Date Filed: October 05, 2026

Witness: Craig Dikeman and Matthew J. Correia
Request from: ALLCO

Question:

With respect to purchase orders below the competitive-bid threshold: (a) state whether the Ariba or Maximo controls described in EOE-166, include any systemic detection of multiple purchase orders to the same vendor that individually fall below the $50,000 threshold but aggregate above it, and if not, state whether and how the "no policy violations" assertion accounts for such aggregation; (b) identify each vendor that received three or more purchase orders, each below $50,000, aggregating to more than $150,000 within any rolling twelve-month period during 2023 through 2026, or produce the purchase-order data (vendor, PO number, date, amount) from which that identification can be made; and (c) identify each instance in which the procurement group, the compliance function, or the Internal Audit Department has identified the use of multiple purchase orders or contracts in lieu of competitive bidding or higher-level approval, and the disposition of each.

Response:

a. The controls described in EOE-166 do not include an automated system control designed to identify multiple purchase orders to the same vendor that individually fall below the competitive bid threshold but, in the aggregate, exceed that threshold over a rolling period.

   Compliance with the Company's Anti-Circumvention governance provision outlined in the Delegation of Authority Policy is supported by Requisition Approval Requirements within each business unit and further supported by the review and approval process performed by procurement personnel. The Company consistently enhances its procurement oversight processes and reinforces applicable requirements through training and periodic review activities.

   As it relates to the Control identified in EOE-166[i], that specific control is related to purchase order compliance with the competitive bidding requirement for transactions valued at greater than $50,000. The control is not intended or designed to be all encompassing. Instead, it is one measure that the Company's implements to promote compliance and provide information to support rigorous oversight within the procurement function

   The control is designed to verify that purchase orders exceeding $50,000 are supported by an approved procurement pathway, including an Ariba Contract, a documented Sole Source

Justification, or an approved Exception. That statement simply confirms that no Maximo Purchase Order transactions were valued at over $50,000 without the support of (1) an Ariba Contract, (2) a Sole Source Justification embedded in Maximo, or (3) an approved Exception, that has been captured through a structured field and documented in accordance with Company requirements.

This control is one component of the Company's broader procurement compliance and oversight framework. Those controls are distinct from payment structure provisions contained within individual contracts.

b. The Company performed an analysis of purchase orders issued during the 2023-2026 period to identify vendors that received three or more standalone purchase orders, each individually valued below $50,000, that cumulatively exceeded $150,000 within a rolling 365-day period based on purchase order issuance date. The vendors identified through that analysis are listed below.

VENDOR NAME
AA ELECTRIC SERVICE INC
Acuity Brands Lighting
ALTA ENTERPRISES LLC
APPLE VALLEY LAWN CARE LLC
ARROW FENCE
B B CITC LLC DBA BIRDBUFFER
BARNHART NORTHEAST INC
BLUE COLLAR CUSTOMS LLC
BODE EQUIPMENT CO
BRIGADE ELECTRONICS INC
CIRCUIT BREAKER SALES NE LLC
CORSERVA INC
CT CRANE & HOIST SERVICE LLC
CT SNOW MANAGEMENT LLC
DIVAL SAFETY EQUIPMENT INC
DYNAMIC COATING SOLUTIONS LLC
EAGLE LEASING
EATON CORP
EMCOR SERVICES

GEC DURHAM INDUSTRIES INC
GRAINGER
GRAYBAR ELECTRIC CO INC
HARP SERVICES
HAYWOOD ASSOCIATES INCORPORATED
HOWARD INDUSTRIES INC
HYDRON INC
ITRON INC
MCPHEE ELECTRIC LTD LLC
MJ LAWNCARE LLC
NORTHEAST TRANSFORMER SERVICES LLC
RAY JURGEN CO LLC
REAL POWER INC
RED THREAD SPACES LLC
RITZ INSTRUMENT TRANSFORMER
RJR FABRICATION
S&C ELECTRIC
S-1 MECHANICAL LLC
SCHWEITZER ENGINEERING
SUBURBAN SANITATION SERVICE
TAYLOR COMMUNICATIONS CORP
TULL BROTHERS INC
ULTIMATE PROFFESSIONAL GROUNDS MANAGEMENT INC
UTILITY POWER
VASEL BROTHERS INC
WB MASON CO INC
WILLIAMS SCOTSMAN
ZISTOS CORP

c. The Company does not have a need to generate a formal report specifically tracking instances in which multiple purchase orders or contracts were determined to have been intentionally “split” to avoid competitive bidding requirements or higher-level approval

thresholds. When these instances are identified they are typically rejected prior to being processed and the situation is corrected prior to the Maximo Purchase Order being approved.

Procurement personnel routinely work with business stakeholders to address procurement process questions, documentation issues, and compliance concerns as they arise.

The Company is not aware of any instances during the referenced period in which the Procurement group, Compliance function, or Internal Audit Department concluded that multiple purchase orders or contracts were processed with the intent of circumventing competitive bidding requirements or applicable approval thresholds. To the extent potential issues are identified during the procurement review process, those issues are generally addressed and corrected before the applicable transaction is approved and issued.

Further, the Company is not aware of any Internal Audit findings during the referenced period concluding that purchase orders or contracts were intentionally structured to avoid competitive bidding requirements or delegated approval thresholds.

Prior Referenced Response:

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[i] EOE-166 Question:

(COMPETITIVE BID ASSESSMENTS) Respond to the following:

a. Explain how the Company ensures that each purchase order or contract is subject to a competitive bid assessment, sole source justification, or an approved exception. As part of the response, please discuss whether there are any systemic controls, including the use of Ariba, that ensure adherence to these requirements and, if applicable, provide an example of the referenced controls.
b. Explain how the Company ensures adherence to the Company's competitive bid requirements for situations where multiple purchase orders or contracts could be used in lieu of the referenced controls discussed in subsection a.

EOE-166 Response:

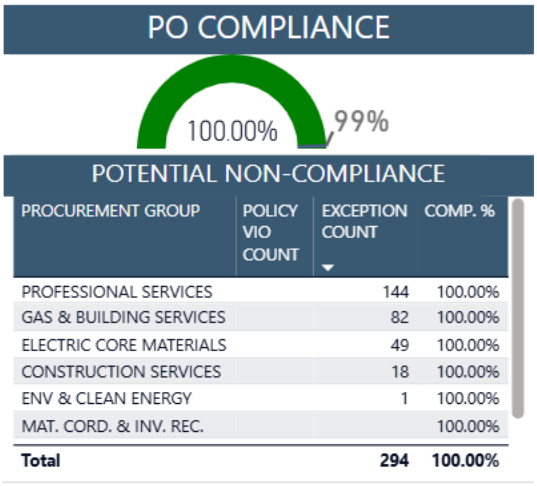
a. The Company enforces adherence to competitive bid assessments, sole source justifications, and approved exceptions through integrated governance policies and automated controls within Ariba and Maximo:

- Contract Execution Controls: Prior to executing an Ariba Contract, purchasing agents and designated approvers are required to upload or verify appropriate supporting documentation into the system to validate compliance.

- Automated Purchase Order (PO) Systemic Logic: When a PO is released, system logic automatically verifies that it is linked to either an active Ariba Contract or an approved Maximo Sole Source Justification. If neither control is present and the PO is valued at more than $50,000, the system prevents processing until the agent selects an approved exception or flags the record as a policy violation.

Both pathways require formal dual sign-off from the agent and their supervisor. For exceptions a standardized comment nomenclature is expected.

The image below, details the year-to-date metrics tracked by the procurement group on exceptions and violations across the procurement organization, including records supporting CL&P and other affiliates. To date, out of 50,323 Purchase Orders released by the Procurement Team, there were no policy violations and 294 represented exceptions taken at the PO level.



PROCUREMENT GROUP	POLICY VIO COUNT	EXCEPTION COUNT	COMP. %
PROFESSIONAL SERVICES		144	100.00%
GAS & BUILDING SERVICES		82	100.00%
ELECTRIC CORE MATERIALS		49	100.00%
CONSTRUCTION SERVICES		18	100.00%
ENV & CLEAN ENERGY		1	100.00%
MAT. CORD. & INV. REC.			100.00%
Total		**294**	**100.00%**

b. The Company actively prevents purchase order "stringing" which is the practice of splitting orders to bypass competitive bidding thresholds, where the practice is inappropriate. In some cases, purchase orders may be used to accommodate valid operational requirements (such as distinct delivery sites, scopes of work, or material types):

- Agent Oversight & Pattern Detection: Procurement agents evaluate non-contracted POs during the approval workflow. Agents monitor indicators of stringing by cross-referencing requisitions with similar service descriptions, identical supplier selections, and matching accounting strings across multiple orders.

- Centralized Spend Coverage: Over 90% of Company spend is governed by master Ariba Contracts. Establishing spend under Ariba Contracts naturally mitigates the risk of PO-level stringing, as individual POs draw down from existing contracts that were approved to DOA systematically.