Date Filed: October 21, 2026

Witness: Ronald S. Smith
Request from: Public Utilities Regulatory Authority

Question:

(INTERNAL AUDITS) Interrog. Resp. OCC-307. Regarding the internal audit reports and audits:

a. Provide management's response and the current remediation status for each of the following reports: (i) Audit Report No. 24-52, PURA Order Compliance Audit; (ii) Audit Report No.24-55, Cost Allocations Audit Report; (iii) Audit Report No. 24-49, Project Support Services and Engineer of Choice Staff Augmentation; (iv) Audit Report No. 26-10, Defined Benefit Pension Plan Audit; (v) Audit Report No. 26-14, Energy Efficiency Time Allocation Audit; and (vi) Audit Report Nos. 25-08 and 26-07, Work Order Life Cycle Project.

b. The response to Interrogatory OCC-307, states that the Internal Audit Department performed an audit of the procurement organization, which it completed on June 4, 2026, as work product developed for this proceeding and its rate adjustment mechanism proceeding. Provide the hours and cost of that audit, the work order to which the labor was charged, the amount included in the Test Year or Rate Year, or both, and the basis for treating that cost as recoverable under Section 2 of Public Act 23-102.

c. State the cost of the Eversource Internal Audit Department charged or allocated to CL&P for each of calendar years from 2021 through 2025 and the Rate Year, and include the rate code and the schedule and line item in which the cost is reported.

Response:

a. Below are the management's response and the current remediation status for each requested audit:

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
(i)	24-52	PURA Order Compliance Audit	N/A – No recommendations	N/A	N/A
(ii)	24-55	Cost Allocations	N/A – No recommendations	N/A	N/A

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
(iii)	24-49	Project Support Services and Engineer of Choice Staff Augmentation	(1) Tenure breaks should be implemented after each work order if the order is closed prior to four years, including when a worker changes suppliers. If operations' management believes there is a risk to project continuity by enforcing this contract clause, Legal should be consulted to determine if the contract requirements can be modified.	Contract Controls will work with Legal & Procurement to modify the language to align with the intent of the operative tenure requirement and ensure process consistency going forward to be leveraged in the upcoming Project Support Services category re-bid (current contracts expire June 28, 2025 but may be extended to accommodate appropriate time to complete the re-bid cycle). In the interim, tenure breaks will be implemented & enforced per the existing contract language above (i.e., at the conclusion of the Work issued under the Purchase Order, including when a Worker switches Suppliers to continue Work under a different Purchase Order). This will be completed by December 31, 2025.	Complete (12/2/2025)
(iii)	24-49	Project Support Services and Engineer of Choice Staff Augmentation	(2) Reinforce with the Hiring Managers the importance of off-boarding contingent workers in a timely manner to ensure access to systems and buildings is terminated as soon as possible. This is also important for ensuring all management reporting related to project budgets is accurate.	In addition to the consistent communication, reminders, and enforcement of the offboarding process with the Eversource hiring managers, Contract Controls has developed a refresher training to emphasize the importance of their obligation to off-board a worker in a timely manner. That training was conducted on November 22, 2024 with all active and existing PSS and EOC *(Engineer of Choice)* supplier worker responsible managers, and the recording and associated PowerPoint will be available in the internal training folder within the established Sharepoint going	Complete (12/4/2024)

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
				forward for the managers to reference as needed.	
(iii)	24-49	Project Support Services and Engineer of Choice Staff Augmentation	(3) Additional monitoring controls should be put in place to ensure PSS *(Project Support Services)* workers identified as needing CIP access obtain clearance within a reasonable period [e.g., 1 month] of being hired to ensure they have the proper clearance when CIP physical and/or cyber access is required to fulfill their roles.	Contract Controls has agreed to take over the CIP *(Critical Infrastructure Protection)* onboarding responsibilities from the respective hiring managers to ensure full process compliance and mitigate risk for the enterprise, leveraging the established process in place for EOC workers today, as outlined in Section 5.16.2 and Attachment 17-2 of the Transmission & Engineering Project Contract Controls Administrative Guideline (M6-CA-2005R1). Going forward, this process will be applied to all PSS workers in addition to EOC workers under both contract programs. Outreach has already been conducted with existing hiring managers to confirm CIP access applicability for each worker. Contract Controls is working with Reliability Compliance and Corporate/IT Security to validate data in the IIQ *(IdentityIQ)* report. Once validated, the active directory expiration dates will be aligned with the established semi-annual mass extension process which will calibrate those dates with those being tracked on the EOC worker side. Once that effort is finalized and communication has been properly distributed to suppliers & managers, the integration and transition of existing PSS supplier worker CIP certification tracking will be fully completed. This will	Complete (2/12/2025)

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
				be implemented by February 1, 2025.	
(iii)	24-49	Project Support Services and Engineer of Choice Staff Augmentation	(4.1) Management should consider standardizing the background check attestation form for PSS/EOC workers to ensure all suppliers complete the necessary checks in compliance with the applicable contract. It is recommended these documents be requested from the Suppliers for all new hires to ensure contract compliance. These documents can then be uploaded to Fieldglass, as is done by Allegiance for their contingent worker base.	The requirement for worker attestation is not currently a requirement under the existing contract. Contract Controls will work with Procurement to modify the existing contract language to explicitly require the attestation form to be completed and provided with each worker during on-boarding. In coordination with Procurement, this contractual requirement is being added to the EOC contracts that are being negotiated currently and will be included in the upcoming Project Support Services category re-bid (current contracts expire June 28, 2025 but may be extended to accommodate appropriate time to complete the re-bid cycle). Once Procurement has successfully negotiated that language with each Supplier to make it contractually obligated in the new agreements, Contract Controls will enforce the requirement with each Supplier Worker that is on-boarded by adding it as a required activity to be completed and attached as part of the on-boarding checklist in the Fieldglass system. This will be completed by December 31, 2025.	Complete (12/2/2025)
(iii)	24-49	Project Support Services and Engineer of Choice Staff Augmentation	(4.2) Each Supplier is responsible to conduct a background check on workers they on-board for Eversource. Should a worker switch suppliers after a tenure break, the new supplier is expected to	Contract Controls will ensure Supplier compliance of reconducting a background check on a previous PSS or EOC worker that switches suppliers during on-boarding. Additionally, a banner	Complete (12/4/2024)

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
			perform their own background check on the worker. Human Resources Talent Acquisition provided that if Project Contract and Controls is able to verify that prior background checks did not result in any derogatory information related to prior employment, education, social security trace, or military history, the current Supplier should perform the Criminal and Sex Offender Registry screening and drug test, at a minimum.	reminder has been posted and communicated to Suppliers via the Fieldglass tool to reinforce the current contractual obligation under the Agreement.	
(iii)	24-49	Project Support Services and Engineer of Choice Staff Augmentation	(5) Appropriate individuals of Suppliers PFE *(Planet Forward Energy)* and PMA *Consultants* should be counseled accordingly. Going forward, FG records should go through an integrity check after a person is on-boarded to ensure accuracy and completeness. Effective May 26, 2023, the Randstad/Allegis Fieldglass vendor management system was modified to instruct suppliers to enter the worker's legal name upon submission. A pop-up confirms they are doing so. There is also a verification box at the bottom of the submission page requiring a response that the legal name was entered. Management should evaluate the potential of implementing a similar control in the PSS/EOC Fieldglass module.	In Q3 2024, a communication went out via email to all PSS and EOC supplier worker contract representatives to reinforce the requirement to enter full legal names in Fieldglass as outlined in the Supplier Quick reference & user guide training. Additionally, a banner was posted in Fieldglass on the home page to reinforce the reminder. Lastly, Contract Controls worked with IT and SAP Fieldglass support to implement the pop-up enhancement described above. This functionality was implemented and effective as of October 25, 2024.	Complete (12/4/2024)
(iv)	26- 10	Defined Benefit Pension Plan Audit	The Investment Management team and the RPIC *(Eversource Retirement Plan and Investment Committee)*	Charter and IPS Alignment We will review and update the Investment Policy Statement (IPS) to ensure alignment with	Complete (5/26/2026)

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
			should collaborate, with guidance from legal counsel, as to what administrative activities should be routinely performed and the cadence for those activities. Once determined, those activities should be documented and scheduled. Meeting minutes should document that the activities were performed. Examples of administrative activities include, at a minimum, the following: • Charter and IPS alignment, periodic review, and approval by the RPIC • RPIC acknowledgement of the Charter and IPS when new members join the RPIC • Calendaring meeting dates for the year and scheduling delivery of meeting materials • Schedule for reviewing/approving consultants that support the Plan • Periodic assessment of activities against applicable ERISA (Employee Retirement Income Security Act) requirements	the RPIC Charter regarding member appointment authority. Target Completion: February 23, 2026 Quarterly Meeting Calendar and Meeting Materials An annual calendar for RPIC meetings will be established and communicated at the start of each year. Target Completion: Every calendar year beginning January 2026 [Completed for 2026] Review of Meeting Materials We will target one week prior to RPIC meetings for distributing meeting materials to allow adequate review time. Target Completion: Quarterly, beginning February 15, 2026 RPIC Member Acknowledgement Process A review of Charter and IPS will be implemented for new RPIC members and a review of the IPS will be conducted annually. Target Completion: Annually, and as needed, beginning February 23, 2026 Administrative Checklist We will work with outside counsel to develop and maintain a checklist of key administrative activities, including consultant review/approval, and ERISA compliance assessments. Target Completion: May 31, 2026	
(v)	26-14	Energy Efficiency Time Allocation Audit	(1.1) Management from EE *(Energy Efficiency)* should perform the following:	Management agrees and will conduct the following: a. Energy Efficiency management will review	Complete (5/28/2026)

	Audit Report #	Audit Report Title	Report Recommendations	Management Responses	Status
			• Review the time charged to EE programs by the 16 non-EE employees and amend their time using WorkForce or through journal entry adjustments • Implement a process to review non-EE employees' time on a regular basis going forward • Update the Time Charging & Cost Allocation Process Memo to detail guidance around time charging for non-EE employees and communicate to appropriate employees	the time charged by the 16 non-EE employees and will enter a journal entry adjustment as appropriate for the MA and CT charges in the PowerPlan system to reverse the time charged to Energy Efficiency. [To be completed by May 31, 2026] b. Energy Efficiency management will implement a quarterly review process to review time charged by non-Energy Efficiency employees to ensure it is appropriate. [To be completed by May 31, 2026] c. Energy Efficiency management will review the time charging memo to detail guidance around time charging for non-EE employees and communicate to appropriate employees. [To be completed by May 31, 2026]	
(v)	26-14	Energy Efficiency Time Allocation Audit	(1.2) Review the Time Charging and Cost Allocation Process Memo and update the following items as appropriate: • Include details regarding the advisory boards and regulatory bodies involved • Further define the reallocation of program cost codes process (through journal entries or a manual Excel workbook that are sent to the regulatory bodies) • Describe the monitoring/SOX *(Sarbanes*	Management agrees with the recommendation and will update the Time Charging & Cost Allocation Process Memo to include the items identified in the recommendation above. [To be completed by May 31, 2026]	Complete (5/28/2026)

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			Oxley) processes in place and the responsibilities of those facilitating the processes • Define acronyms • Describe when the memo was last reviewed, who performed the review, and revision history		
(vi)	25-08	Work Order Life Cycle Project	N/A – No recommendations	N/A	N/A
(vi)	26-07	Work Order Life Cycle Project	N/A – No recommendations	N/A	N/A

b. For the privileged and confidential review of the procurement organization completed on June 4, 2026, 117 total hours were spent by the Internal Audit manager and staff . Because this work was performed at the direction of legal counsel to enable the Company to prepare for the contested rate case in this docket, Internal Audit appropriately charged the 117 hours to the work order for this rate case. In response to the portion of subpart (b) of this interrogatory that asks about whether costs the Company incurred to prepare for and participate in this rate case are recoverable under Section 2 of Public Act 23-102, please see the Company's response to OCC-438[i], and RRU-070.

c. Please refer to the table below for Eversource Internal Audit Department allocated costs to CL&P for each year 2021 through 2025 and in the Rate Year. The historical values in each year 2021 through 2024 use the 2025 ESC percentages as a proxy to estimate Internal Audit Department costs allocated to CL&P.

2021	2022	2023	2024	2025	Rate Year
$ 278,885	$ 318,383	$ 319,799	$ 329,714	$ 340,946	$ 376,630

[i] OCC-438 Question:

Exhibit CLP-REVREQ-1 Please explain why the Company has not excluded costs associated with its participation in rate case proceedings from the revenue deficiency calculation in this proceeding. In your response, please explain how the Company's proposed treatment of such costs complies with the requirements of SB 7, An Act Strengthening Protections For Connecticut's Consumers Of Energy, concerning recovery of costs associated with participation in rate case proceedings.

OCC-438 Response:

The Company has not removed costs associated with the preparation and participation in this rate case proceeding from the revenue deficiency calculation as these costs are necessary operating costs ensuring that rates are set at a just and reasonable level to enable the ongoing investment into the system to maintain a safe and reliable electric system, benefiting customers. As such, these costs are appropriately recovered from customers and are therefore included in the Company's proposed revenue deficiency. In this regard, the Company plans to provide legal argument on the plain language of the statute at the appropriate juncture in this proceeding. In the meantime, the Company plans to submit to the record the documentary support necessary to support recovery of the costs.

The Company justifies its recovery for costs associated with the preparation and participation in this rate amendment proceeding as prudently incurred and normal operating costs to litigate this rate amendment application. The Company is entitled to a reasonable opportunity, but not a guarantee, to recover its operating costs and maintain its credit integrity. Further, the Company should be allowed to demonstrate that the costs incurred to adjudicate this rate case proceeding are just and reasonable and affording PURA the opportunity to set equitable rates and establish innovative rate mechanisms and programs for the benefit of our customers.