

Eversource Energy

2016 AGA Financial Forum

May 15 – 17, 2016

EVERSOURCE
ENERGY

Safe Harbor

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The Eversource Investment Thesis

- Fully regulated business model
- Strong FERC regulated electric and gas transmission growth
- Attractive natural gas segment growth from conversions, upgrades
- Top-tier credit ratings
- No equity needs
- Strong operating performance
- Experienced, successful management team
- Best-in-industry cost reduction record

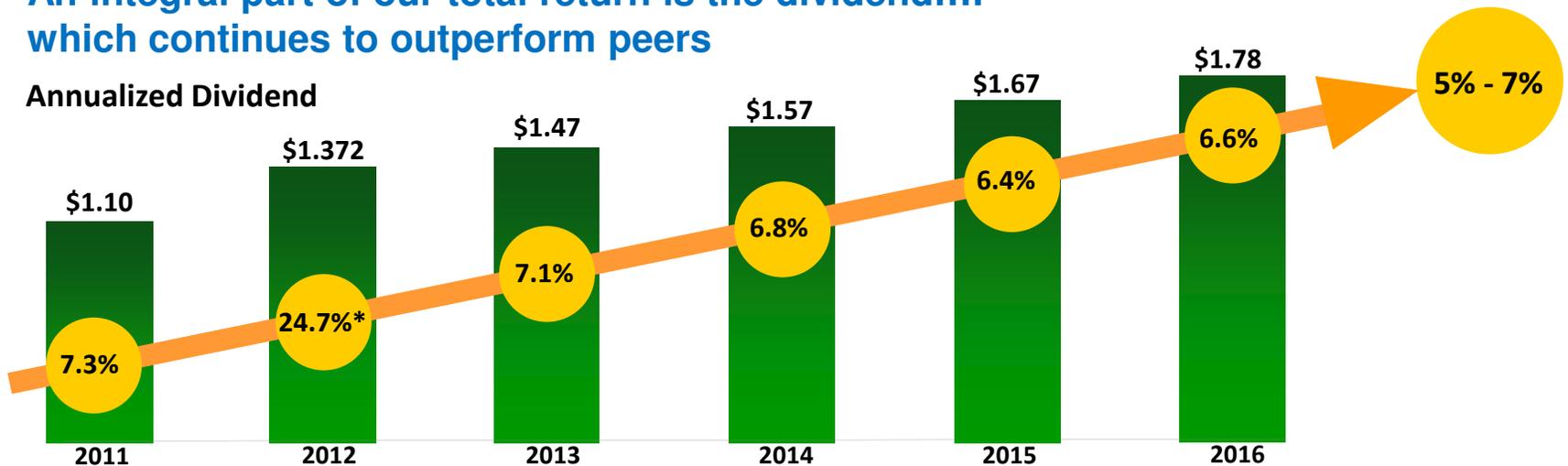
- ✓ 5% - 7% EPS CAGR
- ✓ 5% - 7% dividend CAGR
- ✓ Very strong balance sheet

We've Delivered Top-Tier Shareholder Returns

ES outperformed the Philadelphia Utility Index over the 1, 3, 5 and 10 year periods

| Total Shareholder Return | 2015 | 3-Year | 5-Year | 10-Year |
|----------------------------|--------------|--------------|--------------|---------------|
| ES | -1.3% | 44.6% | 89.3% | 263.1% |
| Philadelphia Utility Index | -6.3% | 33.5% | 57.6% | 89.1% |
| S&P 500 | 1.4% | 52.6% | 80.8% | 105.7% |

An integral part of our total return is the dividend.... which continues to outperform peers

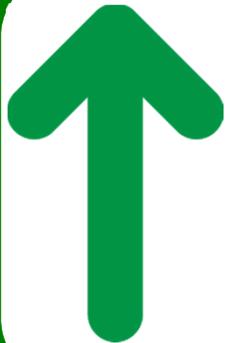


* Reflects impact of the merger

2016 Guidance

EPS Range \$2.90- \$3.05

Key Drivers Compared to 2015



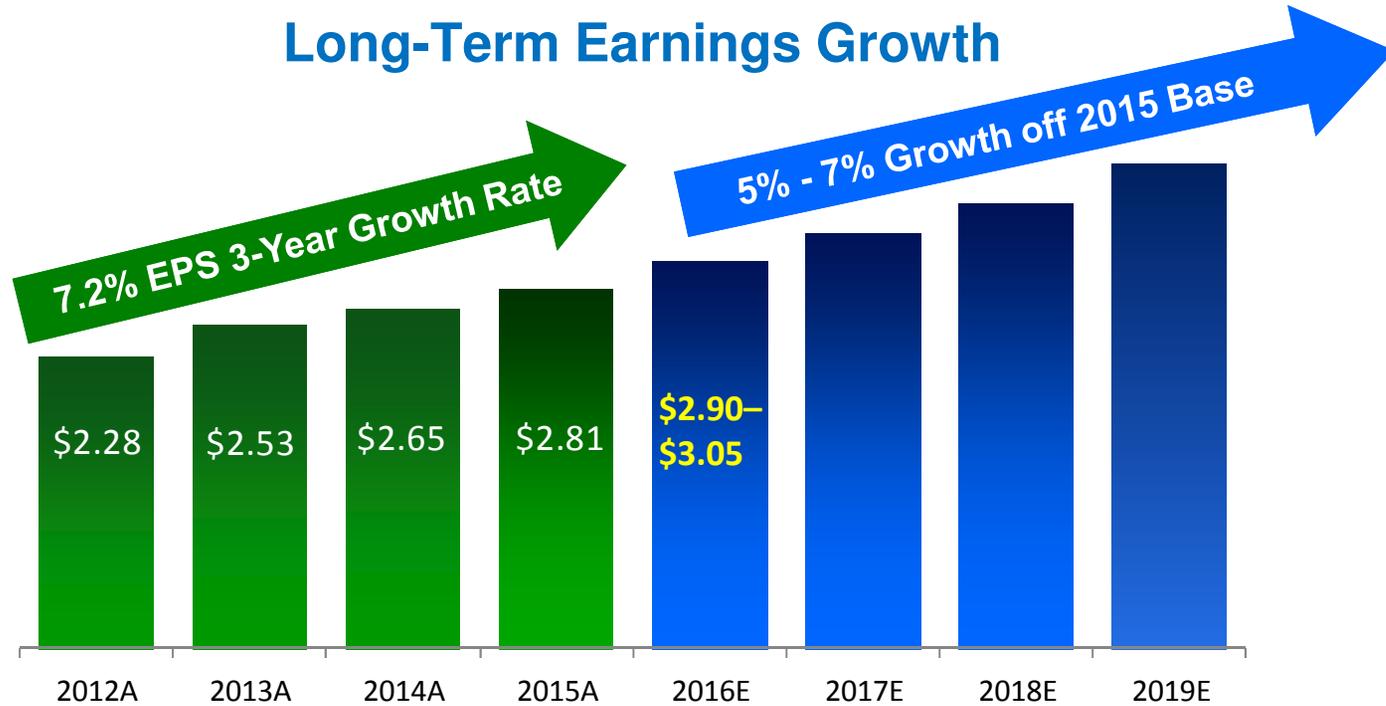
- Transmission rate base growth
- Natural gas customer and infrastructure growth
- NSTAR Gas rate increase
- Lower O&M



- Depreciation and property taxes
- Interest costs



Long-Term Earnings Growth



Key Drivers for Long Term Guidance:

Positive

- FERC-regulated electric and natural gas transmission growth
- O&M reductions of 2%-3% per year
- Natural gas expansion and system upgrades

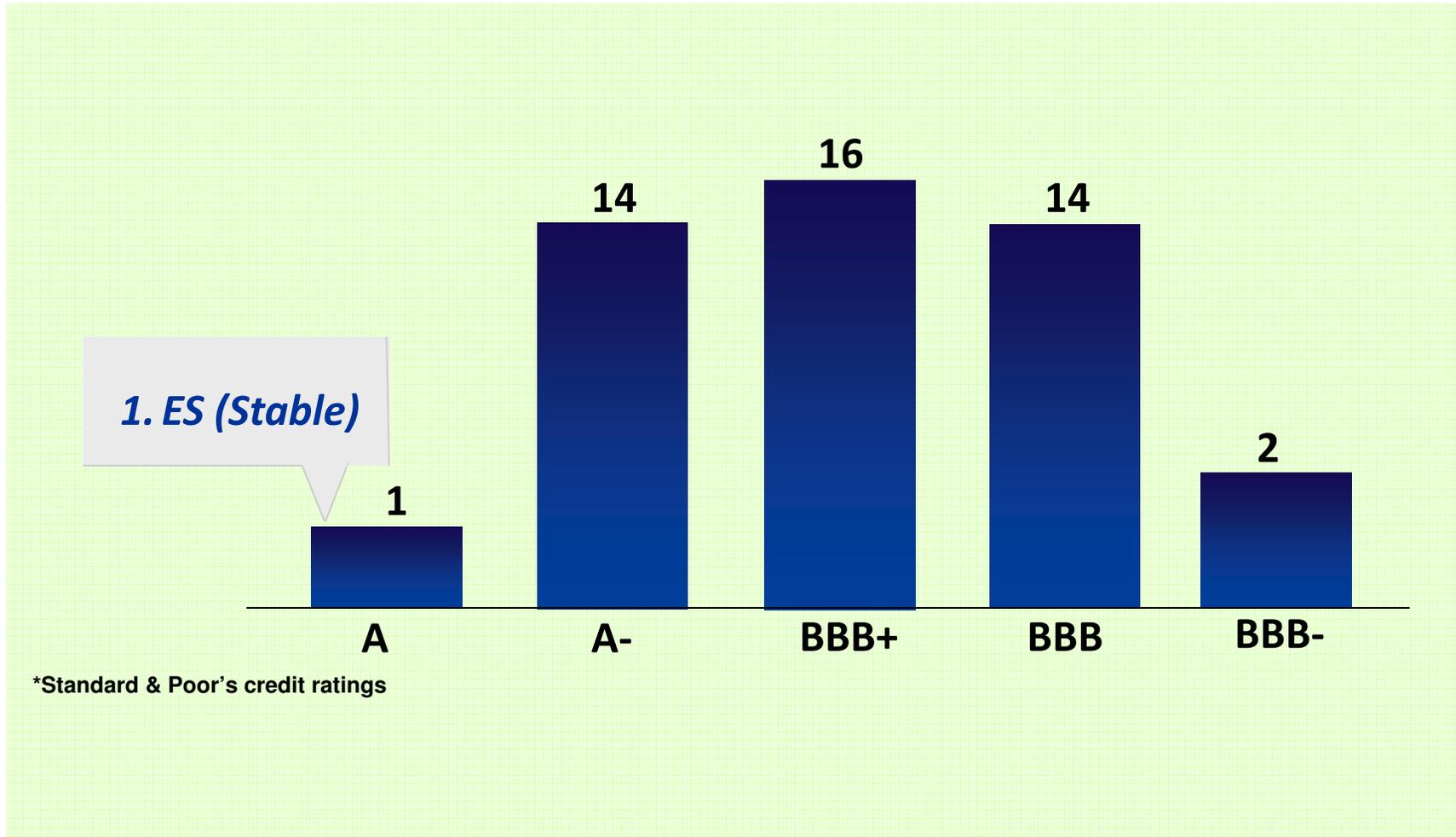
Negative

- Increasing depreciation & property taxes
- Rising interest costs - capital investments

Key Assumptions on Major Projects

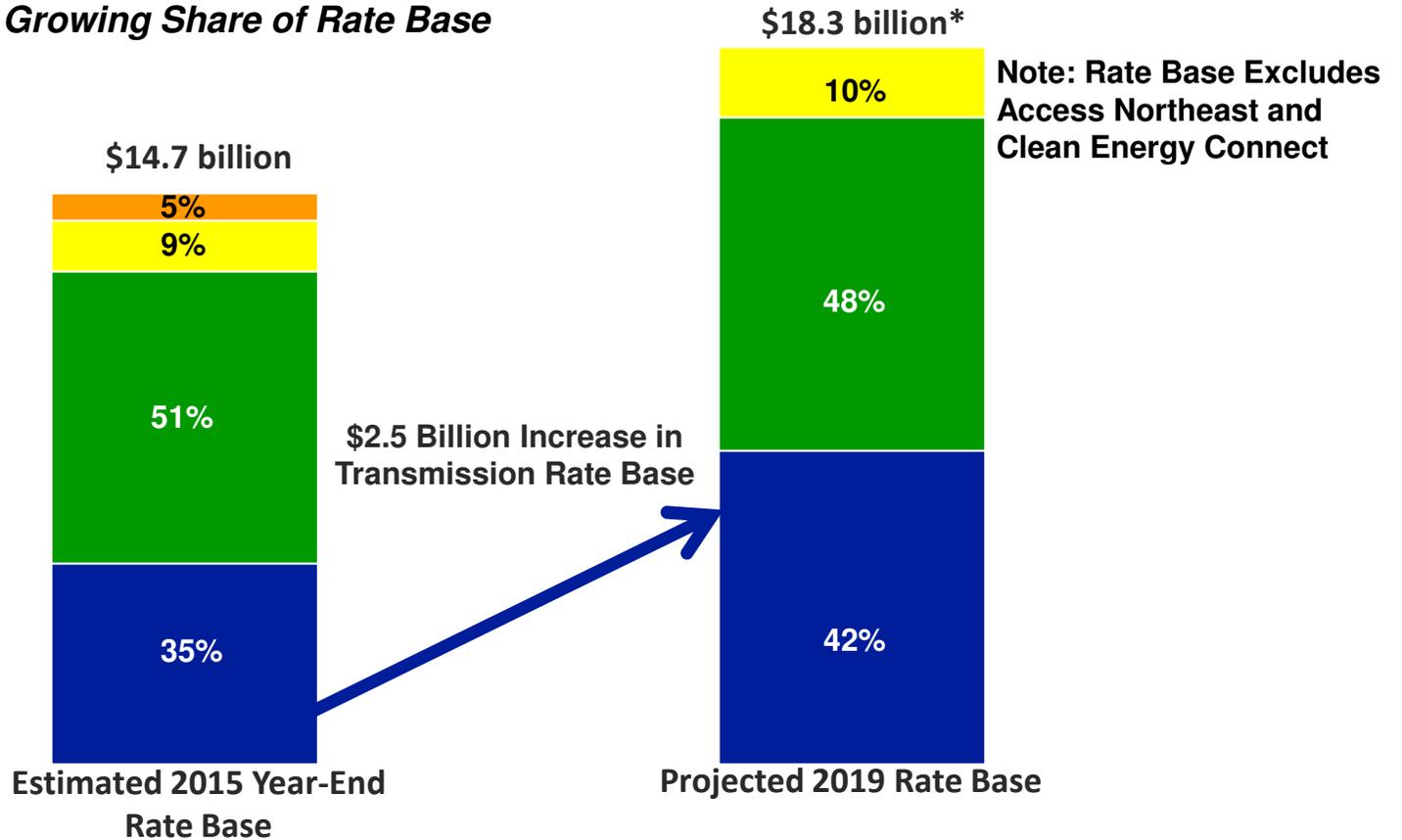
- NPT completed 2019
- Access Northeast major construction 2018-2020

ES Has the Highest Credit Rating in Utility Industry



Rate Base by Business – Current and Future

*Higher Earnings from Transmission
Becoming a Growing Share of Rate Base*



■ Electric Transmission ■ Electric Distribution ■ Gas Distribution ■ Electric Generation

*Assumes divestiture of New Hampshire generation

Regulatory Activity

State

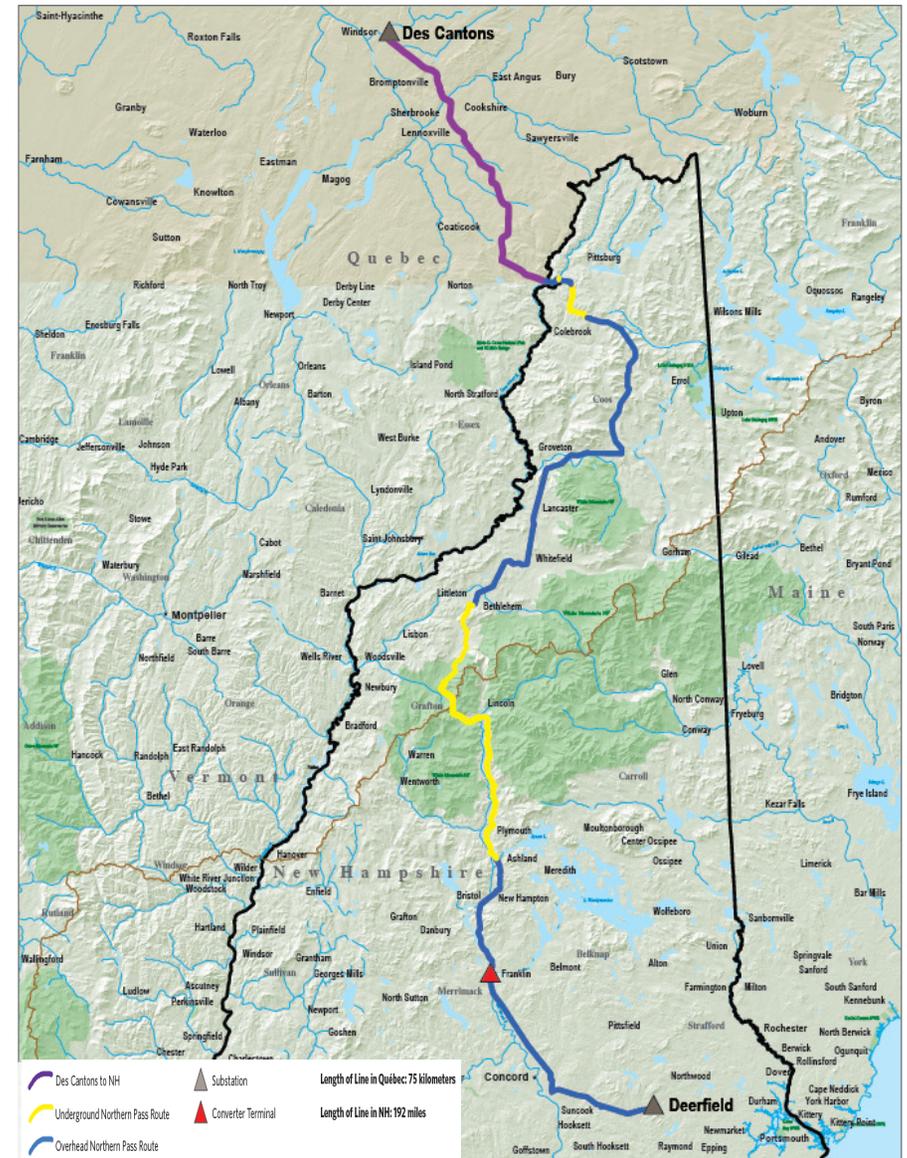
- Connecticut
 - Electric base rate proceeding - 2017
 - Gas base rate proceeding - 2019
- Massachusetts
 - Electric base rate proceedings - 2017
- New Hampshire
 - Divestiture Proceeding – Final order expected any day
 - Electric base rate proceeding - Not before mid-2017

Federal

- FERC ROE Complaints
 - Complaint I - Order received October 2014 (Base ROE: 10.57%; Incentive ROE Cap: 11.74%); Appeal pending
 - ALJ Decision on Complaints II and III - Issued in March
 - Complaint IV - Filed in late April

Transmission – Northern Pass Update

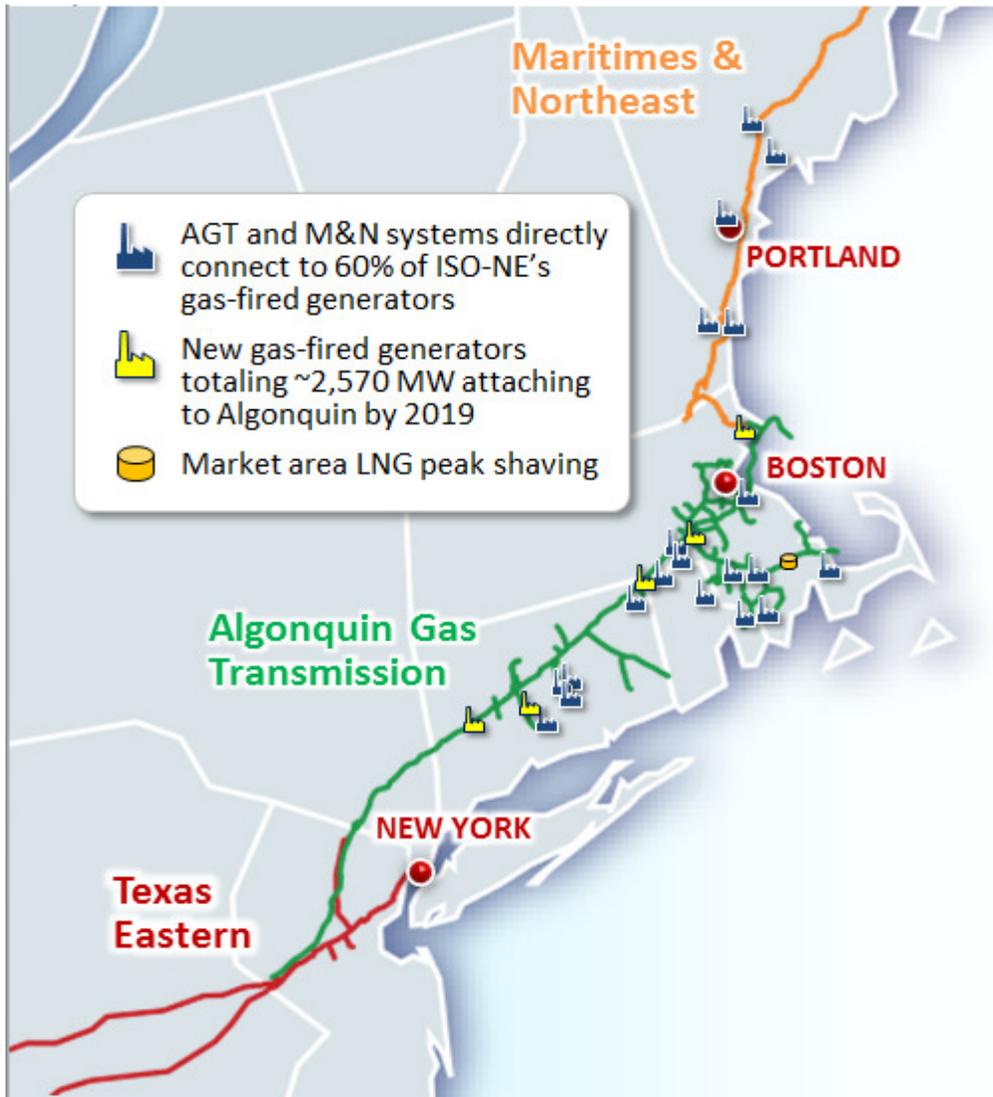
- 1,090 MW of clean energy
- \$1.6 billion HVDC line, terminal and AC facilities
- Approximately 192 miles of new transmission using HVDC technology with AC/DC converters in Quebec and NH
- DOE draft Environmental Impact Statement issued July 21, 2015. Public comments due April 4, 2016
- Revised route announced August 18, 2015. Underground section increased from 8 miles to 60 miles
- Application filed with New Hampshire siting regulators on October 19, 2015.
 - NHSEC accepted application as complete on December 18, 2015
 - Public info sessions largely completed in Q1 2016
- Expected to provide significant benefits to the region:
 1. Billions of dollars in total energy and capacity value through reduced wholesale market prices
 2. Environmental value through carbon emissions reductions – annual reduction of approximately 3 million tons of CO₂
 3. Economic value through jobs and new tax base
 4. Reduces growing dependence on natural gas generation



Northern Pass Timeline



Access Northeast - Designed to Provide a Long-Term Solution to Challenge of New England Natural Gas Supply



Project Scope:

- Joint development with Eversource (40%), Spectra Energy (40%) and National Grid (20%)
- ~\$3 billion (100%); 900 MMcf/d, initial in-service 2018
- Will provide fuel for 5000 MW of electric generation

Unique Project Attributes:

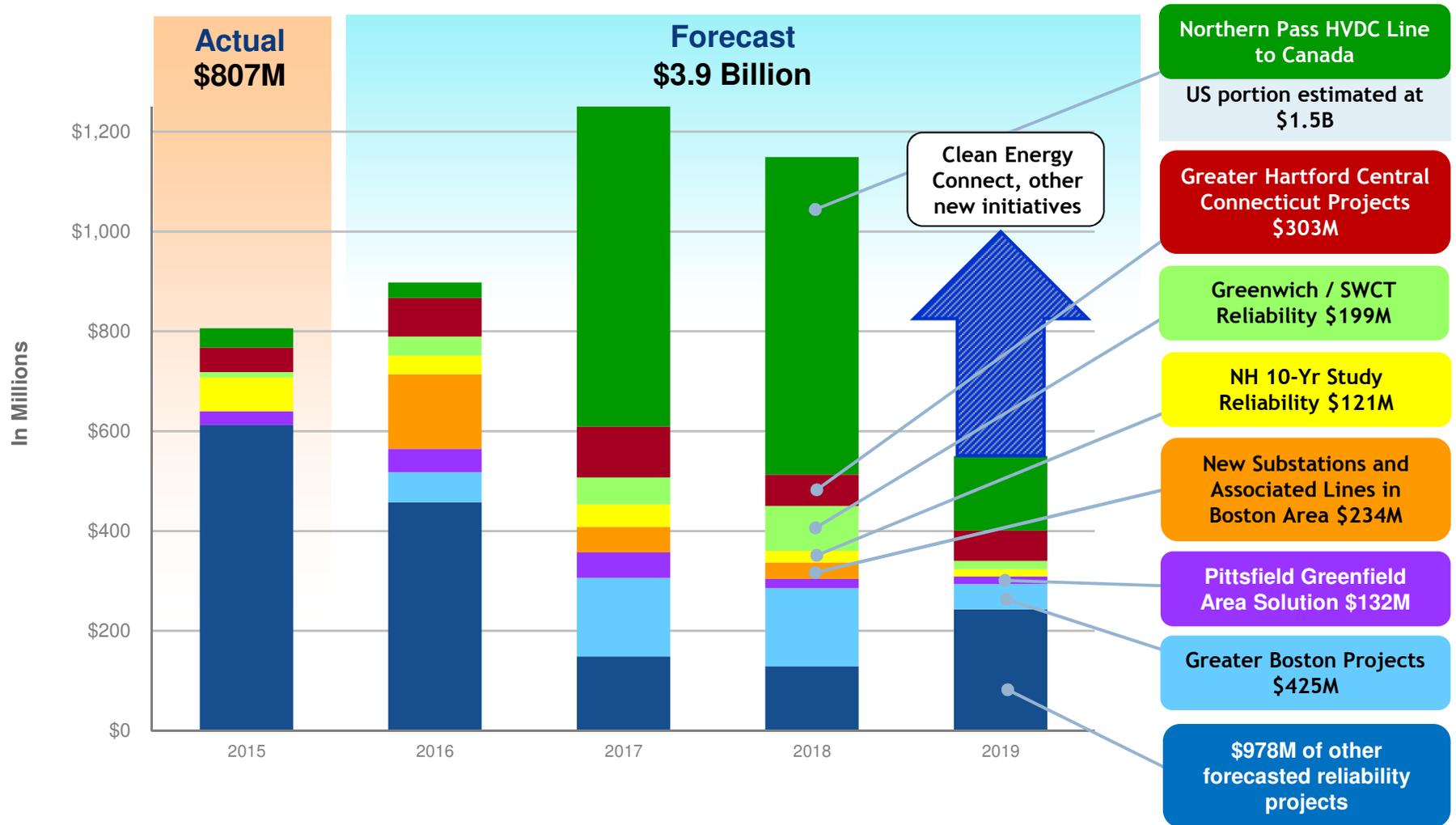
- Serving New England electric power market
- Connected to over 60% of gas-fired generation
- Primarily brownfield with minimal environmental impact
- Built to handle peak power loads
- State PUC approval of EDC-held firm gas transportation agreements is required

5 of 6 New England States Addressing Natural Gas Capacity Issues

Electric Distribution Co. (EDC) Purchase of Natural Gas Pipeline Capacity

| | |
|----|---|
| CT | Public Act 15-107 enacted June 22, 2015. Draft RFP issued on March 9 with schedule that included selection of gas projects this summer and submission to PURA no later than October. Expect final RFP shortly in-line with PURA decision late this year or early 2017. |
| MA | Order of October 2, 2015 found the DPU had authority to approve EDC natural gas supply contracts. NSTAR, WMECO, Massachusetts Electric and Nantucket Electric have filed Access Northeast contracts with the DPU seeking approval by October 1, 2016. Discovery is under way and hearings will be held this summer. |
| NH | PUC opened docket in April (IR 15-124). Staff report released September 15, 2015 concluded PUC may approve EDC natural gas supply contracts. NHPUC issued an order January 19 accepting staff report, said it will conduct a two-part review process as EDCs submit natural gas capacity contracts. PSNH filed Access Northeast contract on February 18 and first part of proceeding to review legal authority of PUC to approve EDC natural gas supply contracts is under way. |
| ME | PUC launched RFP in late 2014 and Access Northeast is participating. Hearings are currently under way and decision is expected in the third quarter. |
| RI | 2014 Energy Security Act allows RI EDCs to pursue contracts. National Grid issued an RFP with bids received November 13, 2015. National Grid decision expected by early summer 2016. PUC required to act on contracts within 120 days of submittal. |
| VT | Supportive of additional natural gas infrastructure. Level of support and participation to be determined. |

Electric Transmission Investing \$4.7 Billion From 2015-2019



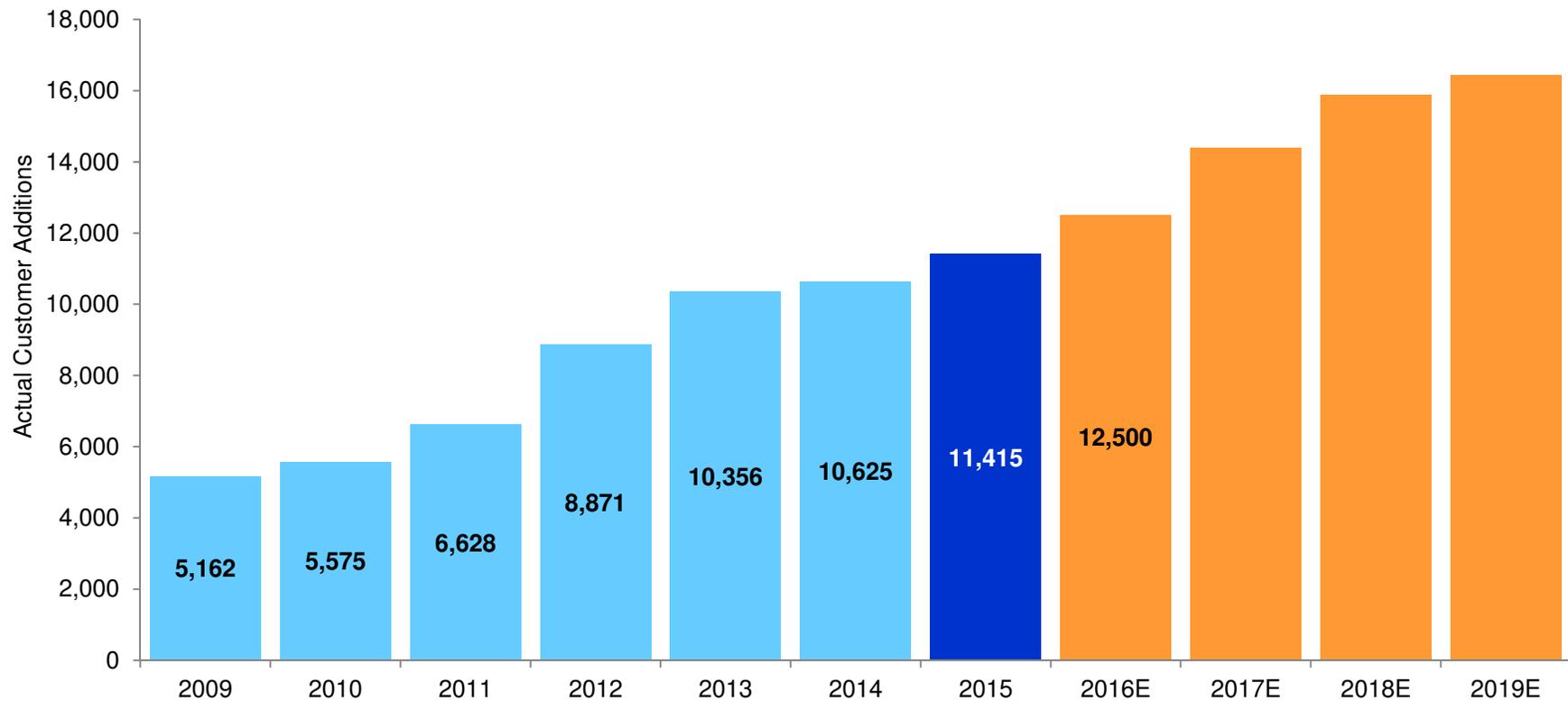
Initiatives to Support Growth Beyond 2019

| <i>Investment</i> | <i>Status</i> | <i>Amount</i> | <i>Time Period</i> |
|---|--|---------------------------|--------------------------------------|
| Access Northeast | FERC pre-filing started on November 3 | \$1.2 billion (ES share) | Initial pipeline 2018; LNG afterward |
| Clean Energy Connect | Bid into Clean Energy RFP | TBD | 2018-2020 |
| Regional initiatives to move additional clean power to market | In development | TBD | 2020 and beyond |
| MA grid modernization (A) | Filed with state (MDPU) | \$430 million (2/3 capex) | 2017-2021 |
| MA Hopkinton LNG upgrade | Contract approved with NSTAR Gas by MDPU | \$200 million | 2016-2020 |
| MA gas pipe replacement | In progress | Up to \$62 million/yr | 20-25 years |
| CT Energy Strategy – natural gas expansion | In progress | Nearly \$600 million | Through 2023 |
| MA natural gas expansion | Expect to file early 2016 | TBD | Beginning 2017 |

(A) CT and NH are currently assessing

Customer Growth Has Picked Up for Eversource's Natural Gas Business

**Natural gas heating customer count rising by 2%-3% per year in forecast period
(Conversions and new construction)**



Delivered on Commitments

| <u>Our Commitments:</u> | <u>Results Delivered:</u> | ✓ |
|--|--|---|
| 1. Exceed industry EPS & Dividend growth | Three-year average EPS and dividend growth of 7.2% and 8.2%, respectively | ✓ |
| 2. Reduce spending – Target 3-4%/yr. | Three year average O&M reduction over 5% | ✓ |
| 3. Maintain strong financial condition | “A” credit rating is the best in industry | ✓ |
| 4. Deliver top-tier service quality and reliability | 2015 best reliability year ever; top-quartile service levels | ✓ |
| 5. Continue to grow and leverage our transmission & gas businesses | Transmission portfolio continues to grow; progress on major projects; gas expansion exceeds target | ✓ |
| 6. Advancing energy policy in the region | “Access Northeast” – the solution to address needed regional gas infrastructure; NPT and Clean Energy Connect bid into RFP | ✓ |

APPENDIX

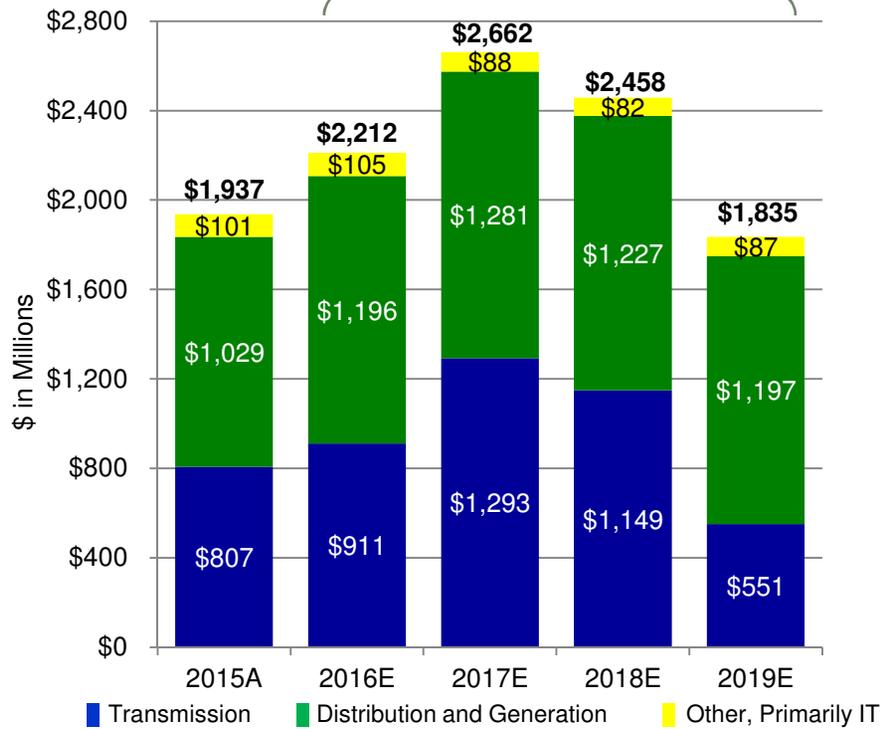
First Quarter 2016 Results

| EPS | Q1 2016 | Q1 2015 | Change |
|--------------------------------------|---------|---------|----------|
| Electric Transmission | \$0.27 | \$0.21 | \$0.06 |
| Electric Distribution and Generation | \$0.34 | \$0.41 | (\$0.07) |
| Natural Gas Distribution | \$0.16 | \$0.18 | (\$0.02) |
| Parent & Other | \$0.00 | \$0.00 | \$0.00 |
| Reported EPS (GAAP) | \$0.77 | \$0.80 | (\$0.03) |

Projected Capital Expenditures

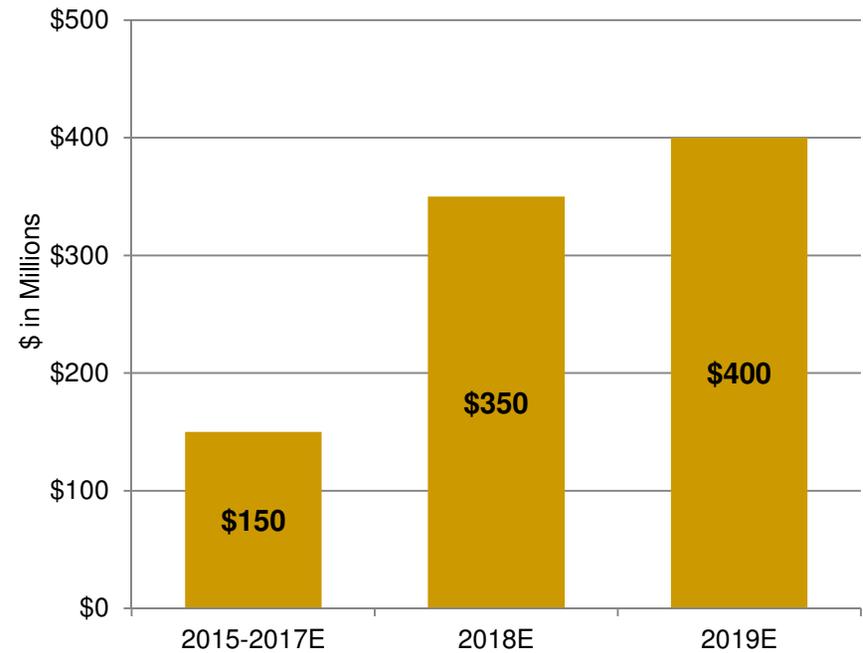
Projected Capital Expenditures*

\$9.2 Billion 2016-2019

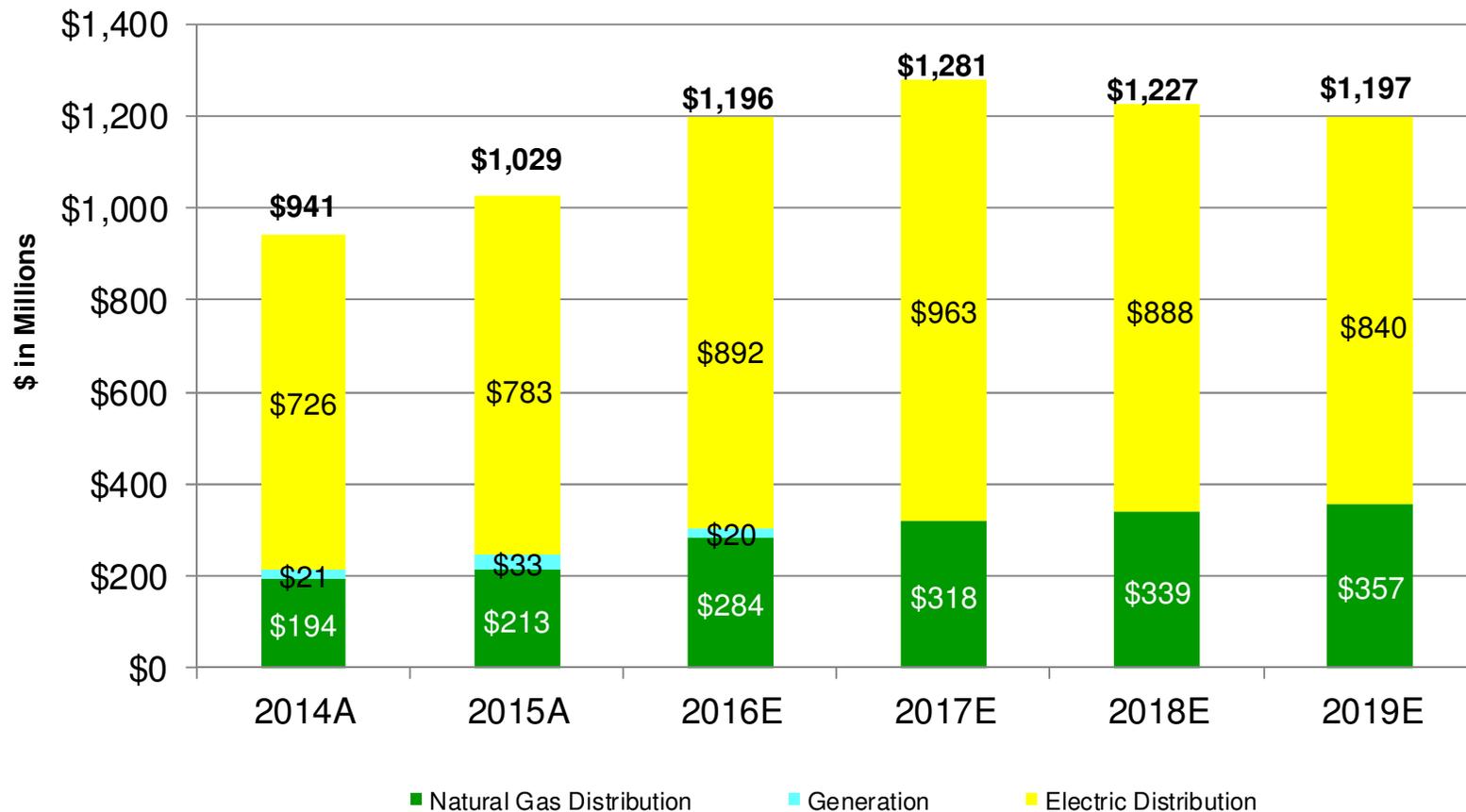


*Excludes Access Northeast and Clean Energy Connect

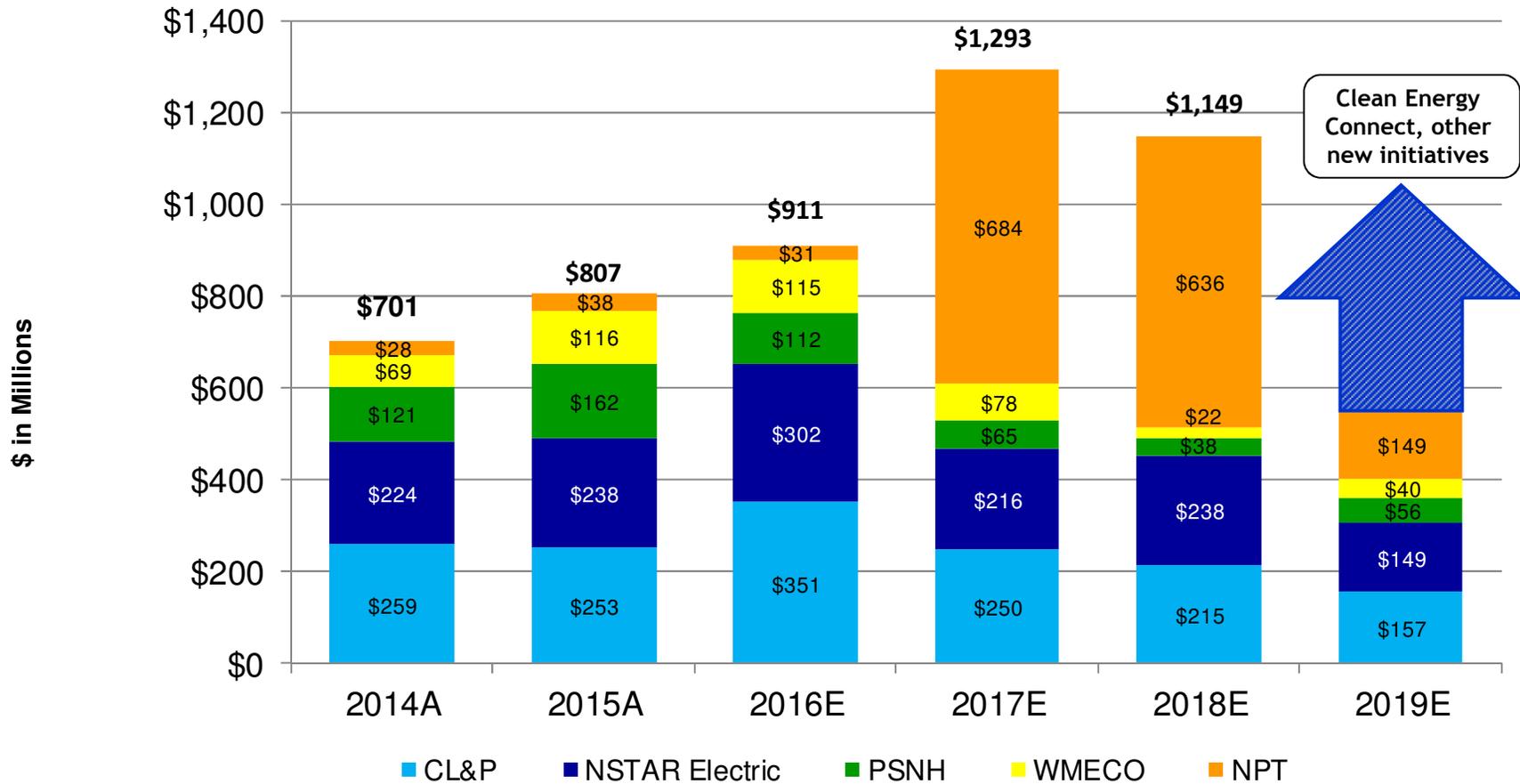
Estimated ES Access Northeast Investments



Projected Distribution/Generation Capital Expenditures



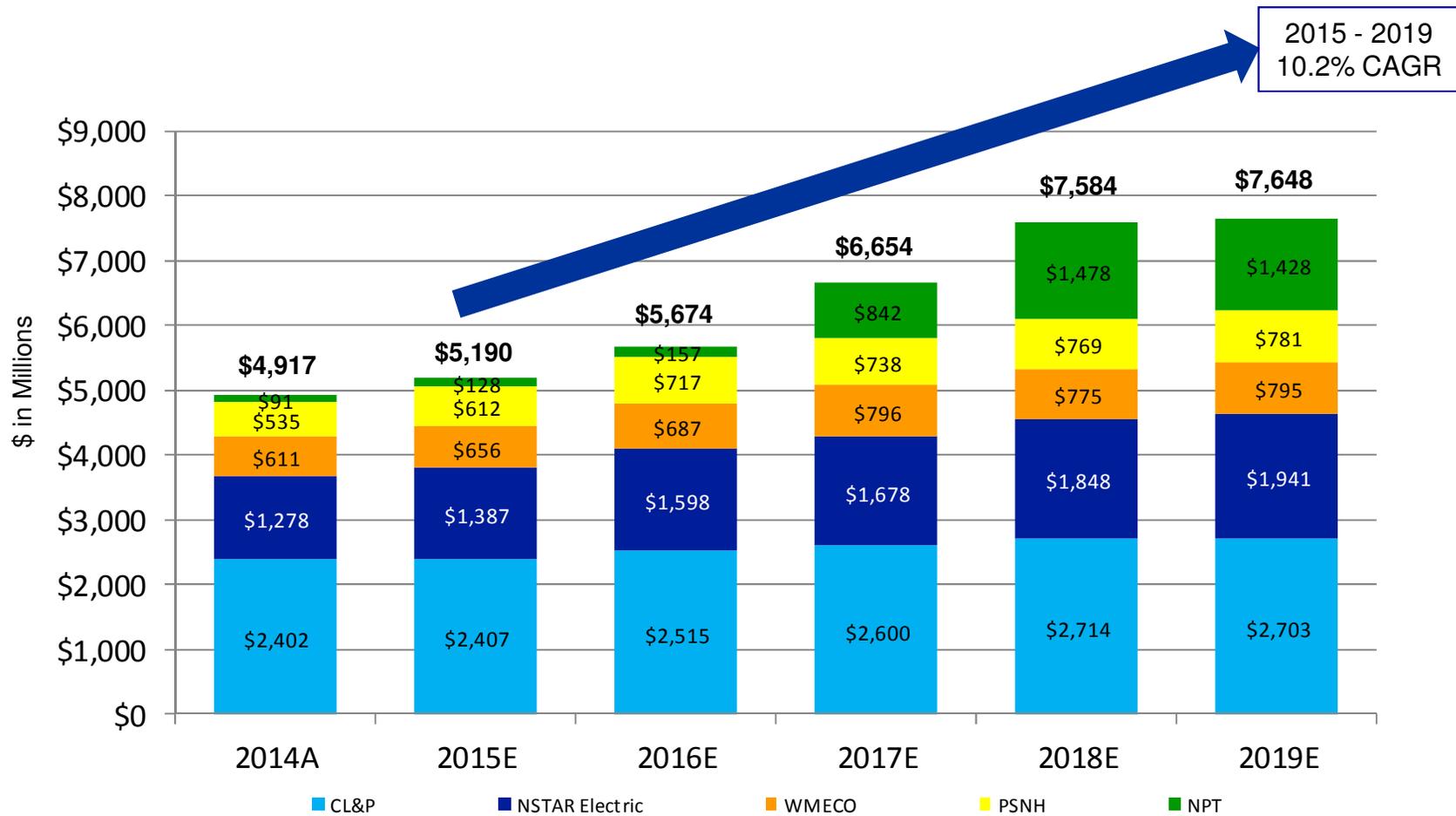
Projected Transmission Capital Expenditures*



*Excludes Clean Energy Connect

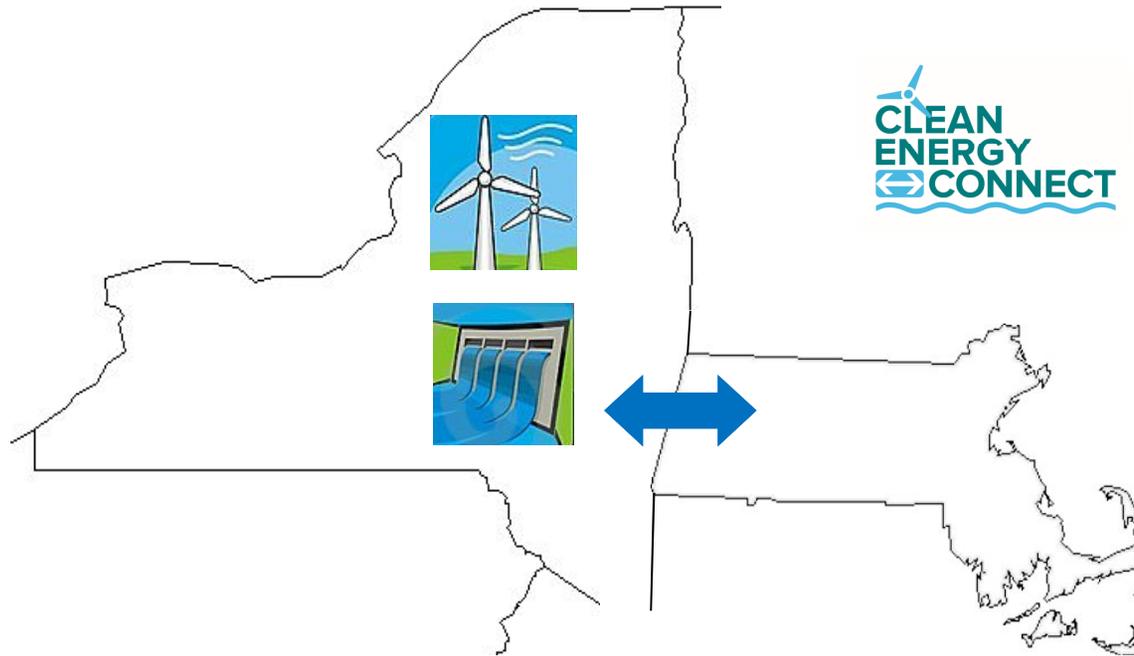
Transmission Rate Base Growth Projections*

Electric transmission accounts for the majority of EPS growth through 2019



**Excludes Clean Energy Connect*

Transmission - Clean Energy Connect



- Bid includes transmission, wind and hydro generation
- Eversource investment is the Massachusetts portion of a 25-mile, 345 kV transmission line
- 600 MW capacity
- Co-developing with experienced renewable generation developers
- Construction expected 2018 - 2020

Three-State Clean Energy RFP Timeline

| Action Item | Date |
|--|------------------------------------|
| Proposals Submitted | January 28, 2016 |
| Selection of Bidders | April 26, 2016 – July 26, 2016 |
| EDCs Execute Contracts | June 23, 2016 – September 22, 2016 |
| Submit Contracts for Regulatory Approval | July 26, 2016 – October 25, 2016 |
| Regulatory Approval | 2016 |

Progress on Major Massachusetts Transmission Reliability Projects

Pittsfield Greenfield Area Solution (PGA)

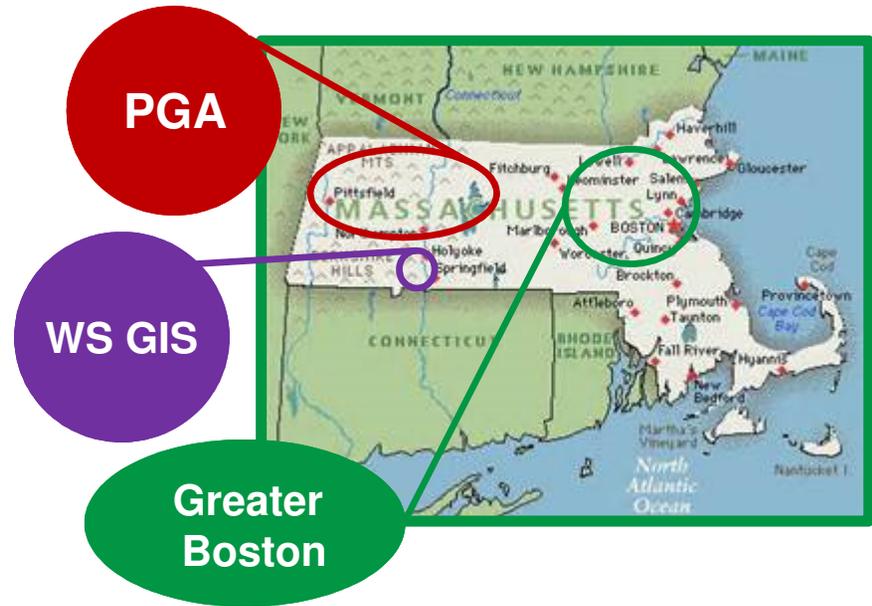
- 12 projects in western Massachusetts
- 7 projects are complete, remaining 5 have started the construction phase
- Siting approval received in July 2015
- Projected completion: 1Q 2017
- Total projected investment: \$113 million

West Springfield GIS (WS GIS)

- Major substation rebuild project
- Civil construction commenced June 2015
- Major material received
- Gas Insulated Substation (GIS) building installation completed
- Projected completion: 2017
- Total projected investment: \$54 million

Greater Boston Reliability Solution

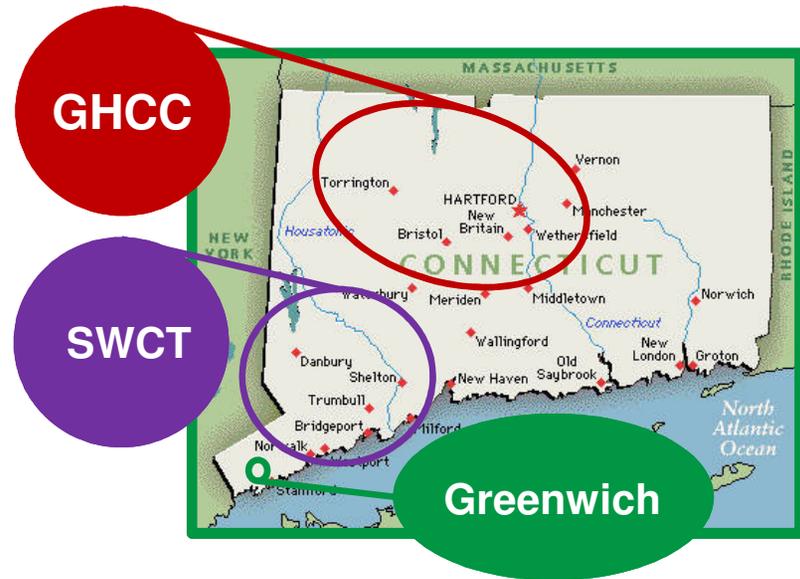
- 31 projects including seven new transmission lines, new substations and substation expansion projects
- Six of eight siting applications filed to date
- ISO-NE I.3.9 expected Q2 2016
- Projected completion: June 2019
- Total projected investment: \$544 million



Progress on Major Connecticut Transmission Reliability Projects

Greater Hartford Central Connecticut (GHCC)

- 27 projects in five geographic subareas - Greater Hartford, Manchester, Southington, Middletown and Northwest Connecticut
- 6 projects completed and in-service, 4 under construction, 5 in siting and 12 in pre-siting
- Projected completion: 2018
- Total projected investment: \$350 million



Southwest Connecticut Reliability Project (SWCT)

- 22 projects in four geographic subareas in southwest Connecticut
- 4 projects completed, 3 projects in construction, 5 projects in siting and 10 in pre-siting/engineering
- Projected completion: 2018
- Total projected investment: \$150 million

Greenwich Substation Project

- New Gas Insulated Substation (GIS) and 2.3 mile underground 115-kV line
- ISO – NE I.3.9 received on 5/1/15
- Siting decision expected in June 2016
- Siting Council focusing on hybrid underground/overhead solution
- Projected completion: 2018
- Total projected Transmission investment: \$120 million

Progress on Major New Hampshire Transmission Reliability Projects

Seacoast Reliability Project (SRP)

- New 12.6mi 115-kV line that is built overhead, underground and undersea (Little Bay)
- Siting application filed with the NH Siting Evaluation Committee (SEC) April 12, 2016
- Projected completion: 2018
- Total projected investment: \$77 million

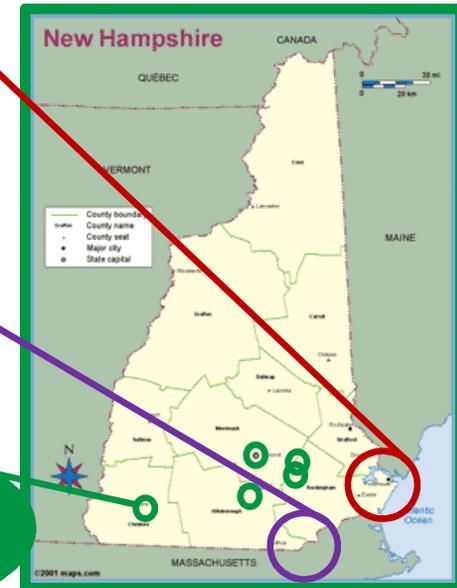
Merrimack Reliability Project (MVRP)

- Related to Greater Boston Solutions
- Filed siting application with NH SEC July 21, 2015
- New 18 mi overhead 115-kV line in NH (10 mi Eversource and 8 mi National Grid)
- Projected completion: 2017
- Eversource section to cost approximately \$36 million

SCRP

MVRP

Substations



New Substation Projects

- Several new substations throughout NH
 - Peaslee Switching Station - (Kingston, NH – 5/16 ISD)
 - North Keene Substation (Keene, NH)
 - Rimmon Substation (Manchester, NH)
 - Eagle 345kV Substation (Merrimack, NH)
 - Curtisville Substation (Concord, NH – 6/17 ISD)
- Projected completion: December 2016
- Total Transmission investment: ~\$117M

Pending Regulatory Dockets



New Hampshire Generation Divestiture

- Initial settlement filed in June 2015
- Settlement with staff filed in January 2016
- Decision expected shortly
- PSNH to recover generation investment through plant sales, securitization
- PSNH to forego \$25 million of equity return not yet recognized on scrubber
- Conditions for plant sales include honoring collective bargaining agreements, tax stabilization, operating plants for 18 months after sale
- Process expected to be complete in first half 2017



Federal Energy
Regulatory Commission

FERC ROE Complaints

- ALJ recommended decision issued on 3/22/16
 - Second complaint: Base ROE = 9.59%;
Cap = 10.42%
 - Third complaint: Base ROE = 10.90%;
Cap = 12.19%
- FERC decision expected in late 2016 or early 2017
- First complaint resulted in base ROE of 10.57%,
project cap of 11.74%
 - Appeals pending in DC Circuit Court
- Fourth complaint filed on 4/29/16

Rate Case Activity

| <u>Jurisdiction</u> | <u>Company</u> | <u>Commentary</u> |
|---------------------|-------------------------|---|
| Massachusetts | NSTAR Electric WMECO | Base rates frozen through 12/31/15 Base rate cases filed in 2017 |
| | NSTAR Gas | \$15.8M base rate increase effective 1/1/16 |
| Connecticut | CL&P | Next case: 2 nd half of 2017, effective 12/1/17 |
| | Yankee Gas | Need to file by 2019 |
| New Hampshire | PSNH | Next distribution rate request will not occur before 7/1/17 |