Date Filed: October 16, 2026

Witness: Brendan J. O'Brien, Garrett J. Murray, Sasha P. Lazor, Marianne H. Eichler and Danielle Munson
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—LONG-TERM INCENTIVE AWARD-TO-EXPENSE RECONCILIATION) Application, Sch. C-3.7 and WP C-3.7; Ex. CLP-EMPLOYEE-1, p. 36. For each LTI award giving rise to expense included in the Test Year, Test Year Pro Forma, or Rate Year Schedule C-3.7 amounts, provide a reconciliation from the original award to the Rate Year amount expense, including:

a. award date;
b. target grant value;
c. number and type of units or shares granted;
d. grant-date fair value used for accounting;
e. applicable performance and vesting period;
f. accounting expense recognized in each year;
g. performance-related remeasurement or true-up, if applicable;
h. forfeiture assumptions and actual forfeitures;
i. treatment of dividend-equivalent units;
j. amount capitalized and amount expensed;
k. amount allocated to CL&P; and
l. amount included in the Rate Year amount.

Explain any difference among target award value, grant-date fair value, amount ultimately vested or paid, and accounting expense recovered through rates.

Response:

Please see UPA-044, Attachment 1, for the requested reconciliation of long-term variable compensation awards giving rise to compensation expense in the Test Year (2025). The attachment provides information regarding Performance Shares ("PSUs") and Restricted Share Units ("RSUs") awards with award dates ranging from February 2, 2022 through January 29, 2025 and reconciles the expected 2025 compensation cost associated with those awards to the accounting expense recognized in 2025.

The information requested in parts (a) through (l) is addressed as follows:

a. The applicable award date, representing the date of communication to participants, is provided in Column (A).

b. The target grant value for each award is provided in Column (B) of the attachment. The target grant value represents the value used to determine the number of units to be awarded to participants.

c. The number of units granted is provided in Column (D), and the applicable award type, PSU or RSU, is identified in Column (G). Column (C) provides the applicable share price used to determine the number of units granted.

d. The grant-date fair value per share used for accounting purposes is provided in Column (E). Column (F) provides the resulting compensation cost as calculated in accordance with Generally Accepted Accounting Principles ("GAAP"), specifically Accounting Standards Codification 718, *Compensation - Stock Compensation* ("ASC 718") for the entire award. The ASC 718 grant-date compensation cost is calculated as the number of units granted in Column (D) multiplied by the grant-date fair value per share in Column (E).

e. The applicable vesting provisions are identified in Column (G) and the related footnotes. For RSUs, Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period based upon the fair value of Eversource's common shares at the date of grant. For PSUs, Eversource records compensation expense, net of estimated forfeitures, over the requisite service period. Performance shares vest based upon the extent to which Company goals are achieved. Vesting of outstanding performance shares is based upon the Company's EPS growth over the requisite service period and level of payout is determined based on the total shareholder return as compared to the Edison Electric Institute ("EEI") Index during the requisite service period. The fair value of performance shares is determined at the date of grant using a lattice model.

f. For purposes of the Test Year reconciliation requested in this data request, Column (H) provides expected 2025 compensation cost based on the vesting provisions; Column (I) provides the ASC 718 adjustments applicable to that amount; and Column (J) presents the resulting accounting expense recognized by Eversource Energy on a consolidated basis in 2025. Column (K) presents the portion of that 2025 accounting expense allocated to CL&P.

g. Column (I) presents adjustments to expected 2025 compensation cost, including the effects of performance-related remeasurement, the forfeiture assumption, actual forfeitures and impacts of vesting conditions, including expense recognition implications for retirement eligible participants. These adjustments are presented on a combined basis and reconcile

the expected 2025 compensation cost in Column (H) to the 2025 consolidated accounting expense in Column (J).

The Company engages Fidelity, an external service provider, to perform the ASC 718 expense calculations associated with the Company's long-term variable compensation plans. Fidelity's calculations utilize the applicable award terms and assumptions provided by the Company. Compensation expense for a particular period may therefore differ from the amount initially expected for that period as a result of the application of the relevant accounting and award provisions.

In particular, the 2025 expense calculation incorporates performance-related remeasurements for the PSU plans, the effect of the applicable forfeiture assumption and actual forfeitures, and impacts to expense recognition due to varying service requisite periods, including and due primarily to retirement-eligible participants. These elements interact within Fidelity's calculation and are not maintained in the Company's existing reporting as discrete components that can be readily bifurcated and reconciled individually. Accordingly, Column (I) of the attachment presents the aggregate net impact of these adjustments.

h. The Company applies a dynamic forfeiture methodology and a 5% forfeiture assumption in calculating compensation cost. Under the dynamic methodology, the estimated forfeiture rate is applied in determining compensation expense and the estimate is adjusted, as appropriate, based on actual forfeiture experience as the awards progress through their applicable vesting periods.

   Actual forfeited shares for the 2023, 2024 and 2025 PSU plans were 2,091, 6,721 and 6,050 shares, respectively. Actual forfeited shares for the 2023, 2024 and 2025 RSU plans were 377, 1,369 and 2,018 shares, respectively.

i. Dividend equivalents are subject to the vesting provisions of the underlying award**. To the extent the award vests, the associated dividend equivalents are treated as distributions to the award holder and are charged to shareholders' equity rather than recognized as additional compensation expense.**

j. The compensation cost of long-term variable compensation awards is recorded to general ledger FERC Account 920000.

k. Column (K) of the attachment provides the amount of 2025 accounting expense allocated to CL&P for each award. The total amount allocated to CL&P for the awards presented in the attachment is approximately $4.198 million. Please refer to UPA-015 Attachment 1 for the amounts allocated to CL&P in the Test Year.

l. Please refer to UPA-015 Attachment 1 for the amounts allocated to CL&P in the Rate Year.

As outlined in UPA-046[i], the Company's original application incorporated variable compensation at the actual level of funding for 2025. However, the Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As a result, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect the amounts at target levels, rather than the actual level of funding for 2025 as initially proposed.

Prior Referenced Response

[i] UPA-046 Question

(OFFICER VARIABLE COMPENSATION—NORMALIZATION OF ABOVE-TARGET 2025 INCENTIVE PERFORMANCE FOR THE RATE YEAR) Application, Sch. WP C-3.7, rows 21–27 and notes (a) and (b). State whether the Test Year or Test Year Pro Forma officer-variable-compensation amount in Schedule C-3.7 reflects a corporate or executive funding factor above 100% of target, including the 145% executive incentive funding level disclosed for 2025. If so:

a. quantify the portion of Schedule C-3.7 attributable to performance above 100% of target;
b. explain why an above-target Test Year performance result is an appropriate normalized basis for Rate Year ;
c. provide the Schedule C-3.7 Test Year Pro Forma and Rate Year amounts assuming corporate performance at exactly 100% of target;
d. provide the corresponding amounts using the average corporate funding factor for 2021–2025; and
e. explain why the Company's chosen Rate Year methodology is more representative than either alternative (i) the normalization at exactly 100% of target described in subpart c, or (ii) the normalization using the average corporate funding factor for 2021-2025 described in subpart d.

In the response, address whether use of the 2025 historical pro forma amount followed by Rate Year escalation embeds extraordinary above-target 2025 performance into prospective rates.

UPA-046 Response:

a. The portion of Schedule WP C-3.7 funded at target in the rate year is $3.484 million ($1.571 million short-term variable compensation and $1.913 million for long-term variable compensation). Please refer to UPA-015 Attachment 1, (Line 85) Columns F and H for reference.
This amount is slightly lower than the initial filing, which reflects variable compensation at the actual funded level for 2025 totaling $3.769 million ($2.438 million short-term variable compensation and $1.331 million long-term variable compensation). Please see Exhibit CLP-REVREQ-2 Sch WP C-3.7 and UPA -015, Attachment 1 Line 85 Columns D and E.

b. As referenced in the Company's response to information request UPA-002[i] and UPA-015[i], the Company's original application incorporated variable compensation at the actual funding level for 2025. However, the

Company agrees that the target level reflects an appropriate normalized basis for establishing rates. As such, in a future update of the revenue requirement in this proceeding the Company will update the variable compensation to reflect variable compensation at target levels, rather than at the actual payout percentage in 2025, which was above target levels.

c. Please refer to subpart (a) above and UPA-015 Attachment 1 column F for the short-term variable compensation at target and column H for the long-term variable compensation at target. As noted in subpart (b) these amounts will be reflected in a future cost of service update.

d. Per the table below, the five-year average performance score is 138%.

Please refer to Table 1 for a sample of our five-year trend of overall performance:

Table 1

Year	Performance Factor
2021	160%
2022	164%
2023	94%
2024	125%
2025	145%
Avg	138%

While 2023 performance was below target, it reflects a year in which the Compensation Committee utilized downward discretion to recognize financial outcomes in light of write-offs related to our offshore wind divestiture.

Therefore, based on the target amounts calculated within UPA-015 Attachment 1, the average corporate funding factor (i.e. 138% outlined above) would reflect the annual short-term and long-term variable compensation at approximately $2.168 million and $2.640 million, respectively.

e. As noted in subpart (b) above, the Company will update its proposed cost-of-service in this proceeding to incorporate the variable compensation payout at target (see amounts referenced in subpart (a)). The initial application which was based on the actual funding in 2025, which, as noted above, was a reasonable proxy based on historical information.