Date Filed: October 16, 2026

Witness: Sasha P. Lazor, Marianne H. Eichler and Danielle Munson
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSTION—INCENTIVES FUNDING POOL STRUCTURE) Explain the complete organizational structure of the variable-pay funding arrangement applicable to the 2025 Test Year. Specifically, state:

a. whether the pool represents an actual segregated fund, reserve, accrued liability, budgetary authorization, compensation-control amount, or other accounting/management construct;
b. when the pool or associated compensation liability is initially recognized;
c. the general-ledger and FERC accounts in which the accrual and subsequent payment are recorded;
d. how the accrual is adjusted as corporate and individual performance becomes known;
e. whether Eversource maintains one enterprise-wide variable-pay pool or separate pools for executives/officers, non-officer employees, business units, operating companies, or other employee groups.

Response:

a. The funding pool represents the payout level as approved by the Compensation Committee of the Board of Trustees.

b. During the 2025 plan year, the officer short-term variable compensation is accrued monthly based on each officer's budgeted target incentive and the estimated payout percentage for the year. When the actual incentive payments are made (in the first quarter of 2026 for the 2025 performance year), the accrued liability is reviewed and adjusted as necessary to reflect the final approved payout amounts. Any true-up adjustments are recorded and allocated proportionately to the original accrual where charged, ensuring that the final costs associated with the payout are accurately reflected and consistently assigned.

c. The officer short-term variable compensation accrual and subsequent payments for the 2025 plan year were recorded to accrued liability FERC account 242E10. The officer long-term variable compensation accruals for equity awards are recorded to FERC Account 211 using subaccounts to denote the grant year. For example, the 2025-2027 Performance Share long-term variable compensation equity accrual is recorded to FERC Account 211P25.

d. The officer short-term variable compensation accrual is adjusted as described in Part b. after the 2025 incentive awards have been reviewed and approved by the Compensation Committee of the Board of Trustees and subsequently paid. Any resulting difference between the estimated accrual and the final approved payout amount is allocated proportionately to where the original accrual was charged. Please refer to UPA-044[i] for a discussion of the accounting of the long-term variable compensation equity accruals

e. As described in the Company's response to UPA-005[ii], once the overall variable compensation plan is funded at the enterprise level, the variable compensation pools differ by level. The pools do not differ by business unit or operating company.

Prior Referenced Responses:

[i] UPA-044 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.

UPA-044 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.

[ii] UPA-005 Question:

(OFFICER VARIABLE PAY—FUNDING POOL) Application, Ex. CLP-EMPLOYEE-1, pp. 30–35. The referenced exhibit states that the enterprise variable-pay pool is funded based on corporate financial and operational performance and provides the applicable metrics and weights. Without repeating those descriptions, provide the complete 2025 calculation showing:

a. the threshold, target, and maximum scoring or payout curve for each metric;
b. actual 2025 performance;
c. the score or performance factor assigned to each metric;
d. the resulting financial score and operational score;
e. the resulting overall pool funding percentage/factor;
f. the dollar amount of the pool at target and the actual amount funded;
g. whether the funded pool was fully distributed;
h. any amount retained, returned, forfeited, or otherwise not distributed;

i. how the funded amount was allocated among business units; and
j. how amounts available to each business unit or manager were translated into individual awards.

UPA-005 Response:

This question continues to improperly intermingle the two independent processes applicable to the Company's variable pay compensation framework, which are (1) the process to determine the annual funding pool and the Board of Trustee's determination of variable pay for the CEO; and (2) the process to determine how each individual's actual payout percentage is determined for every other employee in the business aside from the named officers. Below are data points and references to better explain and detail the process with each subsection denoted as to whether it applies to the first or second process.

(a) The threshold, target, and maximum scoring or payout curve for each metric. Each year, the Eversource Energy Board of Trustee's evaluates the corporation's performance in the prior calendar year against a set of pre-designated performance metrics and assigned ratings. Based on that evaluation, the Board of Trustee's makes a determination that variable pay compensation will be funded for the year. In addition, the Board of Trustees determines the variable pay compensation for the CEO, which is also granted on the basis of the corporation's achievement of those same pre-designated performance goals. Thus, the threshold, target and maximum ranges for each performance goal in CLP-EMPLOYEE-1, at pages 30-35, pertain exclusively to the ***funding process*** and to the determination of variable pay for the CEO. These performance metrics and assigned ratings ***do not apply*** to any other individual employees, except for the CEO, whose compensation is determined by the Board of Trustee's Compensation Committee.

Metric	Threshold	Target	Maximum
Financial Performance (70%)			
Non-GAAP Earnings Per Share	$4.59	$4.71	$4.80
Dividend Growth	$2.97	$3.00	$3.03
Strategic Growth Initiatives			
Strategic Growth Initiatives	Regulatory filings, storm cost recovery, and strategic positioning		
Operational Performance (30%)			
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months
Restoration System Average Restoration Duration (SAIDI)	70 Minutes	63.7 Minutes	62 Minutes
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate
Gas Emergency Response	93.0%	98.2%	99.2%
% Candidate Slate	50.0%	59.5%	65.0%
Sustainability Ranking	65.0%	87.0%	107.0%
Key Strategic Customer and Clean Energy Operational Results			
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs		
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects		

(b) through (e)

For 2025, the Board of Trustees Compensation Committee approved corporate performance at 145% of target based on the following computation:

Table 1
Targeted and Actual Performance

Threshold	**Target**	**Maximum**	**Financial**	**Payout**	**Approved**
Metric 50%	100%	200%	Results	Factor	Weighting
Financial Performance					
2025 Non-GAAP Earnings Per Share $4.59	$4.71	$4.80	$4.76	155%	60%
Dividend Growth $2.97	$3.00	$3.03	$3.01	131%	10%
3.85%	5.00%	5.94%			

Table 2
Key Strategic Financial and Regulatory Results

Strategic Financial Initiatives and Regulatory Outcomes	Regulatory filings, storm cost recovery and strategic positioning				175%	30%
Operational Performance						
Reliability Average Months Between Service Interruptions (MBI)	15 Months	21.3 Months	22 Months	21.0 Months	95%	25%
Restoration System Average Restoration Duration (SAIDI)	70 Mins.	63.7 Mins.	62 Mins.	66 Mins.	63%	25%
Safety Rate	1.25 Rate	0.85 Rate	0.75 Rate	0.87 Rate	95%	8.33%
Gas Emergency Response	95%	98.2%	99.2%	98.0%	94%	8.33%
% Candidate Slate	50.0%	59.5%	65.0%	64.3%	187%	8.33%
Sustainability Index	65.0%	87.0%	107.0%	102.6%	178%	8.33%
Key Strategic Customer and Clean Energy Operational Results						
Enhance the Customer Experience	Advanced Metering Infrastructure rollout, Energy Efficiency programs, stakeholder and community engagement and data security programs				165%	8.33%
Clean Energy Execution	Non-pipe alternatives, execution of Massachusetts Grid Modernization, geothermal and decarbonization projects				160%	8.33%
Financial Performance (weighted at 70%)		159%	111%			
Operational Performance (weighted 30%)		113%	34%			
Overall Performance			**145%**			

Subpart (b) asks for "actual 2025 performance." Table 1 provides the "actual 2025 performance" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (c) asks for the "score or performance factor assigned to each metric." Table 2 provides the "score or performance factor assigned to each metric," for the corporation, for purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (d) asks for the "resulting financial score and operational score." Table 1 provides the "resulting financial score and operational score" for the corporation, for the purposes of the Funding Pool decision. Table 1 does not pertain to any individual employee in the enterprise other than the CEO.

Subpart (e) asks for the "resulting overall pool funding percentage/factor." Table 2 provides the "resulting overall pool funding percentage/factor" for the corporation, for the purposes of the Funding Pool decision. Table 2 does not pertain to any individual employee in the enterprise other than the CEO.

As noted in Table 2, the "overall pool funding percentage/factor" is 145%.

f. Subpart (f) of the question asks about "the dollar amount of the pool at target and the actual amount funded. Based on the overall results of the corporation against the pre-established goals, the corporation's performance was calculated as 145% of target for 2025, reflecting the Company's strong performance and the executive team's execution of the Company's Operating Plan.

The 2025 overall funding pool percentage is used to set the variable pay compensation of the CEO. The CEO's variable pay component was based on the 145% of target factor. For the other Named Executive Officers, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the group of five officers, although individuals in the group received different percentages depending on their individual performance.

Similarly, for the vice presidents, their variable pay compensation was paid out at 145% of target, *in the aggregate,* for the entire group, although individuals in the group received different percentages depending on their individual performance. The 145% performance achievement does not apply at any other level of the organization for establishing pay-outs to individual contributors.

For performance in 2025, the Chief Financial Officer established the funding pool shown below, which was above target:

2025 Variable Compensation Target	**2025 Actual Variable Compensation Paid Out to Employees**
$80,308,863	$101,113,911

g. Subpart (g) of the question asks whether the funded pool was fully distributed. Once the funding pool is established (at $101,113,911), all amounts were paid out across the organization because variable pay compensation is part of total employee compensation and is not used or diverted for other purposes once the pool is established. Once funded, the dollars are distributed to employees or "individual contributors" across the organization in accordance with the allocation process that is handled by the Eversource Energy Human Resource Department.

h. Subpart (h) asks whether any amount (of the funding pool) is retained, returned, forfeited, or otherwise not distributed. As answered in subpart (g), none of the variable compensation funded pool was retained, returned, forfeited or otherwise not distributed. To the contrary, each year, variable pay compensation is accrued in the operating budget for every business unit, reflecting the expectation that variable pay compensation will be paid out to employees. Generally, variable compensation is budgeted at target levels as this is the level of total compensation that the Company would expect to pay if every employee met the expectations of their job positions exactly as anticipated for the individual job position. In this case, the Company is requesting to include the target level in rates as representative of the amount of variable pay compensation that the Company will pay to employees on a year-to-year basis, although in the Test Year 2025, Eversource paid out greater than the target level to employees and may do so again in the future.

i. With respect to how the funded amount is allocated among business units, the process starts with a bottom-up assessment of target funding levels. For each eligible employee, Eversource multiplies the employee's base salary times the employee's variable compensation target (i.e. $100,000 times 10% = $10,000) to define the eligible variable compensation dollar target. This calculation is conducted for each eligible department of the Company to define the target dollar amount for each department.

   Once the funding pool is set, the eligible funding pool is distributed to each department on the basis of the department's employee count and the identified pay-out level associated with the funding pool approved by the CFO, correlating to the target amounts for that department.

j. With respect to how amounts available to each business unit or manager are translated into individual awards, funding pools are allocated to each department/manager through the Workday Human Resources Information System (HRIS). Through this system, managers enter recommendations for grants to eligible employees in their departments, in conjunction with their performance assessments of those employees (only up to the amount of the funding pool for that department). Through the Company's Workday system, these recommendations are rolled up to the Executive Vice President of each respective organization for review, consultation and final approval. This process was described in the Company's response to UPA-010.

k. All eligible individual employees or "contributors" below the six Named Executive Officers, have individual scorecards delineating the individual's performance goals for the calendar year. These individual performance goals are not designed to correlate directly or tie to the corporation's performance goals, nor are there any weightings that apply to individual employee goals. All of the corporation's goals, whether financial or operational, are part of the corporation's service mission to customers and are furthered by the efforts of our employees across the organizations. Therefore, individual goals are designed to support corporate objectives to provide safe and reliable service to customers with rigorous cost control and responsible management. The performance of each employee is reviewed by the respective manager and decisions are made within the various levels of management as to how the funding pool for that department will be allocated among its own contributors. Employees are ranked by their level of contribution and the variable pay is paid out to employees on the basis of the contribution level assigned by management. The Company's response to OCC-201, Attachment 1, shows the allocation of variable pay compensation across the base of employee contributors.