Date Filed: October 29, 2026

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

Question:
(PAYROLL RECONCILIATION) Application, Sch. C-3.5; Interrog. Resp. OCC-317, Att. 1, Interrog. Resp. OCC-330, Att. 1, Interrog. Resp. OCC-319, Att. 1, and Interrog. Resp. EOE-123, Att. 1. Regarding the 2025 payroll amounts reported in the Application and in the discovery responses:

a. Reconcile the 2025 base payroll charged to expense of $133,507,500 in Attachment 1 of the response to Interrogatory OCC-317 to the Test Year payroll expense of $134,683,000 on Schedule C-3.5, and to the CL&P base salaries of $176,313,000 and the EESCO portion of base salaries of $84,078,000 in Schedule WP C-3.5. Identify each reconciling item by amount and description.
b. State the population, the period, and the basis of measurement for each of the following 2025 capitalized proportions of payroll and reconcile each to the others: 63.49% capital and other for CL&P payroll in Attachment 1 of the response to Interrogatory OCC-330; 41.66% capital, or 48.44% capital and other of base payroll in Attachment 1 of the response to Interrogatory OCC-317; 53.10% capital of budgeted payroll in Attachment 1of the response to Interrogatory OCC-319; 37.99% capital and removal in Attachment 1 of the response to Interrogatory EOE-123. State whether the percentages in Attachment 1 of the response to Interrogatory OCC-330 captioned "Overtime Payroll" are derived from total payroll or from overtime payroll.
c. Explain the increase in Stores Clearing payroll in Attachment 1 of the response to Interrogatory EOE-123 from $8,937,024 in 2024 to $11,927,883 in 2025. Identify the schedules and accounts to which Stores Clearing and fleet clearing payroll are ultimately charged, and the amount of each in the Test Year.
d. State the base payroll recorded to the RAM, Energy Efficiency and Other balance sheet lines of Attachment 1 of the response to Interrogatory EOE-123 for the Test Year, and state whether any portion is also included in Schedule C-3.5.

Response:

a. Refer to Table 1 for the reconciling descriptions for each base payroll expense referenced above.

Table 1

	OCC-317 Attachment 1	**Schedule C-3.5**	**CL&P Base Salaries**	**ESC Base Salaries**
Amount	$133,507,500	$134,683,000	$176,313,000	$84,078,000
Basis	2025 CL&P and ESC base salary O&M for all Company lines of businesses (i.e. Energy Efficiency)	2025 base salary and overtime/ premium O&M for CL&P and ESC adjusted for AS&E allocation and exclusive of non-base distribution payroll expense (i.e. Energy Efficiency)	Base salaries for active/ filledCL&P employees as of December 31, 2025 including capital and O&M	Base salaries for active/ filled ESC employees as of December 31, 2025 allocated to CL&P including capital and O&M

b. The 63.49% in the Company's response to OCC-330[i] represents CL&P's actual 2025 payroll capitalized ratio based on total straight time labor capitalized. The capitalized ratios of 41.66% and 37.99% in the Company's response to OCC-317[ii] and the Company's response to EOE-123[iii], respectively, are based on 2025 actual capitalized data and reflect capitalized base payroll and overtime and premium payroll. Further, in OCC-317, Attachment 1, lines 2 plus 7 equal line 6 in EOE-123, Attachment 1. The 53.10% in OCC-319[iv] represents the 2025 budget, which is not correlated with the 2025 actuals represented in the other percentages.

c. The increase in stores clearing payroll is driven by an increase in overtime costs incurred by material logistics employees as well as newly hired material logistics employees supporting the new material logistics warehouse, Bradley Central Warehouse, that came online in 2025. The payroll charges in EOE-123, Attachment 1, shown as stores and fleet clearing are originally recorded to FERC Accounts 163 and 184, respectively. The stores clearing account captures all expenses associated with the operation of the warehouses, laydown yards, and storerooms, including all associated employees, which are then moved to the stores clearing account to load onto the qualifying work orders. The stores loader will allocate the costs accumulated in the clearing account to those work orders that have physical materials issued or returned to the work order. The fleet clearing account accumulates vehicle costs, including labor for mechanics, parts, fuel, GPS, registration, insurance and depreciation, in FERC account 184010 by entity and cleared monthly. The costs are allocated to departments based on their vehicle complement and further assigned at the work order level based on productive labor charged by the respective departments.

The payroll charges recorded to stores and fleet clearing accounts that are ultimately charged to operations and maintenance (O&M) accounts for the CL&P Distribution business in the Test Year are presented on Schedule C-3.21 Materials and Supplies and Schedule C-3.32 Vehicle Expenses, respectively.

d. Please note that for the Test Year 2025, the base payroll recorded to RAM per EOE-123, Attachment 1, was $2,934,687, to Energy Efficiency was $7,074,827, and to Other Balance Sheet was $1,036,417. Of these amounts, only $930,444 of the Other Balance Sheet amount is included in the Test Year Ended 12/31/2025 amount of $134,683,000 in Schedule C-3.5. Please note that even though there is $930,444 from the Other Balance Sheet line item in the Test Year Ended 12/31/2025 amount of $134,683,000, this amount does not factor directly into the Rate Year 1 Ending 6/30/2028 payroll expense amount of $149,821,000 in Schedule C-3.5. This is because the Rate Year 1 Ending 6/30/2028 payroll expense amount is derived directly from the total base salary amounts for the total number of FTEs active and filled by the Company at December 31, 2025, plus the total base salary amount for the incremental FTEs being requested by the Company as part of this proceeding, both of which are described in the Revenue Requirements testimony filed as Exhibit CLP-REVREQ-1 on July 14, 2026, at section IV.A.4., Compensation: Payroll Expense, on pages 70 through 75. See also the Company's response to OCC-332[v] for a detailed explanation of the Company's calculation of payroll expense.

Prior Referenced Responses:

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[i] OCC 330 Question:

Payroll. Provide the capital and expense percentages for each of the years 2021, 2022, 2023, 2024, 2025, and forecasted in the rate year. Explain any changes in methodology over the years.

OCC-330 Response:

Please refer to OCC-330, Attachment 1, for the percentage of payroll charged to capital and expense for each of the years 2021, 2022, 2023, 2024, and 2025. The percentage of payroll charged to capital and expense is based on actual payroll charged through employee timesheets. The percentages charged to expense and capital in the Rate Year that were used to develop Schedule C-3.5 are based on the Test Year percentages in 2025.

[ii] OCC-317 Question:

Payroll. Please provide for each year: 2021, 2022, 2023, 2024, 2025, and the amount included in the rate year, the amount of base pay, overtime, incentive compensation and the amount of other pay broken down in the most detailed format available including the amount charged to capital, charged to expense and charged to other. If any of the other is ultimately expensed, provide the amount ultimately expensed in each year.

OCC-317 Response:

Please refer to Exhibit CLP-REVREQ-2, Schedule C-3.5, for the amount of base pay and overtime in the Rate Year. The Company does not calculate the capitalized payroll for the Rate Year as part of the cost of service.

For the amount of base pay and overtime and premium time charged to expense, capital, and other for years 2021, 2022, 2023, 2024, and 2025, please refer to OCC-317, Attachment 1.

Please refer to OCC-286, Attachment 1, for the amount of incentive compensation for 2021, 2022, 2023, 2024, 2025, and the Rate Year. Please note that no executive cash incentives and no stock incentives are capitalized.

[iii] EOE-123 Question:

(INTERNAL STAFFING LEVELS) Provide an unlocked Excel spreadsheet detailing the Company's average staffing levels by position (e.g., job title, not individual employees) for each year starting from 2018 through present, along with the overall costs (gross). Additionally, identify the average annual counts and actual amounts that were applicable to Operations and Maintenance (O&M), Capital, Storm, and any other allocated use (including allocations to RAM).

EOE-123 Response:

Please refer to OCC-202, Attachment 1 and Attachment 2, for the staffing level and overall costs (gross).

Please refer to EOE-123, Attachment 1, for O&M, Capital, Storms and RAM Labor costs applicable by year.

[iv] OCC-319 Question:

a. Provide annual Capital and O&M budgeted payroll (direct and allocated) for each year 2021, 2022, 2023, 2024, 2025, and the rate year.
b. Provide annual Capital and O&M actual payroll (direct and allocated) for each year 2020, 2021, 2022, 2023, 2024, and 2025.
c. Provide annual Capital and O&M payroll authorized by PURA for each year 2021, 2022, 2023, 2024 and 2025.

OCC-319 Response:

a. Please refer to OCC-319, Attachment 1, for budgeted capitalized and O&M expense payroll, charged direct and allocated for each year requested. The Company's proposed payroll O&M expense for the Rate Year is provided in Exhibit CLP-REVREQ-2, Schedule C-3.5. The Company does not calculate the capitalized payroll as part of the cost of service as a specific line item. The proposed revenue requirement in this proceeding reflects the level of payroll O&M expense necessary to cover the Company's Rate Year cost of service. The Company's cost of service includes projected capital placed in service through the Rate Year, and labor is one component of the projected capital, however, the Company cannot separately identify the labor included in its capital forecast.

b. Refer to EOE-123, Attachment 1, for the annual capitalized and O&M actual payroll for each year requested.

c. The amount of payroll that is capitalized in any given year is project dependent and based on the Company's policy for capitalizing costs per Accounting Policy Statement ("APS) #8, Capital Versus Expense Criteria, which is required to adhere to the generally accepted accounting principles ("GAAP"). During a rate case, the Test Year's capitalization ratio is used to determine the Rate Year level of O&M payroll. This level of O&M payroll

allows a cost of service to be calculated for use in setting customers' rates. The actual level of O&M payroll experienced by the Company will be different based on many factors, including business needs, market-based changes in compensation, attrition, retirements, etc. Such differences are part of the ebb and flow inherent in the ratemaking process. The amount of O&M payroll applicable for the years 2021 through 2025 from the approved 2018 Settlement Agreement and subsequent annual Full-Time Equivalent ("FTE") step adjustments for 2018, 2019 and 2020 in Docket No. 17-10-46 was $129.285 million per year.

[v] 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.