a numeric threshold, such as a dollar amount per customer or a percentage of rate base, separating underinvestment, calibrated investment and overinvestment. The framework is a way of organizing PURA's review of the level of investment; it is not a formula that produces a number.

That is deliberate. The appropriate level of investment depends on each system's age, condition, load, weather exposure and policy requirements, so a single threshold would not be sound, and it would carry its own unintended consequences. Spending just under a fixed line could be treated as sufficient regardless of the system's condition and spending just over it as excessive regardless of need. Setting investment levels is a judgment made within parameters, much as PURA sets other multi-year program budgets, i.e., the budget is built from historical experience and from the work needed going forward, and decisions are then made within that range.

The framework's focus was to create a methodology of quantifying and prioritizing the investments costs and benefits so that effective and efficient investments can be identified and prioritized, understanding all of the moving parts that change these estimates and potentially whether a project is cost effective. The focus was not meant to provide a single number. The Company's proposed budgets target impacts in relation to what is deemed by analytical evaluation to be effective and efficient.

The level of investment that is effective and efficient also depends on the objective it is measured against. The Company's benefit-cost model identifies the most cost-effective work for a stated reliability objective, such as a given improvement in SAIDI or SAIFI, and it can be run against different objectives (Ex. CLP-TSP-1, p. 34, ll. 12–18; p. 60, ll. 3–5). What is cost-effective therefore depends on the selected objective. The Company's planning presents the choice as a range, which is how the framework expects the question to be approached. The Company identified three investment levels: (1) Sustained Performance, the baseline needed to sustain the system, which carries lower near-term spending but higher emergent-failure and capital risk; (2) the proposed level, which adds Enhanced Reliability and Resiliency to constituted the Targeted System Performance plan; and (3) a higher Advancing the Grid level that the Company does not propose in this proceeding. The framework does not determine the specific dollar amounts at any of those levels. The support for the amounts proposed, including how the capital forecast was developed, is presented by the Leadership Panel and the System Engineering Panel (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3; see also the response to UPA-033[i]).

The framework is neutral as to the answer. The crux of the analysis is the identification of a planning and investment approach and a vision on the "end state" that is envisioned as the proper regulatory outcome for customers. Therefore, in place of a fixed threshold, the framework identifies criteria that the Company recommends PURA apply collectively, several of which are quantitative:

Criterion	Indicates Insufficient Investment	Indicates Calibration	Indicates Over-Investment
Project Benefit-Cost Results	High-value projects repeatedly deferred	Portfolio funded in order of value; funded projects above 1.0	Projects funded below 1.0 or lower-cost alternatives passed over
Reliability and Asset Condition	Deteriorating SAIDI/SAIFI, rising equipment-caused and fair-weather outages, growing replacement backlog	Performance stable or improving against commitments	Gains well beyond commitments at a relatively high cost

Composition of Spending	Existing system work is consistently deferred	Spending mainly on maintaining and strengthening the existing system	Building for load that is not there or not expected (p. 47, ll. 3–6)
Cost Benchmarking	Capital investment levels well below peers, alongside rising maintenance needs on an aging system (p. 56, ll. 7–10)	Costs near or below benchmark with adequate performance	Capital investment well above peers without commensurate performance

The Company applies these criteria through two planning approaches. For reliability improvement, it selects projects using the benefit-cost model described in the response to UPA-024, ranked by metrics such as dollars per customer-minute of interruption saved (Ex. CLP-TSP-3, slides 34–35). The ranking sets the order in which work is funded toward the stated objective; it is not a rule that every project above a fixed benefit-cost ratio is built. For asset health, it runs programmatic replacement of asset classes with known degradation patterns, including bare copper overhead conductor, paper-insulated lead cable, right-of-way poles, direct-buried cable, pad-mounted switchgear and substation transformers. The pace of each program reflects historical spending patterns, with reasonable escalations for age and condition (p. 67, ll. 3–5; p. 69, ll. 11–13) (Ex. CLP-TSP-3, 37, 57–62, 71).

The asset programs, their pacing and the associated failure data are presented by the System Engineering Panel (Ex. CLP-TSP-1; Ex. CLP-TSP-3, slides 57–62, 71). Exhibit CLP-IAP-1 offers no opinion on the specific program lengths or budgets. It identifies the age and condition of assets pacing, weighed against cost, as the kind of consideration the Balance step relies on.

Applied to CL&P, the benchmarking results describe the Company's historical position. LEI's unit cost benchmarking ranks CL&P 32nd of 88 utilities nationally and 8th of 22 in the Northeast on capital cost per customer, and 47th of 88 and 8th of 22 on total cost per customer. After controlling for labor prices, network density, scale and other drivers, CL&P's capital costs averaged approximately 14 percent below the model-predicted benchmark and its total costs approximately 2 percent below it over 2015–2024 (Ex. CLP-PBR-3, pp. 9, 16-17)[i]. Together with the condition of an aging system, those results place CL&P historically within the calibrated range, toward the under-investment side.

The benchmarking results do not by themselves locate the proposed plan. The testimony's conclusion that the proposed investment is calibrated rests on the combination of criteria above: the proposed reliability budget satisfies the RE08 affordability test and the investments carry benefit-to-cost ratios above 1.0 (Ex. CLP-IAP-7), the spending is directed at the existing system (Ex. CLP-IAP-1, p. 46, l. 10 – p. 47, l. 11), and the need is documented in Exhibits CLP-TSP-1 through TSP-3, including an aging asset base and rising SAIDI (Ex. CLP-ELP-1, p. 42, l. 4 – p. 43, l. 2; p. 48, ll. 3–9).

ii UPA-026 Question:

Reference Application, Ex. CLP-IAP-1, p. 54. Explain the analytical basis for concluding that CL&P's below-average capital spending reflects a "drift toward under-investment." Identify the specific reliability, asset-condition, performance, or investment-need used to distinguish efficient below-average spending from underinvestment. Provide all supporting calculations and workpapers.

UPA-026 Response:

Underinvestment and efficiency are separate questions. Underinvestment means investing less than the system needs, given its age, condition, load, weather exposure and the reliability objectives set for it (see the response to UPA-025[ii]). Efficiency relates to whether each dollar spent buys a commensurate benefit (Ex. CLP-IAP-1, p. 85, ll. 5–7). A comparison of spending to an average, whether of peers or of the Company's own history, does not by itself establish either one. In the near term, under-investment can also constitute cost discipline (Ex. CLP-IAP-1, p. 35, ll. 1–6). What indicates whether lower spending is meeting system need is how the system is performing, i.e., whether reliability is stable or improving, or declining. As explained in the response to UPA-025, this is a judgment based on several signals, not a single threshold:

	Reliability Stable or Improving	**Reliability Declining**
Spending below peer average	Lower spending is meeting system need. Most likely where input prices are stable, the utility can lock in long-term procurement, load is changing slowly, and assets are not yet at end of life.	Under-investment signal. Deferred work is showing up as reduced performance.
Spending above peer average	Investment catching up or improving performance. The test is whether each dollar buys a commensurate benefit.	Over-investment signal. Spending is not producing results.

CL&P is not operating in the stable environment described by the "spending below peer average" and "reliability stable or improving" quadrant above (the upper left quadrant). Rather, it is moving toward the "spending below peer average" and "reliability declining" quadrant. Distribution equipment prices have risen well above general inflation, are changing, and much of the asset base is at or near end of life (Ex. CLP-IAP-1, p. 45, l. 18 – p. 46, l. 9; Ex. CLP-ELP-1, p. 42, ll. 4–20). Blue-sky SAIDI was 77.5 minutes in 2025, against a 2021–2025 average of 71.1 minutes, which indicates that SAIDI may be showing signals of decline (Ex. CLP-TSP-1, p. 76, Table 1), while SAIFI remained flat (Ex. CLP-ELP-1, p. 48, 11ll. 3-9). It is important to note, however, that external factors also affect SAIDI/SAIFI performance and this must be factored into the analysis.

Below-average capital spending together with reliability showing initial signs of decline indicates that there is a need for elevated levels of investment in the future.

The specific signs Exhibit CLP-IAP-1 relies upon are (page citations are to Ex. CLP-IAP-1 unless noted):

1. Constrained investment period. The Company refrained from increasing its distribution investment in recent years (Ex. CLP-IAP-1, p. 12, ll. 13–16).

2. Equipment cost inflation. Because of the equipment price increases noted above, a similar nominal budget supports less work over time (p. 45, l. 18 – p. 46, l. 9).

3. O&M pattern. Higher O&M relative to peers, alongside modest capital spending, can be consistent with an aging system that needs more maintenance to stay in service (p. 56, ll. 7–10), although cross-utility O&M comparisons also reflect differences in service territory characteristics, regulatory requirements, company capitalization policy, labor costs and policy-program accounting (pp. 54–56). Increasing emergent failures also take resources away from proactive replacement (Ex. CLP-TSP-1, p. 22, ll. 14–16).

4. Asset condition and reliability. The Company's planning testimony documents an aging distribution system, with major asset classes at or beyond their expected service lives, rising equipment failures, and reliability

that remains in the top quartile but has begun to slip, (Ex. CLP-ELP-1, pp. 42, 48–49; Ex. CLP-TSP-1, p. 35; Ex. CLP-TSP-3, slide 58). The asset-level detail is presented by the Leadership Panel and the System Engineering Panel. The point for the framework is the direction of those indicators. The data show a pattern associated with the underinvestment side of the calibrated range rather than one of stability or over-investment.

Taken together, these signs place CL&P within the calibrated range but moving toward its underinvestment side. Exhibit CLP-IAP-1's opinion is directed at the framework and at whether the proposed plan sits within the calibrated range; it is not centered on the amount of investment the Company has identified (p. 16, ll. 10–15). The support for the specific amounts proposed is presented in the Company's planning testimony (Exs. CLP-ELP-1; CLP-TSP-1 through TSP-3) Exhibit CLP-IAP-1 did not rely on separate calculations for this conclusion; it relies on the record evidence cited above, including the LEI benchmarking results and workpapers (Ex. CLP-PBR-3) and the reliability data in Ex. CLP-TSP-1, Table 1.

Date Filed: October 06, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Edward A. Davis, Kimberly R. Parsons, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 57–58. For each of the four affirmative affordability measures Eversource identifies (the performance-based multi-year rate plan, economic development rate, optional residential space-heating rate, and Consumer Dividend), state the specific action Eversource recommends that the Authority take in this proceeding. Also, state whether conclusion is that CL&P's proposal is affordable depends on implementation of each measure and, if not, identify which measures Eversource considers necessary to support that conclusion.

Response:

The Company recommends that PURA take the following actions with respect to each affordability measure:

Measure	Recommended action	Supporting testimony
PBMRP	Approve the PBMRP as proposed, including the I − X − S adjustment to base-rate O&M and the Capital Funding Mechanism capped at the approved forecast with annual, downward-only reconciliation	Ex. CLP-ELP-1; Exs. CLP-PBR-1 to PBR-3; Ex. CLP-IAP-1, pp. 59–62
Economic Development Rate	Approve the EDR rider for qualifying Rate 57 and 58 customers adding incremental load, with a declining five-year discount, a marginal-cost floor, and a repayment provision	UI 22-08-08 Ex. CLP-RATES-1; Ex. CLP-IAP-1, pp. 62–67
Optional residential space heating rate (Rate 6)	Approve optional Rate 6 for eligible residential customers converting from delivered fuels to air-source heat pumps	Exs. CLP-RATES-1, RATES-6; Ex. CLP-IAP-1, pp. 67–70
Consumer Dividend	Adopt the Consumer Dividend as the S-Factor, with an unconditional 0.30 percent	Ex. CLP-IAP-1, pp. 70–84; Ex. CLP-PBR-

	floor, an asymmetric annual ratchet that can raise the applied level to 0.60 percent over the plan term, and a trigger based on Core Operating Expense per customer against the escalated benchmark	1 Ex. CLP-ELP-1, pp. 92–96

While each measure is designed to provide value to customers, the affordability of the Company's proposal is not dependent on the implementation of each measure. The conclusion that CL&P's proposed investment is affordable rests primarily on the calibration evidence: benefit-cost results (Ex. CLP-IAP-7), the historical bill and cost benchmarking record, and the documented system need (Ex. CLP-IAP-1, p. 85, l. 13 – p. 86, l. 7). The measures are complementary. The Economic Development Rate and Rate 6 can each be evaluated on its own merits; the Consumer Dividend operates, and therefore is dependent on the PBMRP. Please also see the response to UPA-022[i].

Of the four, the PBMRP, meaning the O&M formula together with the Capital Funding Mechanism, is the measure the Company considers necessary to sustain that conclusion over the plan term. It is the structure that makes calibrated investment achievable over time: the annual change in revenue adjustments supporting capital is capped at the approved forecast, reconciled only downward during the course of the PBMRP, and recovered at a measured pace (p. 30, l. 13 – p. 31, l. 3; p. 87, ll. 3–13). See Exhibit See Exhibits CLP-ELP-1 (pp. 73–119) and CLP-PBR-1 for support of the PBMRP proposal.

The next three measures were designed to benefit consumers without shifting costs to other customers. The Consumer Dividend is an affordability enhancement for the PBMRP and operates within it as the S-Factor through which customers share in efficiency gains. The Economic Development Rate addresses the sales base over which fixed costs are spread and can have a meaningful effect depending on customer participation (p. 58, ll. 7–20). The optional residential space heating rate (Rate 6) is a targeted measure that lowers the electric cost of operating a heat pump, relative to the standard residential rate, for eligible customers, with no cost redistribution to non-adopting customers, and adds sales over which embedded costs are spread (p. 69, ll. 3–12).

As described in the Company's response to UPA-033[ii], the Company acknowledges that its proposals in this proceeding do not reflect the singular framework in existence that could support affordable investment in the state of Connecticut. The Company has proposed a comprehensive framework in this proceeding, leveraging its experience and that of its expert consultants work in other jurisdictions, and conforming as closely as possible to the PFDs in PURA's PBR proceedings, in order to propose a framework that could support the level of going-forward system investment needs while operating in a multi-year rate case stay out, which is a fundamental component of PBR frameworks adopted elsewhere. If PURA adopts a framework that materially differs from the Company's proposals, or is not calibrated to support the level of investment needed

in the system on a going forward basis, the Company will not be in a position to commit to a rate case stay-out period of, which will result in more frequent rate cases, in which all components of the Company's costs will be updated to then-current levels.

Prior Referenced Responses:

---

[i] UPA-022 Question:
Reference Application, Ex. CLP-IAP-1, p. 25. Identify the evidence Eversource relies upon to conclude that the proposed capital plan is affordable from the customer perspective and quantify the bill or energy-burden impact attributable to the proposed capital investment. Provide all supporting calculations and workpapers.

UPA-022 Response:
To conclude that the proposed capital plan is affordable, the Company followed the Three B's discussed in response to UPA-021,[i] and relied on the following evidence: (1) the cost benchmarking performed by LEI (Exhibit CLP-PBR-3); (2) the Company's benefit-cost modeling of reliability investment (Exhibit CLP-TSP-1 & CLP-TSP-3); (3) application of the RE08 affordability test (notwithstanding the Company's stated concerns with the methodological basis for this alleged threshold); (4) alignment with RE011; and (5) data showing that the distribution costs are not significantly impacting the volatility of customer bills (Exhibit CLP-IAP-1,atpage. 21–22; 48-49; Figures 2 and 4).

Using the proposed "Three B's Framework", Eversource has provided the following evidence that the proposed capital plan is affordable:

1. "Burden" or impact on customers:
    a. The distribution portion of a typical residential bill has grown modestly in real terms -- about 9 percent from January 2015 to 2026 (about 0.8 percent per year), and about 0.2 percent in real terms from 2019 to 2026 (page 22, line. 11–17; page 48, line. 5–16; Figure 4).
    b. The bill volatility customers have experienced since 2021 came from supply and public-benefits charges, not distribution (page 21, line 3; page 22, line 7; Figure 2).
    c. Under the current multi-year plan, the ESI limited the bill impact of $2.7 billion of capital investment to less than $2 per month each year, on average, over 2018–2025 (page 60, line 12–16)
    d. The most direct quantitative measure of customer affordability available to PURA is energy burden under the RE011 framework. The Company's five-tier low-income discount is designed to hold participating customers' energy burden to roughly six percent (Exhibit CLP-IAP-1, at page 86, ll. 8–12; Exhibit CLP-CUSTOMER-1).
2. "Budget"
    a. Structural protections in the proposal -- the Capital Funding Mechanism caps the level of capital revenue support during the PBMRP at the approved forecast in this proceeding and reconciles annually, but only downward, so customers pay the lesser of forecast or actual plant in service (page 61, line 14–18; page 87, line 3– 13; Exhibit CLP-ELP-1, at page 101–102). Amounts expended above the cap would be allowed in rates only prospectively from the date of a future prudence review and forward (in the context of a future rate case), imposing an element of regulatory lag on capital investments above the cap, and above forecasted levels.

b. The proposed reliability investment satisfies the RE08 affordability test, notwithstanding the Company's concerns with the methodological basis for that threshold (UPA-021) (Exhibit CLP-IAP-7; Exhibit CLP-IAP-1, page 23, line 1–19).

3. "Balance"

a. The Company prioritizes reliability investment using a benefit-cost model that ranks work by customer benefit per dollar, so that the investment delivers the reliability it is meant to buy at an appropriate cost relative to alternatives (Exhibit CLP-TSP-1, page 34–35; Exhibit CLP-TSP-3, slide 34). See, also, the responses to UPA-024[i] through UPA-026.[i]

b. National and peer comparisons point the same way. LBNL's national study shows that 20 of 22 sampled utilities plan more spending on managing the existing system than on capacity expansion, and indirectly that Eversource is at the low end of planned capital growth among peers, and that New England's distribution rate pressure reflects a contracting sales base more than capital spending growth (Exhibit CLP-IAP-1, at page 46–47, 52–53; Exhibit CLP-IAP-4, at page 19, 21–22, 30). LEI's benchmarking places CL&P's capital cost per customer below the national average and below the model-predicted benchmark (Exhibit CLP-PBR-3, at page 9 and 17). Once the plan is in place, the Company proposes to measure its performance against its own plan, accounting, territory and customer (Exhibit CLP-IAP-1, at page 57, line 3–16; please refer to the response to UPA-031[i]).

Exhibit CLP-IAP-1 does not independently calculate the bill impact of the ongoing capital plan. However, the Company has provided total bill impacts by rate class in response to AMTRAK-012[i]. In that response, the total average bill impacts are 1.3%, 1.3% and 1.4% for Rate Years 2, 3, and 4 (UPA-022 Attachment 1, Line 66). For Rate Years 2 through 4, the revenue requirement associated with the proposed capital plan is recovered through the Capital Funding Mechanism. The table below isolates that component from the total revenue increases.

The capital plan adds $67.2 million, $71.4 million and $74.5 million of incremental distribution revenue in Rate Years 2, 3 and 4 which represent 87%, 88%, and 89% of the estimated total distribution revenue increase for each Rate Year 2, 3, and 4. These are forecast amounts. Under the Capital Funding Mechanism, recovery is reconciled annually to the lesser of forecast or actual and can be adjusted downward only.

($ Millions)	Rate Year 2	Rate Year 3	Rate Year 4
F-Factor Revenue	$67.2	$71.4	$74.5
Total Revenue Increase (F-Factor + I-X)	$77.6	$81.1	$83.0
F-Factor % of Total	87%	88%	89%

[ii] UPA-033 Question:
Reference Application, Ex. CLP-IAP-1, pp. 30–31. Explain the role of performance-based regulation in the Investment Calibration Framework. State whether Eversource's framework depends on implementation of a performance-based ratemaking structure to maintain capital investment within the calibrated range and identify any PIMs, metrics, or mechanisms used to evaluate capital investment. If not, identify how the framework maintains investment within the calibrated range absent performance-based regulation.

UPA-033 Response:
No ratemaking structure, performance-based or otherwise, determines whether a given investment is effective or efficient (UPA-024[ii]). This determination comes as a result of the work of planning, engineering and execution, tested through the Company's project justification and alternatives analysis and, ultimately, PURA's prudence review. What

a ratemaking mechanism determines is the financial environment in which those decisions are made and the underlying incentives inherent in the regulatory framework (Ex. CLP-IAP-1, p. 30, ll. 1–12).

Performance-based regulation, properly designed, is the structure that makes calibration achievable and holds it in place over the plan term (p. 30, l. 13 – p. 31, l. 3). The PBMRP follows the methodology of a comprehensive PBR plan, except that its formula applies to O&M only (Ex. CLP-ELP-1, p. 85, ll. 12–19). O&M revenue is adjusted annually by the I − X − S formula, with the Consumer Dividend as the S-Factor. Capital investment is addressed through the Capital Funding Mechanism, which limits recovery to the lesser of the approved forecast or actual plant in service and places the risk of excess capital spending on the Company (pp. 101–102).

An index applied to capital would pass input-price changes through to customers; a fixed forecast does not. The capital forecast underlying the cap was developed by the Company's engineering organization and is described by the Leadership Panel and the System Engineering Panel (Ex. CLP-ELP-1, pp. 64–72; Ex. CLP-TSP-1, pp. 39–61). The intent of the framework proposed by the Company is to advance a regulatory framework that affordably enables cost effective system investment to support the economic vitality of Connecticut, introduces PIMs for transparency and accountability for the duration of the plan, and retains appropriate incentives for the Company to control costs of both O&M and capital spending to the greatest extent possible over the course of the plan.

The framework itself does not depend on performance-based regulation; it is an evaluation lens that PURA can apply under any ratemaking structure. However, the PBMRP is the Company's proposed means of keeping investment within the calibrated range for CL&P over the plan term, balancing recovery of costs with rate stability and gradual year-over-year customer bill impacts. In addition, PBR drives efficiency in utilities working within these confines and supports cost discipline over time. Absent performance-based regulation, that evaluation would occur in base rate cases as part of the prudence review. The Company has stated that, without the PBMRP, it would expect to file rate cases as close to annually as possible (Ex. CLP-ELP-1, p. 85, ll. 1–3).

The mechanisms and controls in the PBMRP that the Company relies upon to keep capital investment within the calibrated range, and to provide transparency and accountability for performance are:

- Capital Funding Mechanism. Revenue is capped based on the approved capital expenditure forecast with an annual, downward-only reconciliation (Ex. CLP-ELP-1, pp. 101–102).
- Reliability PIMs: System Reliability PIMs for blue-sky SAIDI and SAIFI with performance-based benchmarks, and a Customer Reliability PIM targeting repeat CEMI and CELID customers, offered as part of the PBMRP (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 106–107, Table 3). These tie the Company's financial results to the reliability the capital program is meant to support. The SAIDI and SAIFI PIMs are penalty-only, with penalties of $1.75 million to $3.5 million each; the Customer Reliability PIM is incentive-only, with an incentive of $1.5 million to $3.0 million.
- Performance Metrics: 16 proposed metrics across three categories, with descriptions, targets and PIM design in Exhibit CLP-ELP-3 (Ex. CLP-ELP-1, p. 103, ll. 10–16).
- Reporting: Capital spending against the approved plan and reliability against commitments, with regular public reporting (p. 57, ll. 3–8); cost-efficiency metrics, reported without targets or penalties (Ex. CLP-ELP-1, p. 112, Table 5; p. 113, l. 5 – p. 114, l. 16).
- Project-Level Review: The reliability benefit-cost model on the record (Ex. CLP-ELP-1, p. 67, ll. 17–19; Ex. CLP-TSP-1, p. 60, ll. 3–7) and prudence review.

The Company's proposals set forth a comprehensive framework in this proceeding, leveraging the Company's experience, and that of its expert consultants work in other jurisdictions, while conforming as closely as possible to the proposed final decisions in PURA's PBR proceedings, in order to propose a framework that could support the level of going-forward system investment needs while operating in a multi-year rate case stay out, which is a fundamental component of PBR frameworks adopted elsewhere. If PURA adopts a framework that materially differs

from the Company's proposals, or is not calibrated to support the level of investment needed in the system on a going forward basis, the Company will not be in a position to commit to a rate case stay-out period of four years, which will result in more frequent rate cases, in which all components of the Company's costs will be updated to then-current levels.

Date Filed: October 06, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 56–57. Clarify the role Eversource recommends for peer benchmarking after implementation of a multi-year rate plan. Specifically, state whether Eversource recommends continuing peer benchmarking as an ongoing performance measure, using it periodically for comparative analysis, or relying primarily on CL&P's approved plan and historical performance to measure performance over time.

Response:

The Company recommends relying primarily on CL&P's approved plan and its own historical performance to measure cost-efficiency performance over the plan term. While peer benchmarking may be used periodically for comparative analysis, such as in preparation for a future rate case, the Company does not recommend peer benchmarking as an ongoing measure of cost efficiency or affordability performance, primarily due to the lack of a platform for establishing reliable comparability. However, the Company does and will continue to benchmark system and customer reliability metrics against peer utilities, as these industry-standard measures provide meaningful and actionable comparisons of service performance.

Once a multi-year plan is established, the Company's progress towards achieving additional cost efficiencies should be measured against a Company-specific baseline, including: Core Operating Expense per customer against a baseline escalated by an inflation-based benchmark, capital spending against the approved plan, and reliability against the plan's commitments, with regular public reporting (Ex. CLP-IAP-1, p. 57, ll. 3–8). Refer to the Company's response to CLF-AC-005[i]). These metrics reflect the Company's efforts to improve cost efficiency during the PBR term. Peer benchmarking, however, is comparative so the Company's comparative standing against its peers could be driven by changes outside the control of the Company, such as poorer cost control by other utilities. In addition, the expense of continuous cost efficiency peer benchmarking could negatively impact consumer dividend by adding expense throughout the PBR term without significant benefit to customers through improved cost efficiency. Therefore, while peer benchmarking is useful for assessing cost efficiency on a periodic basis, for the purpose of annually assessing cost efficiency and affordability performance during the PBR term the Company has proposed to measure performance against the proposed baselines.

The Company continues to benchmark against peers in other areas, including reliability and customer satisfaction. The Company has also proposed reporting-only cost-efficiency metrics for the plan term (Ex. CLP-ELP-1, p. 112, Table 5; Ex. CLP-ELP-3). Also refer to the Company's response to UPA-022[ii].

Prior Referenced Responses

[i] CLF-AC-005 Question

(Performance-based Regulation) Refer to Exhibit CLP-PBR-1, pages 58-59.

(a) Please confirm that the Company did not propose the S-Factor / stretch factor methodology to align with the mechanism as described in the RE01 2025 PFD to include the Benchmarking-Study-based tiered approach under which "highly efficient utilities have an S-Factor at zero.(as stated in Docket No., Proposed Final Decision, July 2025, at page 22)"
(b) Please confirm whether or not the Company considered proposing that methodology. If so, produce all analyses, benchmarking studies, models, workpapers [etc] reflecting that consideration.

CLF-AC-005 Response

(a) No. While the Company's proposed S-Factor includes a benchmarking-based tiered approach that adjusts based on the Company's core O&M performance per customer relative to a benchmark, it does not align with the methodology described in the Proposed Final Decision ("PFD") in Docket No. 21-05-15RE01 under which highly efficient utilities would have an S-Factor of zero. Under the Company's proposal, the S-Factor has a floor of 30 basis points, meaning customers receive a 30-basis-point reduction relative to inflation even when the Company is classified in the highest performance tier. By contrast, the PFD described a framework under which highly efficient utilities would have an S-Factor of zero, resulting in no reduction relative to inflation.

Further, the PFD's discussion of the S-Factor was conceptual in nature. The PFD described potential benchmarking and tiering concepts and provided illustrative examples, but it did not establish the specific benchmarks, indices, thresholds, tiers, or other parameters that would be necessary to implement such a mechanism. Accordingly, while the Company's proposal incorporates benchmarking and tiering concepts similar to those discussed in the PFD, it does not adopt the specific zero-floor approach described therein.

(b) As stated in the Company's response to CLF-AC-002, as a general practice, the Company would consider any ratemaking construct, with potentially differing elements and mechanisms from its own proposal, that supports the same objectives outlined in the Company's proposal: (1) the reliability and performance requirements of the Company's customers and the broader State of Connecticut; (2) customer rate stability and affordability; (3) incentives for cost efficiency in utility operations; and (4) implementation of a revenue support mechanism sufficient to cover the cost of delivering these objectives to customers.

Finally, as noted in subpart (a) of this response, the PFD lacked the specificity necessary to be able to adopt a single, cohesive methodology with respect to the S-Factor.

[ii] UPA-022 Question

Reference Application, Ex. CLP-IAP-1, p. 25. Identify the evidence Eversource relies upon to conclude that the proposed capital plan is affordable from the customer perspective and quantify the bill or energy-burden impact attributable to the proposed capital investment. Provide all supporting calculations and workpapers.

UPA-022 Response

To conclude that the proposed capital plan is affordable, the Company followed the Three B's discussed in response to UPA-021,[ii] and relied on the following evidence: (1) the cost benchmarking performed by LEI (Exhibit CLP-PBR-3); (2) the Company's benefit-cost modeling of reliability investment (Exhibit CLP-TSP-1 & CLP-TSP-3); (3) application of the RE08 affordability test (notwithstanding the Company's stated concerns with the methodological basis for this alleged threshold); (4) alignment with RE011; and (5) data showing that the distribution costs are not significantly impacting the volatility of customer bills (Exhibit CLP-IAP-1,atpage. 21–22; 48-49; Figures 2 and 4).

Using the proposed "Three B's Framework", Eversource has provided the following evidence that the proposed capital plan is affordable:

1. "Burden" or impact on customers:
    a. The distribution portion of a typical residential bill has grown modestly in real terms -- about 9 percent from January 2015 to 2026 (about 0.8 percent per year), and about 0.2 percent in real terms from 2019 to 2026 (page 22, line. 11–17; page 48, line. 5–16; Figure 4).
    b. The bill volatility customers have experienced since 2021 came from supply and public-benefits charges, not distribution (page 21, line 3; page 22, line 7; Figure 2).
    c. Under the current multi-year plan, the ESI limited the bill impact of $2.7 billion of capital investment to less than $2 per month each year, on average, over 2018–2025 (page 60, line 12–16)
    d. The most direct quantitative measure of customer affordability available to PURA is energy burden under the RE011 framework. The Company's five-tier low-income discount is designed to hold participating customers' energy burden to roughly six percent (Exhibit CLP-IAP-1, at page 86, ll. 8–12; Exhibit CLP-CUSTOMER-1).
2. "Budget"
    a. Structural protections in the proposal -- the Capital Funding Mechanism caps the level of capital revenue support during the PBMRP at the approved forecast in this proceeding and reconciles annually, but only downward, so customers pay the lesser of forecast or actual plant in service (page 61, line 14–18; page 87, line 3– 13; Exhibit CLP-ELP-1, at page 101–102). Amounts expended above the cap would be allowed in rates only prospectively from the date of a future prudence review and forward (in the context of a future rate case), imposing an element of regulatory lag on capital investments above the cap, and above forecasted levels.
    b. The proposed reliability investment satisfies the RE08 affordability test, notwithstanding the Company's concerns with the methodological basis for that threshold (UPA-021) (Exhibit CLP-IAP-7; Exhibit CLP-IAP-1, page 23, line 1–19).
3. "Balance"
    a. The Company prioritizes reliability investment using a benefit-cost model that ranks work by customer benefit per dollar, so that the investment delivers the reliability it is meant to buy at an appropriate cost relative to alternatives (Exhibit CLP-TSP-1, page 34–35; Exhibit CLP-TSP-3, slide 34). See, also, the responses to UPA-024[ii] through UPA-026.[ii]
    b. National and peer comparisons point the same way. LBNL's national study shows that 20 of 22 sampled utilities plan more spending on managing the existing system than on capacity expansion,

and indirectly that Eversource is at the low end of planned capital growth among peers, and that New England's distribution rate pressure reflects a contracting sales base more than capital spending growth (Exhibit CLP-IAP-1, at page 46–47, 52–53; Exhibit CLP-IAP-4, at page 19, 21–22, 30). LEI's benchmarking places CL&P's capital cost per customer below the national average and below the model-predicted benchmark (Exhibit CLP-PBR-3, at page 9 and 17). Once the plan is in place, the Company proposes to measure its performance against its own plan, accounting, territory and customer (Exhibit CLP-IAP-1, at page 57, line 3–16; please refer to the response to UPA-031[ii]).

Exhibit CLP-IAP-1 does not independently calculate the bill impact of the ongoing capital plan. However, the Company has provided total bill impacts by rate class in response to AMTRAK-012[ii]. In that response, the total average bill impacts are 1.3%, 1.3% and 1.4% for Rate Years 2, 3, and 4 (UPA-022 Attachment 1, Line 66). For Rate Years 2 through 4, the revenue requirement associated with the proposed capital plan is recovered through the Capital Funding Mechanism. The table below isolates that component from the total revenue increases.

The capital plan adds $67.2 million, $71.4 million and $74.5 million of incremental distribution revenue in Rate Years 2, 3 and 4 which represent 87%, 88%, and 89% of the estimated total distribution revenue increase for each Rate Year 2, 3, and 4. These are forecast amounts. Under the Capital Funding Mechanism, recovery is reconciled annually to the lesser of forecast or actual and can be adjusted downward only.

($ Millions)	Rate Year 2	Rate Year 3	Rate Year 4
F-Factor Revenue	$67.2	$71.4	$74.5
Total Revenue Increase (F-Factor + I-X)	$77.6	$81.1	$83.0
F-Factor % of Total	87%	88%	89%

Date Filed: October 14, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 54–56. Quantify the portion of CL&P's elevated O&M that Eversource attributes to aging assets or constrained capital investment after accounting for labor costs, policy-related expenses, customer-base effects, and accounting differences discussed in the testimony. Provide all supporting calculations and workpapers.

Response:

Exhibit CLP-IAP-1, does not stand for the proposition in this data request that CL&P's O&M is "elevated", or that it has analysis available (or that could be conducted) that is responsive to this data request.

The quantitative record on CL&P's relative O&M position that is available to the Company is LEI's benchmarking study. On LEI's 10-year average ranking using the unit cost benchmarking, CL&P's OM&A unit cost per customer ranked 69th of 88 utilities nationally and 11th of 22 in the Northeast. Over 2015–2024, its OM&A costs averaged approximately 12 percent above the model-predicted benchmark (Ex. CLP-PBR-3, pp. 9, 17). That analysis accounts for two of the factors discussed in the testimony: LEI excluded FERC Account 908 (customer assistance and public policy program costs), from its benchmarking analyses, and its econometric model controls for labor prices (Ex. CLP-PBR-3, pp. 9, 15–16, 27). The testimony's discussion of labor costs and policy-related expenses explains why O&M comparisons that do not make those adjustments miss-state CL&P's position. (see Ex. CLP-IAP-1, p. 54, l. 13, – p. 56, l. 6))

Several factors can contribute to the difference that remains, and the record does not separate them:

1. System age and condition. When capital investment is slower than the assets' aging, less of the system is replaced proactively. Equipment stays in service longer and is expected to fail at an increasing rate, given its aging, and those emergent failures take resources away from proactive replacement and cost more to address than planned work (Ex. CLP-TSP-1, p. 22, ll. 11–16; p. 46, ll. 14–18). An aging system , as a result of investing less than the system needs, therefore requires more maintenance to maintain safety and reliability, which is why higher O&M relative to peers, alongside modest capital spending, can be consistent with rising maintenance needs on an aging system (Ex. CLP-IAP-1, p. 56, ll. 7–10). The asset-level detail is presented by the Leadership Panel (Ex. CLP-ELP-1, p. 42, ll. 4–20; p.

49, ll. 1–6). Moreover, capitalization practices may vary by utility or regulatory jurisdiction which may further drive differences between utilities.

2. The benchmarking data do not identify maintenance costs by asset age or condition, so the effect of asset age cannot be separated from the other factors.. Exhibit CLP-IAP-1, did not rely on separate calculations for this statement; it relies on the record evidence cited above. The workpapers supporting LEI's benchmarking results were provided with Exhibit CLP-PBR-3.

Date Filed: October 06, 2026

Witness: Donald J. Scacco Jr., Digaunto Chatterjee, Douglas P. Horton, Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 30–31. Explain the role of performance-based regulation in the Investment Calibration Framework. State whether Eversource's framework depends on implementation of a performance-based ratemaking structure to maintain capital investment within the calibrated range and identify any PIMs, metrics, or mechanisms used to evaluate capital investment. If not, identify how the framework maintains investment within the calibrated range absent performance-based regulation.

Response:

No ratemaking structure, performance-based or otherwise, determines whether a given investment is effective or efficient (UPA-024[i]). This determination comes as a result of the work of planning, engineering and execution, tested through the Company's project justification and alternatives analysis and, ultimately, PURA's prudence review. What a ratemaking mechanism determines is the financial environment in which those decisions are made and the underlying incentives inherent in the regulatory framework (Ex. CLP-IAP-1, p. 30, ll. 1–12).

Performance-based regulation, properly designed, is the structure that makes calibration achievable and holds it in place over the plan term (p. 30, l. 13 – p. 31, l. 3). The PBMRP follows the methodology of a comprehensive PBR plan, except that its formula applies to O&M only (Ex. CLP-ELP-1, p. 85, ll. 12–19). O&M revenue is adjusted annually by the I − X − S formula, with the Consumer Dividend as the S-Factor. Capital investment is addressed through the Capital Funding Mechanism, which limits recovery to the lesser of the approved forecast or actual plant in service and places the risk of excess capital spending on the Company (pp. 101–102).

An index applied to capital would pass input-price changes through to customers; a fixed forecast does not. The capital forecast underlying the cap was developed by the Company's engineering organization and is described by the Leadership Panel and the System Engineering Panel (Ex. CLP-ELP-1, pp. 64–72; Ex. CLP-TSP-1, pp. 39–61). The intent of the framework proposed by the Company is to advance a regulatory framework that affordably enables cost effective system investment to support the economic vitality of Connecticut, introduces PIMs for transparency and accountability for the duration of the plan, and retains appropriate incentives for the Company to control costs of both O&M and capital spending to the greatest extent possible over the course of the plan.

The framework itself does not depend on performance-based regulation; it is an evaluation lens that PURA can apply under any ratemaking structure. However, the PBMRP is the Company's proposed means of keeping investment within the calibrated range for CL&P over the plan term, balancing recovery of costs with rate stability and gradual year-over-year customer bill impacts. In addition, PBR drives efficiency in utilities working within these confines and supports cost discipline over time. Absent performance-based regulation, that evaluation would occur in base rate cases as part of the prudence review. The Company has stated that, without the PBMRP, it would expect to file rate cases as close to annually as possible (Ex. CLP-ELP-1, p. 85, ll. 1–3).

The mechanisms and controls in the PBMRP that the Company relies upon to keep capital investment within the calibrated range, and to provide transparency and accountability for performance are:

- Capital Funding Mechanism. Revenue is capped based on the approved capital expenditure forecast with an annual, downward-only reconciliation (Ex. CLP-ELP-1, pp. 101–102).

- Reliability PIMs: System Reliability PIMs for blue-sky SAIDI and SAIFI with performance-based benchmarks, and a Customer Reliability PIM targeting repeat CEMI and CELID customers, offered as part of the PBMRP (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 106–107, Table 3). These tie the Company's financial results to the reliability the capital program is meant to support. The SAIDI and SAIFI PIMs are penalty-only, with penalties of $1.75 million to $3.5 million each; the Customer Reliability PIM is incentive-only, with an incentive of $1.5 million to $3.0 million.

- Performance Metrics: 16 proposed metrics across three categories, with descriptions, targets and PIM design in Exhibit CLP-ELP-3 (Ex. CLP-ELP-1, p. 103, ll. 10–16).

- Reporting: Capital spending against the approved plan and reliability against commitments, with regular public reporting (p. 57, ll. 3–8); cost-efficiency metrics, reported without targets or penalties (Ex. CLP-ELP-1, p. 112, Table 5; p. 113, l. 5 – p. 114, l. 16).

- Project-Level Review: The reliability benefit-cost model on the record (Ex. CLP-ELP-1, p. 67, ll. 17–19; Ex. CLP-TSP-1, p. 60, ll. 3–7) and prudence review.

The Company's proposals set forth a comprehensive framework in this proceeding, leveraging the Company's experience, and that of its expert consultants work in other jurisdictions, while conforming as closely as possible to the proposed final decisions in PURA's PBR proceedings, in order to propose a framework that could support the level of going-forward system investment needs while operating in a multi-year rate case stay out, which is a fundamental component of PBR frameworks adopted elsewhere. If PURA adopts a framework that materially differs from the Company's proposals, or is not calibrated to support the level of investment needed in the system

on a going forward basis, the Company will not be in a position to commit to a rate case stay-out period of four years, which will result in more frequent rate cases, in which all components of the Company's costs will be updated to then-current levels.

Prior Referenced Response:

---

[i] UPA-024 Question:

Reference Application, Ex. CLP-IAP-1, pp. 27–28. Explain how the Authority should determine whether a proposed capital investment is efficient for affordability purposes. Also, provide the following:

a. Identify the specific cost, benefit, performance, or alternative-investment information Eversource recommends that the Authority considers in that evaluation; and
b. explain how that comparison distinguishes an efficient investment from one that is "prudent and effective but not highly efficient.

UPA-024 Response:

Exhibit CLP-IAP-1 uses three distinct terms (p. 28, ll. 9–18): prudent, effective and efficient. An investment is prudent if the decision was reasonable when made. It is effective if it delivers the reliability or service benefit it was meant to achieve. It is efficient if it delivers that benefit at an appropriate cost relative to the alternatives. The concept is that PURA should determine efficiency at three levels: (1) whether each project is the lower-cost way to meet its need; (2) whether the portfolio as a whole funds the highest-value work first within the approved budget; and (3) whether one investment can meet several needs.

A. This approach asks that PURA consider the following in determining whether a proposed capital investment is efficient for affordability purposes:

- **Cost**: Project cost estimates, unit costs compared with the Company's own history and a lifecycle cost, including the O&M the investment avoids or adds.
- **Benefit**: Expected reliability improvement (SAIDI, SAIFI, customer minutes of interruption avoided), monetized customer interruption costs, safety and risk reduction, and capacity needed to meet State policy such as electrification.
- **Performance**: Historical results after installation compared with the forecast benefit (p. 57, ll. 3–8). Those results also feed back into the Company's benefit-cost model, recalibrating its estimates of reliability benefit per dollar over time.
- **Alternatives**: Repair versus replacement, non-wires alternatives, deferral with a stated risk, different technology, and bundling of work to reduce mobilization and outage costs.
- **Prioritization**: The rationale for ranking work, such as customer benefit per dollar within the budget. The Company's benefit-cost model evaluates historic outages zone by zone rather than circuit by circuit, uses the Company's data on upgrades made over the past 20 years to estimate SAIDI and SAIFI benefits per dollar, and can be run against a stated reliability objective (Ex. CLP-TSP-1, p. 34, ll. 6–16). The Company's model compares work types at the device level, including reconductoring and backbone and lateral automation (TSP-1 p. 60, ll. 3–7). Resiliency work is ranked using an All-In SAIDI model that combines blue-sky and grey-sky SAIDI with a 1-in-10-year catastrophic storm (Ex. CLP-ELP-1, p. 62, ll. 16–22; p. 72, ll. 10–18).

- **Multi-Needs**: Efficiency also includes whether one investment can meet several needs. Replacing an aging asset with one sized for expected load, such as electrification, can avoid a second investment later, while like-for-like replacement can be the lower-cost choice where that need is not expected. The Company's plan targets locations with multiple needs, such as asset health, capacity, voltage and reliability, so that one investment resolves them together (Ex. CLP-TSP-3, slide 34).
- **Metrics:** The Company's plan also uses cost-efficiency metrics such as dollars per customer-minute of interruption saved, risk-based analytics that weigh the probability and consequence of failure, and planning at the protection-device (zone) level (Ex. CLP-TSP-3, slide 34). To track efficiency after investments are made, the Company has also proposed reporting metrics for capital expense per customer and per line mile, alongside its reliability performance incentive mechanisms, as sponsored by the Leadership Panel (Ex. CLP-ELP-1, p. 103, ll. 10–16; Ex. CLP-ELP-3).

The Company's planning applies this comparison. For each zone, the model identifies the most cost-effective upgrade, which could be anything from tree trimming to a full rebuild (Ex. CLP-TSP-1, p. 34, ll. 16–18). For capacity projects, planners use every available load transfer among stations before upgrading a substation transformer (TSP-1 p. 34, l. 21 – p. 35, l. 3). The Company's resiliency proposal illustrates the comparison. Spacer cable reconductoring delivers nearly two-thirds of the resiliency benefit of undergrounding for about one-third of the cost (Ex. CLP-ELP-1, p. 63, ll. 14–18). The hardening program is projected to avoid approximately 12.4 million customer-minutes of interruption per year, about $37.1 million per year at the Company's estimate of $3 per customer-minute (ELP-1 p. 64, ll. 8–11). B oth undergrounding and spacer cable would be effective; spacer cable is the more efficient choice for most zones.

B. Distinguishing "efficient" from "prudent."

The benefit of an investment is harder to measure than its cost. Refer to Ex. CLP-TSP-1, p. 86, ll. 4–7. The benefit-cost analysis reduces uncertainty; it does not eliminate it. Distribution assets serve customers for decades, and decisions about them are made with the information available today. Not every capital investment is made to improve measured reliability. Connecting new customers, adding capacity to serve load growth or to host distributed generation, and relocating facilities for public works projects are required to provide service, and their benefit does not appear in outage metrics.

Further the benefits of a reliability or resiliency investment depend on events whose location and timing cannot be known in advance, so a sound investment may show little measurable benefit over a narrow period. For that reason, effectiveness is better assessed over time and across the system than project by project. The reliability metrics the Company proposes measure performance at the system level (Ex. CLP-ELP-3). The Company refines its estimates as performance data accumulate.

The benefits of an asset that may be in service for decades are spread across the many outages it helps avoid. Efficiency asks the further question of whether the same benefit could have been obtained at lower cost, or whether a higher-value project was displaced. An investment can be prudent and effective but not highly efficient where, for example, an asset is replaced when a targeted repair would have maintained performance, or where a project with lower benefit per dollar is funded ahead of one with higher benefit per dollar. The comparison that distinguishes efficient from effective is therefore made when the work is planned: the ranking of projects by benefit per dollar and the consideration of lower-cost alternatives.

Cost-efficiency must also be looked at with a long-term lens. Without programmatic or technological changes, PURA should expect the marginal benefit per dollar to decline over time as the highest-value work is completed. A declining ratio across the plan is not by itself evidence of inefficiency; the relevant check is that the portfolio remains ordered by value and that funded projects continue to produce net benefits. Two factors offset that decline. As performance

results feed back into the model, its estimates become more precise, allowing investment to be targeted more exactly. And the model becomes more important, not less, once the most obvious opportunities have been completed.

When reviewing this model, three features safeguard against a benefit-cost model being tilted toward more spending. First, the model's benefit estimates come from the Company's own data on upgrades made over the past 20 years (Ex. CLP-TSP-1, p. 34, ll. 10–12; Ex. CLP-ELP-1, p. 67, ll. 17–19). Second, customer outage costs are valued using Lawrence Berkeley National Laboratory's Interruption Cost Estimate calculator, an independent source (Ex. CLP-TSP-1, p. 39, ll. 9–13), and inputs such as the value per customer-minute are on the record for review. Third, results are checked after the fact: the amount of revenue support provided for ongoing capital investments for the duration of the PBMRP capital is capped at the approved forecast, reliability is measured through the proposed SAIDI, SAIFI and customer reliability PIMs, and performance is reported annually (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 101–102). The Company has also noted that AMI data would improve its ability to measure the benefit customers actually experience from automation investments (Ex. CLP-TSP-1, p. 86, ll. 4–11).

Date Filed: October 06, 2026

Witness: Matthew Nelson and Michael Goldman
Request from: Public Utilities Regulatory Authority

Question:

Reference Application, Ex. CLP-IAP-1, pp. 30–31. Explain the role of performance-based regulation in the Investment Calibration Framework. State whether Eversource considers performance-based regulation necessary to keep capital investment within the calibrated range. If not, identify the specific mechanisms or controls Eversource relies upon to keep capital investment within that range.

Response:

Please refer to the Company's response to UPA-033[i] for the role of performance-based regulation in the framework.

The Company does not consider performance-based regulation necessary to keep capital investment within the calibrated range. Whether it is the right structure depends on the utility and its circumstances. Moreover, the regulatory framework in place (e.g., multi-year rate plan, PBMRP, traditional cost of service rate cases, etc) does not, in isolation, dictate whether a level of capital investment can be maintained within a calibrated range, or not. The Company is responsible to provide safe and reliable service to its customers and in that capacity must be able to respond to a emergent system conditions, such that the Company may be required to invest at levels above (or below) those anticipated, or levels which are supported within a particular regulatory framework.

That said, given the factors at play for CL&P and described in this proceeding, the Company considers the PBMRP the appropriate structure that will support the level of ongoing system investment projected for the term of the PBMRP, with annual and overall rate changes that comport with the Investment Calibration Framework described in Exhibit CLP-IAP-1. It is important to note as well that, under the Company's proposal, customers pay the lesser of the forecast or the cost of plant actually placed in service, and spending above the forecast is subject to regulatory lag for review in a future rate case proceeding. Exhibit CLP-IAP-1 describes the Company's proposal, including the capital allowance that provides revenue for the term of the PBMRP that is capped at the approved forecast and reconciled only downward, paired with an O&M-focused performance mechanism, as consistent with the regulatory toolkit identified in the Lawrence Berkeley National Lab (LBNL) LBNL study (p. 61, ll. 14–19; see also p. 30, l. 13 – p. 31, l. 3). The Company's planning testimony documents a need for sustained investment. While affordability is a major concern, the Company's historical capital costs are below benchmark, and

a capped capital envelope combined with a formula for O&M pairs that investment with cost discipline. The appropriate ratemaking structure can change and adapt over time as circumstances change.

The mechanisms and controls the Company relies upon are identified in the response to UPA-033.

Prior Referenced Response:

---

[i] UPA-033 Question:
Reference Application, Ex. CLP-IAP-1, pp. 30–31. Explain the role of performance-based regulation in the Investment Calibration Framework. State whether Eversource's framework depends on implementation of a performance-based ratemaking structure to maintain capital investment within the calibrated range and identify any PIMs, metrics, or mechanisms used to evaluate capital investment. If not, identify how the framework maintains investment within the calibrated range absent performance-based regulation.

UPA-033 Response:
No ratemaking structure, performance-based or otherwise, determines whether a given investment is effective or efficient (UPA-024[i]). This determination comes as a result of the work of planning, engineering and execution, tested through the Company's project justification and alternatives analysis and, ultimately, PURA's prudence review. What a ratemaking mechanism determines is the financial environment in which those decisions are made and the underlying incentives inherent in the regulatory framework (Ex. CLP-IAP-1, p. 30, ll. 1–12).

Performance-based regulation, properly designed, is the structure that makes calibration achievable and holds it in place over the plan term (p. 30, l. 13 – p. 31, l. 3). The PBMRP follows the methodology of a comprehensive PBR plan, except that its formula applies to O&M only (Ex. CLP-ELP-1, p. 85, ll. 12–19). O&M revenue is adjusted annually by the I − X − S formula, with the Consumer Dividend as the S-Factor. Capital investment is addressed through the Capital Funding Mechanism, which limits recovery to the lesser of the approved forecast or actual plant in service and places the risk of excess capital spending on the Company (pp. 101–102).

An index applied to capital would pass input-price changes through to customers; a fixed forecast does not. The capital forecast underlying the cap was developed by the Company's engineering organization and is described by the Leadership Panel and the System Engineering Panel (Ex. CLP-ELP-1, pp. 64–72; Ex. CLP-TSP-1, pp. 39–61). The intent of the framework proposed by the Company is to advance a regulatory framework that affordably enables cost effective system investment to support the economic vitality of Connecticut, introduces PIMs for transparency and accountability for the duration of the plan, and retains appropriate incentives for the Company to control costs of both O&M and capital spending to the greatest extent possible over the course of the plan.

The framework itself does not depend on performance-based regulation; it is an evaluation lens that PURA can apply under any ratemaking structure. However, the PBMRP is the Company's proposed means of keeping investment within the calibrated range for CL&P over the plan term, balancing recovery of costs with rate stability and gradual year-over-year customer bill impacts. In addition, PBR drives efficiency in utilities working within these confines and supports cost discipline over time. Absent performance-based regulation, that evaluation would occur in base rate cases as part of the prudence review. The Company has stated that, without the PBMRP, it would expect to file rate cases as close to annually as possible (Ex. CLP-ELP-1, p. 85, ll. 1–3).

The mechanisms and controls in the PBMRP that the Company relies upon to keep capital investment within the calibrated range, and to provide transparency and accountability for performance are:

- Capital Funding Mechanism. Revenue is capped based on the approved capital expenditure forecast with an annual, downward-only reconciliation (Ex. CLP-ELP-1, pp. 101–102).
- Reliability PIMs: System Reliability PIMs for blue-sky SAIDI and SAIFI with performance-based benchmarks, and a Customer Reliability PIM targeting repeat CEMI and CELID customers, offered as part of the PBMRP (Ex. CLP-ELP-1, p. 50, ll. 1–9; pp. 106–107, Table 3). These tie the Company's financial results to the reliability the capital program is meant to support. The SAIDI and SAIFI PIMs are penalty-only, with penalties of $1.75 million to $3.5 million each; the Customer Reliability PIM is incentive-only, with an incentive of $1.5 million to $3.0 million.
- Performance Metrics: 16 proposed metrics across three categories, with descriptions, targets and PIM design in Exhibit CLP-ELP-3 (Ex. CLP-ELP-1, p. 103, ll. 10–16).
- Reporting: Capital spending against the approved plan and reliability against commitments, with regular public reporting (p. 57, ll. 3–8); cost-efficiency metrics, reported without targets or penalties (Ex. CLP-ELP-1, p. 112, Table 5; p. 113, l. 5 – p. 114, l. 16).
- Project-Level Review: The reliability benefit-cost model on the record (Ex. CLP-ELP-1, p. 67, ll. 17–19; Ex. CLP-TSP-1, p. 60, ll. 3–7) and prudence review.

The Company's proposals set forth a comprehensive framework in this proceeding, leveraging the Company's experience, and that of its expert consultants work in other jurisdictions, while conforming as closely as possible to the proposed final decisions in PURA's PBR proceedings, in order to propose a framework that could support the level of going-forward system investment needs while operating in a multi-year rate case stay out, which is a fundamental component of PBR frameworks adopted elsewhere. If PURA adopts a framework that materially differs from the Company's proposals, or is not calibrated to support the level of investment needed in the system on a going forward basis, the Company will not be in a position to commit to a rate case stay-out period of four years, which will result in more frequent rate cases, in which all components of the Company's costs will be updated to then-current levels.

Date Filed: October 06, 2026

Witness: Michael M. Dorval
Request from: Public Utilities Regulatory Authority

Question:

(ENVIRONMENTAL SOCIAL GOVERNANCE) See UPA-001. Provide the Company's Energy Efficiency Scoping Studies for each year one was conducted and discuss how these studies are aligned with ASHRAE Level 1 and Level 2 standards.

Response:

Please refer to UPA-001-SP01, Attachment 1 CONFIDENTIAL, through UPA-001-SP01, Attachment 13 CONFIDENTIAL, for the Energy Efficiency Scoping Studies recently completed for CL&P owned facilities.

Please refer to UPA-035, Attachment 1, for the comparison of ASHRAE Level 1 and Level 2 standards with the Company's Energy Efficiency Scoping Studies performed by QGM Consultants.

Date Filed: October 15, 2026

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

Question:

OFFICER VARIABLE COMPENSATION—RELATIONSHIP BETWEEN ENTERPRISE, EXECUTIVE, AND EMPLOYEE VARIABLE PAY POOLS) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35; Application Schs. C-3.6 and C-3.7. The referenced exhibit describes the 2025 variable-pay funding framework. For the 2025 Eversource executive incentive pool that was funded at 145% of target, provide the dollar amount of the pool at 100% target and the dollar amount funded at 145%.

Response:

Please refer to UPA-015, Attachment 1. UPA-015, Attachment 1 identifies the portion of actual cash variable compensation by individual executive allocated to CL&P in Column G of $3.153 million, and comparable amounts at target levels in Column F of $2.255 million

Date Filed: October 14, 2026

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

Question:

(OFFICER VARIABLE COMPENSTION— INCENTIVES FUNDING POOL STRUCTURE) For the target pool:

a. show a breakdown of the 100% target pool by participant or anonymized participant, including eligible/base salary, applicable target incentive percentage, and target incentive dollars;
b. reconcile the sum of individual target incentive opportunities to the stated 100% target pool and the resulting 145% funded pool;
c. identify any adjustment, discretion, budget constraint, or amount added to or removed from the mathematical sum.

Response:

a. Please refer to UPA-015, Attachment 1, for a comparison of variable compensation targets to actual variable compensation paid.

b. As described in the Company's response to UPA-005[i], the 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, in the aggregate, for the group of five officers, although individuals in the group received different percentages depending on their individual performance. Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, in the aggregate, for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

c. There are no adjustments. Organizations are required to manage to the allocated budget applicable to their organization based on the funding determination.

Prior Referenced Response:

[i] UPA-005 Question:

(OFFICER VARIABLE PAY—FUNDING POOL) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35. The referenced exhibit states that the enterprise variable-pay pool is funded based on corporate financial and operational performance and provides the applicable metrics and weights. Without repeating those descriptions, provide the complete 2025 calculation showing:

a. the threshold, target, and maximum scoring or payout curve for each metric;
b. actual 2025 performance;
c. the score or performance factor assigned to each metric;
d. the resulting financial score and operational score;
e. the resulting overall pool funding percentage/factor;
f. the dollar amount of the pool at target and the actual amount funded;
g. whether the funded pool was fully distributed;
h. any amount retained, returned, forfeited, or otherwise not distributed;
i. how the funded amount was allocated among business units; and
j. how amounts available to each business unit or manager were translated into individual awards.

UPA-005 Response:

This question continues to improperly intermingle the two independent processes applicable to the Company's variable pay compensation framework, which are (1) the process to determine the annual funding pool and the Board of Trustee's determination of variable pay for the CEO; and (2) the process to determine how each individual's actual payout percentage is determined for every other employee in the business aside from the named officers. Below are data points and references to better explain and detail the process with each subsection denoted as to whether it applies to the first or second process.

(a) The threshold, target, and maximum scoring or payout curve for each metric. Each year, the Eversource Energy Board of Trustee's evaluates the corporation's performance in the prior calendar year against a set of pre-designated performance metrics and assigned ratings. Based on that evaluation, the Board of Trustee's makes a determination that variable pay compensation will be funded for the year. In addition, the Board of Trustees determines the variable pay compensation for the CEO, which is also granted on the basis of the corporation's achievement of those same pre-designated performance goals. Thus, the threshold, target and maximum ranges for each performance goal in CLP-EMPLOYEE-1, at pages 30-35, pertain exclusively to the ***funding process*** and to the determination of variable pay for the CEO. These performance metrics and assigned ratings ***do not apply*** to any other individual employees, except for the CEO, whose compensation is determined by the Board of Trustee's Compensation Committee.

Metric	Threshold	Target	Maximum
Financial Performance (70%)			
Non-GAAP Earnings Per Share	$4.59	$4.71	$4.80
Dividend Growth	$2.97	$3.00	$3.03
Strategic Growth Initiatives			
Strategic Growth Initiatives	Regulatory filings, storm cost recovery, and strategic positioning		
Operational Performance (30%)			
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months
Restoration System Average Restoration Duration (SAIDI)	70 Minutes	63.7 Minutes	62 Minutes
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate
Gas Emergency Response	93.0%	98.2%	99.2%
% Candidate Slate	50.0%	59.5%	65.0%
Sustainability Ranking	65.0%	87.0%	107.0%
Key Strategic Customer and Clean Energy Operational Results			
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs		
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects		

(b) through (e)

For 2025, the Board of Trustees Compensation Committee approved corporate performance at 145% of target based on the following computation:

Table 1
Targeted and Actual Performance

Threshold	**Target**	**Maximum**	**Financial**	**Payout**	**Approved**
Metric 50%	100%	200%	Results	Factor	Weighting
Financial Performance					
2025 Non-GAAP Earnings Per Share $4.59	$4.71	$4.80	$4.76	155%	60%
Dividend Growth $2.97	$3.00	$3.03	$3.01	131%	10%
3.85%	5.00%	5.94%			

Table 2

Key Strategic Financial and Regulatory Results

Strategic Financial Initiatives and Regulatory Outcomes	Regulatory filings, storm cost recovery and strategic positioning				175%	30%
Operational Performance						
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months	21.0 Months	95%	25%
Restoration System Average Restoration Duration (SAIDI)	70 Mins.	63.7 Mins.	62 Mins.	66 Mins.	63%	25%
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate	0.87 Rate	95%	8.33%
Gas Emergency Response	95%	98.2%	99.2%	98.0%	94%	8.33%
% Candidate Slate	50.0%	59.5%	65.0%	64.3%	187%	8.33%
Sustainability Index	65.0%	87.0%	107.0%	102.6%	178%	8.33%
	Key Strategic Customer and Clean Energy Operational Results					
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs				165%	8.33%
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects				160%	8.33%
Financial Performance at 159% (weighted 70%)					111%	
Operational Performance at 113% (weighted 30%)					34%	
Overall Performance	**145%**					

Subpart (b) asks for "actual 2025 performance." Table 1 provides the "actual 2025 performance" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (c) asks for the "score or performance factor assigned to each metric." Table 2 provides the "score or performance factor assigned to each metric," for the corporation, for purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (d) asks for the "resulting financial score and operational score." Table 1 provides the "resulting financial score and operational score" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (e) asks for the "resulting overall pool funding percentage/factor." Table 2 provides the "resulting overall pool funding percentage/factor" for the corporation, for the purposes of the Funding Pool decision. Table 2 does not pertain to any individual employee in the enterprise other than the CEO.

As noted in Table 2, the "overall pool funding percentage/factor" is 145%.

f. Subpart (f) of the question asks about "the dollar amount of the pool at target and the actual amount funded. Based on the overall results of the corporation against the pre-established goals, the corporation's performance was calculated as 145% of target for 2025, reflecting the Company's strong performance and the executive team's execution of the Company's Operating Plan.

The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the group of five officers, although individuals in the group received different percentages depending on their individual performance.

Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

For performance in 2025, the Chief Financial Officer established the funding pool shown below, which was above target:

2025 Variable Compensation Target	**2025 Actual Variable Compensation Paid Out to Employees**
$80,308,863	$101,113,911

g. Subpart (g) of the question asks whether the funded pool was fully distributed. Once the funding pool is established (at $101,113,911), all amounts were paid out across the organization because variable pay compensation is part of total employee compensation and is not used or diverted for other purposes once the pool is established. Once funded, the dollars are distributed to employees or "individual contributors" across the organization in accordance with the allocation process that is handled by the Eversource Energy Human Resource Department.

h. Subpart (h) asks whether any amount (of the funding pool) is retained, returned, forfeited, or otherwise not distributed. As answered in subpart (g), none of the variable compensation funded pool was retained, returned, forfeited or otherwise not distributed. To the contrary, each year, variable pay compensation is accrued in the operating budget for every business unit, reflecting the expectation that variable pay compensation will be paid out to employees. Generally, variable compensation is budgeted at target levels as this is the level of total compensation that the Company would expect to pay if every employee met the expectations of their job positions exactly as anticipated for the individual job position. In this case, the Company is requesting to include the target level in rates as representative of the amount of variable pay compensation that the Company will

pay to employees on a year-to-year basis, although in the Test Year 2025, Eversource paid out greater than the target level to employees and may do so again in the future.

i. With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department.

Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

j. With respect to how amounts available to each business unit or manager are translated into individual awards, funding pools are allocated to each department/manager through the Company's Workday Human Resources Information System (HRIS). Through this system, managers enter recommendations for grants to eligible employees in their departments, in conjunction with their performance assessments of those employees (only up to the amount of the funding pool for that department). Through the Workday system, these recommendations are rolled up to the Executive Vice President of each respective organization for review, consultation and final approval. This process was described in the Company's response to UPA-010i.

k. All eligible individual employees or "contributors" below the six Named Executive Officers, have individual scorecards delineating the individual's performance goals for the calendar year. These individual performance goals are not designed to correlate directly or tie to the corporation's performance goals, nor are there any weightings that apply to individual employee goals. All of the corporation's goals, whether financial or operational, are part of the corporation's service mission to customers and are furthered by the efforts of our employees across the organizations. Therefore, individual goals are designed to support corporate objectives to provide safe and reliable service to customers with rigorous cost control and responsible management. The performance of each employee is reviewed by the respective manager and decisions are made within the various levels of management as to how the funding pool for that department will be allocated among its own contributors. Employees are ranked by their level of contribution and the variable pay is paid out to employees on the basis of the contribution level assigned by management. The Company's response to OCC-201, Attachment 1, shows

Date Filed: October 16, 2026

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

Question:

(OFFICER VARIABLE COMPENSTION—INCENTIVES FUNDING POOL STRUCTURE) Explain the complete organizational structure of the variable-pay funding arrangement applicable to the 2025 Test Year. Specifically, state:

a. whether the pool represents an actual segregated fund, reserve, accrued liability, budgetary authorization, compensation-control amount, or other accounting/management construct;
b. when the pool or associated compensation liability is initially recognized;
c. the general-ledger and FERC accounts in which the accrual and subsequent payment are recorded;
d. how the accrual is adjusted as corporate and individual performance becomes known;
e. whether Eversource maintains one enterprise-wide variable-pay pool or separate pools for executives/officers, non-officer employees, business units, operating companies, or other employee groups.

Response:

a. The funding pool represents the payout level as approved by the Compensation Committee of the Board of Trustees.

b. During the 2025 plan year, the officer short-term variable compensation is accrued monthly based on each officer's budgeted target incentive and the estimated payout percentage for the year. When the actual incentive payments are made (in the first quarter of 2026 for the 2025 performance year), the accrued liability is reviewed and adjusted as necessary to reflect the final approved payout amounts. Any true-up adjustments are recorded and allocated proportionately to the original accrual where charged, ensuring that the final costs associated with the payout are accurately reflected and consistently assigned.

c. The officer short-term variable compensation accrual and subsequent payments for the 2025 plan year were recorded to accrued liability FERC account 242E10. The officer long-term variable compensation accruals for equity awards are recorded to FERC Account 211 using subaccounts to denote the grant year. For example, the 2025-2027 Performance Share long-term variable compensation equity accrual is recorded to FERC Account 211P25.

d. The officer short-term variable compensation accrual is adjusted as described in Part b. after the 2025 incentive awards have been reviewed and approved by the Compensation Committee of the Board of Trustees and subsequently paid. Any resulting difference between the estimated accrual and the final approved payout amount is allocated proportionately to where the original accrual was charged. Please refer to UPA-044[i] for a discussion of the accounting of the long-term variable compensation equity accruals

e. As described in the Company's response to UPA-005[ii], once the overall variable compensation plan is funded at the enterprise level, the variable compensation pools differ by level. The pools do not differ by business unit or operating company.

Prior Referenced Responses:

[i] UPA-044 Question:

(OFFICER VARIABLE COMPENSATION—LONG-TERM INCENTIVE AWARD-TO-EXPENSE RECONCILIATION) Application, Sch. C-3.7 and WP C-3.7; Ex. CLP-EMPLOYEE-1, p. 36. For each LTI award giving rise to expense included in the Test Year, Test Year Pro Forma, or Rate Year Schedule C-3.7 amounts, provide a reconciliation from the original award to the Rate Year amount expense, including:

a. award date;
b. target grant value;
c. number and type of units or shares granted;
d. grant-date fair value used for accounting;
e. applicable performance and vesting period;
f. accounting expense recognized in each year;
g. performance-related remeasurement or true-up, if applicable;
h. forfeiture assumptions and actual forfeitures;
i. treatment of dividend-equivalent units;
j. amount capitalized and amount expensed;
k. amount allocated to CL&P; and
l. amount included in the Rate Year amount.

Explain any difference among target award value, grant-date fair value, amount ultimately vested or paid, and accounting expense recovered through rates.

UPA-044 Response:

Please see UPA-044 Attachment 1, for the requested reconciliation of long-term variable compensation awards giving rise to compensation expense in the Test Year (2025). The attachment provides information regarding Performance Shares ("PSUs") and Restricted Share Units ("RSUs") awards with award dates ranging from February 2, 2022 through January 29, 2025 and reconciles the expected 2025 compensation cost associated with those awards to the accounting expense recognized in 2025.

The information requested in parts (a) through (l) is addressed as follows:

a. The applicable award date, representing the date of communication to participants, is provided in Column (A).

b. The target grant value for each award is provided in Column (B) of the attachment. The target grant value represents the value used to determine the number of units to be awarded to participants.

c. The number of units granted is provided in Column (D), and the applicable award type, PSU or RSU, is identified in Column (G). Column (C) provides the applicable share price used to determine the number of units granted.

d. The grant-date fair value per share used for accounting purposes is provided in Column (E). Column (F) provides the resulting compensation cost as calculated in accordance with Generally Accepted Accounting Principles ("GAAP"), specifically Accounting Standards Codification 718, *Compensation - Stock Compensation* ("ASC 718") for the entire award. The ASC 718 grant-date compensation cost is calculated as the number of units granted in Column (D) multiplied by the grant-date fair value per share in Column (E).

e. The applicable vesting provisions are identified in Column (G) and the related footnotes. For RSUs, Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period based upon the fair value of Eversource's common shares at the date of grant. For PSUs, Eversource records compensation expense, net of estimated forfeitures, over the requisite service period. Performance shares vest based upon the extent to which Company goals are achieved. Vesting of outstanding performance shares is based upon the Company's EPS growth over the requisite service period and level of payout is determined based on the total shareholder return as compared to the Edison Electric Institute ("EEI") Index during the requisite service period. The fair value of performance shares is determined at the date of grant using a lattice model.

f. For purposes of the Test Year reconciliation requested in this data request, Column (H) provides expected 2025 compensation cost based on the vesting provisions; Column (I) provides the ASC 718 adjustments applicable to that amount; and Column (J) presents the resulting accounting expense recognized by Eversource Energy on a consolidated basis in 2025. Column (K) presents the portion of that 2025 accounting expense allocated to CL&P.

g. Column (I) presents adjustments to expected 2025 compensation cost, including the effects of performance-related remeasurement, the forfeiture assumption, actual forfeitures and impacts of vesting conditions, including expense recognition implications for retirement eligible participants. These adjustments are presented on a combined basis and reconcile the expected 2025 compensation cost in Column (H) to the 2025 consolidated accounting expense in Column (J).

   The Company engages Fidelity, an external service provider, to perform the ASC 718 expense calculations associated with the Company's long-term variable compensation plans. Fidelity's calculations utilize the applicable award terms and assumptions provided by the Company. Compensation expense for a particular period may therefore differ from the amount initially expected for that period as a result of the application of the relevant accounting and award provisions.

   In particular, the 2025 expense calculation incorporates performance-related remeasurements for the PSU plans, the effect of the applicable forfeiture assumption and actual forfeitures, and impacts to expense

recognition due to varying service requisite periods, including and due primarily to retirement-eligible participants. These elements interact within Fidelity's calculation and are not maintained in the Company's existing reporting as discrete components that can be readily bifurcated and reconciled individually. Accordingly, Column (I) of the attachment presents the aggregate net impact of these adjustments.

h. The Company applies a dynamic forfeiture methodology and a 5% forfeiture assumption in calculating compensation cost. Under the dynamic methodology, the estimated forfeiture rate is applied in determining compensation expense and the estimate is adjusted, as appropriate, based on actual forfeiture experience as the awards progress through their applicable vesting periods.

Actual forfeited shares for the 2023, 2024 and 2025 PSU plans were 2,091, 6,721 and 6,050 shares, respectively. Actual forfeited shares for the 2023, 2024 and 2025 RSU plans were 377, 1,369 and 2,018 shares, respectively.

i. Dividend equivalents are subject to the vesting provisions of the underlying award**. To the extent the award vests, the associated dividend equivalents are treated as distributions to the award holder and are charged to shareholders' equity rather than recognized as additional compensation expense.**

j. The compensation cost of long-term variable compensation awards is recorded to general ledger FERC Account 920000.

k. Column (K) of the attachment provides the amount of 2025 accounting expense allocated to CL&P for each award. The total amount allocated to CL&P for the awards presented in the attachment is approximately $4.198 million. Please refer to UPA-015 Attachment 1 for the amounts allocated to CL&P in the Test Year.

l. Please refer to UPA-015 Attachment 1 for the amounts allocated to CL&P in the Rate Year.

As outlined in UPA-046[i], the Company's original application incorporated variable compensation at the actual level of funding for 2025. However, the Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As a result, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect the amounts at target levels, rather than the actual level of funding for 2025 as initially proposed.

[ii] UPA-005 Question:

(OFFICER VARIABLE PAY—FUNDING POOL) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35. The referenced exhibit states that the enterprise variable-pay pool is funded based on corporate financial and operational performance and provides the applicable metrics and weights. Without repeating those descriptions, provide the complete 2025 calculation showing:

a. the threshold, target, and maximum scoring or payout curve for each metric;
b. actual 2025 performance;
c. the score or performance factor assigned to each metric;
d. the resulting financial score and operational score;
e. the resulting overall pool funding percentage/factor;
f. the dollar amount of the pool at target and the actual amount funded;
g. whether the funded pool was fully distributed;
h. any amount retained, returned, forfeited, or otherwise not distributed;

i. how the funded amount was allocated among business units; and
j. how amounts available to each business unit or manager were translated into individual awards.

UPA-005 Response:

This question continues to improperly intermingle the two independent processes applicable to the Company's variable pay compensation framework, which are (1) the process to determine the annual funding pool and the Board of Trustee's determination of variable pay for the CEO; and (2) the process to determine how each individual's actual payout percentage is determined for every other employee in the business aside from the named officers. Below are data points and references to better explain and detail the process with each subsection denoted as to whether it applies to the first or second process.

(a) The threshold, target, and maximum scoring or payout curve for each metric. Each year, the Eversource Energy Board of Trustee's evaluates the corporation's performance in the prior calendar year against a set of pre-designated performance metrics and assigned ratings. Based on that evaluation, the Board of Trustee's makes a determination that variable pay compensation will be funded for the year. In addition, the Board of Trustees determines the variable pay compensation for the CEO, which is also granted on the basis of the corporation's achievement of those same pre-designated performance goals. Thus, the threshold, target and maximum ranges for each performance goal in CLP-EMPLOYEE-1, at pages 30-35, pertain exclusively to the ***funding process*** and to the determination of variable pay for the CEO. These performance metrics and assigned ratings ***do not apply*** to any other individual employees, except for the CEO, whose compensation is determined by the Board of Trustee's Compensation Committee.

Metric	Threshold	Target	Maximum
Financial Performance (70%)			
Non-GAAP Earnings Per Share	$4.59	$4.71	$4.80
Dividend Growth	$2.97	$3.00	$3.03
Strategic Growth Initiatives			
Strategic Growth Initiatives	Regulatory filings, storm cost recovery, and strategic positioning		
Operational Performance (30%)			
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months
Restoration System Average Restoration Duration (SAIDI)	70 Minutes	63.7 Minutes	62 Minutes
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate
Gas Emergency Response	93.0%	98.2%	99.2%
% Candidate Slate	50.0%	59.5%	65.0%
Sustainability Ranking	65.0%	87.0%	107.0%
Key Strategic Customer and Clean Energy Operational Results			
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs		
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects		

(b) through (e)

For 2025, the Board of Trustees Compensation Committee approved corporate performance at 145% of target based on the following computation:

Table 1
Targeted and Actual Performance

Threshold	**Target**	**Maximum**	**Financial**	**Payout**	**Approved**
Metric 50%	100%	200%	Results	Factor	Weighting
Financial Performance					
2025 Non-GAAP Earnings Per Share $4.59	$4.71	$4.80	$4.76	155%	60%
Dividend Growth $2.97	$3.00	$3.03	$3.01	131%	10%
3.85%	5.00%	5.94%			

Table 2
Key Strategic Financial and Regulatory Results

Strategic Financial Initiatives and Regulatory Outcomes	Regulatory filings, storm cost recovery and strategic positioning				175%	30%
Operational Performance						
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months	21.0 Months	95%	25%
Restoration System Average Restoration Duration (SAIDI)	70 Mins.	63.7 Mins.	62 Mins.	66 Mins.	63%	25%
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate	0.87 Rate	95%	8.33%
Gas Emergency Response	95%	98.2%	99.2%	98.0%	94%	8.33%
% Candidate Slate	50.0%	59.5%	65.0%	64.3%	187%	8.33%
Sustainability Index	65.0%	87.0%	107.0%	102.6%	178%	8.33%
Key Strategic Customer and Clean Energy Operational Results						
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs				165%	8.33%
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects				160%	8.33%
Financial Performance (weighted at 70%)		159%	111%			
Operational Performance (weighted 30%)		113%	34%			
Overall Performance			**145%**			

Subpart (b) asks for "actual 2025 performance." Table 1 provides the "actual 2025 performance" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (c) asks for the "score or performance factor assigned to each metric." Table 2 provides the "score or performance factor assigned to each metric," for the corporation, for purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (d) asks for the "resulting financial score and operational score." Table 1 provides the "resulting financial score and operational score" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (e) asks for the "resulting overall pool funding percentage/factor." Table 2 provides the "resulting overall pool funding percentage/factor" for the corporation, for the purposes of the Funding Pool decision. Table 2 does not pertain to any individual employee in the enterprise other than the CEO.

As noted in Table 2, the "overall pool funding percentage/factor" is 145%.

f. Subpart (f) of the question asks about "the dollar amount of the pool at target and the actual amount funded. Based on the overall results of the corporation against the pre-established goals, the corporation's performance was calculated as 145% of target for 2025, reflecting the Company's strong performance and the executive team's execution of the Company's Operating Plan.

The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the group of five officers, although individuals in the group received different percentages depending on their individual performance.

Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

For performance in 2025, the Chief Financial Officer established the funding pool shown below, which was above target:

2025 Variable Compensation Target	**2025 Actual Variable Compensation Paid Out to Employees**
$80,308,863	$101,113,911

g. Subpart (g) of the question asks whether the funded pool was fully distributed. Once the funding pool is established (at $101,113,911), all amounts were paid out across the organization because variable pay compensation is part of total employee compensation and is not used or diverted for other purposes once the pool is established. Once funded, the dollars are distributed to employees or "individual contributors" across the organization in accordance with the allocation process that is handled by the Eversource Energy Human Resource Department.

h. Subpart (h) asks whether any amount (of the funding pool) is retained, returned, forfeited, or otherwise not distributed. As answered in subpart (g), none of the variable compensation funded pool was retained, returned, forfeited or otherwise not distributed. To the contrary, each year, variable pay compensation is accrued in the operating budget for every business unit, reflecting the expectation that variable pay compensation will be paid out to employees. Generally, variable compensation is budgeted at target levels as this is the level of total compensation that the Company would expect to pay if every employee met the expectations of their job positions exactly as anticipated for the individual job position. In this case, the Company is requesting to include the target level in rates as representative of the amount of variable pay compensation that the Company will pay to employees on a year-to-year basis, although in the Test Year 2025, Eversource paid out greater than the target level to employees and may do so again in the future.

i. With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department.

   Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

j. With respect to how amounts available to each business unit or manager are translated into individual awards, funding pools are allocated to each department/manager through the Workday Human Resources Information System (HRIS). Through this system, managers enter recommendations for grants to eligible employees in their departments, in conjunction with their performance assessments of those employees (only up to the amount of the funding pool for that department). Through the Company's Workday system, these recommendations are rolled up to the Executive Vice President of each respective organization for review, consultation and final approval. This process was described in the Company's response to UPA-010.

k. All eligible individual employees or "contributors" below the six Named Executive Officers, have individual scorecards delineating the individual's performance goals for the calendar year. These individual performance goals are not designed to correlate directly or tie to the corporation's performance goals, nor are there any weightings that apply to individual employee goals. All of the corporation's goals, whether financial or operational, are part of the corporation's service mission to customers and are furthered by the efforts of our employees across the organizations. Therefore, individual goals are designed to support corporate objectives to provide safe and reliable service to customers with rigorous cost control and responsible management. The performance of each employee is reviewed by the respective manager and decisions are made within the various levels of management as to how the funding pool for that department will be allocated among its own contributors. Employees are ranked by their level of contribution and the variable pay is paid out to employees on the basis of the contribution level assigned by management. The Company's response to OCC-201, Attachment 1, shows the allocation of variable pay compensation across the base of employee contributors.

Date Filed: October 14, 2026

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

Question:

(OFFICER VARIABLE COMPENSTION—INCENTIVES FUNDING POOL STRUCTURE) Identify each incentive funding pool or sub-pool applicable to any employee or officer whose compensation is reflected in Schedule C-3.6 or C-3.7.

a. For each such pool, provide its target dollar amount, final funded dollar amount, final funding percentage, population covered, and relationship to any higher-level or lower-level pool.
b. Explain how funding is transferred or allocated from the enterprise level to executive, business-unit, manager, department, or individual levels; and
c. State whether any pool or sub-pool is required to equal, or is constrained by, an amount established at a higher organizational level.

Response:

a. For 2025 variable compensation (paid in 2025) the targets and actual payouts are as follows:

2025 Variable Compensation Targets ($)	2025 Actual Variable Compensation Paid ($)
$80,308,863	$101,113,911

b. Please refer to the Company's response to UPA-005[i]. The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, in the aggregate, for the group of five officers, although individuals in the group received different percentages depending on their individual performance. Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, in the aggregate, for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department. Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

c. There is no sub-pool to any amounts established at a higher organization level.

Prior Referenced Response

---

[i] UPA-005 Question:

(OFFICER VARIABLE PAY—FUNDING POOL) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35. The referenced exhibit states that the enterprise variable-pay pool is funded based on corporate financial and operational performance and provides the applicable metrics and weights. Without repeating those descriptions, provide the complete 2025 calculation showing:

a. the threshold, target, and maximum scoring or payout curve for each metric;
b. actual 2025 performance;
c. the score or performance factor assigned to each metric;
d. the resulting financial score and operational score;
e. the resulting overall pool funding percentage/factor;
f. the dollar amount of the pool at target and the actual amount funded;
g. whether the funded pool was fully distributed;
h. any amount retained, returned, forfeited, or otherwise not distributed;
i. how the funded amount was allocated among business units; and
j. how amounts available to each business unit or manager were translated into individual awards.

UPA-005 Response:

This question continues to improperly intermingle the two independent processes applicable to the Company's variable pay compensation framework, which are (1) the process to determine the annual funding pool and the Board of Trustee's determination of variable pay for the CEO; and (2) the process to determine how each individual's actual payout percentage is determined for every other employee in the business aside from the named officers. Below are data points and references to better explain and detail the process with each subsection denoted as to whether it applies to the first or second process.

(a) The threshold, target, and maximum scoring or payout curve for each metric. Each year, the Eversource Energy Board of Trustee's evaluates the corporation's performance in the prior calendar year against a set of pre-designated performance metrics and assigned ratings. Based on that evaluation, the Board of Trustee's makes a determination that variable pay compensation will be funded for the year. In addition, the Board of Trustees

determines the variable pay compensation for the CEO, which is also granted on the basis of the corporation's achievement of those same pre-designated performance goals. Thus, the threshold, target and maximum ranges for each performance goal in CLP-EMPLOYEE-1, at pages 30-35, pertain exclusively to the ***funding process*** and to the determination of variable pay for the CEO. These performance metrics and assigned ratings ***do not apply*** to any other individual employees, except for the CEO, whose compensation is determined by the Board of Trustee's Compensation Committee.

Metric	Threshold	Target	Maximum
Financial Performance (70%)			
Non-GAAP Earnings Per Share	$4.59	$4.71	$4.80
Dividend Growth	$2.97	$3.00	$3.03
Strategic Growth Initiatives			
Strategic Growth Initiatives	Regulatory filings, storm cost recovery, and strategic positioning		
Operational Performance (30%)			
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months
Restoration System Average Restoration Duration (SAIDI)	70 Minutes	63.7 Minutes	62 Minutes
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate
Gas Emergency Response	93.0%	98.2%	99.2%
% Candidate Slate	50.0%	59.5%	65.0%

Sustainability Ranking	65.0%	87.0%	107.0%
Key Strategic Customer and Clean Energy Operational Results			
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs		
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects		

(b) through (e)

For 2025, the Board of Trustees Compensation Committee approved corporate performance at 145% of target based on the following computation:

Table 1
Targeted and Actual Performance

Threshold	**Target**	**Maximum**	**Financial**	**Payout**	**Approved**
Metric 50%	100%	200%	Results	Factor	Weighting
Financial Performance					
2025 Non-GAAP Earnings Per Share $4.59	$4.71	$4.80	$4.76	155%	60%
Dividend Growth $2.97	$3.00	$3.03	$3.01	131%	10%
3.85%	5.00%	5.94%			

Table 2

Key Strategic Financial and Regulatory Results

Strategic Financial Initiatives and Regulatory Outcomes	Regulatory filings, storm cost recovery and strategic positioning				175%	30%
Operational Performance						
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months	21.0 Months	95%	25%
Restoration System Average Restoration Duration (SAIDI)		6 3	6 2	6 6	63%	25%

		.7 Mins.	Mins.	Mins.		
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate	0.87 Rate	95%	8.33%
Gas Emergency Response	95%	98.2%	99.2%	98.0%	94%	8.33%
% Candidate Slate	50.0%	59.5%	65.0%	64.3%	187%	8.33%
Sustainability Index	65.0%	87.0%	107.0%	102.6%	178%	8.33%
	Key Strategic Customer and Clean Energy Operational Results					
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs				165%	8.33%
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects				160%	8.33%
Financial Performance (weighted 70%)	at 111%					
Operational Performance (weighted 30%)	at 34%					
Overall Performance	**145%**					

Subpart (b) asks for "actual 2025 performance." Table 1 provides the "actual 2025 performance" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (c) asks for the "score or performance factor assigned to each metric." Table 2 provides the "score or performance factor assigned to each metric," for the corporation, for purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (d) asks for the "resulting financial score and operational score." Table 1 provides the "resulting financial score and operational score" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (e) asks for the "resulting overall pool funding percentage/factor." Table 2 provides the "resulting overall pool funding percentage/factor" for the corporation, for the purposes of the Funding Pool decision. Table 2 does not pertain to any individual employee in the enterprise other than the CEO.

As noted in Table 2, the "overall pool funding percentage/factor" is 145%.

f. Subpart (f) of the question asks about "the dollar amount of the pool at target and the actual amount funded. Based on the overall results of the corporation against the pre-established goals, the corporation's performance was calculated as 145% of target for 2025, reflecting the Company's strong performance and the executive team's execution of the Company's Operating Plan.

The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the group of five officers, although individuals in the group received different percentages depending on their individual performance.

Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

For performance in 2025, the Chief Financial Officer established the funding pool shown below, which was above target:

2025 Variable Compensation Target	**2025 Actual Variable Compensation Paid Out to Employees**
$80,308,863	$101,113,911

g. Subpart (g) of the question asks whether the funded pool was fully distributed. Once the funding pool is established (at $101,113,911), all amounts were paid out across the organization because variable pay compensation is part of total employee compensation and is not used or diverted for other purposes once the pool is established. Once funded, the dollars are distributed to employees or "individual contributors" across the organization in accordance with the allocation process that is handled by the Eversource Energy Human Resource Department.

h. Subpart (h) asks whether any amount (of the funding pool) is retained, returned, forfeited, or otherwise not distributed. As answered in subpart (g), none of the variable compensation funded pool was retained, returned, forfeited or otherwise not distributed. To the contrary, each year, variable pay compensation is accrued in the operating budget for every business unit, reflecting the expectation that variable pay compensation will be paid out to employees. Generally, variable compensation is budgeted at target levels as this is the level of total compensation that the Company would expect to pay if every employee met the expectations of their job positions exactly as anticipated for the individual job position. In this case, the Company is requesting to include

the target level in rates as representative of the amount of variable pay compensation that the Company will pay to employees on a year-to-year basis, although in the Test Year 2025, Eversource paid out greater than the target level to employees and may do so again in the future.

i. With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department.

Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

j. With respect to how amounts available to each business unit or manager are translated into individual awards, funding pools are allocated to each department/manager through the Company's Workday Human Resources Information System (HRIS). Through this system, managers enter recommendations for grants to eligible employees in their departments, in conjunction with their performance assessments of those employees (only up to the amount of the funding pool for that department). Through the Workday system, these recommendations are rolled up to the Executive Vice President of each respective organization for review, consultation and final approval. This process was described in the Company's response to UPA-010i.

k. All eligible individual employees or "contributors" below the six Named Executive Officers, have individual scorecards delineating the individual's performance goals for the calendar year. These individual performance goals are not designed to correlate directly or tie to the corporation's performance goals, nor are there any weightings that apply to individual employee goals. All of the corporation's goals, whether financial or operational, are part of the corporation's service mission to customers and are furthered by the efforts of our employees across the organizations. Therefore, individual goals are designed to support corporate objectives to provide safe and reliable service to customers with rigorous cost control and responsible management. The performance of each employee is reviewed by the respective manager and decisions are made within the various levels of management as to how the funding pool for that department will be allocated among its own contributors. Employees are ranked by their level of contribution and the variable pay is paid out to employees on the basis of the contribution level assigned by management. The Company's response to OCC-201, Attachment 1, shows

Date Filed: October 19, 2026

Witness: Sasha P. Lazor, Brendan J. O'Brien, Marianne H. Eichler and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—SHORT-TERM INCENTIVE FUNDING FACTOR) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35; Application, Schs. C-3.6 and C-3.7. With respect to the Company's reported 145% "Overall Performance" result for the 2025 annual incentive program, provide a complete reconciliation showing, separately for officers included in Schedule C-3.7 and other employees included in Schedule C-3.6:

a. aggregate eligible base salary or other eligible compensation;
b. target incentive percentage by participant level;
c. aggregate incentive compensation at 100% target;
d. the corporate, business-unit, operational, customer, financial, and individual performance factors applied;
e. how the 145% Overall Performance factor affected the available incentive pool or individual awards;
f. the resulting aggregate funded opportunity;
g. actual awards earned and/or paid; and
h. the amount ultimately recognized in Rate Year 1 and included in the revenue requirement.

Response:

a. Please refer to OCC-202, Attachments 1 and 2, for aggregate eligible base salaries and other eligible compensation.

b. Target incentive percentages are set by employee level as follows:

Level	Target (% of Salary)
Executive	40% - 140%
Director	25%
Manager	15%
Supervisor	10-12%
Individual Contributor	2% - 8%

c. Please refer to OCC-202, Attachments 1 and 2, for aggregate eligible base salaries and other eligible compensation.

d. (d-g) Please refer to the Company's response to UPA-039[i]. The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, in the aggregate, for the group of five officers, although individuals in the group received different percentages depending on their individual performance. Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, in the aggregate, for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department. Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

h. Please refer to schedules C-3.6 and C-3.7 for the amounts of variable compensation recognized in Rate Year 1 and included in the revenue requirement.

As referenced in the Company's response to information requests UPA-002[ii], UPA-015[iii] and UPA-046[iv], the Company will update the rate year amounts reflected in Schedule C-3.6 and C-3.7 to reflect variable compensation at target compared to the amount currently presented, which was based on the actual 2025 funding.

Prior Referenced Responses:

[i] UPA-039 Question:

(OFFICER VARIABLE COMPENSTION—INCENTIVES FUNDING POOL STRUCTURE) Identify each incentive funding pool or sub-pool applicable to any employee or officer whose compensation is reflected in Schedule C-3.6 or C-3.7.

a. For each such pool, provide its target dollar amount, final funded dollar amount, final funding percentage, population covered, and relationship to any higher-level or lower-level pool.

b. Explain how funding is transferred or allocated from the enterprise level to executive, business-unit, manager, department, or individual levels; and
c. State whether any pool or sub-pool is required to equal, or is constrained by, an amount established at a higher organizational level.

UPA-039 Response:

a. For 2025 variable compensation (paid in 2025) the targets and actual payouts are as follows:

2025 Variable Compensation Targets ($)	2025 Actual Variable Compensation Paid ($)
$80,308,863	$101,113,911

b. Please refer to the Company's response to UPA-005i. The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, in the aggregate, for the group of five officers, although individuals in the group received different percentages depending on their individual performance. Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, in the aggregate, for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department. Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

c. There is no sub-pool to any amounts established at a higher organization level

[ii] UPA-002 Question:

(OFFICER VARIABLE COMPENSATION—RECIPIENT-LEVEL DATA) Application, Schs. C-3.5, C-3.6, and C-3.7. Provide an unlocked Excel workbook, with formulas intact, containing separate tabs for (i) non-officer employees included in Schedule C-3.6 and (ii) officers/executives included in Schedule C-3.7. For each anonymized individual included in the Test Year or used to develop the amount included in the Rate Year:

a. job title or position category;
b. employing entity;
c. business unit/department and cost center;
d. base salary or wage compensation;
e. target short-term variable-pay percentage and target dollar amount;
f. actual 2025 short-term variable-pay amount;
g. long-term variable-compensation expense, if any;
h. total variable compensation;

i. amount expensed;
j. amount capitalized;
k. amount directly charged or allocated to CL&P;
l. applicable allocation factor and basis; and
m. amount included in the Rate Year revenue requirement.

If the amount included in the Rate Year is not maintained at the individual level, provide the corresponding job amount in the Rate Year and explain the methodology used to derive it.

UPA-002 Response:

The Company did not construct Schedule C-3.6 to present Employee Variable Compensation at the individual employee level.

The Test Year Employee Variable Compensation in Schedule C-3.6 represents the amount of variable compensation accrued during the test year. The actual variable compensation payments are made in the first quarter of the following year, and the accrued liability is reviewed and trued up as necessary at that time to reflect the final, approved pay-out amounts. True-up adjustments are recorded and allocated proportionally as the original accrual was charged, ensuring the final costs are accurately reflected and consistently assigned. The final actual variable compensation payments made in the first quarter of 2026 account for the Test Year Pro Forma amounts.

To derive the Rate Year adjustment, the Test Year Pro Forma amounts are then escalated by the three-percent merit increases, as known and measurable changes for the period January 1, 2026 through June 30, 2028. The Test Year Pro Forma amount plus the Rate Year Adjustment derives the Rate Year level of variable compensation. Because these amounts were originally developed as described above, at the company level, the Company does not have an individual-by-individual itemization of variable compensation in the form contemplated by the question.

Upon review, the Company is preparing an updated Schedule C-3.6 that will provide the target level of variable compensation on an individual-employee basis, as requested in this question. Target-level variable compensation in 2025 was lower than the amount actually funded and paid out for 2025, which was above target. Target-level variable compensation is most representative of what the Company expects to pay out year-to-year over the longer term, as funding above target will vary year to year. Therefore, the Company plans to update the cost of service to incorporate the variable compensation pay-out at target, rather than as originally proposed in the Company's application, which will lower the cost of service.

Please refer to the Company's response to UPA-015,i for the Officers' variable compensation methodology that derives the Rate Year amounts.

[iii] UPA-015 Question:

(OFFICER VARIABLE COMPENSATION—RESIDUAL LONG-TERM OFFICER VARIABLE COMPENSATION) Application, Sch. WP C-3.7. After the exclusions described in Schedule WP C-3.7, the Rate Year still includes long-term officer variable compensation. For each anonymized recipient of the remaining long-term compensation, provide:

a. title and employing entity;
b. award type or instrument;
c. grant date;
d. performance and vesting period;

e. target and actual award;
f. performance or vesting metrics and weights;
g. accounting expense recognized in the Test Year, pro forma, and Rate Year;
h. amount allocated or charged to CL&P; and
i. an explanation of how the award and its performance metrics benefit CL&P customers. Identify whether any metric is based on total shareholder return, stock price, EPS, dividend growth, net income, return measures, relative market performance, regulatory outcomes, or another financial measure.

UPA-015 Response:

a. The population in Exhibit CLP-REVREQ-2, Schedule C-3.7 represents the officer at the Vice President level and above as of December 31, 2025 for whom a portion of their compensation is charged to the Company. Please see UPA-015, Attachment 1, which provides a reconciliation by officer for the Test Year, Test Year Pro-Forma and Rate Year. As shown in Attachment 1 columns (D) and (E) the Test Year expense consists of the accounting accrual of short-term and long-term variable compensation (see rows 11 through 79). The Company made pro-forma adjustments to (1) remove both the short-term and long-term variable compensation associated with the CEO, CFO and CL&P President (see row 82); (2) remove the long-term variable compensation associated with other named executive officers (see row 83); and (3) remove the 2024 true-up recorded in 2025 and add the 2025 true-up recorded in 2026 (see rows 84 and 85). Lastly, the Company made Rate Year adjustments to reflect the known merit increases of 3 percent for the period January 1, 2026 through June 30, 2028.

   In summary, after these adjustments, the Company's proposed cost of service in this proceeding includes executive (i.e., those at the level of Vice President and above, excluding those components referenced above and removed on lines 82 and 83) variable compensation charged to CL&P as earned in the Test Year, 2025, based on the payouts associated with that performance year, as adjusted to Rate Year levels.

   The Company recognizes that the variable compensation accruals and payouts vary from year to year and may be more (or less) than target levels. For instance, as shown in UPA 15, Attachment 1, the amount of cash variable compensation accrued in the Test Year, and which serves as the basis for Rate Year amounts is above target levels (see, e.g., Column D as compared to Column F). Conversely, the Test Year accrual for LTI variable compensation is below target (see, e.g., Column H as compared to Column E). The Company's experience in Massachusetts is to reflect the amount of variable cash incentive at target levels, rather than at accrued amounts. As shown in Attachment 1, using the target short-term and long-term variable compensation, the Company's Rate Year amounts would be $1.571 million and $1.913 million respectively as compared to $2.438 million and $1.331 million.

b. Long-term officer variable compensation awards is recognized over a three-year vesting period in the form of two vehicles:

   1. Restricted Share Units ("RSUs") vest by one-third typically on the 1st of February in each of the three years following the calendar year of the grant.

   2. Performance Shares ("PSUs") vest at the end of the three-year performance period (December 31st).

   3. The Company recognizes compensation expense in accordance with Generally Accepted Accounting Principles ("GAAP"), specifically Accounting Standards Codification 718, *Compensation - Stock Compensation*

c. Please refer to the table below for the long-term officer variable compensation grant date and payment dates for the last three plan years:

Long-Term Variable Compensation Awards

Officer RSUs:	Award - Grant Date	Payment - Distribution Date
2023-2025 Plan	2/1/2023	Year 1: 2/12/2024 Year 2: 2/18/2025 Year 3: 2/12/2026
2024-2026 Plan	1/31/2024	Year 1: 2/18/2025 Year 2: 2/12/2026 Year 3: 2/18/2027
2025-2027 Plan	1/29/2025	Year 1: 2/12/2026 Year 2: 2/18/2027 Year 3: 2/17/2028

Officer PSUs:	Award - Grant Date	Payment - Distribution Date
2023-2025 Plan	2/1/2023	2/12/2026
2024-2026 Plan	1/31/2024	2/18/2027
2025-2027 Plan	1/29/2025	2/17/2028

d. Please refer to subpart (c) for payment dates.

e. Please refer to UPA-015, Attachment 1, for the CL&P-related component for target and actual awards.

f. Long-term officer variable compensation is awarded with the following weights: 1. 75% of the grant in the form of PSUs

g. 2. 25% of the grant in the form of RSUs.

h. Please refer to UPA-015, Attachment 1.

i. Please refer to UPA-015, Attachment 1.

j. Variable compensation is comprised of short-term and long-term incentives that pay out based on the performance of the individual employee. Long-term incentives are based on the metrics shown below, which are appropriate given that customers benefit from lower operating costs, lower capital costs and other areas of good fiscal management, which are the outcomes that are promoted through this compensation.

Long-Term Incentive Program Performance Share Potential Payout

Three-Year Average EPS Growth	Three-Year Relative Total Shareholder Return Percentiles									
	Below 10th	20th	30th	40th	50th	60th	70th	80th	90th	Above 90th
10.0%	100%	110%	130%	140%	150%	160%	170%	180%	190%	200%
9.0%	90%	100%	120%	130%	140%	150%	160%	170%	180%	190%
8.0%	80%	90%	110%	120%	130%	140%	150%	160%	170%	180%
7.0%	70%	80%	100%	110%	120%	130%	140%	150%	160%	170%
6.0%	60%	70%	90%	100%	110%	120%	130%	140%	150%	160%
5.0%	40%	60%	80%	90%	100%	110%	120%	130%	140%	150%
4.0%	30%	40%	60%	80%	90%	100%	110%	120%	130%	140%
3.0%	—	20%	40%	70%	80%	90%	100%	110%	120%	130%
2.0%	—	—	20%	60%	70%	80%	90%	100%	110%	120%
1.0%	—	—	—	30%	50%	60%	70%	80%	100%	110%
0.0%	—	—	—	10%	20%	30%	40%	50%	60%	70%
Below 0%	—	—	—	—	10%	20%	30%	40%	50%	60%

[iv] UPA-046 Question:

(OFFICER VARIABLE COMPENSATION—NORMALIZATION OF ABOVE-TARGET 2025 INCENTIVE PERFORMANCE FOR THE RATE YEAR) Application, Sch. WP C-3.7, rows 21–27 and notes (a) and (b). State whether the Test Year or Test Year Pro Forma officer-variable-compensation amount in Schedule C-3.7 reflects a corporate or executive funding factor above 100% of target, including the 145% executive incentive funding level disclosed for 2025. If so:

a. quantify the portion of Schedule C-3.7 attributable to performance above 100% of target;
b. explain why an above-target Test Year performance result is an appropriate normalized basis for Rate Year 1;
c. provide the Schedule C-3.7 Test Year Pro Forma and Rate Year amounts assuming corporate performance at exactly 100% of target;
d. provide the corresponding amounts using the average corporate funding factor for 2021–2025; and
e. explain why the Company's chosen Rate Year methodology is more representative than either alternative (i) the normalization at exactly 100% of target described in subpart c, or (ii) the normalization using the average corporate funding factor for 2021-2025 described in subpart d.

In the response, address whether use of the 2025 historical pro forma amount followed by Rate Year escalation embeds extraordinary above-target 2025 performance into prospective rates.

UPA-046 Response:

a. The portion of Schedule WP C-3.7 funded at target in the rate year is $3.484 million ($1.571 million short-term variable compensation and $1.913 million for long-term variable compensation). Please refer to UPA-015 Attachment 1, (Line 85) Columns F and H for reference.
This amount is slightly lower than the initial filing, which reflects variable compensation at the actual funded level for 2025 totaling $3.769 million ($2.438 million short-term variable compensation and $1.331 million long-term variable compensation). Please see Exhibit CLP-REVREQ-2 Sch WP C-3.7 and UPA -015, Attachment 1 Line 85 Columns D and E.

b. As referenced in the Company's response to information request UPA-002[iv] and UPA-015[iv], the Company's original application incorporated variable compensation at the actual funding level for 2025. However, the Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As such, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect variable compensation at target levels, rather than at the actual payout percentage in 2025, which was above target levels.

c. Please refer to subpart (a) above and UPA-015 Attachment 1 column F for the short-term variable compensation at target and column H for the long-term variable compensation at target. As noted in subpart (b) these amounts will be reflected in a future cost of service update.

d. Per the table below, the five-year average performance score is 138%.

Please refer to Table 1 for a sample of our five-year trend of overall performance:

Table 1

Year	**Performance Factor**
2021	160%
2022	164%
2023	94%
2024	125%
2025	145%
Avg	138%

While 2023 performance was below target, it reflects a year in which the Compensation Committee utilized downward discretion to recognize financial outcomes in light of write-offs related to our offshore wind divestiture.

Therefore, based on the target amounts calculated within UPA-015 Attachment 1, the average corporate funding factor (i.e. 138% outlined above) would reflect the annual short-term and long-term variable compensation at approximately $2.168 million and $2.640 million, respectively.

e. As noted in subpart (b) above, the Company will update its proposed cost-of-service in this proceeding to incorporate the variable compensation payout at target (see amounts referenced in subpart (a)). The initial application which was based on the actual funding in 2025, which, as noted above, was a reasonable proxy based on historical information.

Date Filed: October 14, 2026

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

Question:

(OFFICER VARIABLE COMPENSATION—AGGREGATE TARGET INCENTIVE BASE) Application, Ex. CLP-EMPLOYEE-1, pp. 30–38; Application, Sch. C-3.7. Explain how the dollar value of the target incentive pool is initially calculated before application of the corporate performance factor.

a. Provide an unlocked Excel workbook showing, for each Schedule C-3.7 participant or anonymized recipient:
    i. eligible base compensation used in the calculation;
    ii. applicable target incentive percentage;
    iii. resulting target incentive dollars;
    iv. a reconciliation of the individual target amounts to the aggregate target pool applicable to the Schedule C-3.7 population.
b. In a narrative response, explain the methodology used to determine eligible compensation for purposes of calculating the target incentive opportunity, including:
    i. whether eligible compensation is based on beginning-of-year, year-end, average, or actual earned salary; and
    ii. how promotions, salary changes, partial-year service, transfers, hires, and terminations are treated in determining eligible compensation and target incentive dollars.

Response:

The target value of is determined based on a bottoms-up calculation determining the level of compensation at target, based on the target payout as a percentage of base salary and each individual's base salary. For instance, if an individual has a target variable compensation of 10 percent of salary at $100,000 annual salary, that individual's target incentive compensation is $10,000 ($100,000 annual salary * 10 percent target payout).

a. Please refer to UPA-015, Attachment 1, which compares annual variable compensation targets to annual variable compensation actually paid, by recipient.

b. When determining the variable compensation, year-end base salary is used, with the following exceptions:

- Promotions – base salaries are pro-rated between the two roles the employee held in the calendar year

- New hires (partial-year service)) – base salaries are pro-rated by the compensation actually earned in the calendar year (i.e. number of months worked)

- Terminations or retirements – employees must be employed as of the date variable compensation is paid in order to be eligible.

Date Filed: October 14, 2026

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

Question:

(OFFICER VARIABLE COMPENSATION—EFFECT OF INDIVIDUAL PERFORMANCE ON TOTAL POOL EXPENDITURE) Application, Ex. CLP-EMPLOYEE-1, pp. 37–38; Application Sch. C-3.7. Explain whether individual officer or executive performance can change the total amount of variable compensation ultimately distributed by Eversource or whether individual performance primarily determines the allocation of a previously established pool. For the 2025 executive or officer population:

a. state whether the aggregate amount ultimately distributed could be less than the funded pool solely because of individual-performance results;
b. state whether an award to one individual above the applicable target or pool funding percentage requires a reduction in the award available to another individual or group;
c. identify any formal budget, pool, departmental, or manager-level constraint governing total awards;
d. provide the total amount of the funded executive/officer pool, the amount distributed, and the amount undistributed for 2025.

Response:

a. Overall payouts do not fall below the funding pool.

b. Managers are required to stay within their allocated variable compensation budget, which is established based on the funding pool process described in the response to UPA-005[i]. This requires correlating the performance of individual employees within their allocated allotment and ensuring that all payouts collectively meet that amount.

c. As stated in the response to subpart (c), managers are required to stay within their allocated variable compensation budget and variable compensation payouts should adhere to overall guidelines. These budgets are allocated across departments and management levels.

d. Please refer to UPA-015, Attachment 1, for a list of variable compensation targets and variable compensation actually paid.

Prior Referenced Responses:

[i] UPA-005 Question:

(OFFICER VARIABLE PAY—FUNDING POOL) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35. The referenced exhibit states that the enterprise variable-pay pool is funded based on corporate financial and operational performance and provides the applicable metrics and weights. Without repeating those descriptions, provide the complete 2025 calculation showing:

a. the threshold, target, and maximum scoring or payout curve for each metric;
b. actual 2025 performance;
c. the score or performance factor assigned to each metric;
d. the resulting financial score and operational score;
e. the resulting overall pool funding percentage/factor;
f. the dollar amount of the pool at target and the actual amount funded;
g. whether the funded pool was fully distributed;
h. any amount retained, returned, forfeited, or otherwise not distributed;
i. how the funded amount was allocated among business units; and
j. how amounts available to each business unit or manager were translated into individual awards.

UPA-005 Response:

This question continues to improperly intermingle the two independent processes applicable to the Company's variable pay compensation framework, which are (1) the process to determine the annual funding pool and the Board of Trustee's determination of variable pay for the CEO; and (2) the process to determine how each individual's actual payout percentage is determined for every other employee in the business aside from the named officers. Below are data points and references to better explain and detail the process with each subsection denoted as to whether it applies to the first or second process.

(a) The threshold, target, and maximum scoring or payout curve for each metric. Each year, the Eversource Energy Board of Trustee's evaluates the corporation's performance in the prior calendar year against a set of pre-designated performance metrics and assigned ratings. Based on that evaluation, the Board of Trustee's makes a determination that variable pay compensation will be funded for the year. In addition, the Board of Trustees determines the variable pay compensation for the CEO, which is also granted on the basis of the corporation's achievement of those same pre-designated performance goals. Thus, the threshold, target and maximum ranges for each performance goal in CLP-EMPLOYEE-1, at pages 30-35, pertain exclusively to the ***funding process*** and to the determination of variable pay for the CEO. These performance metrics and assigned ratings ***do not apply*** to any other individual employees, except for the CEO, whose compensation is determined by the Board of Trustee's Compensation Committee.

Metric	**Threshold**	**Target**	**Maximum**
Financial Performance (70%)			
Non-GAAP Earnings Per Share	$4.59	$4.71	$4.80

Dividend Growth	$2.97	$3.00	$3.03
Strategic Growth Initiatives			
Strategic Growth Initiatives	Regulatory filings, storm cost recovery, and strategic positioning		
Operational Performance (30%)			
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months
Restoration System Average Restoration Duration (SAIDI)	70 Minutes	63.7 Minutes	62 Minutes
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate
Gas Emergency Response	93.0%	98.2%	99.2%
% Candidate Slate	50.0%	59.5%	65.0%
Sustainability Ranking	65.0%	87.0%	107.0%
Key Strategic Customer and Clean Energy Operational Results			
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs		
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects		

(b) through (e)

For 2025, the Board of Trustees Compensation Committee approved corporate performance at 145% of target based on the following computation:

Table 1
Targeted and Actual Performance

Threshold	**Target**	**Maximum**	**Financial**	**Payout**	**Approved**
Metric 50%	100%	200%	Results	Factor	Weighting
Financial Performance					
2025 Non-GAAP Earnings Per Share $4.59	$4.71	$4.80	$4.76	155%	60%
Dividend Growth $2.97	$3.00	$3.03	$3.01	131%	10%
3.85%	5.00%	5.94%			

Table 2
Key Strategic Financial and Regulatory Results

Strategic Financial Initiatives and Regulatory Outcomes	Regulatory filings, storm cost recovery and strategic positioning				175%	30%
Operational Performance						
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months	21.0 Months	95%	25%
Restoration System Average Restoration Duration (SAIDI)	70 Mins.	63.7 Mins.	62 Mins.	66 Mins.	63%	25%
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate	0.87 Rate	95%	8.33%
Gas Emergency Response	95%	98.2%	99.2%	98.0%	94%	8.33%
% Candidate Slate	50.0%	59.5%	65.0%	64.3%	187%	8.33%
Sustainability Index	65.0%	87.0%	107.0%	102.6%	178%	8.33%

Key Strategic Customer and Clean Energy Operational Results			
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs	165%	8.33%
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects	160%	8.33%
Financial Performance (weighted 70%)	at	159%	111%
Operational Performance (weighted 30%)	at	113%	34%
Overall Performance			**145%**

Subpart (b) asks for "actual 2025 performance." Table 1 provides the "actual 2025 performance" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (c) asks for the "score or performance factor assigned to each metric." Table 2, provides the "score or performance factor assigned to each metric," for the corporation, for purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (d) asks for the "resulting financial score and operational score." Table 1, provides the "resulting financial score and operational score" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (e) asks for the "resulting overall pool funding percentage/factor." Table 2, provides the "resulting overall pool funding percentage/factor" for the corporation, for the purposes of the Funding Pool decision. Table 2 does not pertain to any individual employee in the enterprise other than the CEO.

As noted in Table 2, the "overall pool funding percentage/factor" is 145%.

(f) Subpart (f) of the question asks about "the dollar amount of the pool at target and the actual amount funded. Based on the overall results of the corporation against the pre-established goals, the corporation's performance was calculated as 145% of target for 2025, reflecting the Company's strong performance and the executive team's execution of the Company's Operating Plan.

The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the group of five officers, although individuals in the group received different percentages depending on their individual performance.

Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the entire group, although individuals in the group received different percentages depending

on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

For performance in 2025, the Chief Financial Officer established the funding pool shown below, which was above target:

2025 Variable Compensation Target	**2025 Actual Variable Compensation Paid Out to Employees**
$80,308,863	$101,113,911

(g) Subpart (g) of the question asks whether the funded pool was fully distributed. Once the funding pool is established (at $101,113,911), all amounts were paid out across the organization because variable pay compensation is part of total employee compensation and is not used or diverted for other purposes once the pool is established. Once funded, the dollars are distributed to employees or "individual contributors" across the organization in accordance with the allocation process that is handled by the Eversource Energy Human Resource Department.

(h) Subpart (h) asks whether any amount (of the funding pool) is retained, returned, forfeited, or otherwise not distributed. As answered in subpart (g), none of the variable compensation funded pool was retained, returned, forfeited or otherwise not distributed. To the contrary, each year, variable pay compensation is accrued in the operating budget for every business unit, reflecting the expectation that variable pay compensation will be paid out to employees. Generally, variable compensation is budgeted at target levels as this is the level of total compensation that the Company would expect to pay if every employee met the expectations of their job positions exactly as anticipated for the individual job position. In this case, the Company is requesting to include the target level in rates as representative of the amount of variable pay compensation that the Company will pay to employees on a year-to-year basis, although in the Test Year 2025, Eversource paid out greater than the target level to employees and may do so again in the future.

(i) With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department.

Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

(j) With respect to how amounts available to each business unit or manager are translated into individual awards, funding pools are allocated to each department/manager through the Workday Human Resources Information System (HRIS). Through this system, managers enter recommendations for grants to eligible employees in their departments, in conjunction with their performance assessments of those employees (only up to the amount of the funding pool for that department). Through the Company's Workday system, these recommendations are rolled up to the Executive Vice President of each respective organization for review, consultation and final approval. This process was described in the Company's response to UPA-010.

(k) All eligible individual employees or "contributors" below the six Named Executive Officers, have individual scorecards delineating the individual's performance goals for the calendar year. These individual performance goals are not designed to correlate directly or tie to the corporation's performance goals, nor are

there any weightings that apply to individual employee goals. All of the corporation's goals, whether financial or operational, are part of the corporation's service mission to customers and are furthered by the efforts of our employees across the organizations. Therefore, individual goals are designed to support corporate objectives to provide safe and reliable service to customers with rigorous cost control and responsible management. The performance of each employee is reviewed by the respective manager and decisions are made within the various levels of management as to how the funding pool for that department will be allocated among its own contributors. Employees are ranked by their level of contribution and the variable pay is paid out to employees on the basis of the contribution level assigned by management. The Company's response to OCC-201, Attachment 1, shows the allocation of variable pay compensation across the base of employee contributors.

Date Filed: October 14, 2026

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

Question:

(OFFICER VARIABLE COMPENSATION—BASIS FOR INITIAL LONG-TERM INCENTIVE GRANT OPPORTUNITY) Application, Sch. C-3.7 and Sch. WP C-3.7; Ex. CLP-EMPLOYEE-1, pp. 7–11. For each job-scope level or position represented in the $1.331 million Rate Year long-term officer-variable-compensation amount in Schedule C-3.7, explain how the initial target long-term incentive opportunity is established before subsequent performance or vesting adjustments and provide:

a. target long-term incentive (LTI) opportunity as a percentage of base salary or other compensation measure;
b. the market survey, job-scope policy, Compensation Committee policy, employment agreement, retention determination, or other basis used to establish that percentage;
c. the title or position of the person who approves the initial target;
d. whether there is any discretion to depart from the standard target;
e. whether the target differs by award instrument, including performance shares, restricted stock units (RSUs), cash LTI, or another vehicle; and
f. any changes assumed from the Test Year through Rate Year 1.

Response:

a. Please refer to UPA-015, Attachment 1, for details on long-term incentive variable compensation targets.

b. To ensure that the Company achieves its goal of providing market-based total direct compensation levels to attract and retain top quality management, the Compensation Committee provides our executives with target compensation opportunities approximately equal to median compensation levels for executive officers of companies in the utility industry comparable to us in size. To achieve that goal, the Committee and its independent compensation consultant work together to determine the market values of executive compensation elements by using competitive market compensation data.

   The Committee reviews competitive compensation data obtained from utility and general industry surveys and a specific group of peer utility companies. Incumbent compensation

levels may be set below the market median for those executives who are new to their roles, while long- tenured, high performing executives may be compensated above median.

c. All targets must be approved by the Chief Executive Officer. All targets for the Chief Executive Officer and direct reports to the Chief Executive Officer must be approved by the Compensation Committee. In addition, all targets for the Chief Executive Officer are approved by the Board of Trustees.

d. As targets are market-based and grouped by management level, there is no discretion to depart from standard targets.

e. The award instruments, Performance Shares (PSUs) and Restricted Share Units (RSUs) are fixed at 75% PSUs and 25% RSUs.

f. There are no changes assumed from the Test Year to the Rate Year.

Date Filed: October 16, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray, Sasha P. Lazor, Marianne H. Eichler and Danielle Munson
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—LONG-TERM INCENTIVE AWARD-TO-EXPENSE RECONCILIATION) Application, Sch. C-3.7 and WP C-3.7; Ex. CLP-EMPLOYEE-1, p. 36. For each LTI award giving rise to expense included in the Test Year, Test Year Pro Forma, or Rate Year Schedule C-3.7 amounts, provide a reconciliation from the original award to the Rate Year amount expense, including:

a. award date;
b. target grant value;
c. number and type of units or shares granted;
d. grant-date fair value used for accounting;
e. applicable performance and vesting period;
f. accounting expense recognized in each year;
g. performance-related remeasurement or true-up, if applicable;
h. forfeiture assumptions and actual forfeitures;
i. treatment of dividend-equivalent units;
j. amount capitalized and amount expensed;
k. amount allocated to CL&P; and
l. amount included in the Rate Year amount.

Explain any difference among target award value, grant-date fair value, amount ultimately vested or paid, and accounting expense recovered through rates.

Response:

Please see UPA-044, Attachment 1, for the requested reconciliation of long-term variable compensation awards giving rise to compensation expense in the Test Year (2025). The attachment provides information regarding Performance Shares ("PSUs") and Restricted Share Units ("RSUs") awards with award dates ranging from February 2, 2022 through January 29, 2025 and reconciles the expected 2025 compensation cost associated with those awards to the accounting expense recognized in 2025.

The information requested in parts (a) through (l) is addressed as follows:

a. The applicable award date, representing the date of communication to participants, is provided in Column (A).

b. The target grant value for each award is provided in Column (B) of the attachment. The target grant value represents the value used to determine the number of units to be awarded to participants.

c. The number of units granted is provided in Column (D), and the applicable award type, PSU or RSU, is identified in Column (G). Column (C) provides the applicable share price used to determine the number of units granted.

d. The grant-date fair value per share used for accounting purposes is provided in Column (E). Column (F) provides the resulting compensation cost as calculated in accordance with Generally Accepted Accounting Principles ("GAAP"), specifically Accounting Standards Codification 718, *Compensation - Stock Compensation* ("ASC 718") for the entire award. The ASC 718 grant-date compensation cost is calculated as the number of units granted in Column (D) multiplied by the grant-date fair value per share in Column (E).

e. The applicable vesting provisions are identified in Column (G) and the related footnotes. For RSUs, Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period based upon the fair value of Eversource's common shares at the date of grant. For PSUs, Eversource records compensation expense, net of estimated forfeitures, over the requisite service period. Performance shares vest based upon the extent to which Company goals are achieved. Vesting of outstanding performance shares is based upon the Company's EPS growth over the requisite service period and level of payout is determined based on the total shareholder return as compared to the Edison Electric Institute ("EEI") Index during the requisite service period. The fair value of performance shares is determined at the date of grant using a lattice model.

f. For purposes of the Test Year reconciliation requested in this data request, Column (H) provides expected 2025 compensation cost based on the vesting provisions; Column (I) provides the ASC 718 adjustments applicable to that amount; and Column (J) presents the resulting accounting expense recognized by Eversource Energy on a consolidated basis in 2025. Column (K) presents the portion of that 2025 accounting expense allocated to CL&P.

g. Column (I) presents adjustments to expected 2025 compensation cost, including the effects of performance-related remeasurement, the forfeiture assumption, actual forfeitures and impacts of vesting conditions, including expense recognition implications for retirement eligible participants. These adjustments are presented on a combined basis and reconcile

the expected 2025 compensation cost in Column (H) to the 2025 consolidated accounting expense in Column (J).

The Company engages Fidelity, an external service provider, to perform the ASC 718 expense calculations associated with the Company's long-term variable compensation plans. Fidelity's calculations utilize the applicable award terms and assumptions provided by the Company. Compensation expense for a particular period may therefore differ from the amount initially expected for that period as a result of the application of the relevant accounting and award provisions.

In particular, the 2025 expense calculation incorporates performance-related remeasurements for the PSU plans, the effect of the applicable forfeiture assumption and actual forfeitures, and impacts to expense recognition due to varying service requisite periods, including and due primarily to retirement-eligible participants. These elements interact within Fidelity's calculation and are not maintained in the Company's existing reporting as discrete components that can be readily bifurcated and reconciled individually. Accordingly, Column (I) of the attachment presents the aggregate net impact of these adjustments.

h. The Company applies a dynamic forfeiture methodology and a 5% forfeiture assumption in calculating compensation cost. Under the dynamic methodology, the estimated forfeiture rate is applied in determining compensation expense and the estimate is adjusted, as appropriate, based on actual forfeiture experience as the awards progress through their applicable vesting periods.

   Actual forfeited shares for the 2023, 2024 and 2025 PSU plans were 2,091, 6,721 and 6,050 shares, respectively. Actual forfeited shares for the 2023, 2024 and 2025 RSU plans were 377, 1,369 and 2,018 shares, respectively.

i. Dividend equivalents are subject to the vesting provisions of the underlying award**. To the extent the award vests, the associated dividend equivalents are treated as distributions to the award holder and are charged to shareholders' equity rather than recognized as additional compensation expense.**

j. The compensation cost of long-term variable compensation awards is recorded to general ledger FERC Account 920000.

k. Column (K) of the attachment provides the amount of 2025 accounting expense allocated to CL&P for each award. The total amount allocated to CL&P for the awards presented in the attachment is approximately $4.198 million. Please refer to UPA-015 Attachment 1 for the amounts allocated to CL&P in the Test Year.

l. Please refer to UPA-015 Attachment 1 for the amounts allocated to CL&P in the Rate Year.

As outlined in UPA-046[i], the Company's original application incorporated variable compensation at the actual level of funding for 2025. However, the Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As a result, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect the amounts at target levels, rather than the actual level of funding for 2025 as initially proposed.

Prior Referenced Response

[i] UPA-046 Question

(OFFICER VARIABLE COMPENSATION—NORMALIZATION OF ABOVE-TARGET 2025 INCENTIVE PERFORMANCE FOR THE RATE YEAR) Application, Sch. WP C-3.7, rows 21–27 and notes (a) and (b). State whether the Test Year or Test Year Pro Forma officer-variable-compensation amount in Schedule C-3.7 reflects a corporate or executive funding factor above 100% of target, including the 145% executive incentive funding level disclosed for 2025. If so:

a. quantify the portion of Schedule C-3.7 attributable to performance above 100% of target;
b. explain why an above-target Test Year performance result is an appropriate normalized basis for Rate Year ;
c. provide the Schedule C-3.7 Test Year Pro Forma and Rate Year amounts assuming corporate performance at exactly 100% of target;
d. provide the corresponding amounts using the average corporate funding factor for 2021–2025; and
e. explain why the Company's chosen Rate Year methodology is more representative than either alternative (i) the normalization at exactly 100% of target described in subpart c, or (ii) the normalization using the average corporate funding factor for 2021-2025 described in subpart d.

In the response, address whether use of the 2025 historical pro forma amount followed by Rate Year escalation embeds extraordinary above-target 2025 performance into prospective rates.

UPA-046 Response:

a. The portion of Schedule WP C-3.7 funded at target in the rate year is $3.484 million ($1.571 million short-term variable compensation and $1.913 million for long-term variable compensation). Please refer to UPA-015 Attachment 1, (Line 85) Columns F and H for reference.
This amount is slightly lower than the initial filing, which reflects variable compensation at the actual funded level for 2025 totaling $3.769 million ($2.438 million short-term variable compensation and $1.331 million long-term variable compensation). Please see Exhibit CLP-REVREQ-2 Sch WP C-3.7 and UPA -015, Attachment 1 Line 85 Columns D and E.

b. As referenced in the Company's response to information request UPA-002[i] and UPA-015[i], the Company's original application incorporated variable compensation at the actual funding level for 2025. However, the

Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As such, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect variable compensation at target levels, rather than at the actual payout percentage in 2025, which was above target levels.

c. Please refer to subpart (a) above and UPA-015 Attachment 1 column F for the short-term variable compensation at target and column H for the long-term variable compensation at target. As noted in subpart (b) these amounts will be reflected in a future cost of service update.

d. Per the table below, the five-year average performance score is 138%.

Please refer to Table 1 for a sample of our five-year trend of overall performance:

Table 1

Year	Performance Factor
2021	160%
2022	164%
2023	94%
2024	125%
2025	145%
Avg	138%

While 2023 performance was below target, it reflects a year in which the Compensation Committee utilized downward discretion to recognize financial outcomes in light of write-offs related to our offshore wind divestiture.

Therefore, based on the target amounts calculated within UPA-015 Attachment 1, the average corporate funding factor (i.e. 138% outlined above) would reflect the annual short-term and long-term variable compensation at approximately $2.168 million and $2.640 million, respectively.

e. As noted in subpart (b) above, the Company will update its proposed cost-of-service in this proceeding to incorporate the variable compensation payout at target (see amounts referenced in subpart (a)). The initial application which was based on the actual funding in 2025, which, as noted above, was a reasonable proxy based on historical information.

Date Filed: October 06, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—DISTRIBUTION AND CAPITALIZATION)
Application, Sch. C-3.7 and WP C-3.7. For every dollar of Test Year officer/executive variable compensation ultimately included in Schedule C-3.7, provide a reconciliation showing the disposition of the underlying compensation cost among:

a. CL&P distribution O&M;
b. CL&P transmission expense or transmission revenue requirements;
c. CL&P capitalized construction costs;
d. other CL&P functions;
e. other Eversource operating companies;
f. amounts not recovered from customers;
g. identify whether capitalized amounts are included in rate base in this proceeding;
h. identify whether depreciation, carrying costs, or return associated with those capitalized compensation amounts is included in the Company's requested revenue requirement; and
i. demonstrate that no compensation amount included as an operating expense in Schedule C-3.7 is also recovered through rate base, depreciation expense, a tracker, transmission rates, or another recovery mechanism.

Response:

a. The total Test Year Officer variable expense of $6.458 million included within Exhibit CLP-REVREQ-2, Schedule C-3.7, represents the total O&M expense incurred in fiscal year 2025 specific to CL&P Distribution.

b. – h.

No dollars outlined within Exhibit CLP-REVREQ-2, Schedule C-3.7, relate to CL&P Transmission expense or revenue requirements; none are capitalized; none are associated with other operating companies; and none are included in rate base or other revenue requirement components within this rate proceeding.

i. The Company confirms that none of the Officer variable compensation expense included in Schedule C-3.7, is included in rate base, depreciation expense, a tracker, transmission rates, or any other recovery mechanism.

Date Filed: October 16, 2026

Witness: Sasha P. Lazor, Brendan J. O'Brien, Marianne H. Eichler and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—NORMALIZATION OF ABOVE-TARGET 2025 INCENTIVE PERFORMANCE FOR THE RATE YEAR) Application, Sch. WP C-3.7, rows 21–27 and notes (a) and (b). State whether the Test Year or Test Year Pro Forma officer-variable-compensation amount in Schedule C-3.7 reflects a corporate or executive funding factor above 100% of target, including the 145% executive incentive funding level disclosed for 2025. If so:

a. quantify the portion of Schedule C-3.7 attributable to performance above 100% of target;
b. explain why an above-target Test Year performance result is an appropriate normalized basis for Rate Year 1;
c. provide the Schedule C-3.7 Test Year Pro Forma and Rate Year amounts assuming corporate performance at exactly 100% of target;
d. provide the corresponding amounts using the average corporate funding factor for 2021–2025; and
e. explain why the Company's chosen Rate Year methodology is more representative than either alternative (i) the normalization at exactly 100% of target described in subpart c, or (ii) the normalization using the average corporate funding factor for 2021-2025 described in subpart d.

In the response, address whether use of the 2025 historical pro forma amount followed by Rate Year escalation embeds extraordinary above-target 2025 performance into prospective rates.

Response:

a. The portion of Schedule WP C-3.7 funded at target in the Rate Year is $3.484 million ($1.571 million short-term variable compensation and $1.913 million for long-term variable compensation). Please refer to UPA-015, Attachment 1, (Line 85) Columns F and H for reference.

   This amount is slightly lower than the initial filing, which reflects variable compensation at the actual funded level for 2025 totaling $3.769 million ($2.438 million short-term variable compensation and $1.331 million long-term variable compensation). Please see Exhibit CLP-REVREQ-2 Sch WP C-3.7 and UPA -015, Attachment 1, Line 85 Columns D and E.

b. As referenced in the Company's response to information request UPA-002[i] and UPA-015[ii], the Company's original application incorporated variable compensation at the actual funding level for 2025. However, the Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As such, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect variable compensation at target levels, rather than at the actual payout percentage in 2025, which was above target levels.

c. Please refer to subpart (a) above and UPA-015, Attachment 1, column F for the short-term variable compensation at target and column H for the long-term variable compensation at target. As noted in subpart (b) these amounts will be reflected in a future cost of service update.

d. Per the table below, the five-year average performance score is 138%.

Please refer to Table 1 for a sample of our five-year trend of overall performance:

Table 1

Year	**Performance Factor**
2021	160%
2022	164%
2023	94%
2024	125%
2025	145%
Avg	138%

While 2023 performance was below target, it reflects a year in which the Compensation Committee utilized downward discretion to recognize financial outcomes in light of write-offs related to our offshore wind divestiture.

Therefore, based on the target amounts calculated within UPA-015, Attachment 1, the average corporate funding factor (i.e. 138% outlined above) would reflect the annual short-term and long-term variable compensation at approximately $2.168 million and $2.640 million, respectively.

e. As noted in subpart (b) above, the Company will update its proposed cost-of-service in this proceeding to incorporate the variable compensation payout at target (see amounts

referenced in subpart (a)). The initial application which was based on the actual funding in 2025, which, as noted above, was a reasonable proxy based on historical information.

Prior Referenced Responses:

[i] UPA-002 Question

(OFFICER VARIABLE COMPENSATION—RECIPIENT-LEVEL DATA) Application, Schs. C-3.5, C-3.6, and C-3.7. Provide an unlocked Excel workbook, with formulas intact, containing separate tabs for (i) non-officer employees included in Schedule C-3.6 and (ii) officers/executives included in Schedule C-3.7. For each anonymized individual included in the Test Year or used to develop the amount included in the Rate Year:

a. job title or position category;
b. employing entity;
c. business unit/department and cost center;
d. base salary or wage compensation;
e. target short-term variable-pay percentage and target dollar amount;
f. actual 2025 short-term variable-pay amount;
g. long-term variable-compensation expense, if any;
h. total variable compensation;
i. amount expensed;
j. amount capitalized;
k. amount directly charged or allocated to CL&P;
l. applicable allocation factor and basis; and
m. amount included in the Rate Year revenue requirement.

If the amount included in the Rate Year is not maintained at the individual level, provide the corresponding job amount in the Rate Year and explain the methodology used to derive it.

UPA-002 Response:

The Company did not construct Schedule C-3.6 to present Employee Variable Compensation at the individual employee level.

The Test Year Employee Variable Compensation in Schedule C-3.6 represents the amount of variable compensation accrued during the Test Year. The actual variable compensation payments are made in the first quarter of the following year, and the accrued liability is reviewed and trued up as necessary at that time to reflect the final, approved pay-out amounts. True-up adjustments are recorded and allocated proportionally as the original accrual was charged, ensuring the final costs are accurately reflected and consistently assigned. The final actual variable compensation payments made in the first quarter of 2026 account for the Test Year Pro Forma amounts.

To derive the Rate Year adjustment, the Test Year Pro Forma amounts are then escalated by the three-percent merit increases, as known and measurable changes for the period January 1, 2026 through June 30, 2028. The Test Year Pro Forma amount plus the Rate Year Adjustment derives the Rate Year level of variable compensation. Because these amounts were originally developed as described above, at the company level, the Company does not have an individual-by-individual itemization of variable compensation in the form contemplated by the question.

Upon review, the Company is preparing an updated Schedule C-3.6 that will provide the target level of variable compensation on an individual-employee basis, as requested in this question. Target-level variable compensation in 2025 was lower than the amount actually funded and paid out for 2025, which was above target. Target-level variable compensation is most representative of what the Company expects to pay out year-to-year over the longer term, as funding above target will vary year to year. Therefore, the Company plans to update the cost of service to incorporate the variable compensation pay-out at target, rather than as originally proposed in the Company's application, which will lower the cost of service.

Please refer to the Company's response to UPA-015, for the Officers' variable compensation methodology that derives the Rate Year amounts.

[ii] UPA-015 Question

(OFFICER VARIABLE COMPENSATION—RESIDUAL LONG-TERM OFFICER VARIABLE COMPENSATION) Application, Sch. WP C-3.7. After the exclusions described in Schedule WP C-3.7, the Rate Year still includes long-term officer variable compensation. For each anonymized recipient of the remaining long-term compensation, provide:

a. title and employing entity;
b. award type or instrument;
c. grant date;
d. performance and vesting period;
e. target and actual award;
f. performance or vesting metrics and weights;
g. accounting expense recognized in the Test Year, pro forma, and Rate Year;
h. amount allocated or charged to CL&P; and
i. an explanation of how the award and its performance metrics benefit CL&P customers. Identify whether any metric is based on total shareholder return, stock price, EPS, dividend growth, net income, return measures, relative market performance, regulatory outcomes, or another financial measure.

UPA-015 Response:

a. The population in Exhibit CLP-REVREQ-2, Schedule C-3.7 represents the officer at the Vice President level and above as of December 31, 2025 for whom a portion of their compensation is charged to the Company. Please see UPA-015, Attachment 1, which provides a reconciliation by officer for the Test Year, Test Year Pro-Forma and Rate Year. As shown in Attachment 1 columns (D) and (E) the Test Year expense consists of the accounting accrual of short-term and long-term variable compensation (see rows 11 through 79). The Company made pro-forma adjustments to (1) remove both the short-term and long-term variable compensation associated with the CEO, CFO and CL&P President (see row 82); (2) remove the long-term variable compensation associated with other named executive officers (see row 83); and (3) remove the 2024 true-up recorded in 2025 and add the 2025 true-up recorded in 2026 (see rows 84 and 85). Lastly, the Company made Rate Year adjustments to reflect the known merit increases of 3 percent for the period January 1, 2026 through June 30, 2028.

In summary, after these adjustments, the Company's proposed cost of service in this proceeding includes executive (i.e., those at the level of Vice President and above, excluding those components referenced above and removed on lines 82 and 83) variable compensation charged to CL&P as earned in the Test Year, 2025, based on the payouts associated with that performance year, as adjusted to Rate Year levels.

The Company recognizes that the variable compensation accruals and payouts vary from year to year and may be more (or less) than target levels. For instance, as shown in UPA 15, Attachment 1, the amount of cash variable compensation accrued in the Test Year, and which serves as the basis for Rate Year amounts is above target levels (see, e.g., Column D as compared to Column F). Conversely, the Test Year accrual for LTI variable compensation is below target (see, e.g., Column H as compared to Column E). The Company's experience in Massachusetts is to reflect the amount of variable cash incentive at target levels, rather than at accrued amounts. As shown in Attachment 1, using the target short-term and long-term variable compensation, the Company's Rate Year amounts would be $1.571 million and $1.913 million respectively as compared to $2.438 million and $1.331 million.

b. Long-term officer variable compensation awards is recognized over a three-year vesting period in the form of two vehicles:

   1. Restricted Share Units ("RSUs") vest by one-third typically on the 1st of February in each of the three years following the calendar year of the grant.

   2. Performance Shares ("PSUs") vest at the end of the three-year performance period (December 31st).

   3. The Company recognizes compensation expense in accordance with Generally Accepted Accounting Principles ("GAAP"), specifically Accounting Standards Codification 718, *Compensation - Stock Compensation*

c. Please refer to the table below for the long-term officer variable compensation grant date and payment dates for the last three plan years:

Long-Term Variable Compensation Awards

Officer RSUs:	Award - Grant Date	Payment - Distribution Date
2023-2025 Plan	2/1/2023	Year 1: 2/12/2024 Year 2: 2/18/2025 Year 3: 2/12/2026
2024-2026 Plan	1/31/2024	Year 1: 2/18/2025 Year 2: 2/12/2026 Year 3: 2/18/2027
2025-2027 Plan	1/29/2025	Year 1: 2/12/2026 Year 2: 2/18/2027 Year 3: 2/17/2028
Officer PSUs:	Award - Grant Date	Payment - Distribution Date
2023-2025 Plan	2/1/2023	2/12/2026
2024-2026 Plan	1/31/2024	2/18/2027
2025-2027 Plan	1/29/2025	2/17/2028

d. Please refer to subpart (c) for payment dates.

e. Please refer to UPA-015, Attachment 1, for the CL&P-related component for target and actual awards.

f. Long-term officer variable compensation is awarded with the following weights:

1. 75% of the grant in the form of PSUs
2. 25% of the grant in the form of RSUs.

g. Please refer to UPA-015, Attachment 1.

h. Please refer to UPA-015, Attachment 1.

i. Variable compensation is comprised of short-term and long-term incentives that pay out based on the performance of the individual employee. Long-term incentives are based on the metrics shown below, which are appropriate given that customers benefit from lower operating costs, lower capital costs and other areas of good fiscal management, which are the outcomes that are promoted through this compensation.

Long-Term Incentive Program Performance Share Potential Payout

Three-Year Average EPS Growth	Three-Year Relative Total Shareholder Return Percentiles									
	Below 10th	20th	30th	40th	50th	60th	70th	80th	90th	Above 90th
10.0%	100%	110%	130%	140%	150%	160%	170%	180%	190%	200%
9.0%	90%	100%	120%	130%	140%	150%	160%	170%	180%	190%
8.0%	80%	90%	110%	120%	130%	140%	150%	160%	170%	180%
7.0%	70%	80%	100%	110%	120%	130%	140%	150%	160%	170%
6.0%	60%	70%	90%	100%	110%	120%	130%	140%	150%	160%
5.0%	40%	60%	80%	90%	100%	110%	120%	130%	140%	150%
4.0%	30%	40%	60%	80%	90%	100%	110%	120%	130%	140%
3.0%	—	20%	40%	70%	80%	90%	100%	110%	120%	130%
2.0%	—	—	20%	60%	70%	80%	90%	100%	110%	120%
1.0%	—	—	—	30%	50%	60%	70%	80%	100%	110%
0.0%	—	—	—	10%	20%	30%	40%	50%	60%	70%
Below 0%	—	—	—	—	10%	20%	30%	40%	50%	60%

Date Filed: October 16, 2026

Witness: Douglas P. Horton, Brendan J. O' Brien, Garrett J. Murray, Sasha Lazor and Marianne H. Eichler
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—TREATMENT OF SUBSEQUENT FORFEITURES, CLAWBACKS, AND AWARD REVERSALS) Application, Sch. C-3.7 and WP C-3.7. For officer/executive short-term or long-term incentive compensation included in base rates:

a. describe how subsequent forfeitures, cancellations, clawbacks, performance-related reductions, accounting reversals, or other downward adjustments are recorded;

b. state whether and through what mechanism CL&P customers receive the benefit of such reductions where the original expense was recovered through rates;

c. identify all such reductions associated with officer/executive compensation during 2021–2025 and the portion attributable to CL&P; and

d. explain the proposed treatment of such adjustments during the performance-based multiyear rate plan (PBMRP).

Response:

a. Please refer to UPA-047, Attachment 1, for a copy of the Eversource Energy Executive Clawback Policy. Please note that this policy is applicable only to Officers of the corporation, which are vice presidents and above. In addition, the policy operates to address circumstances with specific Officers and is not a policy to deny funding of variable pay compensation to the employee base.

   Eversource Energy has an Executive Clawback Policy in place that requires the recovery, from current or former officers, of incentive compensation that exceeds what the officer would have received in the event of restated financial statements. These include restatements that correct material errors on previously issued financial statements and restatements that correct errors that are not material to previously issued financial statements but that would result in a material misstatement if: (i) the errors were left uncorrected in the current report; or (ii) the error correction was recognized in the current period.

To the extent any such clawback were to be required, it would be reflected through the Company's accounting and financial reporting processes, and properly disclosed at the time, based on the facts and circumstances that resulted in the triggering of the policy.

b. It is highly unlikely that application of this policy would ever impact the amounts recovered through a customer rate. As noted in the question, the original expense would need to be included in CL&P rates in order for there to be any impact of a "clawback" situation involving an Officer of the corporation.

As described in the Company's response to UPA-002[i], Executive Clawback Policy exists in the event of a material error on previously issued financial statements and/or restatements necessary to correct errors that are not material to previously issued financial statements, but would result in a material misstatement if: (i) the errors were left uncorrected in the current report; or (ii) the error correction was recognized in the current period. This policy is not likely to be triggered, since it means that something has been materially misstated, or would be materially misstated if not corrected.

Even if those circumstances were to occur, it would have to trigger the need for a retroactive adjustment for one or more specific Officers. The cost of Eversource Energy Officers are generally shared across numerous operating companies. Thus, the Company's first step would be to identify whether the variable pay compensation of one or more Officers charging to CL&P are affected by the material misstatement, and to what degree, given that Officer compensation is not 100% charged to CL&P to start with, where the Officer compensation is shared. Then, it would be necessary to confirm that the compensation for this Officer(s) was included in the cost of service in the Company's most recent rate case. Lastly, it would be necessary to compare the necessary clawback amount to the amount included in rates at the representative level identified for ratemaking, as more recent amounts would likely be greater than the amount actually included in rates.

If, all of these steps were completed – and an amount existed that would need to be extracted from customer rates, then the Company would present those circumstances to PURA with an explanation and propose to credit back the necessary amounts to customers through an existing rate mechanism.

c. This has not happened in the time period referenced.

d. As described in subpart (a), this is not something that is expected to occur on a recurring basis, or at all. The Company's control environment is designed to ensure that its financial reports are accurate and complete.

Prior Referenced Response:

---

[i] UPA-002 Question:

(OFFICER VARIABLE COMPENSATION—RECIPIENT-LEVEL DATA) Application, Schs. C-3.5, C-3.6, and C-3.7. Provide an unlocked Excel workbook, with formulas intact, containing separate tabs for (i) non-officer employees included in Schedule C-3.6 and (ii) officers/executives included in Schedule C-3.7. For each anonymized individual included in the Test Year or used to develop the amount included in the Rate Year:

a. job title or position category;
b. employing entity;
c. business unit/department and cost center;
d. base salary or wage compensation;
e. target short-term variable-pay percentage and target dollar amount;
f. actual 2025 short-term variable-pay amount;
g. long-term variable-compensation expense, if any;
h. total variable compensation;
i. amount expensed;
j. amount capitalized;
k. amount directly charged or allocated to CL&P;
l. applicable allocation factor and basis; and
m. amount included in the Rate Year revenue requirement.

If the amount included in the Rate Year is not maintained at the individual level, provide the corresponding job amount in the Rate Year and explain the methodology used to derive it.

UPA-002 Response:

The Company did not construct Schedule C-3.6 to present Employee Variable Compensation at the individual employee level.

The Test Year Employee Variable Compensation in Schedule C-3.6 represents the amount of variable compensation accrued during the Test Year. The actual variable compensation payments are made in the first quarter of the following year, and the accrued liability is reviewed and trued up as necessary at that time to reflect the final, approved pay-out amounts. True-up adjustments are recorded and allocated proportionally as the original accrual was charged, ensuring the final costs are accurately reflected and consistently assigned. The final actual variable compensation payments made in the first quarter of 2026 account for the Test Year Pro Forma amounts.

To derive the Rate Year adjustment, the Test Year Pro Forma amounts are then escalated by the three-percent merit increases, as known and measurable changes for the period January 1, 2026 through June 30, 2028. The Test Year Pro Forma amount plus the Rate Year Adjustment derives the Rate Year level of variable compensation. Because these amounts were originally developed as described above, at the company level, the Company does not have an individual-by-individual itemization of variable compensation in the form contemplated by the question.

Upon review, the Company is preparing an updated Schedule C-3.6 that will provide the target level of variable compensation on an individual-employee basis, as requested in this question. Target-level variable compensation in 2025 was lower than the amount actually funded and paid out for 2025, which was above target. Target-level variable compensation is most representative of what the Company expects to pay out year-to-year over the longer term, as

funding above target will vary year to year. Therefore, the Company plans to update the cost of service to incorporate the variable compensation pay-out at target, rather than as originally proposed in the Company's application, which will lower the cost of service.

Please refer to the Company's response to UPA-015, for the Officers' variable compensation methodology that derives the Rate Year amounts.

Date Filed: October 16, 2026

Witness: Sasha P. Lazor, Brendan J. O'Brien, Marianne H. Eichler and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—INCENTIVES ASSOCIATED WITH THE CURRENT CL&P RATE CASE AND OTHER RATE-RECOVERY PROCEEDINGS)
Application, Ex. CLP-EMPLOYEE-4B; Application Sch. C-3.7. Identify whether any 2026, 2027, or Rate Year performance goal, key initiative, annual incentive objective, long-term incentive objective, or other compensation criterion applicable to any officer/executive whose compensation is included or forecast in Schedule C-3.7 relates directly or indirectly to:

a. the outcome of Docket No. 26-05-10;
b. achievement of CL&P's requested revenue requirement or ROE;
c. approval of the proposed PBMRP or capital-support mechanism;
d. recovery of deferred, storm, capital, or other regulatory costs;
e. achievement of a particular regulatory treatment; or
f. improving the Company's assessment of Connecticut as a credit-supportive or balanced regulatory jurisdiction.

For each such objective, identify the affected officer, applicable weight or significance, potential compensation effect, and whether any resulting compensation is included in the Rate Year revenue requirement.

Response:

The Company has not yet established goals for 2027 or the Rate Year as this process is typically completed in the months prior to the identified fiscal year. Similar to the performance goals identified in Exhibit CLP-EMPLOYEE-4B there are performance goals or objectives to "prepare, file and support" the CL&P rate case to achieve a "positive regulatory outcome" in fiscal year 2026. However, no performance goals or objectives have been established for specific case components or requested regulatory treatments such as, the "requested revenue requirement", "ROE", etc. The Company does maintain similar goals and performance objectives for storm filings each year to attain a positive regulatory outcome.

Please refer to the Company's response to UPA-019,[i] for more detailed information regarding these types of goals and their impact on variable compensation.

Prior Referenced Response:

[i] UPA-019 Question

(OFFICER VARIABLE COMPENSATION—REGULATORY-OUTCOME AND RATE-RECOVERY GOALSIN EXECUTIVE INCENTIVES) Application, Ex. CLP-EMPLOYEE-4B.

The referenced exhibit includes executive initiatives involving, among other matters, preparation and support of rate cases to achieve a "positive regulatory outcome," storm-cost recovery, rate recovery, and a Connecticut "Regulatory Balance Tour" to re-establish a "balanced regulatory environment." Identify each officer/executive whose compensation is included in Schedule C-3.7 and whose 2025 performance assessment or variable-compensation award was affected by any initiative involving regulatory outcomes, rate recovery, storm-cost recovery, or similar objectives. For each such individual:

a. identify the initiative;
b. state its weight or significance in the performance assessment;
c. state the actual assessment/result;
d. quantify its effect, if any, on the performance rating or payout; and
e. explain why recovery from CL&P ratepayers of compensation tied to that objective is reasonable and necessary and how the objective provides a benefit to those ratepayers.

UPA-019 Response:

(a) Please note that the relevant officer titles are listed in Exhibit CLP-EMPLOYEE-4B, designated as "Responsible." The vice president designated in each sample is responsible for setting staff in that functional area on a course to achieve the identified outcomes, all of which are beneficial to customers. CL&P is a pervasively regulated utility and every "outcome" that the Company achieves is tied to the customer interest within the context of a regulatory policy, initiative, or requirement designed to serve the interests of customers. It is hard to conceive how the Company would establish a performance-based framework for internal operations that did not include numerous initiatives to comply with, or further, regulatory objectives.

For example, a performance objective that is to "support [a] rate process to achieve a successful outcome," a group of employees will have the role of participating in a rate case filing with a "successful" outcome including preparing and filing discovery in a manner that is timely and informative to the other parties representing customers and promoting goodwill among the parties and the regulator and managing the case in a manner that

demonstrates that the Company is a responsible contributor in the context of that proceeding. A "successful" outcome would also include obtaining a revenue increase that sufficiently covers the cost of service to potentially obviate the need for a second, sequential filing, while enabling needed investment on the system for the benefit of customers. In fact, the interests of customers and the Company are not diametrically opposed when it comes to regulatory proceedings, outcomes or initiatives, as the question appears to suggest. The Company rejects the proposition that any successful outcome for the Company is bad for customers. The Company is fully committed to meeting the expectations of customers and state leadership in relation to the level of service that customers expect and require. However, for the Company to fulfill that role efficiently and effectively, a fair and reasonable regulatory process must exist and regulatory outcomes must support those objectives. This should be a system that all works together to serve the common interest that regulators and the Company have providing essential services to customers in an efficient and affordable manner.

(b) At the individual employee level, there is no "weighting" attached to individual performance goals.

(c) The performance objectives are used to evaluate the employee's overall effort, commitment and personal contribution to objectives, rather than the specific achievement of the objective. In most cases, no one individual would be able to produce the results implied by the applicable performance objectives without contributions from other employees. Therefore, it is the employee's contribution to the objective that is evaluated for purposes of variable pay compensation.

(d) There is no "quantification" that applies to each of the stated objectives, nor that is tied to the employee's pay-out. The employee's pay-out is based on a holistic assessment of the level of contribution to the team's objectives and the relative merits of that assessment compared to other employees in the business unit.

(e) Each and every performance objective listed in Exhibit CLP-EMPLOYEE-4B has a direct benefit for customers because each objective is designed to promote the efficient, effective and productive performance of a regulated public utility that has a core obligation to provide safe, reliable and affordable service to customers. The Company spends a significant amount of time in a year to the development of meaningful performance parameters that will produce benefits for customers, particularly when accomplished as a whole across the employee base.