Date Filed: November 19, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Public Utilities Regulatory Authority

Question:

(REGULATORY STAFF TIME) Application, Schs. C-3.5, G-2.14 and G-2.16; Interrog. Resp. CIEC-015, Att. 1, Interrog. Resp. OCC-199, Att. 1, Interrog. Resp. OCC-310, Interrog. Resp. OCC-693, and Interrog. Resp. RRU-023, Att. 1; Conn. Gen. Stat. § 1-91; Public Act 23-102, Sec. 2. Regarding the regulatory, rates, government affairs and legislative affairs staff of CL&P and EESCO and the allocation of their time:

a. Provide, in an unlocked Excel worksheet with formulas intact, a list of each CL&P and EESCO position that works on proceedings before the Authority, legislative activity or lobbying. Include each position in the regulatory affairs, rates, government affairs, legislative affairs and community affairs functions, and each person registered with the Office of State Ethics as a lobbyist for CL&P, EESCO or Eversource Energy. For each position, show in separate columns:
    i. the title, organization and employer;
    ii. the headcount at December 31 of each year 2021 through 2025;
    iii. the Test Year and Rate Year payroll, benefits and loadings charged or allocated to CL&P;
    iv. the rate code or work order used;
    v. the schedule and line where the Rate Year amount appears.

b. Provide, in an unlocked Excel worksheet with formulas intact, for each position in subpart a, for the Test Year and the Rate Year, the allocation time as a percentage of a full-time equivalent among:
    i. proceedings before the Authority, separately for this proceeding, the annual Rate Adjustment Mechanism proceedings, storm cost recovery proceedings, performance-based regulation proceedings and all other dockets;
    ii. compliance filings and reports to the Authority;
    iii. proceedings before the Federal Energy Regulatory Commission, other state commissions and ISO New England;
    iv. legislative activity, including communications with members or staff of the General Assembly or the executive branch regarding legislation, regulations, appointments or appropriations;

v. lobbying as defined in General Statutes § 1-91, separately for administrative and legislative lobbying;

vi. communications with the Office of Consumer Counsel, municipalities and other stakeholders outside a proceeding;

vii. media and public communications; and

viii. internal management and budgeting.

ix. any other activity, identifying each activity included.

c. Explain how time in each category in subpart b is recorded, and identify the work orders and FERC accounts to which each category is charged, including work order CT260N11, which the Company states was established for employees supporting this proceeding, Account 426.4 to which the response to Interrogatory OCC-693 states is where lobbying time is recorded, and Account 928002, to which Attachment 1 of the response to Interrogatory RRU-023 assigns $2,111,903 of the Test Year amount of $6,027,709 to Schedule C-3.5 and leaves $578,279 in the O&M Residual. State the amount recorded to each work order and account, except work order CT260N11, in each of calendar years 2021 through 2025, and the amounts in the Test Year and Rate Year by schedule.

d. For each position in subpart a. that does not record time to work orders by activity or that records its time to a single default or allocated work order, state how the Company identifies the time spent on legislative activity and lobbying and removes it from the amounts charged to CL&P in Schedule C-3.5 and in the EESCO charges given the statement in the response to Interrogatory OCC-310 that all lobbying and government relations costs, including amounts allocated from EESCO, are recorded below the line. Also, identify the direction in the Time Reporting Policy that each subsidiary or business segment be charged directly when possible, and quantify the annual amounts so removed in 2021 through 2025 and the Test Year.

e. For each position in subpart a, state the portion of Test Year time charged above the line for the proceedings identified in Interrogatory RRU-101(d) and any other proceeding before the Authority other than this proceeding, the amount included in Schedule C-3.5 and in the EESCO charges for the Rate Year, and the basis for treating each such proceeding as outside of the rate proceedings addressed by Section 2 of Public Act 23-102.

f. For each position in subpart a. and in addition to the amounts requested in Interrogatory RRU-057(b) for the Test Year and Rate Year, state the variable compensation charged to CL&P based on the goal to advance strategies to improve the Connecticut political and regulatory environment and by any other goal or initiative measuring regulatory or legislative outcomes.

Response:

The request for "each CL&P and ESC position that works on proceedings before the Authority, legislative activity or lobbying" and the following subparts are too broad for the Company to reasonably respond. The Company is unable to provide the requested information because the Company does not track costs in a manner that would allow for this type of deconstruction of work activities.

The Company is a regulated utility and virtually all management staff of the Company and ESC serve to support proceedings in front of PURA to some extent. The Company's time-reporting policy (filed as OCC-199, Attachment 1) ensures that employee time is charged to the correct operating affiliate and the Company utilizes work orders to identify the type of work being performed. However, these processes do not track that work for each matter brought before PURA, outside of a "rate proceeding," constituting a rate amendment under Conn. Gen. Stat § 16-19, as is this case.

Please refer to the Company's response to OCC-199[i] and OCC-199, Attachment 1. As discussed in that policy "[e]ach subsidiary company should be charged directly, when possible, for employees' time benefiting that subsidiary."

In an effort to be responsive to this request the Company is providing RRU-197, Attachment 1, which includes each position in the revenue requirements, rates, regulatory affairs, government and legislative affairs and community affairs functions as of December 31, 2025. Attachment 1 also includes the work order(s) used in the test year, the allocated portion of time and the test year pro-forma and rate year amounts included in the Company's cost of service. Please refer to the Company's response to interrogatory OCC-332[ii] and associated attachments for a detailed explanation as to how the Company calculated the TYPF and RY payroll expense.

It is important to note that base distribution rate proceedings are typically not annually recurring proceedings. The internal staff that work on base distribution rate proceedings are the same staff that perform normal day-to-day business functions such as Operations, Accounting, Regulatory, Legal, etc. This staff is necessary to run the business of providing distribution service to customers and are retained by the Company to perform those business functions on a daily basis. There is no increase to internal staffing during a year where there is a base distribution rate case nor is there a reduction to internal staffing during years where there is no base distribution rate case.

The purpose of setting rates in a base distribution rate proceeding is to establish a level of revenue support for the Company's recurring expenses including internal labor. Employee salaries do not cease to be recurring costs simply because a portion of employees' time is devoted to a periodic rate proceeding. Removing a portion of salaries associated with a non-recurring event such as a base distribution rate proceeding would be inappropriate and would artificially understate the Company's revenue requirement, impairing the Company opportunity to reasonably recover

prudent costs and earn a fair return. Excluding these costs is inconsistent with fundamental ratemaking principles and could constitute confiscatory ratemaking.

Prior Referenced Responses:

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[i] OCC-199 Question:

(COMPENSATION) Please refer to Exhibit CLP-EMPLOYEE-1. Please indicate from 2018 to the present how employee compensation (base pay, variable pay, and benefits) has been divided among the Company's operating companies for employees performing tasks for multiple companies, specifically indicating how Eversource ensures that employees performing work for multiple companies have their compensation allocated appropriately.

OCC-199 Response:

All employees are required to abide by and follow the corporate "Time Reporting Policy," which informs how base pay is divided among the Eversource Energy operating companies. As noted in the policy, "Each subsidiary or business segment should be charged directly, when possible, for employees' time benefiting that subsidiary or business segment." This avoids cross-subsidization between the Operating Companies, including CL&P. Please refer to OCC-199, Attachment 1, for this policy.

The following sections labeled "Shared Services and Cost Accounting" and "Shared Service Controls and Reporting" describe how productive labor (i.e. base pay) is assigned to the subsidiary/business segment and the controls in place to ensure employees performing work for multiple companies have their compensation allocated appropriately.

Shared Services and Cost Accounting

A Service Company Operating Agreement is in place between the Eversource Energy Service Company ("ESC") and CL&P to govern the provision of services provided by the ESC. Please refer to OCC-199, Attachment 2, for the service agreement between ESC and the Company for a description of the services that are provided.

There is intelligence built into accounting work orders that inform the assignment of costs to the operating companies, including CL&P, when time is entered into the Workforce system, which is the Human Resources and Information System ("HRIS") used for reporting time charging. When an ESC employee is providing services to one subsidiary or business segment, the direct methodology is utilized. These are categorized as the "N" rate codes, which will directly assign 100% of the costs to that subsidiary or business segment. For example, the following ESC work order has been established for employees supporting the CL&P distribution rate case proceeding: CL&P: CT260N11

The last three characters of the work order number contain an alpha followed by two digits. The alpha character in these examples is an "N," which indicates the methodology. In this case, "N" indicates use of the direct-charging methodology, whereby 100% of the charges will be directly assigned to a subsidiary or business segment. The last two digits of a work order number utilizing the direct methodology indicate the entity code, which is the subsidiary or business segment. When ESC employees charge the work orders noted above, the charges are assigned 100% to CL&P (entity 11). Please refer to EOE-065, Attachment 1, for a listing of the Eversource entities.

When costs are incurred to serve the Operating Companies more broadly and cannot be directly assigned by charging an operating company work order or utilizing the ESC direct methodology, costs are allocated based on a specific causal-based methodology. For example, the Plant Accounting team provides accounting services to the Operating

Companies and generally allocates their time based on the Gross Plant Assets methodology; whereas members of the Customer Care team generally allocate their time based on the Number of Customers or Customer Handle Time methodologies. Allocations are made only after it is determined that it is not practical or reasonably possible to perform a direct assignment of the costs.

When direct charging is not feasible and a specific causal-based methodology cannot be utilized, common allocators are used to allocate costs. The common methodology is based on the average of net income and gross plant assets. For example, the Corporate Accounting team primarily charges work order ACTG0C04 when supporting the monthly financial close of Eversource Energy. The employees in this organization generally use a common allocator as there is no specific causal driver of the costs or causal-based methodology that may be utilized for providing these corporate accounting services. Please note that the last two characters of rate codes for causal-based and common allocators is not the entity code as it is with the direct methodology, but rather the sequential numbering of rate codes for the combinations of subsidiaries and business segments.

For a listing of the allocation methodologies used as the basis for the applicable rate codes, please refer to the ESC FERC Form 60 annual filings that present these methodologies on Schedule XXI. This Schedule also explains the rationale for the methodologies. Please refer to EOE-066, Attachment 1, for the ESC Cost Allocation Manual and additional details regarding the allocation methodologies as well as a list of rate codes.

Variable pay and employee benefits "follow productive labor charging" to ensure that each employee's total labor in a calendar year is accounted for and charged to the appropriate Eversource Energy companies/business segments based on the "productive" work performed by each employee. The accounting processes ensure the appropriate 'cost of labor' charge for each employee, including variable pay and employee benefits, follow the assignment of costs to the subsidiaries/business segments based on the productive work orders.

Shared Service Controls and Reporting

There are several controls in place to ensure costs are appropriately allocated. All rate codes are updated annually in January, and as needed, and are prepared, reviewed and approved by the Corporate Accounting Allocations team. The Director of the Corporate Accounting Allocations team is responsible for ensuring the corporate rate codes are accurate.

As it relates to the allocation or assignment of costs, whether those costs be employee payroll, invoiced charges, inventory or otherwise, the person authorized to approve the transaction is responsible for ensuring the appropriate work order and rate code are used to cause the cost to be allocated to the proper affiliate(s) depending on the subsidiaries or business segments benefitting from the goods or services provided.

In addition, the internal control structure used by ESC to ensure all costs are properly charged to the affiliates includes a process that is managed by the Corporate Accounting Allocations team. This process involves comparing the allocated charges to a manual calculation of charges eligible to be allocated to the subsidiaries or business segments. Any differences are researched and resolved.

The Corporate Allocations Team also sends out a Monthly Monitoring Report from the PowerPlan system, which houses the enterprise-wide ESC cost records. The Monthly Monitoring Report is a set of approximately 400 reports issued to all ESC Cost Center Managers, or their designees for each ESC cost center. The Monthly Monitoring Report shows the amount of operations and maintenance ("O&M") expense charged by accounting work order and the percentage by work order charged to each Operating Company. The Corporate Allocations Team also sends out a monthly Key Comparison Report that shows the percentage of O&M expense charged to each subsidiary for the

current and prior month, quarter to date and the prior 12 months. The Key Comparison Report also shows the total charge to each Operating Company in that current month.

An executive summary is also prepared monthly for the Vice President, Controller and Chief Accounting Officer. This report shows a 13-month comparative analysis of ESC O&M allocated to each Operating Company by each shared service unit through the Executive Vice President level and identifies month-over-month variances within each business area.

[ii] OCC-332 Question:

Payroll. State whether the Company used the same forecasting methodology used in the prior rate case. If not, explain in detail all changes.

OCC-332 Response:

Yes. The Company utilized a similar methodology that was used in the prior CL&P rate case in Docket No. 17-10-46 which was also the methodology used in the last Yankee Gas rate case in Docket No. 24-12-01 to calculate the Test Year Pro-Forma ("TYPF") payroll expense as well as the Rate Year payroll expense.

The Company's Test Year payroll data consists of hundreds of thousands of lines of individual transactions that are unique each and every year. Those transactions can vary based on a number of different conditions throughout the year such as weather events, supply chain issues, personnel availability, capital budgets and much more. To determine the normalized Test Year level of payroll expense, the Company performs an independent evaluation of the payroll expense utilizing actual employee salary information as of the end of the Test Year as described in greater detail below and supported by detailed calculations provided as attachments to this response.

(1) In order to calculate the TYPF level of payroll expense, the Company first begins with a listing of actual CL&P and Eversource Energy Service Company ("Service Company") salaries for each employee position that is **filled and active** as of December 31, 2025. It is important to begin with only those positions that are filled and active as those are the positions the Company is experiencing actual expenses for. This also ensures that an imputed vacancy rate is accounted for as the Company typically does not have 100% filled and active positions at any single point in time and therefore it would be inappropriate to include all positions (inclusive of unfilled and inactive positions) in the TYPF calculation. Please refer to OCC-332, Attachment 1, for the full listing of CL&P and Service Company employee salaries as of December 31, 2025.

(2) In a normal year it is expected that CL&P employees will charge 100% of their time to CL&P and therefore the amounts shown on OCC-332, Attachment 1, page 1, lines 6 through 10, support the TYPF amounts shown on Exhibit CLP-REVREQ-2, Work Paper C-3.5, page 1, lines 15 through 19. In a normal year it is typical for Service Company employees to charge their time to multiple operating companies throughout the year, and therefore the Company takes the total Service Company salaries shown in OCC-332, Attachment 1, page 38, lines 6 through 16, and allocates those costs to CL&P. In order to do so, the Company utilized the actual labor charged to CL&P by each Source Cost Center ("SCC") and compared that to the total actual labor charges for each of the same SCCs. Please see OCC-332, Attachment 2, for the calculation of the amount of Service Company salaries allocated to CL&P and OCC-332, Attachment 3, for the actual 2025 allocation of labor by SCC utilized in the calculation in OCC-332 Attachment 2. The allocated amounts shown in OCC-332, Attachment 2, page 1, lines 8 through 18, support the amounts shown in Exhibit CLP-REVREQ-2, Work Paper C-3.5, page 1, lines 33 through 42.

(3) The base salaries calculated in items (1) and (2) above are total salaries prior to the split between capital and O&M; therefore, the final necessary adjustment to those CL&P allocated salary amounts is to account for the portion that will be capitalized, which is then removed from the payroll expense schedule. In order to do so, the Company utilized the actual Test Year capitalization ratios. Please see OCC-332, Attachment 4, for the calculation of the Test Year capitalization percentages.

In summary, the Company starts by taking actual salaries of active / filled positions as of December 31, 2025, and allocates those to CL&P and further assigns a portion to expense and capital all based on actual Test Year information. That resulting TYPF payroll expense becomes the basis for payroll expense increases utilizing annual merit adjustments. The difference between the TYPF amount above and the actual Test Year expense results in the $2.778 million pro-forma increase (or approximately 2%).

In addition, the Company is proposing incremental Full Time Equivalents ("FTEs") in Exhibit CLP-REVREQ-2, page 3 of 3. Page 3 of 3 shows the number of employees the Company expects to hire in each business area (i.e. Vegetation Management, Grid Modernization, Engineering Capital, Distribution System Planning, Asset Health and Field Engineering). It also shows the expected salary, hiring date, and resulting O&M payroll expense included in the Company's COS. This treatment is consistent with the Company's incremental FTE request in Docket No. 17-10-46.