Date Filed: October 06, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray and Marianne Eichler
Request from: Office of Consumer Counsel

Question:

Payroll. Refer to the response to OCC-357(b). Identify the last time the company made organizational changes that resulted in reducing its employee count and/or curtailing other expenses and capital spending.

Response:

The Company regularly evaluates organizational effectiveness to identify opportunities to enhance efficiency and better serve its customers. Eversource's evaluation is that its overall staffing levels are conservative for the obligations that the Company has to its distribution customers throughout Connecticut. Consistently, the Company's concerns are that its staffing levels are inherently challenging to existing employees who shoulder the burden of the Company's necessary work processes, regulatory requirements and customer commitments and obligations, particularly when contemplating the frequent need for storm duty. Beginning in 2025, the Company has engaged in efforts to review the enterprise organization to determine whether there are efficiencies that could be achieved with staffing changes, among other changes.

With respect to capital investment, the Company has submitted the testimony of the Company's Leadership Panel (Exhibit ELP-1) and Targeted System Performance ("TSP") Plan Panel (Exhibit CLP-TSP-1). These panels explain that the level of capital investment needs to increase on the Company's system over historical levels because the system is not keeping up with the operating conditions that challenge the system. The TSP Panel explains that the system has reached an "inflection point" where it is necessary to make a step change to advance data-driven strategies not possible historically, in order to improve performance, efficiency and cost-effectiveness, while meeting affordability goals for customers. The Company does not view that organizational changes would lessen the cost of capital investment. Efforts that the Company is focusing on center on rigorous cost management in the planning and execution of capital projects.

With respect to performance on operating costs, the Company has been relatively successful in containing O&M costs. Since PURA's prior rate review in the 2018 rate case, Docket No. 17-10-46 (April 18, 2028), the Company has worked diligently to contain O&M expense by deploying rigorous budgetary and procurement controls across all operating functions, in addition to using other strategies to achieve operational efficiencies everywhere possible. This hard work paid off for customers with tangible impacts. Specifically, inflation in the general economy, as measured by the Gross Domestic Product Price Index ("GDP-PI"), trended at approximately 30% over the

period 2016 through 2025. By comparison, the Company's general O&M expenses (excluding storm costs and vegetation management) increased by approximately 16 percent over the same time frame, saving customers an estimated $45 million annually, as compared to aggregate inflation trends. See, Exhibit CLP-ELP-1, at 34-35. The Company does view that organizational changes would decrease O&M expense.