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Witness: Sasha P. Lazor and Marianne H. Eichler
Request from: Office of Consumer Counsel

Question:

Incentive Compensation. In what possible scenarios would no incentive compensation payments be made?

Response:

As an initial matter, the circumstances that might have the potential to provoke a scenario in which "no incentive compensation payments would be made," to the employees of Eversource's operating affiliates in Connecticut, Massachusetts and New Hampshire would need to be very severe for any such decision to be made. For example, if *none* of the corporate financial and customer-service performance goals were met in a year, this is an outcome that might be considered depending on the drivers of that non-performance. Eversource reserves the right to suspend the payment within the context of its variable pay compensation policy because: (1) the overall total cost to the enterprise is significant and, if a severe negative impact has occurred, Eversource would need to use whatever levers it had at its disposal to address the circumstances and this material amount would be one of those levers, along with other exigent measures; and (2) ultimately, the program is designed to incentivize employees and, therefore, if the enterprise-wide goals are not met to any extent in a given year, or some other very significant negative impact has occurred, then there has to be an option for management to take steps to respond to those circumstances.

In fact, these circumstances have not occurred since the Northeast Utilities/NSTAR merger in 2012, nor before that. It is not Eversource's expectation that these circumstances would occur in the normal course of business.