EVERSOURCE

CL&P Capital Projects Documentation Guide

July 14, 2026

Introduction

- Since 2017, the capital process, systems and documentation formats have evolved
- Project templates, standard reports, Project Authorization Forms (PAFs), and financial tables structures have been modernized and updated over time
- *Despite changes to project authorization forms, capital projects continue to follow Accounting Policy Statement 01 – Project Authorizations (APS01) and associated capital controls*
  - All APS01 changes throughout the years have been submitted to PURA
  - Capital work is also governed by PURA's prudency guidance
- This narrative is meant to assist reviewers in understanding CL&P's capital documentation submission
  - The focus of this presentation will be on walking the user through the documentation supporting project prudency

REDACTED

Background

- CL&P's capital program covers projects to build, maintain, improve, and operate the electric distribution system safely and reliably.
  - The main goals are to support customer growth, remove capacity limits, maintain asset health, fix equipment failures, replace transformers and third-party/joint-ownership work, and keep operations reliable.
- Eversource's capital planning aims to create capital budgets that balance infrastructure needs, performance improvement, and cost efficiency while using capital resources well.
- Risk-based assessments are used to prioritize and rank projects within budget targets, while keeping flexibility for unexpected in-year changes.
- The planning process begins with a mid-year meeting of the Planning Group, which includes Engineering, Electric Operations, and Finance.
- Each operating area submits capital plans and resource needs for the next five years, which are reviewed by the CL&P President, the Chief Operating Officer, and then used to build a consolidated plan.
- The Planning Group develops a five-year strategic plan that is folded into Eversource's long-range financial forecast and reviewed by the CFO and Board of Trustees.
- After the strategic plan, the annual capital budget is built using project-specific input from Electric Operations, including a mix of major capital projects, sub-projects, and business-funded work.
- Key factors in the annual budget include aging infrastructure, system conditions, reliability, customer growth, and resource availability.
- Capital projects go through a Project Authorization Policy (PAP) process, which sets decision rules for evaluating, approving, and tracking project spending through PowerPlan** and required Delegation of Authority signatures.

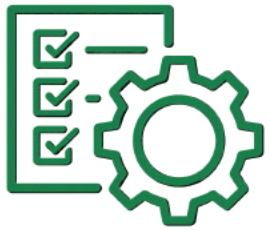
** PowerPlan is the financial system that houses all capital project and plant accounting information

REDACTED

Capital Project Submittals

EVERSOURCE

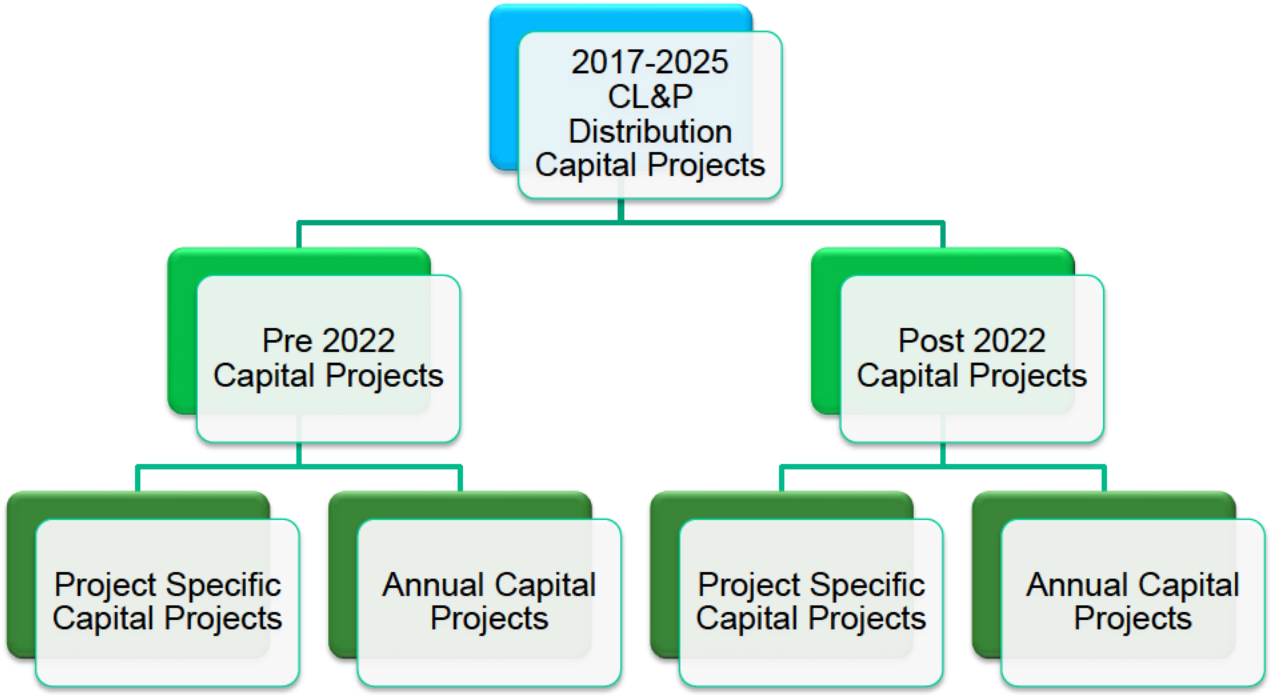
- CL&P has submitted all capital projects from 2017 through 2025 with greater than $100K of capital additions
  - 2026 projects to be submitted throughout the proceeding
- Capital project were broken down by 2 distinct timeframes, those before 2022 and those after 2022:
  - Commonly referred to as “Pre” 2022 & “Post” 2022 projects
    - Necessitated by changes in our APS01 and Delegation of Authority (DOA) approval policies as of 2022
  - Projects were also grouped as being specifically identified for a certain project or part of a larger annual effort
    - “Specific” projects & “Annual” projects
  - APS01 defines these different types of projects:
    - **Specific Project** – A specific project that requires a PAF. This applies to projects, programs and initiatives associated with one or more companies. Approvals should be obtained based upon the total cost of the project and in accordance with the DOA
    - **Annual Project** – An annual program includes many similar, small, and/or routine capital jobs performed over the course of a year for which approvals are prepared by annually each year



Eversource’s Board of Directors annually approval CL&P’s capital plan and annual program requirements

REDACTED

Capital Project Diagram



Note: As depicted in the diagram above, there will be 4 types of project listings for review with their own numbering sequence and associated project package

REDACTED

Understanding Project Capital Packages

EVERSOURCE

Key Section	Description
Cover Sheets & Closing Report	• Provides a comparison of final project actuals as compared to the final approved budget ◦ Intended to level set the reviewer as to the overall project status • Cover Sheets for many annuals reflect the annual amount approved by the Board of Directors (documented via inclusion within the annual budget presentation) • Projects without actual spend will not have a cover sheet located in the file • The Closing Report summarizes the actual costs incurred for each charge type (cost element category) during each month of the project
Project Authorization Form (PAF) & Supplemental Authorization Forms (SAF)	• Supports prudency of project costs and formalizes how and when those dollars are expected to be spent • PAF/SAF process requires leadership review of documentation and approval (according to APS01 & DOA) • Financial tables are included within the project authorization process ◦ Used to differentiate between specific cost element categories and identify those costs as direct or indirect types. In certain instances, these financial tables are a separate file in the documentation • SAFs are used when project scope and/or costs exceed authorized limits • For many Annual Projects, a specific year's Capital Operating Plan book was presented to senior management for their review of the complete Operating Plan and approval
PAF & SAF Approvals	• Generally routed through Eversource's Accounting System "PowerPlan" for approval based upon the APS01 guidelines appropriate for the period. Each level of leadership is provided the PAF/SAF to review and approve through the system • PowerPlan approvals are supported by the DOA to ensure project estimates are reviewed in a timely manner by the appropriate individuals. The quantity and seniority of each review is directly correlated to the size and scope of the project requesting approval • Each specific project cost estimate should be supported by a project approval screenshot from PowerPlan or manual documentation which adheres to the Delegation of Authority Policy

Deep Dive: Cover Sheets and Closing Reports

- Page 1 provides a comparison of final project actuals as compared to the latest approved budget. All remaining pages review project specific actuals incurred by each project (see righthand table)

CONNECTICUT LIGHT & POWER
CAPITAL AUTHORIZATION ANALYSIS

Project CD00964 1G28 Contingency Overload

Line		Latest Approved	Project Actuals	Variance
1	Direct Costs	713,000	626,702	(86,298)
2	Indirect Costs	383,000	367,165	(15,835)
3	Total Project Costs	$ 1,096,000	$ 993,866	$ (102,134)

- For some projects, budget or actual information could be zero. This may happen when projects are less than anticipated PAF thresholds
- The following cost element categories are common:
  - Labor
  - Material
  - Outside Services (3rd party contractors)
  - Indirect / Overheads (including AFUDC)
  - Other (such as journal entries)

funding project	CD00964				
				Values	
Cost Element Category	month number	accounting work order	Description	Sum of Quantity	Sum of Amount
Outside Services	202103	80025952 Total		0	-$17.11
		80026669	WAGNER TECHNICAL SERVICES INC	0	$99.94
		80026669 Total		0	$99.94
		80026670	WAGNER TECHNICAL SERVICES INC	0	-$17.11
		80026670 Total		0	-$17.11
		80026671	WAGNER TECHNICAL SERVICES INC	0	-$42.77
		80026671 Total		0	-$42.77
	202103 Total			0	$13.19
	202104	80013425		0	-$0.28
		80013425 Total		0	-$0.28
		80025952		0	$57.00
		80025952 Total		0	$57.00
		80026670		0	$53.63
		80026670 Total		0	$53.63
		80026671		0	$124.80
			WAGNER TECHNICAL SERVICES INC	0	$331.67
		80026671 Total		0	$456.47
	202104 Total			0	$566.82
	202106	80013425	Contractor Accrual	0	$50,229.31
		80013425 Total		0	$50,229.31
		80026671	WAGNER TECHNICAL SERVICES INC	0	$0.00
		80026671 Total		0	$0.00
	202106 Total			0	$50,229.31
	202105	80026671	WAGNER TECHNICAL SERVICES INC	0	$265.32
		80026671 Total		0	$265.32
	202105 Total			0	$265.32
	202107	80012817	Contractor Accrual	0	$613.92
			MTV SOLUTIONS INC	0	$650.95
		80012817 Total		0	$1,264.87
		80013425	Contractor Accrual	0	-$49,387.73
			WAGNER TECHNICAL SERVICES INC	0	$875.70
		80013425 Total		0	-$48,512.03
		80014835	Contractor Accrual	0	$509.30
			MTV SOLUTIONS INC	0	$4,152.51
		80014835 Total		0	$4,661.81
		80026672	A J PENNA & SON	0	$299.15
		80026672 Total		0	$299.15
	202107 Total			0	-$42,286.20
	202102	80013425	WAGNER TECHNICAL SERVICES INC	0	$302.26
		80013425 Total		0	$302.26
		80025952	WAGNER TECHNICAL SERVICES INC	0	$530.11
		80025952 Total		0	$530.11
		80026669	WAGNER TECHNICAL SERVICES INC	0	$659.39
		80026669 Total		0	$659.39
		80026670	WAGNER TECHNICAL SERVICES INC	0	$530.11
		80026670 Total		0	$530.11
		80026671	WAGNER TECHNICAL SERVICES INC	0	$1,325.27
		80026671 Total		0	$1,325.27
	202102 Total			0	$3,347.14

REDACTED

Deep Dive: Project & Supplemental Authorization Forms (PAF & SAF)

- **There are 2 key areas on each PAF & SAF that help inform the user:**

1) The Header provides general project information:

EVERSOURCE
Project Authorization Form

Operations Project Authorization Form

a.	**Project Title:** SSRK354.19-1G28-70S-2218-COND.7	**Project Number:** CD00964
	Date Prepared: 04/04/2022	e. **Company:** Eversource CT
b.	**Organization:** EFO	**Class(es) of Plant:** D Line
	Project Initiator: [redacted]	**Project Category:** Line
	Project Manager: [redacted]	**Project Type:** Program
	Project Sponsor: [redacted]	f. **Capital Investment part of original Operating Plan:** Yes
c.	**Estimated in service date:** 06/30/22	**Emergency Related Request?** No
	Eng./Constr. Resources Budgeted? Yes	**Facility Type** (check all that apply): ☐ PTF ☐ non-PTF ☑ Distribution
d.	**Total Gross Capital Request:** $1,096K	**Authorization Type:** Full Funding

a. Overview of the project: Project title and project number
b. The organization and key individuals sponsoring the project
c. Expected date Project to be placed in service
d. Total capital dollars requested for the project
e. Sponsoring company
f. Whether or not the project was anticipated as part of the annual Operating Plan

2) Project Costs Summary table presents financial information for the project and a breakdown of costs in a variety of ways. They may include:

Project Costs Summary
Note: Dollar values are in thousands

a.

b. Capital Costs	2022	2023	2024+	Total
Internal Labor and Construction Equipment	$48	$0	$0	$48
Outside Services	$168	$0	$0	$168
Materials	$293	$0	$0	$293
Removals	$128	$0	$0	$128
Risk and Contingency	$76	$0	$0	$76
Other	$0	$0	$0	$0
Subtotal	**$713**	**$0**	**$0**	**$713**

c.

C. Indirect Capital Costs	2022	2023	2024+	Total
Indirects/Overheads (including benefits)	$383	$0	$0	$383
Capitalized interest or AFUDC, if any	$0	$0	$0	$0
Subtotal	**$383**	**$0**	**$0**	**$383**

d.	2022	2023	2024+	Total
Total Capital Costs (Gross)	**$1,096**	**$0**	**$0**	**$1,096**
Less Total Customer Contribution	$ -	$ -	$ -	$ -
Project Costs (Net of Reimbursement)	**$1,096**	**$0**	**$0**	**$1,096**

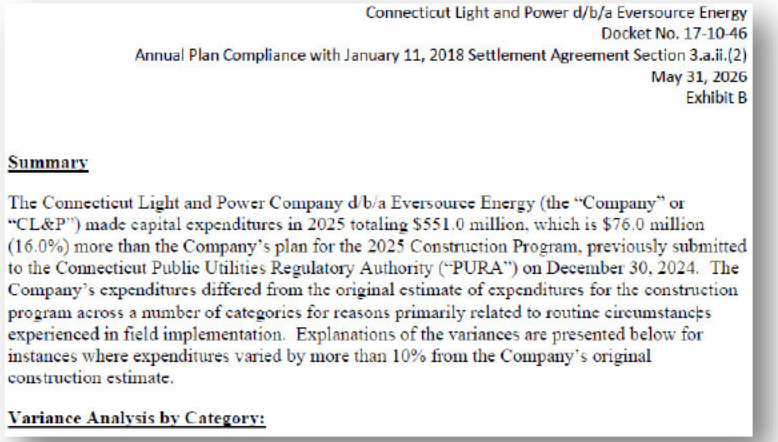
a. Spending by year
b. Cost element type
c. Direct and Indirect
d. Capital costs before and after customer contributions
e. Between PAF and SAF versions (not part of the above project)
f. With and without O&M (not part of the above project)

Deep Dive: Project & Supplemental Authorization Forms (PAF & SAF) cont.

- PAFs are required for specific projects with cost estimates that exceed a certain threshold
  - Pre 2022 projects with cost estimates that exceed $100,000 of direct costs require a PAF
  - Post 2022 projects with cost estimates that exceed $500,000 of total costs require a PAF
  - Shared Service capital authorization projects have always needed approvals when greater than $500,000

- SAFs are required for specific projects with expenditures beyond the original cost estimate
  - Pre 2022 projects with cost estimates that exceed 10% of direct cost spending AND direct spending is greater than $100,000
  - Post 2022 projects with cost estimates that exceed 15% of total spending AND total spending is greater than $500,000

- Annual projects comply with APS01 and are supported by Board approvals
  - Variances exceeding the estimates do not have supplements
  - Starting in 2018, CL&P has provided a spending analysis in the form of an annual variance letter to PURA as part of our Annual Plan Compliance filings, see an example on the right
    - These annual compliance filings can be found in Docket No. 17-10-46, and since 2021, in Docket No. 20-03-01



Connecticut Light and Power d/b/a Eversource Energy
Docket No. 17-10-46
Annual Plan Compliance with January 11, 2018 Settlement Agreement Section 3.a.ii.(2)
May 31, 2026
Exhibit B

Summary

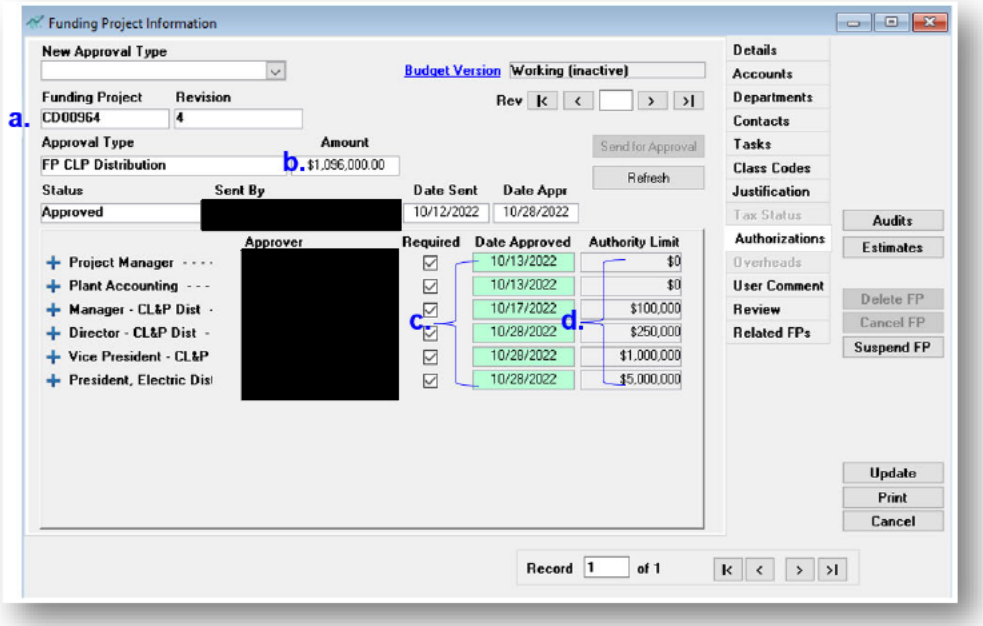
The Connecticut Light and Power Company d/b/a Eversource Energy (the "Company" or "CL&P") made capital expenditures in 2025 totaling $551.0 million, which is $76.0 million (16.0%) more than the Company's plan for the 2025 Construction Program, previously submitted to the Connecticut Public Utilities Regulatory Authority ("PURA") on December 30, 2024. The Company's expenditures differed from the original estimate of expenditures for the construction program across a number of categories for reasons primarily related to routine circumstances experienced in field implementation. Explanations of the variances are presented below for instances where expenditures varied by more than 10% from the Company's original construction estimate.

Variance Analysis by Category:

REDACTED

Deep Dive: PAF & SAF Approvals

- When reviewing the approvals included within each project's package it is important to ensure the following sections agree with both the Cover Sheet and any PAF/SAFs:



a. Funding Project
b. Approved amount
c. Date approved (reasonableness check)
d. Authority Limits (based on DOA Policy)

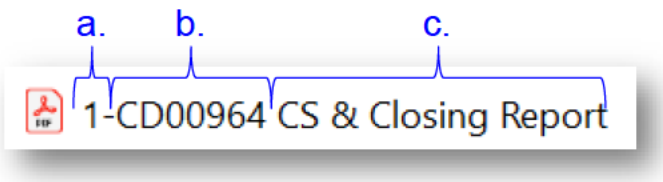
- Qualifying projects are routed through Eversource's Accounting System "PowerPlan" for approval based upon the APS01 guidelines
- PowerPlan approvals supported by the Delegation of Authority Policy ensure project estimates are reviewed in a timely manner by the appropriate individuals
- Projects exceeding certain financial amounts are reviewed by the Board of Directors for approval as defined by guidelines established in APS01
- Majority of projects were routed through Powerplan; older projects may have manual approvals or approvals from legacy systems

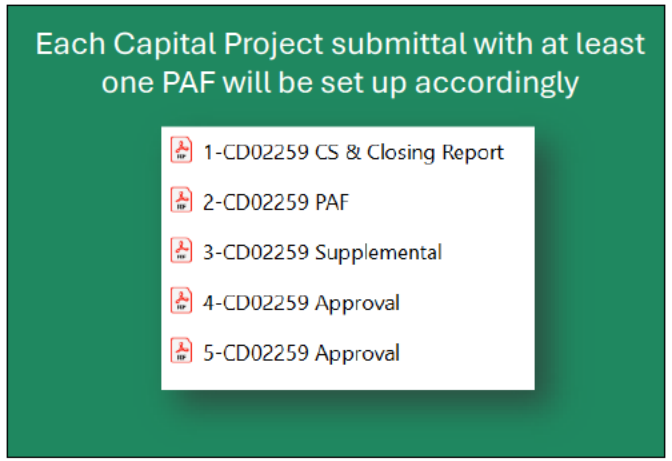
REDACTED

Capital Project Naming Structure – Specific Projects

- To provide a greater level of transparency and to further accommodate review of each project, all packages will include a standard set of information in a standard order.

- Naming Structure for all Specific Projects and many Annual Projects:
  a. This number will signify the specific file
     - 1 = Cover Sheet and Closing Report
     - 2+ = PAF & SAFs
     - 3+ = PAF & SAF Approvals
  b. The project number
  c. Name of the file





Note: *The 2+ and 3+ bullets signify that some projects may include a SAF (or multiple SAFs). Each SAF after the original PAF would increase the file name structure from 2.*

For example: Project CD02259 to the right in the green box has both a PAF (2.) and a Supplemental PAF (3.). Therefore, the associated approvals do not start until (4.) and (5.).

Capital Project Naming Structure – Annual Projects

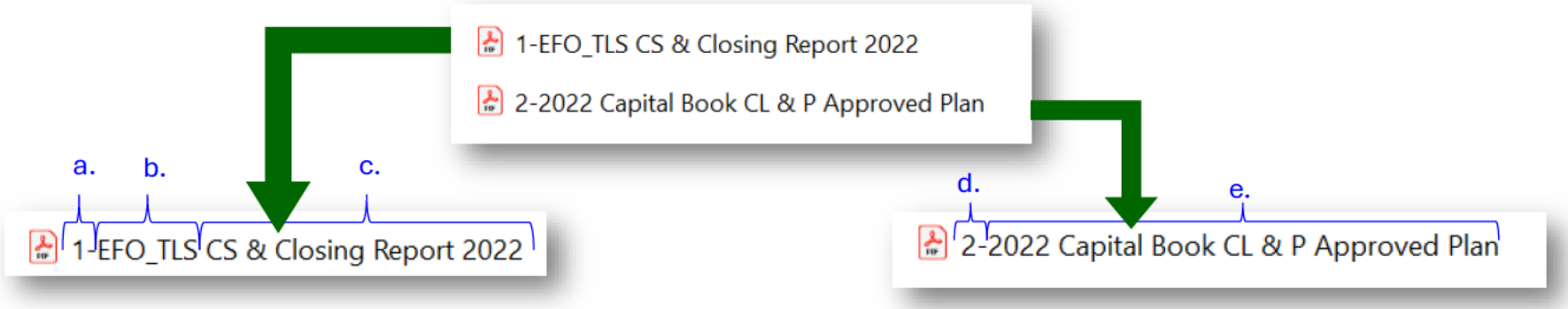
EVERSOURCE

- Annual Projects are documented in one of two ways. They are either approved via the annual Capital Operating Plan process or through funding authorizations. As such, two types of documentation procedures were used:

1) Approvals via the Annual Capital Operating Plan (see below)
2) Approvals via Project Authorization Forms (see prior slide, less frequent)

- <u>Capital Operating Plan Cover Sheet structure:</u>
  - a. This number will signify the specific file
    - 1 = Cover Sheet and Closing Report
  - b. The project number
  - c. Name of the file

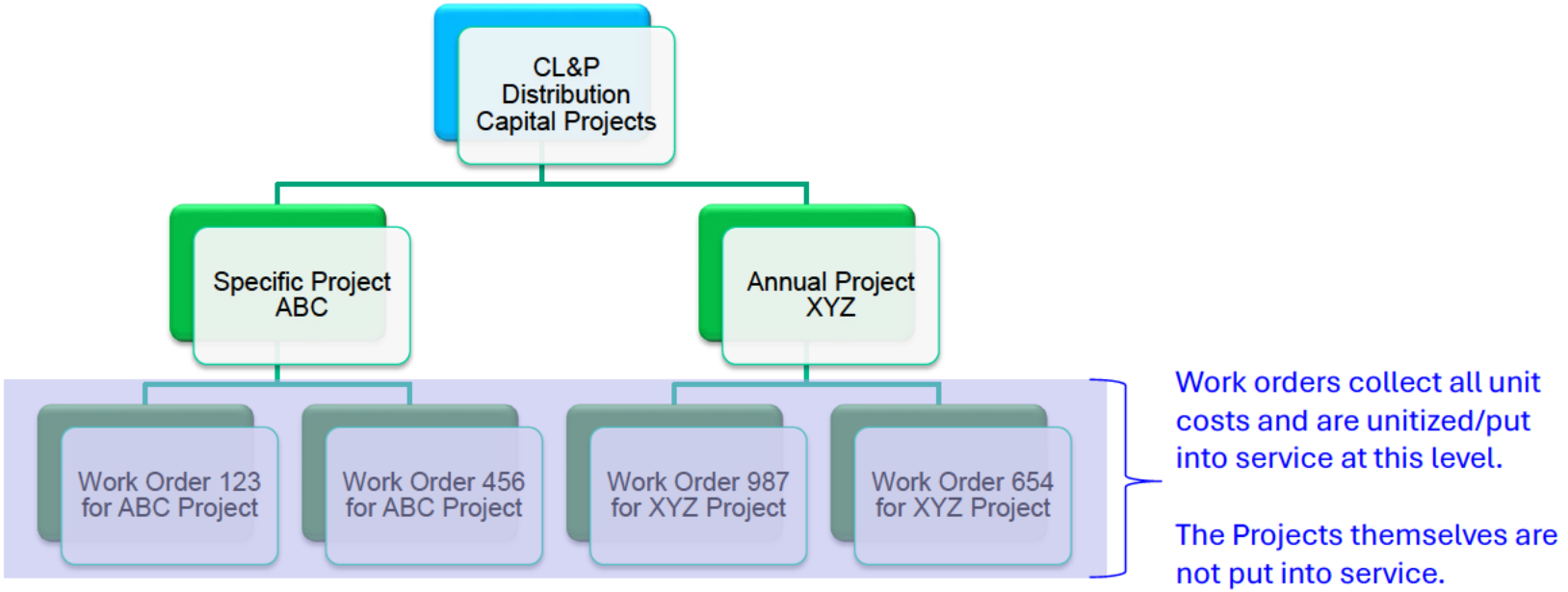
- <u>Capital Operating Plan Book support structure:</u>
  - d. This number will signify the specific file
    - 2 = Capital Book Operating Plan
  - e. Capital Operating Plan Book page referencing CL&P's capital operating plan



REDACTED

The Path to the Unitization: Understanding What's In Service

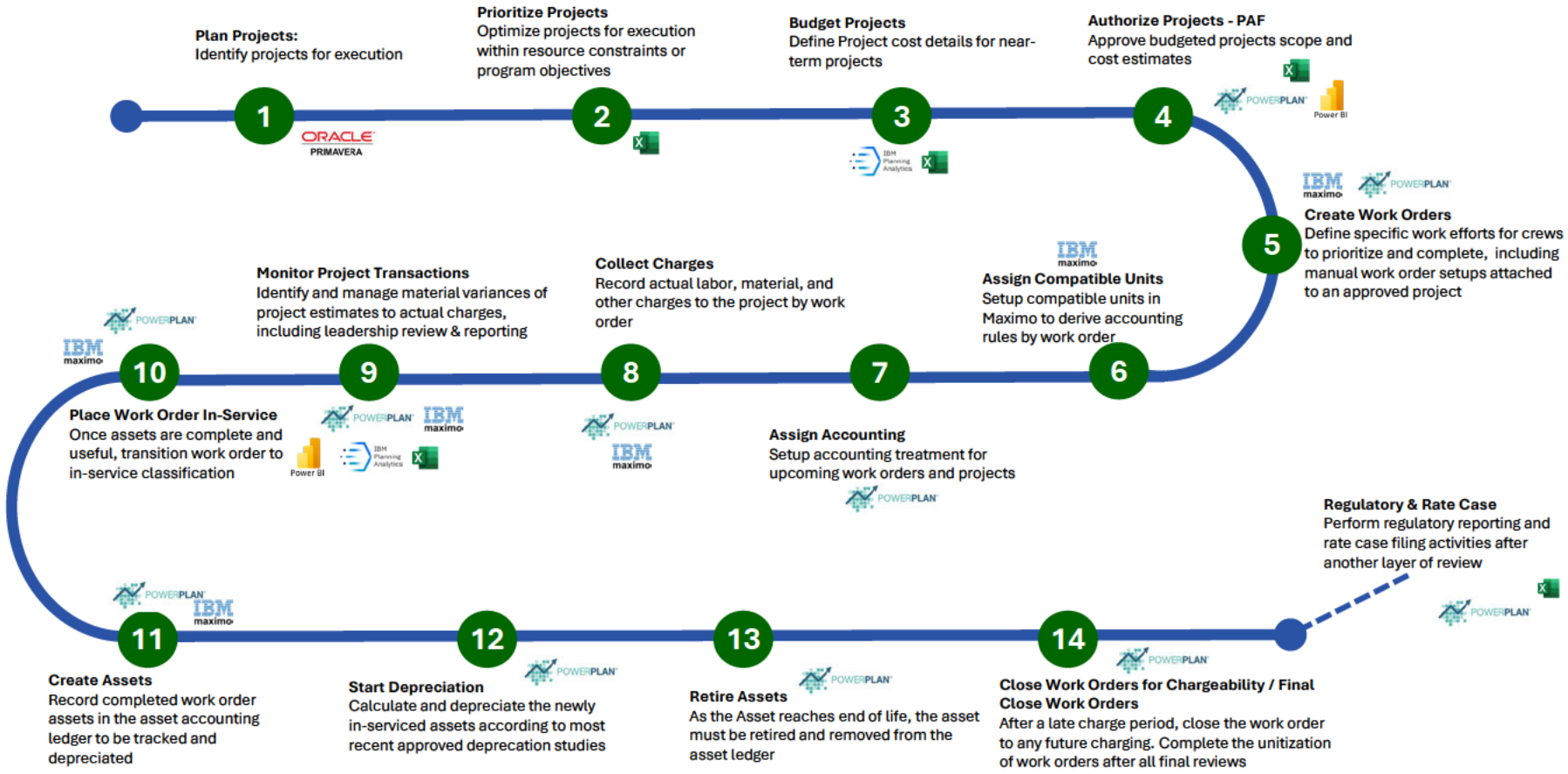
- There are multiple steps that need to occur prior to putting a project in service. Please see the next slide for those steps.
- Understanding the structure of a project and what goes into service, though is as important as understanding what the steps are.



REDACTED

EVERSOURCE

The Path to the Unitization: Project Work Orders



EVERSOURCE

APPENDIX

REDACTED

Excerpt from 2022 CL&P Management Audit

EVERSOURCE

CL&P's capital program encompasses a range of project categories necessary to build, maintain, improve and operate the electric distribution system safely and reliably. The project categories are targeted at achieving safe and reliable operation, enabling new customer growth, eliminating capacity limitations, supporting business operations, and maintaining asset health, including remediation of equipment failures, transformer replacements and third-party/joint ownership work.

From an overall perspective, Eversource's capital-planning objective for its Operating Companies is to develop capital budgets that represent the optimal balance of executing infrastructure work necessary to maintain and improve the performance of the system, while assuring a cost-efficient use of the capital resources. Risk-based assessments are used to prioritize and rank potential infrastructure projects in accordance with budget targets. At the same time, Eversource maintains a level of flexibility in the budget process to deal with contingencies that inevitably occur during the year.

Eversource's capital budget planning process starts with a mid-year meeting of the business planning group (the "Planning Group"). The Planning Group consists of staff from Engineering, Electric Operations and Finance. Each operating area, whether representing a geographic-based work region or functional area, presents its capital plan and resource requirements to the CL&P President and Chief Operating Officer for review, and with their input, presents the resulting capital plan and resource requirements to the Planning Group for its consideration. The capital plans presented by the operating areas to the Planning Group are input into the five-year planning models and the results are evaluated in relation to operating performance targets and financial goals. The Planning Group uses this analysis to develop a five-year strategic plan ("Strategic Plan") with capital expenditure levels that balance financial and performance targets. Once the Planning Group has finalized the Strategic Plan, it is consolidated as part of the Eversource Energy long-range financial forecast by the Corporate Financial Forecasting Team. The Chief Financial Officer presents the consolidated long-range plan to the Eversource Board of Trustees for their review.

Following this process, the Strategic Plan serves as the basis for developing the overall annual capital budget for CL&P and the other operating companies. The annual capital plan for CL&P is developed by Electric Engineering with input from Electric Operations (including the CL&P President) on a project-specific basis, in line with the financial and performance targets established within the Strategic Plan. The capital plan involves a combination of individual major capital projects; capital programs composed of "sub-projects;" and "line of business" work (for example, non-discretionary core projects) to be funded during the upcoming year. A variety of factors are considered in determining which capital investments are necessary to achieve operating objectives, including but not limited to aging infrastructure needs, system conditions, reliability performance, new customer growth and resource availability. Multi-year funding for major projects is also reviewed through the annual budgeting process. The CL&P capital plan is developed through a detailed prioritization process identifying the appropriate mix of work that will best address system-related issues while adhering to financial and performance targets established in the Strategic Planning process. Once the annual capital budget is finalized, the CFO reviews the annual capital budget with the Eversource Board of Trustees Financial Committee.

As capital projects are advanced through the project lifecycle, all capital projects are evaluated in accordance with a Project Authorization Policy ("PAP"). The purpose of the PAP is to provide a framework to guide decision-making, evaluation and approval of all capital project spending. Within this framework, the Planning Group identifies key corporate initiatives, evaluates major projects and prioritizes capital projects within the planned budget. For monitoring and tracking of project authorizations, the PowerPlan system is primarily used as the repository for authorizations. Authorizations are approved in accordance with the Delegation of Authority and signatures are obtained accordingly.

Lastly, starting in June 2022, as a result of the Settlement reached in Docket No. 17-12- 03RE11 (October 2021), the CL&P Subsidiary Board was expanded to add three outside board members. Among other duties, the role of the subsidiary board is to review CL&P's financial results including capital investments and to review larger-scale capital projects that require subsidiary board approval in accordance with the CL&P Delegation of Authority Policy.

~ Excerpt from the 2022 CT Management Audit