Date Filed: October 09, 2026

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

Question:

(OFFICER VARIABLE COMPENSATION—PERFORMANCE WEIGHTINGS) Refer to Application, Ex. CLP-EMPLOYEE-1, p. 35; Schs. C-3.6, and C-3.7. Confirm whether the Table 9 enterprise funding weights in Exhibit CLP-EMPLOYEE-1 apply uniformly to all CL&P and ESC employees and all officers/executives whose compensation is included in Schedule C-3.6, or C-3.7. If the funding, business-unit, or individual-performance weighting structure differs by employee group, executive level, business unit, state/geography, employing entity, incentive plan, or some other factor, identify each variation and provide the applicable weighting structure.

Response:

As stated in the referenced testimony, at page 35, line 5, Exhibit CLP-EMPLOYEE-1, at page 35, the weights in Table 9 are applicable to **only** the funding decision (stating, "[s]olely for the purpose of determining the funding pool….").

More specifically, these are weightings that are applied to make the decision as to whether the corporation has met is goals for funding the annual variable pay component. These weightings do **not** "apply uniformly to all CL&P employees and all officers/executives whose compensation is included in Schedule C-3.6, or C-3.7," nor do these weightings apply to determine the variable pay compensation of any individual except for the Chief Executive Officer. The reason these weightings do **not** apply to employees is because these are not weightings that apply to the performance of any individual in the entire enterprise. These are weightings that apply to the corporation in order to determine whether the corporation has met the performance goals set by the Board of Trustees for payment of variable compensation across the entire enterprise. Investors expect the corporation to have performance goals and these goals are intended to capture the essence of the utility's business functions and therefore are prominently discussed and analyzed in the annual proxy statement. However, these goals do **not** serve as the basis for measuring performance or compensating individuals employed by the corporation, other than the CEO.

The question asks: [i]f the ***funding, business-unit, or individual-performance*** weighting structure differs by employee group, executive level, business unit, state/geography, employing entity, incentive plan, or some other factor, identify each variation and provide the applicable weighting structure."

These three terms "funding," "business-unit" and "individual performance" are completely disparate terms in relation to the Company's variable pay program. There is nothing common between these terms.

→ "Funding" is the decision that is made in February each year for the past performance year and relates to the Board of Trustee's determination that the corporation has met its goals and the corporation will pay out its variable compensation obligations to employees. "Funding" decisions do not pertain to any individual employee whether officer or other employees. With the exception of the CEO, all employees from top to bottom are treated ***exactly the same*** in relation to the funding decision, meaning that the plan is either funded or not funded based on the corporation's performance and the weightings that apply therein. Once authorized by the Board of Trustees, the Chief Financial Officer makes the final decision on the actual amount of the variable pay funding available to allocate across the organization.

→ The term "business unit" is not a term that has a discrete role within the variable pay program, nor is applicable to the allocation of pay. There is no difference between "business units" in terms of the funding decision or how the program works to allocate the variable pay compensation among employee groups and employees. All business units are treated the same.

→ "Individual performance" is the basis on which each individual from top to bottom is paid out a portion of the variable pay compensation funded for each respective year. Because each employee is treated as an individual contributor within the variable pay structure, each individual is held accountable for their individual goals, tailored to their job position. In this structure, there are no "weightings" applied.

Thus, as described in the Company's response to OCC-196[i], and OCC-197[ii], after variable compensation is funded, actual awards are determined based on individual performance and there is no weighting system that applies across individuals comprising the employee base.

Prior Referenced Responses:

[i] OCC-196 Question:

(VARIABLE PAY) Please refer to Exhibit CLP-EMPLOYEE-1, p. 32, Table 8. Please explain in detail each of the metrics, including the components of the "Enhance the Customer Experience" and "Clean Energy Execution" metrics, and how each was met to earn variable pay.

OCC-196 Response:

Please refer to the response to CIEC-015[i]. There are two stages to the Company's variable pay program. In the first stage, there is an annual ***determination to fund variable pay compensation and at what level.*** This is a determination made by the Board of Trustees, which views the determination on a holistic, enterprise-wide basis because – when the decision is made to fund the variable pay compensation component – it is a decision that will apply across the entire Eversource Energy enterprise for all employees of every division and operating unit. This determination is made by the Board of Trustees based on a pre-determined mix of financial and service-based objectives. This stage is described in detail in CIEC-015, Attachment 1 (2026 Proxy Statement), at pages 48-52, reflecting a weighting of approximately 70% financial objectives and 30% service-related objectives.

The second stage of the Eversource Energy variable pay program is the determination of ***what individual employees have earned in the prior performance year*** in relation to their specific performance goals.

Table 8 in Exhibit CLP-EMPLOYEE-1, correlates to the first stage of the annual variable pay procedure. Specifically, Exhibit CLP-EMPLOYEE-1, at 31, at lines 15-18, explains that Table 8 "provides the target goals set by Eversource in 2024 and 2025 applicable to the decision as to whether the variable pay pool should be funded. These goals are solely for the purpose of determining whether the variable pay pool should be funded."

Thus, the referenced metrics of "Enhance the Customer Experience" and "Clean Energy Execution" are metrics evaluated at the enterprise-wide level, not metrics that generally determine what individual employees "earn" for a given performance year.

With respect to the metric "Enhance the Customer Experience," the proxy statement discusses the five separate initiatives that comprise the goal. See, CIEC-015, Attachment 1 (2026 Proxy Statement), at page 51-52, excerpted in relevant part, below:

ENHANCE THE CUSTOMER EXPERIENCE:

Goal	Outcome
Efficiently execute the Massachusetts Advanced Metering Infrastructure project.	• We made significant progress on our Massachusetts AMI throughout 2025. The Company completed construction of the enhanced AMI field network required to utilize all of the meter data in western Massachusetts and the eastern Massachusetts scope is advancing as planned. Meter installations began in western Massachusetts in July of 2025, with the completion of meter installations expected across the state for all 1.4 million customers at the end of 2027. • Our OMNI project implemented an industry leading SAP Customer Relations and Billing and Cloud for Customer software for some of our Massachusetts gas customers. Phase II is in progress for our electric and remaining gas customers in Massachusetts. • We constructed and launched the Grid Edge Modernization lab to enable the Company to provide community stakeholders, the media and our employees with a firsthand look at the technology the Company has in place for our customers.
Enhance strategies to improve the execution of the Emergency, Storm and Business Continuity Response and Stakeholder Communication Plans.	• At Eversource, customer and operational security is of critical importance, and we have completed the following enhancements to safeguard this data: ◦ Commenced the transition to a third-party co-location for data centers to reduce operational risk and support future growth; ◦ Hardened physical access to our existing Connecticut data centers to enhance protection of confidential information.
Educate customers regarding energy costs and impacts of decarbonization.	• We developed ratepayer affordability campaigns to promote education of customer bills and the impact of usage to our electric and gas customers. A new customer bill design, based on surveys of gas customers, was rolled out in Massachusetts in November 2025. We also focused on budget billing and energy efficiency options for our customers.

COMPENSATION DISCUSSION AND ANALYSIS

Goal	Outcome
Advance the Company's commitment to equity with customers, communities and key stakeholders.	• We engaged community partners with support and information on our business and programs, and the Company purchased approximately $47 million in historic and affordable housing tax credits which support important projects in key communities across Connecticut. The Company received the United Way Pioneer Valley Champions Award for its development of an Environmental Justice mapping tool.
Execute the approximately $900 million Energy Efficiency Plan budget for Connecticut, Massachusetts and New Hampshire.	• To support increased energy efficiency goals in Connecticut, Massachusetts and New Hampshire, we executed the $900 million Energy Efficiency Plan with increased focus on equity and customer centric electrification. We implemented other initiatives including electric vehicle charging, innovation pilots, battery storage, and federal projects.
• The Committee determined this goal to have attained a 165 percent performance result.	

The extent to which this 2025 goal was achieved, and this goal's "weighting" in CIEC-015, Attachment 1 (2026 Proxy Statement), at page 48, excerpted in relevant part, below:

Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs	165%	8.33%

With respect to the metric "Clean Energy Execution," the proxy statement discusses the extent to which the 2025 goal was achieved and the goal's "weighting." See, CIEC-015, Attachment 1 (2026 Proxy Statement), at page 40, excerpted in relevant part, below:

	• **Clean Energy Execution:** We successfully advanced our initiatives in supporting clean-energy projects: ◦ Successfully completed the final year of the 2022-2025 Massachusetts Department of Public Utilities authorized grid modernization plan, including the deployment of over 3,000 monitoring and control devices in Massachusetts substations and distribution lines. Placed into service over $68 million of capital for Grid Modernization. ◦ In 2025, Eversource broke ground on the $1.8 billion Greater Cambridge Energy Program, an innovative package of transmission and distribution upgrades to meet expected increases in electric demand, support key industries driving Massachusetts' economy, and enable electrification and decarbonization. ◦ Reported strong performance on our Networked Geothermal Pilot in Framingham, Massachusetts through the winter and summer seasons, and received a commitment for U.S. Department of Energy (DOE) funding to support an Expansion Loop with the potential for an additional 180 customers of all types.

The extent to which this 2025 goal was achieved, and this goal's "weighting" in the Annual Program appears in the table on page 48:

Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects	160%	8.33%

The detailed discussion of this goal, and the five separate initiatives that comprise the goal, appears on page 52:

- **CLEAN ENERGY EXECUTION:**

Goal	Outcome
Integrate gas and electric systems planning to promote the ability to assess reliable non-pipe alternatives (NPA) enabling electrification.	• During 2025, Eversource implemented a formal structure and framework to assess the viability of NPA to electrify customer heating needs without compromising reliability of the underlying gas infrastructure and increasing ratepayer burden. The NPA framework, a model tariff and cost recovery proposal were filed with the Climate Compliance Plan.
Execute the recently approved Massachusetts Electric Sector Modernization Plan to enable a clean energy future in support of state policies.	• Eversource successfully completed the final year of the 2022-2025 Massachusetts Department of Public Utilities authorized grid modernization plan. We deployed over 3,000 monitoring and control devices in Massachusetts substations and distribution lines which increased the visibility and control of the grid to improve reliability and integrate distributed energy resources to meet or exceed regulatory commitment.
Plan, develop and build transmission infrastructure to facilitate the interconnection of clean, renewable energy projects.	• In 2025, Eversource broke ground on the $1.8 billion Greater Cambridge Energy Program, an innovative package of transmission and distribution upgrades to meet expected increases in electric demand, support key industries driving Massachusetts' economy, and enable electrification and decarbonization. The project, which includes a first-of-its-kind underground substation, required ongoing close partnership with the Cambridge Redevelopment Authority, the real estate owner, and other public and private partners to achieve siting approval.
Expand the development of utility-owned solar and geothermal technology.	• In 2025, the Company advanced its Control Room of the Future initiative by deploying the first distribution management system (DMS) into service in Massachusetts. The DMS will provide control room operators visibility reflecting the impact of solar generation, electric vehicles and other factors impacting power flow across the grid and enable self-healing automation to dynamically restore customers by re-routing power flows within one minute of the start of an outage. • Our geothermal pilot demonstrated strong geothermal system performance through the winter and summer seasons. We received a grant for the expansion loop in Framingham, Massachusetts on the geothermal project from the DOE.
Execute Distributed Energy Resource (DER) initiatives in Massachusetts.	• We advanced our DER Initiatives in line with the Massachusetts DPU four-year mandate by continuing project planning for future construction of approved major clean energy interconnection hubs to enable renewable energy projects.

- The Committee determined this goal to have attained a 160 percent performance result.

[ii] OCC-197 Question:

(VARIABLE PAY) Please refer to Exhibit CLP-EMPLOYEE-1, p. 32, Table 8. One of the metrics includes "execution of Massachusetts Grid Modernization." Please explain how this assisted Connecticut customers.

OCC-197 Response:

As discussed in response to OCC-196, Table 8, in Exhibit CLP-EMPLOYEE-1 correlates to the first stage of the annual variable pay procedure. Specifically, Exhibit CLP-EMPLOYEE-1, at 31, at lines 15-18, explains that Table 8 "provides the target goals set by Eversource in 2024 and 2025 applicable to the decision as to whether the variable pay pool should be funded. These goals are solely for the purpose of determining whether the variable pay pool should be funded."

As a multi-state, multi-line of business organization, the corporate and customer-based metrics applicable to the enterprise-wide funding determination appropriately include "execution of the Massachusetts Grid Modernization" because execution of the Massachusetts Grid Modernization program is important to the overall goals of the Eversource Energy enterprise.

At the second stage where individual performance and the associated earned variable pay is determined, individual performance is assessed only on the aspects of the business in which employees are specifically involved. For example, the performance of a Connecticut field employee would not be based on the "execution of Massachusetts Grid Modernization." However, an employee that provides regulatory support across all three jurisdictions may have an individual performance goal pertaining to the "execution of Massachusetts Grid Modernization," although this portion of the employee's variable pay would be charged to the Massachusetts electric company, not CL&P. Work performed by employees on a shared basis among operating companies is appropriately allocated among those entities for financial reporting and rate recovery purposes.