Date Filed: October 09, 2026

Witness: Kara A. O'Connor
Request from: Public Utilities Regulatory Authority

Question:

(HEALTHCARE EXPENSE) Lazor, Eichler and O'Connor Pre-Filed Test., pp. 75-76; Interrog. Resp. OCC-204, Att. 1 and Interrog. Resp. OCC-380, Att. 1. Regarding the derivation of healthcare expense and the trend applied:

a. (i) Provide the derivation of the 2026 working rates for each plan and election tier; (ii) identify the claims experience, administrative cost, stop-loss premium and margin included in each; and (iii) provide the Brown & Brown working-rate report for 2026.
b. (i) Identify the year of Table 13 of Ex. CLP-EMPLOYEE-1, p. 76, from which each rate applied in the Company's response to Interrogatory OCC-380 was taken; and (ii) show the arithmetic that escalates CL&P healthcare expense of $33,261,483 to $38,885,560 and EESCO healthcare expense of $89,350,244 to $104,437,336, including the number of times each rate was compounded.
c. (i) State the Company's actual percentage change in medical and prescription drug cost for each calendar year 2021 through 2025; and (ii) provide the actuarial and consultant documentation supporting the trend applied.
d. (i) Provide enrollment by election tier and plan type on December 31, 2023, and December 31, 2024, in the same form as provided on pages 2 through 4 of Attachment 1 of the Company's response to Interrogatory OCC-380; and (ii) state the basis for holding employee plan elections constant at their December 31, 2025 level.

Response:

a. (i) The 2026 working rate derivation is outlined in Table 12 of Exhibit CLP-Employee-1.

(ii) The claims experience, administrative cost, stop loss premium and margins are all factored into the final 2026 working rate shown on Table 12. The medical plan 2026 working rate increase of 11.6% was then applied to the 2025 working rate for each plan and election tier to arrive at the 2026 cost.

(iii) Table 12 referenced above is the Brown &Brown working rate report.

b. (i) The year and working rates used for the Company's response to OCC-380[i] is a projected 2027 and 2028 working rate escalation. The projected working rates for medical dental and vision used for OCC-380, Attachment 1, are referenced in the bottom left at pages 6-

8. Given Table 13 of Ex. CLP-EMPLOYEE-1, p. 76 and OCC-380, Attachment 1, were projections and not actual at the time of submission, when actual working rates are available, the Company will update the benefits expense and other affected costs as part of its next cost of service update.

(ii) Please refer to RRU-064, Attachment 1, at Page 1 for the references to the CL&P and EESCO health care expense for the Test Year Pro Forma and the Rate Year that are included in OCC-380, Attachment 1, along with the compounded escalation rates that were used. The arithmetic that escalates CL&P and EESCO healthcare expense is included within the OCC-380, Attachment 1. For example, the 2026 annual cost per employee for medical "PPO 100 EE Only" is $13,853 as shown on Page 2, line 15 of OCC-380, Attachment 1. This amount is escalated by the compounded Medical escalation rate of 17.27% as shown on Page 6, line 76 to result in a Rate Year annual cost per employee for "PPO 100 EE Only" of $16,245 as shown on Page 6, line 15. This same methodology is used for the remaining medical plan options as well as Dental and Vision using their respective escalation rates.

c. (i) See Table 1 below for the Company's actual percentage change in medical and prescription drug cost for each calendar year 2021 through 2025.

Table 1

Year	Medical Working Rate %	Dental Working Rate %	Vision Working Rate %
2021	4.8	0	0
2022	4.7	-3.5	-6.1
2023	2.5	-3.7	-5.8
2024	8.0	-1.1	-1.4
2025	6.3	2.9	2.3

(ii) Please refer to RRU-064, Attachment 2, for working rate actuarial and consultant documentation supporting the trend applied.

d. (i) Please refer to RRU-064, Attachment 3, for the employee enrollment by election tier and plan type on December 31, 2023 and RRU-064, Attachment 4, for the employee enrollment by election tier and plan type on December 31, 2024.

(ii) The Company is utilizing the employee plan elections as of December 31, 2025, to determine the Rate Year healthcare expense level, as this represents the most recent enrollment data available and is the most accurate representation of the current employee population.

Prior Referenced Response:

[i] OCC-380 Question:

Employee Benefits. Refer to WP C-3.12, page 2 of 12. Explain and provide the calculations for the proforma and Rate Year adjustments.

OCC-380-Response:

The CL&P and EESCO Test Year pro forma healthcare expense was calculated using the 2026 working rates, or cost per employee, and applying them to actual employee healthcare plan elections as of 12/31/2025. Please refer to OCC-380, Attachment 1, Pages 2 to 4 for the Medical, Dental, and Vision calculations showing the annual cost per employee and the actual plan elections as of 12/31/2025 for both Non-Represented and Represented Employees. For CL&P, this resulted in total healthcare expense of $33,261,483, which is then multiplied by the O&M rate of 47.64% to calculate $15,845,771 after capitalization as shown on OCC-380 Attachment 1, Page 1, line 16. This amount also agrees to WP C-3.12, page 2, line 23. For EESCO, the total healthcare expense of $89,350,244 was multiplied by the M9C rate code, using the Miscellaneous Labor methodology for EESCO employees to calculate the amount attributed to CL&P. This product of $15,957,954 was then multiplied by the O&M rate of 71.93% to calculate EESCO healthcare expense of $11,478,556 after capitalization as shown on OCC-380, Attachment 1, Page 1, line 23. This amount also agrees with WP C-3.12, page 2, line 30.

The CL&P and EESCO Rate Year healthcare expense, for July 2027 through June 2028, was calculated using the same method as the Test Year using 2026 working rates and 12/31/25 actual employee healthcare plan elections. Next, the amount was inflated using healthcare escalation rates (i.e., medical, dental, and vision) as shown in table 13 of Exhibit CLP-EMPLOYEE-1. Those rates are:

- Medical/Rx – 11.1%
- Dental – 4.5%
- Vision – 4.0%

Please refer to OCC-380, Attachment 1, Pages 6 to 8 for the Medical, Dental, and Vision calculations showing the annual cost per employee and the actual plan elections as of 12/31/2025 for both Non-Represented and Represented Employees, escalated for the Rate Year. For CL&P, this resulted in total healthcare expense of $38,885,560, which was then multiplied by the O&M rate of 47.64% to calculate $18,525,081 after capitalization as shown on OCC-380, Attachment 1, Page 5, line 16. This amount also agrees to WP C-3.12, page 2, line 23. The approximately $2,679,000 Rate Year adjustment is the difference between the Rate Year and Test Year Pro Forma amounts.

For EESCO, the total healthcare expense of $104,437,336 was multiplied by the M9C rate code, using the Miscellaneous Labor methodology for EESCO employees to calculate the amount attributed to CL&P. This product of $18,652,508 was then multiplied by the O&M rate of 71.93% to calculate the Rate Year EESCO healthcare expense of $13,416,749 after capitalization. This amount also agrees with WP C-3.12, page 2, line 30. The approximately $1,938,000 Rate Year adjustment is the difference between the Rate Year and Test Year Pro Forma amounts.