Date Filed: August 26, 2026

Witness: Marc J. Richards, Danielle J. Munson, Timothy J. Griffin and Gary A. Iadarola
Request from: Office of Consumer Counsel

Question:

(Environmental Remediation)

a. Provide the total amount of environmental remediation expense (direct and allocated) for each of the years 2021, 2022, 2023, 2024, 2025 and included in the rate year by site.
b. For each site, provide a description of the remediation needed, the total anticipated cost, the date when the Company learned of the damage, the start date of the remediation and the expected completion date.
c. For costs that are allocated to CL&P, explain how the costs were allocated and provide all supporting calculations for each year the costs were allocated.
d. Does the Company expect to receive any or has it received any insurance proceeds or 3rd party recovery associated with any of the sites it has included recovery of in the current case? If so explain and provide the amounts received by year. If not, explain why not.

Response:

a. Please refer to OCC-280, Attachment 1, for the total amount of environmental remediation expense (direct and allocated) for each of the years 2021, 2022, 2023, 2024, 2025. The costs recorded on line 11 of the attachment are deferred environmental remediation costs related to the applicable Complex Environmental Remediation sites noted in part b, which are required to comply with DEEP regulations as reflected in Exhibit CLP-REVREQ-2 WP C-3.36 p 2. Complex Environmental Remediation sites are historically designated through placing the subject sites on a reserve list. The costs on lines 12 through 15 of the attachment represents the annual environmental costs within the O&M expense, consistent with its last rate case, to support the day-to-day environmental activities reflected in Exhibit CLP-REVREQ-2 WP C-3.13.

b. This part provides detail on Complex Environmental Remediation sites as previously identified in Exhibit CLP-ENV-1.

Site #5 Rockville Former Manufactured Gas Plant (MGP). Contamination was first identified on site in 1994 during environmental investigation activities. The nature and extent of contamination at the site has largely been defined and there are plans for limited supplemental investigation leading up to Completion of Investigation. Recent pre-remedial

activities involving non-aqueous phase liquid (NAPL) monitoring and recovery, and an In-Situ Soil Stabilization (ISS) feasibility study have been performed. Upland remediation will involve excavation of three localized shallow subsurface Significant Environmental Hazard (SEH) conditions, MGP source materials and/or ISS of two below ground former gas holders. An Environmental Use Restriction (EUR) deed restriction involving institutional and engineered controls will be utilized following completion of site remediation to address contaminated soils that remain. The groundwater plume migrating off-site has generally been defined, and the Company may request the use of site-specific alternative groundwater protection criteria from the Connecticut Department of Energy and Environmental Protection (CTDEEP) to help reduce groundwater remediation expense while the Company continues to assess the implementation of in-situ remedial technologies to address groundwater impacts. In 2021 and 2023, Screening Level Ecological Risk Assessments (SLERA) were submitted to the CTDEEP. Based on the SLERAs, no further investigation, evaluation, or action with respect to ecological receptors is warranted regarding Site sediments or surface water in the Hockanum River. However, a response from CTDEEP has not yet been received. Pending the completion of investigation, review of remedial alternatives, a Remedial Action Plan (RAP), and bidder selection, remediation could begin within the next 5 to 8 years and be completed within the next 10 to 12 years (assuming no river remediation). Post-remediation, an EUR will be established within two years. On-going NAPL recovery and post-remediation compliance groundwater monitoring will be implemented for several years. With the information available, the Company estimates between $5M and $7M (not adjusted for inflation) will be needed to complete environmental investigation, remediation, and post remediation activities.

Site #8 Torrington Former MGP. The field investigation for a Phase III Environmental Site Assessment was completed in February 2026. The Company's environmental consultant, GEI Consultants, Inc (GEI), is currently reviewing the results to identify any remaining data gaps. Once data gaps have been addressed, GEI will prepare a RAP detailing the required environmental remediation. Based on preliminary information, remedial activities will include soil excavation and groundwater treatment. Based on a review of available historic reports, environmental contamination was first identified in 1993 with the completion of site investigation activities. Depending on the data gap evaluation results, remedial activities are expected to start in 2029. Without a detailed remedial plan, the duration of remedial activities and anticipated costs are not estimable at this time.

Site #9 Winsted Fromer MGP. This site has a 50/50 cost sharing between CL&P and Yankee Gas. Phase II and III Environmental Site Assessments were completed in Q1 2024. Since that time, additional groundwater evaluations have occurred, including the installation of new monitoring wells and comprehensive groundwater sampling in Q1 2025. The Company's environmental consultant, AECOM, is currently planning to install new off-site downgradient monitoring wells to evaluate the potential of off-site migration of contaminates. Once off-site migration has been evaluated, AECOM will prepare a RAP detailing the required

environmental remediation. Based on preliminary information, remedial activities will likely include soil excavation, non-aqueous phase product removal, groundwater treatment, and in-situ solidification. Based on a review of available historic reports, environmental contamination was first identified in 1989 with the completion of site investigation activities due to the divestiture of the gas business. Remedial activities are expected to start in 2028 or 2029. Without a detailed remedial plan, the duration of remedial activities and anticipated costs are unable to be estimated at this time.

Site #23 Ridgefield Right-of-Way (ROW). A SEH Notification was submitted to CTDEEP on December 14, 1998. The SEH Notification reported that shallow soils (upper two feet) have been impacted with arsenic at a concentration that exceeds the SEH criteria. Remedial activities were conducted as part of a rails-to-trails construction project along the ROW and was initiated in September 2000 and completed in December 2000. A liner system, comprised of stone screenings and processed aggregate over a geotextile membrane, was installed as a protective cap along an approximately 2.3-mile length of the former railroad corridor. As such, all soil above applicable Direct Exposure Criteria was rendered inaccessible and the SEH condition was mitigated. In July 2014, Fuss & O'Neill Engineers, Inc. developed a Maintenance and Observation Plan for the Site designed to reduce the risk of liner exposure. Semi-annual inspections in April and October have been completed to visually inspect drainage systems, erosion on trail surfaces, stability of trail slopes, accumulated sediment in swales, and vegetative growth. Based upon these inspections, periodic maintenance and repair activities have been performed as required. In recent years, heavy rainstorms have caused trail damage that has required repair. According to the new Release Based Cleanup Regulations, an EUR may be required to "remediate" the SEH condition. Routine annual costs amount to approximately $10,000 to $15,000. Costs for maintenance and repair work depend on the conditions. If an EUR is required by CTDEEP, the cost to complete this is approximately $50,000.

Site #27 Portland, CT ROW#2. Environmental Site Assessments (ESA) were completed between 1997 and 2024 to evaluate soil and groundwater conditions relative to historical use of the Site as a railroad. Environmental impacts were discovered on site in 1997. The Site has been divided into three zones (western, central, and eastern) for discussion purposes. Data collected from these ESAs identified three areas of concern at the Site and include; arsenic impacted soil in the western and eastern zones, polycyclic aromatic hydrocarbon (PAH) impacted soil in the central zone and soil impacted with the pesticide 4,4'-dicholordiphenyltrichlororethane (4,4'-DDT) in the central zone. The highest concentrations of contaminants are located along the centerline of the former railroad bed at a depth of 0-3 feet below grade. Although the Site is not currently enrolled in a formal regulatory program, various remedial options have been presented to comply with the current regulations. Current estimates relate to four remediation scenarios that may cost up to approximately $6M to implement. A decision on the remedial path has not been selected and will relate to decisions

about permitting the use of the property for the Portland Airline Trail extension as well as development of a roadway to provide Eversource with improved access on the property. Remediation has not been initiated and thus the expected completion date cannot be provided at this time. However, the Company does anticipate initiating remediation within the next five years.

Site #52 Former Substation (aka Williams St 9L Substation). This Complex Environmental Remediation site was established when analytical results for a soil sample collected during a construction upgrade project in 2011 indicated Polychlorinated Biphenyls (PCB) concentrations above 1 part per million. This was the first detection of contamination. The site was undergoing groundwater monitoring on a quarterly basis from 2021 to 2023 in an effort to demonstrate the effectiveness of the soil remediation effort that had occurred in 2019. By 2024, the groundwater analyses demonstrated that the soil remediation was effective, and a Groundwater Compliance Monitoring Closure Report was submitted to the CTDEEP and the Complex Environmental Remediation site designation was closed later in 2024. The total amount spent to investigate, remediate, and close the site was $1.78M.

Site #55 Hunts Brook. Due to the complexity of this site, the Company's environmental consultant, GEI, is currently evaluating possible remedial activities and evaluating additional information that is required to further evaluate remedial options. Initial remedial options include excavating and disposing of the fly ash material and installation of an impermeable cap. However, due to the large volume of material, significant surface area, and surrounding wetlands, additional evaluation is required to develop a feasible and effective remedial plan. Based on a review of available historic reports, environmental contamination was first identified in 2005. Depending on the outcome of the remedial options evaluation, remedial activities are expected to start in 2028. Without a detailed remedial plan, the duration of remedial activities and anticipated costs are unable to be estimated at this time. Initial estimates concluded that removal and disposal of the fly ash material would cost $44M but is not probable at this time. This highlights the need to comprehensively evaluate other remedial strategies that could reduce costs.

Site #56 Historic Transformers (Capewell). This site was remediated in 2004 and 2009 and the final payment under a settlement agreement with the property owner was made in December 2020. Then the property owner issued a General Release for further claims in early 2021, so the designation as a Complex Environmental Remediation site was closed. This site was first designated as a Complex Environmental Remediation site around 2004 when a pad mounted PCB transformer was vandalized and oil leaked into soil beneath the transformer and adjacent to the building on site. When the Complex Environmental Remediation designation for this site was closed in 2021, a total of $325,122.39 had been spent on the cleanup.

Site #58 Enfield Area Work Center. Remedial planning is currently underway. The Company's environmental consultant, Lightship Engineering LLC (Lightship), has prepared remedial options for the site which include soil excavation and/or implementation of EURs. Additional investigation activities are planned to further delineate the extent of excavation needed. Based on currently available information, remediation is anticipated to cost approximately $1.5 million. Remedial activities are expected to start in mid-2028 and be completed before the end of 2028. Based on a review of available historic reports, environmental contamination was first identified in 1996 with the completion of site investigation activities related to CL&P's responsibility as the certifying party under the CT Transfer Act.

Site #63 Berlin Settling Basin. Soil remediation started in May 2020 and concluded in September 2021. In 2022, a network of seven monitoring wells were installed and sampled quarterly to demonstrate the effectiveness of the soil remediation. In addition, a Scoping Level Ecological Risk Assessment (SLERA) Addendum was submitted to CTDEEP demonstrating no PCB impacts to the brook. Groundwater monitoring concluded in 2023 and a report demonstrating compliance was submitted to CTDEEP in 2023. In 2024, the CTDEEP responded to the SLERA Addendum and agreed that there was no impact to the aquatic environment remaining. In 2024, based on the successful remediation, favorable groundwater results, and favorable SLERA results, we prepared an Environmental Land Use Restriction (ELUR). All of 2025 was spent on preparing and submitting the ELUR. This site was designated as a Complex Environmental Remediation site in 2010 when, during routine maintenance, PCBs were detected in soil within the stormwater basin (Settling Pond). In 2019, the estimated soil remediation cost was $2.23M. At the conclusion of the remediation, $3.73 M was spent. Total amount spent on project is $5.96M. Due to the ELUR, we will have to do annual inspections of the cap associated with the ELUR. Every five years, a Licensed Environmental Professional will have to conduct submit a report to CTDEEP indicating the inspections, issues found, maintenance activities, and any repairs to the cap. An estimate for these activities will average approximately $2,000 per year.

Site #64 Property Transfer Wethersfield. CL&P previously owned and leased the property at 176 Cumberland Ave back from Wethersfield LLC in 1998 where they continued as a tenant until 2006. As part of the lease agreement, CL&P retained responsibility for the investigation and cleanup of the site, but not the CTDEEP Verification process. In 2013, assessment activities identified an area of limited ETPH impacted soil in the former loading dock area, which was subsequently excavated by CL&P. An estimate in the amount of $200,000 was established at this time. Wethersfield LLC sold the property to the Capitol Region Education Council (CREC) for redevelopment in 2015. Wethersfield LLC was the certifying party per CTDEEP Transfer Act Requirements, while CL&P retained the responsibility for achieving groundwater compliance for their liability per the Settlement Agreement. Groundwater was monitored through 2022, which increased the estimate to $364,197.36. The LEP for the site

provided a letter in 2022 stating that all the Areas of Concern identified at the time of property sale had been appropriately investigated, remediation and post-remediation groundwater monitoring was completed per the Settlement Agreement. Wells were subsequently decommissioned, a Final Annual Report was submitted to CTDEEP, and the Complex Environmental Remediation site designation was closed in November 2022.

Site #66 East Hampton Area Work Center. Groundwater impacts were identified in 1983 related to a leaking underground gasoline storage tank located at the Area Work Center. The release was addressed and new water supply wells were installed on-site and at a select number of off-site residences. A pump and treat system was installed to hydraulically control the migration of the release and treat the release. The system was operational for over 30 years, until it was shut down in 2021 after discharge permitting results stabilized and sampling of both on-site and downgradient off-site supply wells indicated no exceedances of applicable groundwater standards. Following shut down of the groundwater treatment system, additional site investigation in the former tank grave area was performed in 2022/2023 to verify remedial endpoints. Results indicated no soil impacts above standards, but groundwater impacts associated with the gasoline release remain. In 2025, a remedial plan for In-Situ Chemical Oxidation (ISCO) Treatment of the remaining overburden impacts was recommended and a revised estimate for a Pilot Study, additional wells, permitting, outreach and monitoring was provided at a cost of $643,620. Completion of the Pilot test, ISCO procurement and implementation and post-remediation groundwater monitoring is anticipated to take approximately 5 years and cost an estimated additional $988,900.

Site #67 Madison Area Work Center. The Site is comprised of an active electrical operations Area Work Center. In the late 1980's, petroleum impacts associated with underground storage tanks (USTs) and a fueling island were identified. In response to these findings, the USTs, fuel pumps and petroleum impacted soils were removed and an active pump/treat groundwater treatment system was installed as part of the remediation of this area of the Site. The treatment system was continuously operated for approximately 30 years; however, hydrocarbon impacts remained in the subsurface. In May 2020, Eversource requested Groundwater & Environmental Services Inc. (GES) provide an opinion on the remedial options for the Site. GES recommended a phased excavation approach to remove impacted soil to achieve regulatory compliance at the Site. GES developed a RAP and site-specific plans and specifications for a competitive bid for the remedial contractor implementing the excavation approach. The RAP was submitted to the CTDEEP on September 30, 2022. The remedial contractor bid was awarded to True Blue on April 18, 2023. Remedial activities were completed between June and September 2023. A Remedial Action Report (RAR) was submitted to CTDEEP on December 7, 2023. A post remedial groundwater monitoring program, consisting of quarterly groundwater sampling events, was completed between January and October 2024. A Leaking Underground Storage Tank Closure Report was submitted to the CTDEEP on March 14, 2025. The remediation costs though site closure were

$2,449,633.20. GEI provided an LEP Opinion Letter on October 27, 2025, indicating that the former USTs were closed properly, and that soil and groundwater associated with the historical gasoline release(s) had been investigated and remediated in compliance with the Connecticut UST regulations and the remediation regulations in effect at the time work was completed. The Complex Environmental Remediation site designation was closed in December 2025/January 2026.

Site #68 Simsbury Area Work Center. Preliminary field investigation activities have been completed, and initial remedial activities are being developed. The source of contamination on site is a combination of volatile organic compounds, total petroleum hydrocarbons, and PCBs that were released from former underground storage tanks, stored transformers, and activities within the service bays on site. Further investigation activities are required to define remedial requirements in limited areas at the site. The Company's environmental consultant, Weston & Sampson, Inc (W&S), is planning to complete the additional investigation activities during Q3 2026. Once the additional investigations have been completed, W&S will prepare a formal RAP detailing the required environmental remediation. Based on preliminary information, remedial activities will likely include soil excavation, structure removal, and groundwater treatment. Based on a review of available historic reports, environmental contamination was first identified in 2002 with the completion of site investigation activities related to CL&P's responsibility as the certifying party under the CT Transfer Act. Following completion of the additional investigation, remedial activities are expected to start in 2028. Without a detailed site-wide remedial plan, the duration of remedial activities and anticipated costs are not estimable at this time.

Site #103 27 Parsons Lane Durham Mineral Oil Dielectric Fluid Release. A transformer spill at this privately-owned commercial/industrial property involving mineral oil dielectric fluid (MODF) containing PCBs >50 parts per million (ppm) was reported to CTDEEP on October 19, 2018. The Interim Remedial Action Report (IRAR) was submitted to CTDEEP and EPA on May 7, 2019. This report summarized emergency response actions, follow-up investigations, and interim remediation activities conducted between October 2018 and April 2019. It also recommended additional investigation, ecological risk assessment, and potential remedial actions based on the findings. The Ecological Risk Assessment Work Plan was submitted to CTDEEP and EPA on November 21, 2019. Field assessment was completed and a Screening-Level Ecological Risk Assessment Letter Report was submitted to CTDEEP and EPA on December 15, 2021. This report summarized sediment analytical results from 2018 and 2021, compared them to applicable risk criteria, and identified areas requiring remediation. A RAP was submitted to CTDEEP on March 15, 2024. The RAP outlined the approach for addressing five PCB-impacted stream areas identified in the SLERA and incorporated CTDEEP's recommendations. The sediment remediation work was completed in October and November 2024. The Final Remedial Action Report was submitted to CTDEEP and EPA on February 28, 2025. This report summarized investigation and remedial activities conducted

between 2020 and 2024 and referenced the interim response actions documented in the IRAR. It concluded that the cumulative response actions completed between 2018 and 2024 are sufficient and that no further investigation or remediation is warranted. Eversource received confirmation from CTDEEP and EPA in 2026 that there are no outstanding comments on the report. In total, $840,170.75 was spent on the investigation and remediation of this release. In July 2026 the Complex Environmental Remediation site designation was closed.

Site #117 Berlin Campus. This site involves two separate releases; 1. a release associated with an abandoned-in-place underground storage tank, located adjacent to the Central Maintenance Service (CMS) Building, that was removed in July 1997, and 2. a response to a release of water from an air handling unit to the tank containment area in the CMS Building Tank Room. Sheen was observed on the concrete floor and sampling was performed. The analytical results for concrete samples identified the presence of PCB at concentrations greater than 50 ppm within the concrete containment from historic operations. These results were reported to the CTDEEP on July 1, 2021.

Former J11 Gasoline UST Release – Between August and December 1997, a subsurface investigation was performed, and groundwater monitoring wells were installed. Between December 1997 and August 2010, intermittent groundwater monitoring was performed. In 2004, a soil vapor extraction system was installed. It was operated, maintained, and monitored until 2024. Based on a performance evaluation, a decision was made to discontinue the use of the SVE system. Between August and October 2025, the SVE shed was decommissioned and demolished. In 2023, a preliminary findings and opinion report was prepared by a consultant. In January and February 2024, specific monitoring wells were redeveloped and sampled. Well replacement and supplemental investigation was implemented during the summer of 2024. In March 2025, one additional monitoring well was installed and a round of groundwater samples was collected. In July 2025, the groundwater plume was characterized and post-remediation groundwater monitoring to monitor natural attenuation (MNA) was recommended. Quarterly monitoring began in December 2025 and continues in 2026. Routine annual costs for groundwater monitoring are approximately $35,000/year. Future monitoring is required to evaluate MNA monitoring as a means for obtaining compliance with groundwater standards. At this time, the length of time required for reaching compliance cannot be estimated. It is possible that this approach may not be adequate to obtain compliance in a reasonable amount of time. In-situ remedial alternatives may be considered to address this groundwater plume and are to be determined.

CMS Tank Room C Release – Eversource requested approval from EPA to encapsulate the concrete floor within the tank room secondary containment area to mitigate exposure and EPA acknowledged this was an acceptable approach in March 2024. In

December 2024, the concrete surface was cleaned and two coats of solvent-resistant, water-repellant epoxy of contrasting colors were applied. Applicable PCB (ML mark) labels were applied to the encapsulated surface. The source of PCBs has been removed because the tanks in this area contain only non-PCB oil and processed oil drained from non-PCB equipment. An Annual Inspection, Maintenance, and Monitoring (IMM) program has been instituted that includes; inspection of the encapsulated surface, determination that the ML Mark is still present and in good condition and collection of two wipe samples on the surface of the encapsulated area with analysis of the wipes for PCBs. As long as Eversource maintains operations in this area, the IMM program will be implemented, and corrections will be made as necessary. The cost to install the epoxy coating was approximately $25K. Routine annual costs amount to approximately $5,000. Future costs for repair work depend on the conditions after annual inspections.

Site #118 2 Main Street Enfield CT. The Complex Environmental Remediation site designation was established for this site in late 2023, given costs for abatement and demolition of the onsite structures due to safety concerns and documented numerous break-ins which had resulted in vandalism of the building on site. Work on this site is currently on hold due to a potential sale of this property with four other adjacent and nearby parcels. Remediation costs have historically been developed by others for cleanup of subsurface contamination from the former use of the site as an electric generating facility which operated from 1953 to 1982 and abatement and demolition of onsite structures, but these estimates were based off a conceptual redevelopment plan that was never initiated and included four other parcels, not part of this Site. Eversource hired GEI in 2021 to evaluate those costs and provided alternatives to options previously presented that ranged from $1.15M to $1.9M. Remedial options and estimates have not been developed for cleanup of this Site alone. Without a detailed remedial plan for this Site, the duration of remedial activities and anticipated costs are not estimable at this time.

Site #119 Windsor Operations Center. Field investigations for this site have been completed and remedial activities, related to PCB impacted fill material, are underway. To date, approximately $1.5M has been spent on remedial efforts and an additional $1M is anticipated to complete the remediation. Remedial activities include soil and concrete removal and disposal and the implementation of administrative controls. Environmental contamination was first identified in 2021 after the completion of Phase II environmental site assessment activities related to the purchase of the property. During remedial activities in 2025, it was identified that PCB impacted soil had been placed by a former property owner. As the certifying party under the CT Transfer Act, CL&P is responsible to remediate the PCB soils. Remedial activities are expected to be completed by the end of 2026. Following completion of remedial activities, post remedial groundwater monitoring will occur and ultimately site closure.

Site #121 Bartholomew 18, Bartholomew Avenue Hartford, CT. In late 2024 the need to demolish the abandoned approximately 9,500 square foot former Bartholomew 18 Substation

Control House was identified. In September 2025, the Opinion of Cost to abate and demolish the building, as well as to assess and remediate the former substation yard was developed and a Complex Environmental Remediation site designation for the estimated $1,784,114.80 in work was established. The Environmental Site Assessment work at the site had just begun in 2025 (date we first confirmed environmental impacts), but the entire project including demolition, design, procurement, remediation and post-remediation groundwater monitoring is estimated to be completed in 6 years.

c. Please refer to OCC-280, Attachment 2, for the costs allocated to CL&P from the Eversource Energy Service Company ("ESC"). Please refer to EOE-066, Attachment 1, for the ESC Cost Allocation Manual and OCC-199[i] for further allocation detail.

d. Please refer to pre-filed testimony for Marc J. Richards, Gary A. Iadarola, and Clare B. Connolly in Exhibit CLP-ENV-1 on page 18 and 19.

Prior Referenced Response:

[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.