Date Filed: August 11, 2026

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

Question:

(Expenses) Please refer to PURA's Final Decision in the Yankee rate case, Docket No. 24-12-01. Indicate if CL&P has adjusted its requested pro forma expense in the current proceeding to follow the ratemaking treatment, calculation or methodology utilized by PURA in the recent Yankee rate case for the following items:

Expense Item	Detail	Decision Page
D & O Insurance	100% Disallowed	130
Board of Directors/Trustees Fees	75% Disallowed	84
Audit Fees	50% Disallowed	84
Employee Cash Incentive Compensation	100% Disallowed	105
Officer Cash Incentive Compensation	100% Disallowed	105
Long Term Director Stock	100% Disallowed	105
Bank Fees	51% Disallowed	92
401 (K)	Disallowed 35%	119
Supplemental Executive Retirement Plan	Disallowed 100%	119
Uncollectibles	18% cut	85

Response:

No. CL&P has not adopted the determinations on expense items from the final decision in Docket No. 24-12-01, for Yankee Gas Services Company because all of these expenses are incurred by the Company in the course of providing service to customers. None of the costs simply go away because PURA has disallowed recovery of the costs in one case or another. All of the referenced costs are necessary to conduct business operations and comply with requirements for financial accounting and other areas. PURA will need to make determinations on expense allowances based on information presented in this case about the costs that CL&P is incurring. The Company's proposed operating and maintenance expenses are reasonable and necessary to provide utility

service to customers. The operating expenses also reflect a representative level of cost that is essential to continue providing safe and reliable service to our customers.

Each rate amendment application has its own unique set of facts and circumstances and must be evaluated based on the record evidence within the docket. The facts and circumstances of Yankee Gas do not reflect the facts and circumstances of this case. Each of these expense items is addressed as follows:

D&O Insurance – D&O insurance is necessary to protect the Company and its officers, directors and investors from legal actions that may be brought by individuals in relation to decisions made by management in the course of running the Company and fulfilling the public-service obligation to customers for safe and reliable service. Without it, the Company would not be able to attract qualified management candidates to take on the risk of making small and large decisions in the course of providing service to customers. The D&O insurance expense is appropriate for full recovery in base distribution rates.

Board of Directors/Trustees Fees – The Eversource Energy Board of Trustees is a necessary organizational feature that is needed to access capital markets and raise cash resources for the operating companies. The Board of Trustees also fulfills fiduciary responsibilities and provides oversight to management to ensure the sustainability of the enterprise, which is in the public interest for continuous safe and reliable electric services. The Board of Directors/Trustees Fees are appropriate for recovery in base distribution rates.

Audit Fees – Audit fees are necessarily incurred to fulfill the mandatory annual audit required by PURA under Connecticut General Statutes § 16-27 to provide an audited annual report each year and mandated by financial lending institutions to meet financial debt covenants, as well as to maintain investment grade credit ratings. PURA's annual audit requirement ensures the Company's compliance with industry accounting rules and regulations, which provides transparency and accuracy in the ratemaking process for customers. The performance of an annual audit to support the establishment of fair and reasonable rates in Connecticut provides a direct benefit to customers. The audit fees are appropriate for recovery in base distribution rates.

Employee and Officer Cash Incentive Compensation and Long-Term Director Stock – The Company utilizes a "total rewards" approach that incorporates variable compensation into the total compensation designed to be competitive with other employers to attract, retain, and motivate employees qualified to perform the functions needed by the Company. The variable compensation is performance driven to motivate employees to engage in "prudent and efficient management of the franchise operation." Docket No. 24-12-01, Decision, dated Mar. 11, 2026 at 105. The employee and officer variable compensation expenses are appropriate for full recovery in base distribution rates.

Bank Fees – The bank fees are required costs for the Company to function in the public markets for the benefit of our customers. The bank fees are critical to regulatory oversight and to access capital markets that are not associated with investor relations. The bank fees are appropriate for recovery in base distribution rates.

401(k) – The 401(k) match costs is a necessary component to hire and retain skilled employees in relation to a total rewards compensation package that is market competitive. The 401(k) costs are prudent and reasonable to attract and retain talented employees whom provide, either directly or indirectly, safe and reliable service to customers. The 401(k) costs are appropriate for recovery in base distribution rates.

Supplemental Executive Retirement Plan – The SERP is for officers that are in an existing defined benefit pension plan and is a component of the officer's benefit plan. These costs are essential to retain top-level executives to contribute their expertise in managing the operations of the utility. The SERP expense is appropriate for full recovery in base distribution rates.

Uncollectibles – The Company followed PURA's directive in PURA's Final Decision in Docket No. 24-12-01 to use a five-year average, however this varies from the 2026 Yankee Gas rate case Decision because the uncollectible percentage is based on bad-debt expense instead of net write-offs in the calculation of the proposed rate year uncollectible expense.