

# **Eversource Energy**

**Investor Call**

**February 5, 2016**

**EVERSOURCE**  
ENERGY

## Safe Harbor

*All per share amounts in presentation are reported on a diluted basis. The only common equity securities that are publicly traded are common shares of Eversource Energy. The earnings and EPS of each business do not represent a direct legal interest in the assets and liabilities allocated to such business, but rather represent a direct interest in Eversource Energy's assets and liabilities as a whole. EPS by business is a non-GAAP (not determined using generally accepted accounting principles) measure that is calculated by dividing the net income or loss attributable to common shareholders of each business by the weighted average diluted Eversource Energy parent common shares outstanding for the period. In addition, fourth quarter and year-end 2015 and 2014 earnings and EPS excluding certain integration costs are non-GAAP financial measures. Management uses these non-GAAP financial measures to evaluate earnings results and to provide details of earnings results by business and to more fully compare and explain our fourth quarter and full-year results without including the impact of the integration costs. Management believes that this measurement is useful to investors to evaluate the actual and projected financial performance and contribution of Eversource Energy's businesses. Non-GAAP financial measures should not be considered as alternatives to Eversource Energy consolidated net income attributable to common shareholders or EPS determined in accordance with GAAP as indicators of Eversource Energy's operating performance.*

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## Agenda



**Tom May**

*Chairman, President & CEO*

- Shareholder Value
- Regional Leadership



**Lee Olivier**

*EVP Enterprise Strategy &  
Business Development*

- Northern Pass
- Access Northeast
- Clean Energy Connect



**Jim Judge**

*Executive Vice President & CFO*

- 2015 Performance
- Regulatory Update
- Financial Outlook

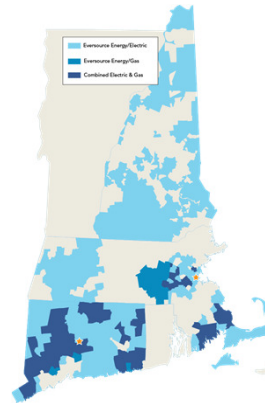
## 2015 Was A Very Productive Year For Eversource

### *For Customers*



- Record electric reliability
- Record natural gas heating growth
- Stable delivery rates

### *For the Region*



- Progress on addressing critical infrastructure challenges

### *For Investors*



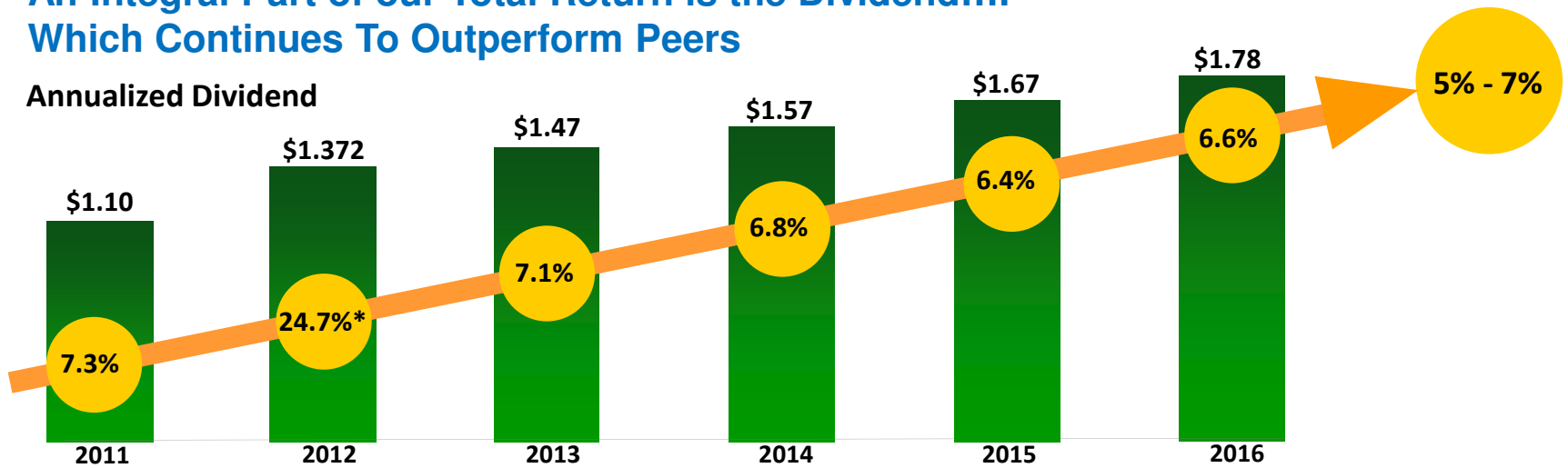
- Attractive returns and dividend growth
- Credit ratings upgrade

## 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
<b>ES</b>	<b>-1.3%</b>	<b>44.6%</b>	<b>89.3%</b>	<b>263.1%</b>
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

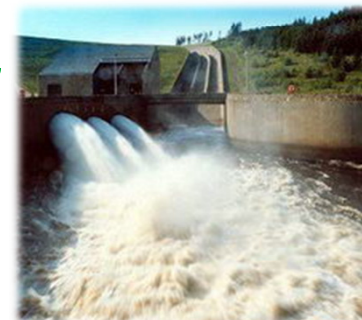
# Eversource is a Regional Leader in Advancing Broad Solutions for New England's Energy Challenges

## Winter Pipeline Constraints



*Access Northeast*

## More Renewable Energy



*Northern Pass  
Clean Energy Connect*

# EVERSOURCE

## Energy Efficiency



*\$500 million/year in programs*

## Oil Heat Dependence



*Natural Gas Conversions*



# Lee Olivier

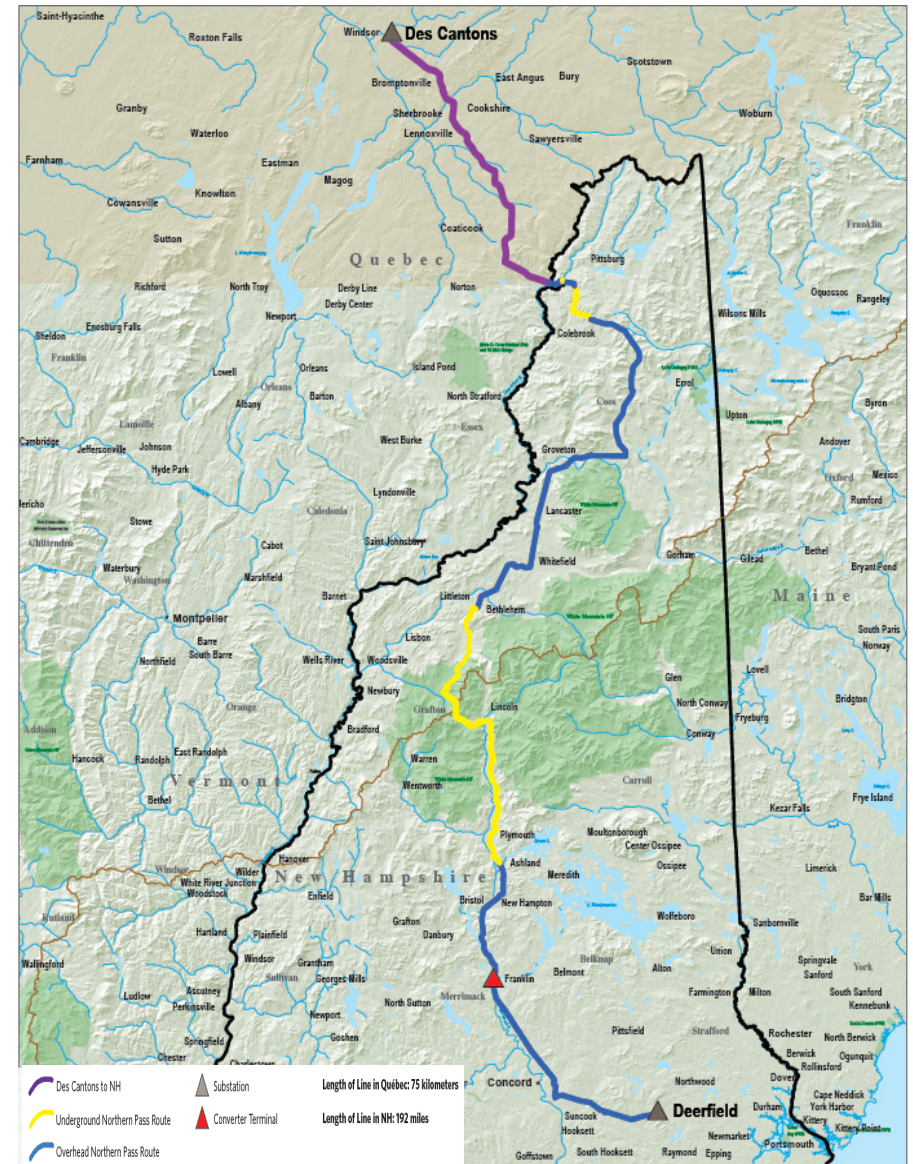
*EVP Enterprise Energy Strategy &  
Business Development*



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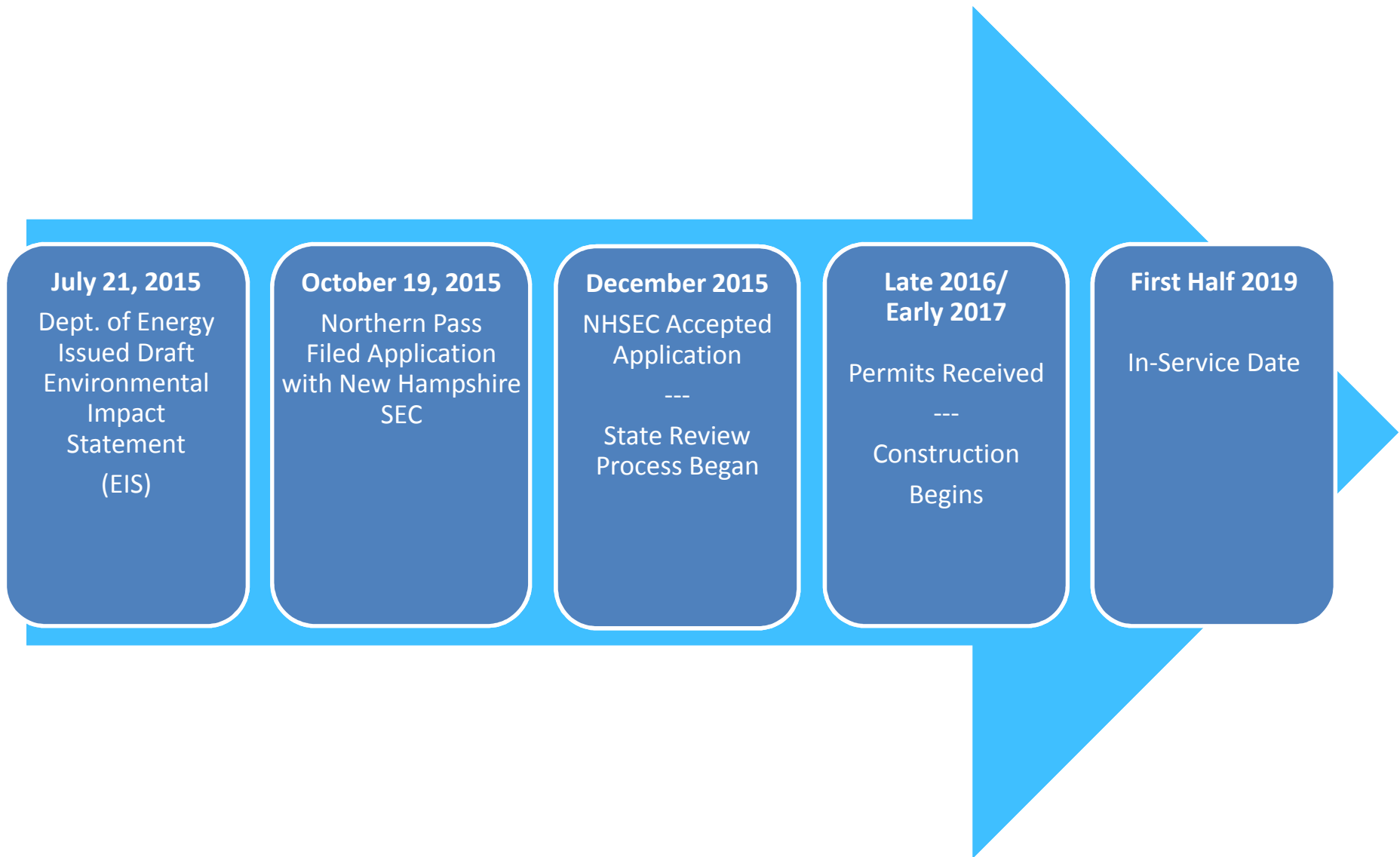
# Transmission – Northern Pass Update

- 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 held January 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 CO<sub>2</sub>
  3. Economic value through jobs and new tax base
  4. Reduces growing dependence on natural gas generation

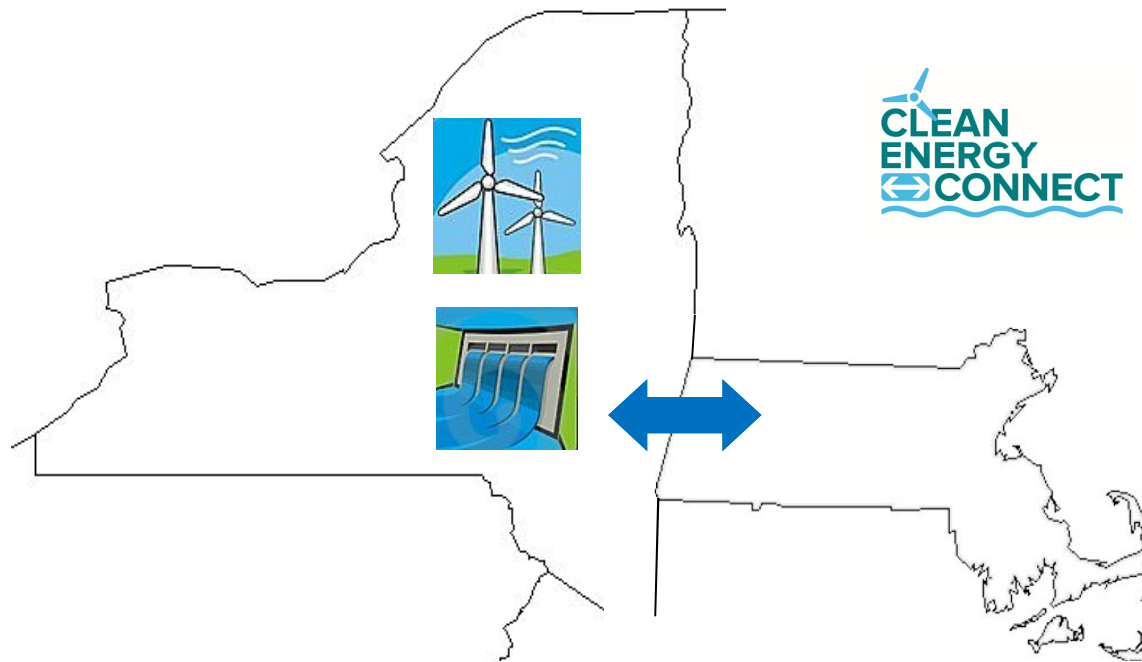




## Northern Pass Timeline



## Transmission - Clean Energy Connect

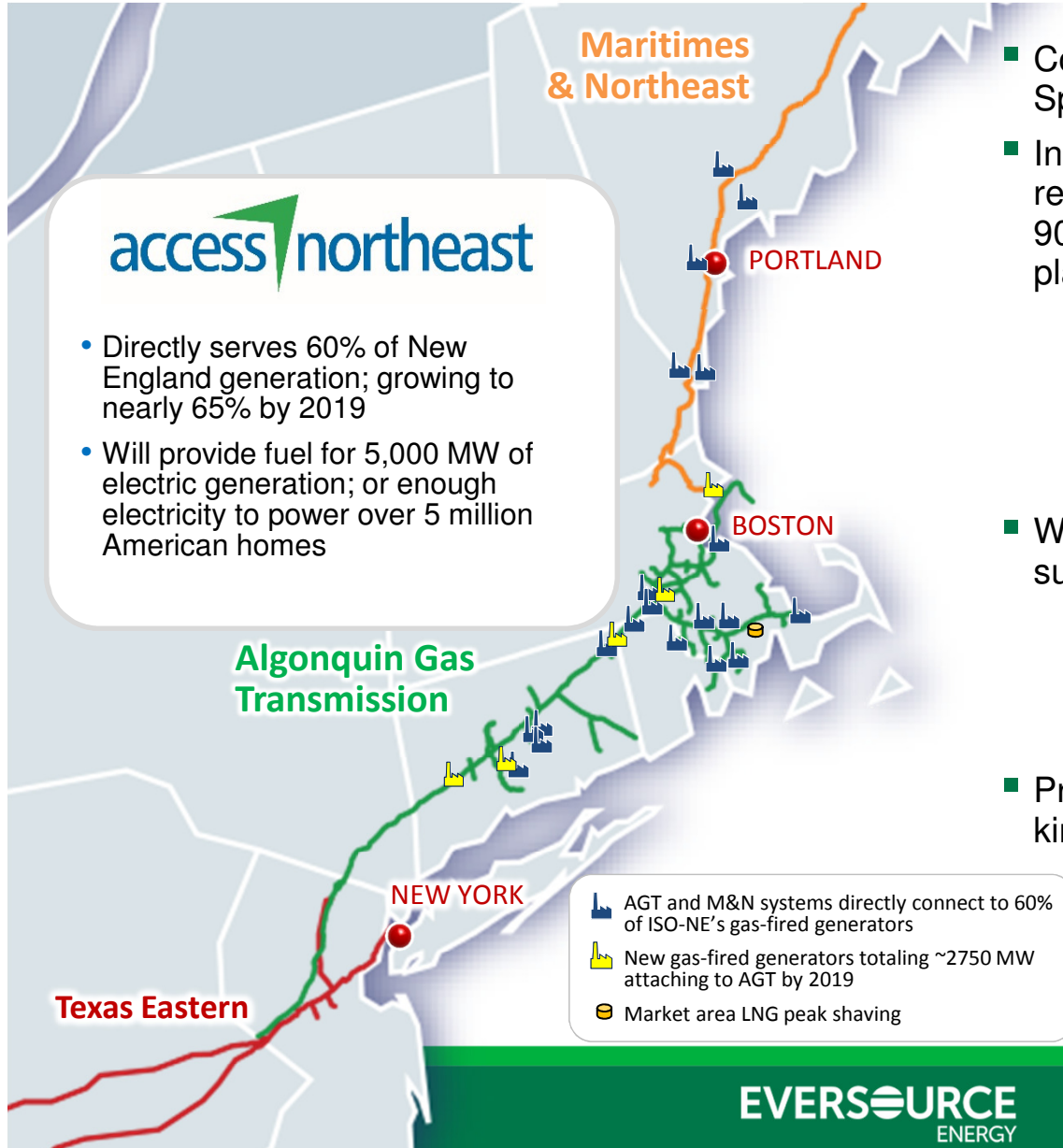


- Bid includes transmission, wind and hydro generation
- Eversource investment is the Massachusetts portion of a 25-mile, 345 kV transmission line
- 600 MW capacity
- Co-developing with experienced renewable generation developers
- Construction expected 2018 - 2020

## 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

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



- Co-developed by Eversource Energy – 40%, Spectra Energy – 40%, National Grid – 20%
- Innovative, cost effective & environmentally responsible approach that will provide 900MM/day of natural gas directly to power plants by:
  - Upgrading existing pipelines – last mile advantage
  - Utilizing local natural gas storage
  - \$3 billion total estimated cost
- Will increase access to plentiful natural gas supplies
  - Enhancing energy security
  - Lowering electric costs
  - Reducing carbon emissions
- Provides rapid response capability - a first of its kind service to electric generators that will:
  - Meet peak winter day needs
  - Back stop intermittent solar and wind renewable power

## 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. RFPs under development and allows for procurement of up to 375 mmcf/day of natural gas infrastructure. State energy officials (DEEP) expected to complete RFP process this year.
MA	Order of October 2 found DPU had authority to approve EDC natural gas supply contracts. ES and National Grid issued an RFP with bids received November 13. NSTAR, WMECO, Massachusetts Electric and Nantucket Electric have filed 20-year contracts with Algonquin/ANE seeking approval by October 1, 2016
NH	PUC opened docket in April (IR 15-124: "Investigation into Potential Approaches to Ameliorate Adverse Wholesale Electricity Market Conditions in New Hampshire"). Staff report released September 15 concluded PUC had authority to approve EDC natural gas supply contracts. NHPUC issued an order January 19, 2016 accepting staff report and said it will conduct a two-part review process as EDCs submit natural gas capacity contracts.
ME	Conducted RFP in 2014; bidders updated proposals in December 2015; decision on recommended solutions in late spring.
RI	2014 Energy Security Act allows RI EDCs to pursue contracts. National Grid issued an RFP with bids received November 13.
VT	Supportive of additional natural gas infrastructure; its level of support and participation to be determined.



**Jim Judge**

*Executive Vice President & CFO*



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## What I'll Cover...

- Financial and operational results
- Financial outlook
- Regulatory developments
- Delivering on commitments

## 2015 Results

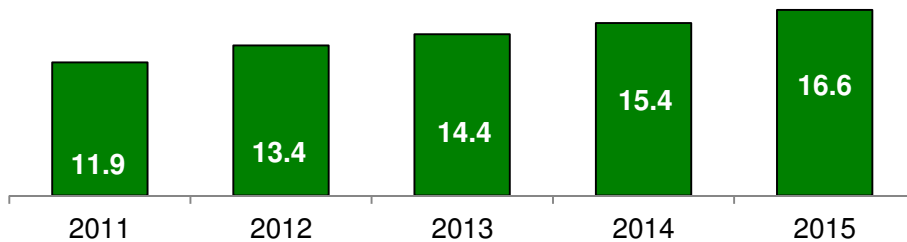
EPS	Q4 2015	Q4 2014	Change	Full Year 2015	Full Year 2014	Change
Electric Distribution and Generation	\$0.28	\$0.35	(\$0.07)	\$1.59	\$1.45	\$0.14
Electric Transmission	\$0.25	\$0.28	(\$0.03)	\$0.96	\$0.93	\$0.03
Natural Gas Distribution	\$0.05	\$0.09	(\$0.04)	\$0.23	\$0.23	--
Parent & Other	\$0.02	\$0.00	\$0.02	\$0.03	\$0.04	(\$0.01)
Recurring EPS (non-GAAP)	\$0.60	\$0.72	(\$0.12)	\$2.81	\$2.65	\$0.16
Integration Costs	(\$0.03)	(\$0.03)	--	(\$0.05)	(\$0.07)	\$0.02
Reported EPS (GAAP)	\$0.57	\$0.69	(\$0.12)	\$2.76	\$2.58	\$0.18



## Operating Performance Among the Best in Industry

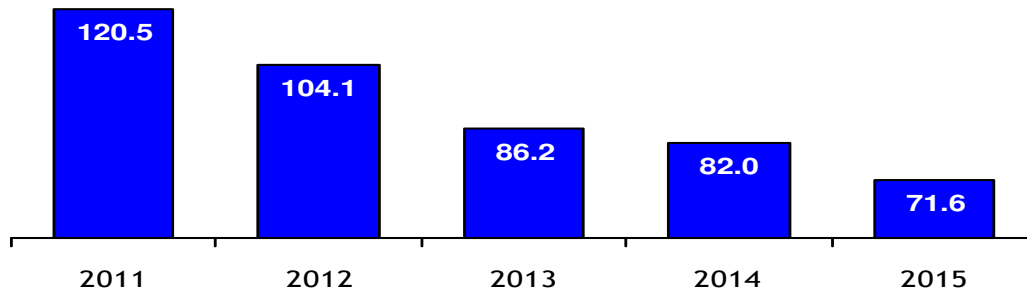
**Overall system reliability in 2015 was the “Best Ever”**

**Reliability Performance  
Months Between Interruptions**



**1<sup>st</sup> quartile of industry peers**

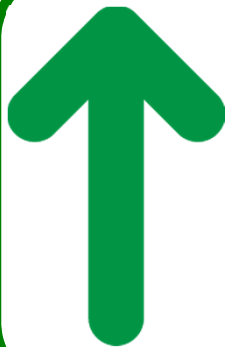
**Restoration Performance  
Avg. Restoration Speed in Minutes**



## 2016 Guidance

**EPS Range \$2.90- \$3.05**

### Key Drivers Compared to 2015



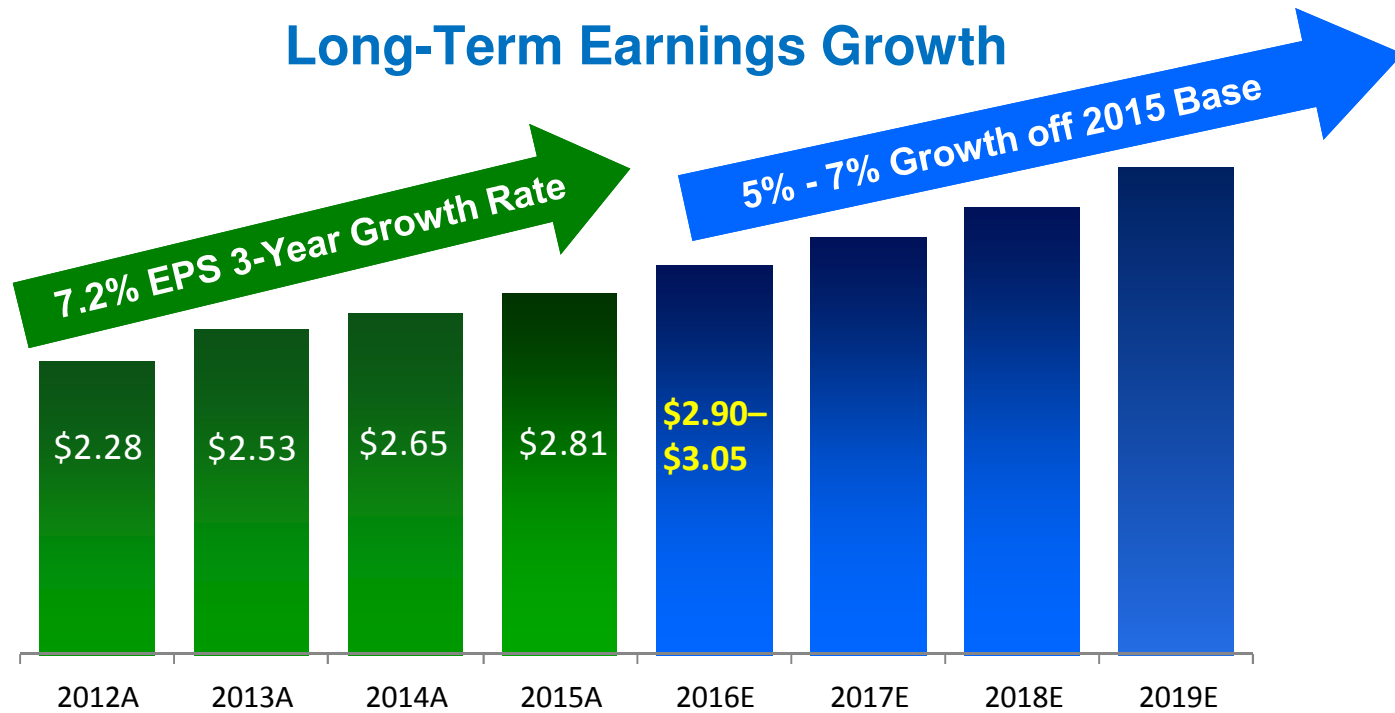
- Transmission rate base growth
- Natural gas customer and infrastructure growth
- NSTAR Gas rate increase
- Lower O&M



- 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

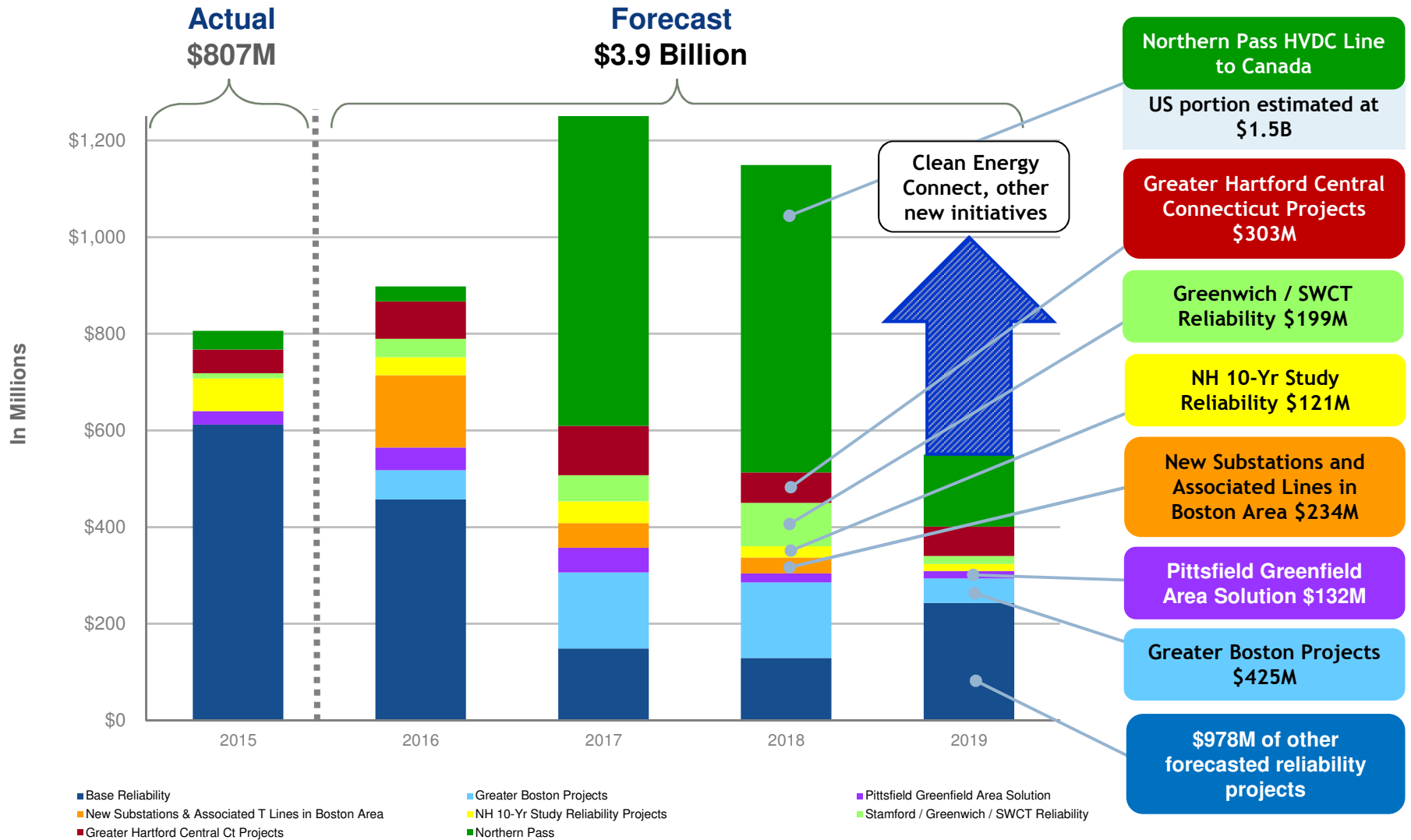
#### Negative

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

#### Key Assumptions on Major Projects

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

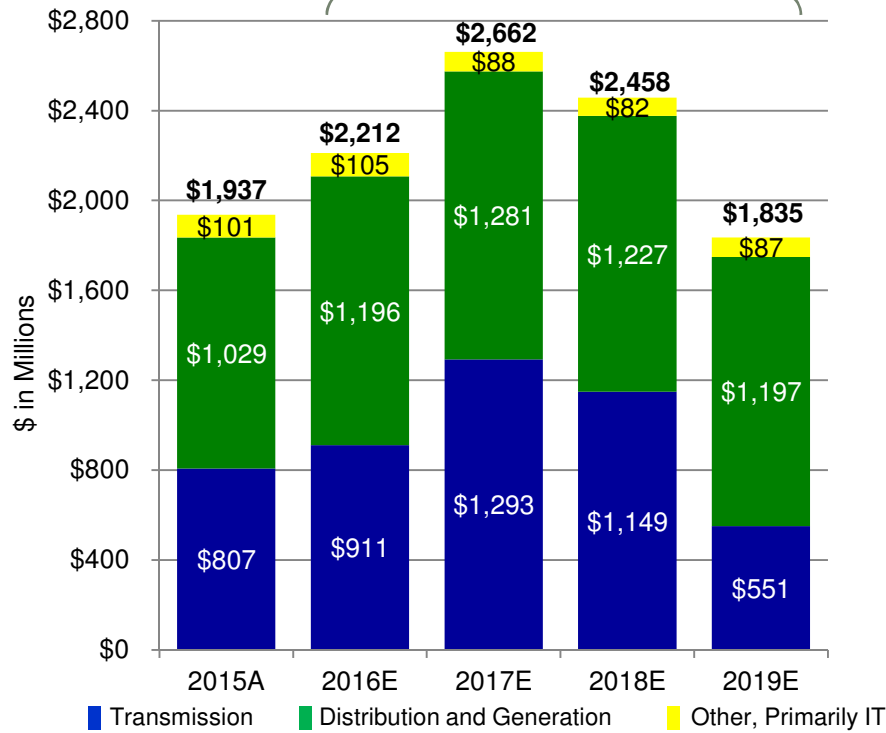
# Electric Transmission Investing \$4.7 Billion From 2015-2019



# Projected Capital Expenditures

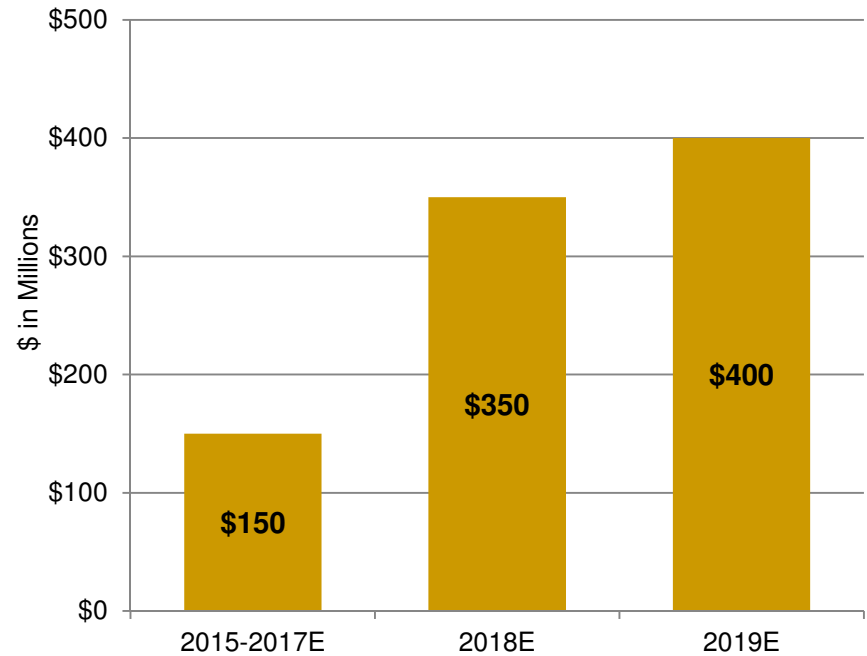
## Projected Capital Expenditures\*

\$9.2 Billion 2016-2019



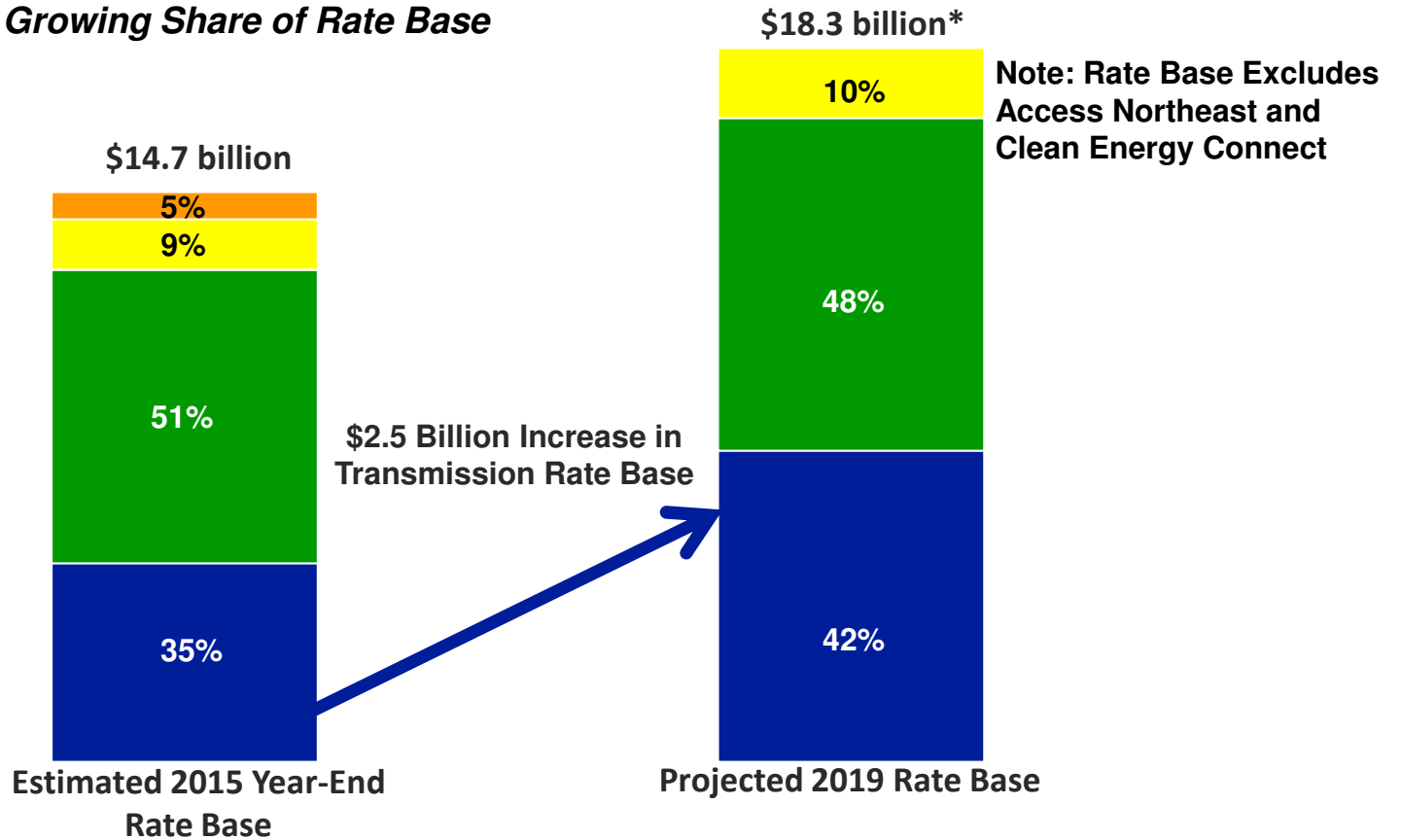
\*Excludes Access Northeast and Clean Energy Connect

## Estimated ES Access Northeast Investments



## 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

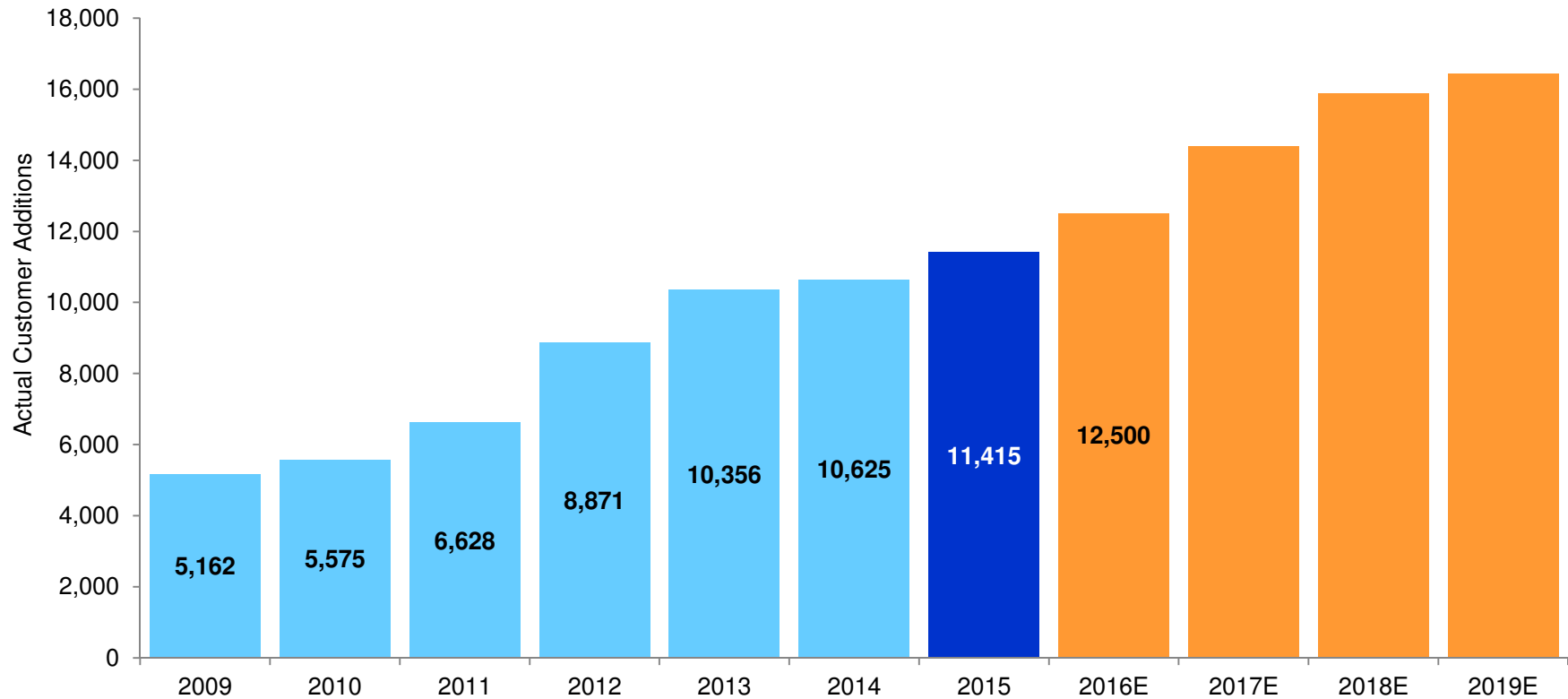
## Initiatives to Support Growth Beyond 2019

<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)**





## Pending Regulatory Dockets



### New Hampshire Generation Divestiture

- Initial settlement filed in June 2015
- Settlement with staff filed in January 2016
- Decision expected in March 2016
- 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 sale include honoring collective bargaining agreements, tax stabilization, operating plants for 18 months after sale
- Process expected to be complete in early 2017



Federal Energy  
Regulatory Commission

### FERC ROE Complaints

- ALJ ruling on second and third complaints extended to 3/31/16
- 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

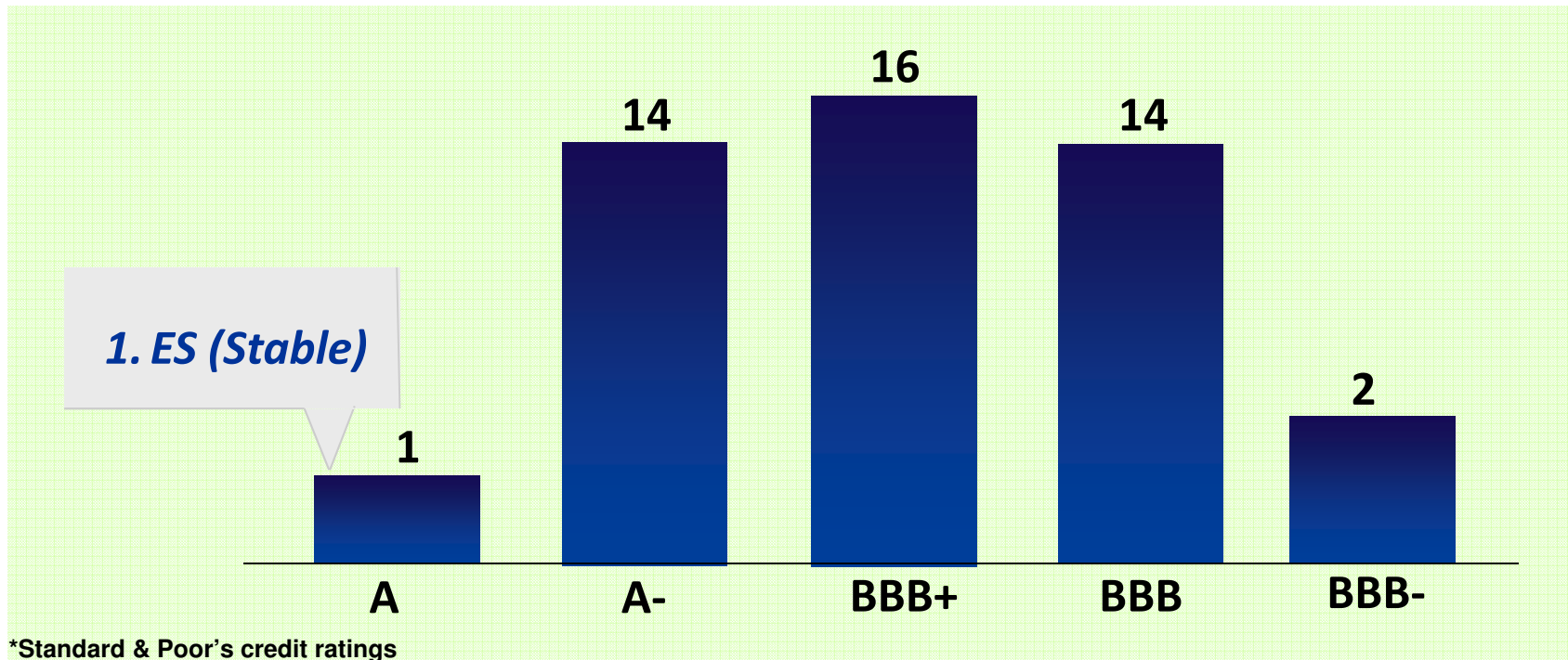
## Rate Case Activity

<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 <sup>nd</sup> 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

## ES Has the Highest Credit Rating in Utility Industry

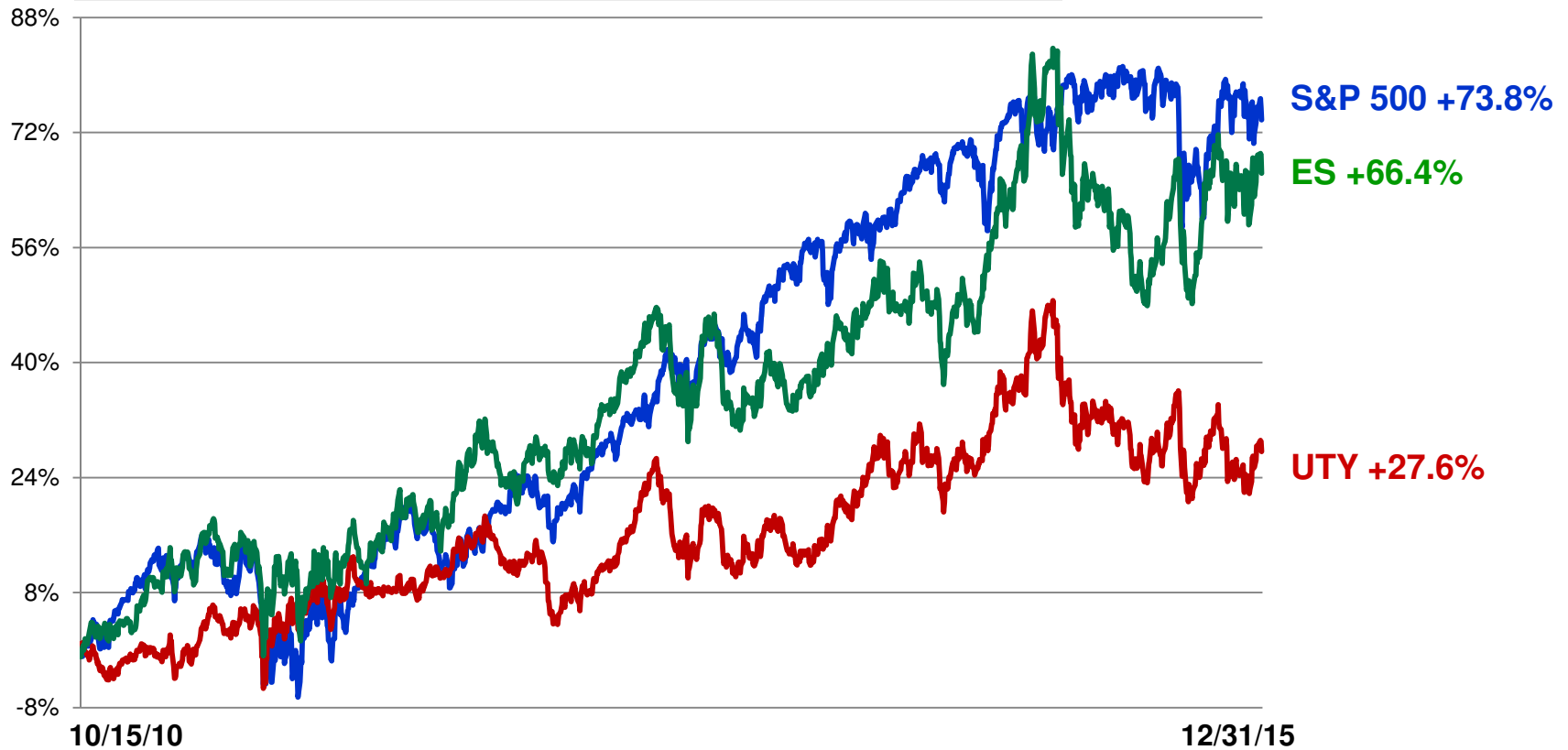
### 2015 Rating Agency Actions

- S&P raised ES, all subsidiary corporate credit ratings from “A-” to “A”
- Fitch revised CL&P, PSNH, WMECO outlooks from “Stable” to “Positive”
- Moody’s revised PSNH, WMECO outlooks from “Stable” to “Positive”









## Current \$17.5 Billion Market Cap Nearly Double Pre-Merger – Creating \$8 Billion in Shareholder Value

Stock Price Performance Since Merger Announced

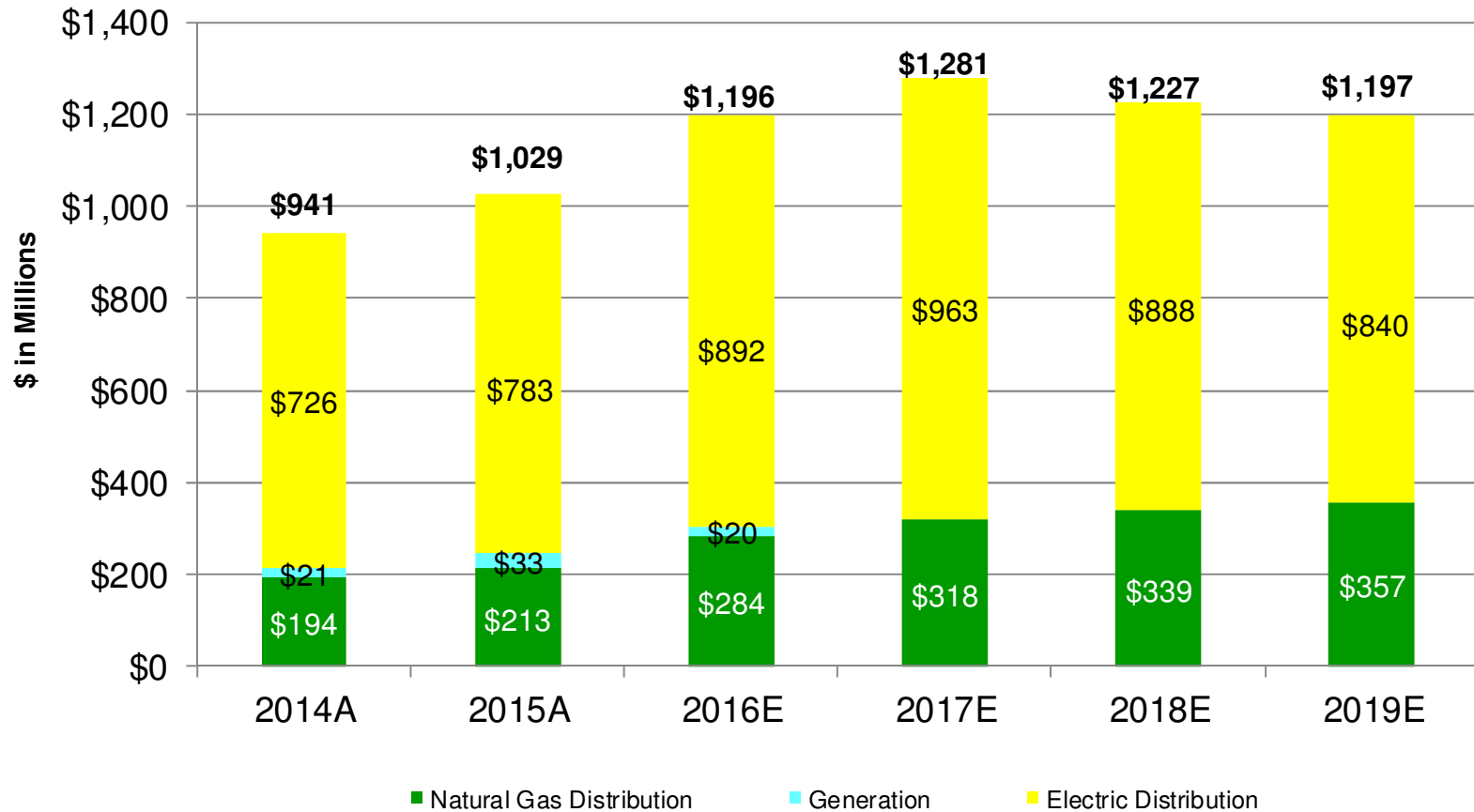


## Delivered on Commitments

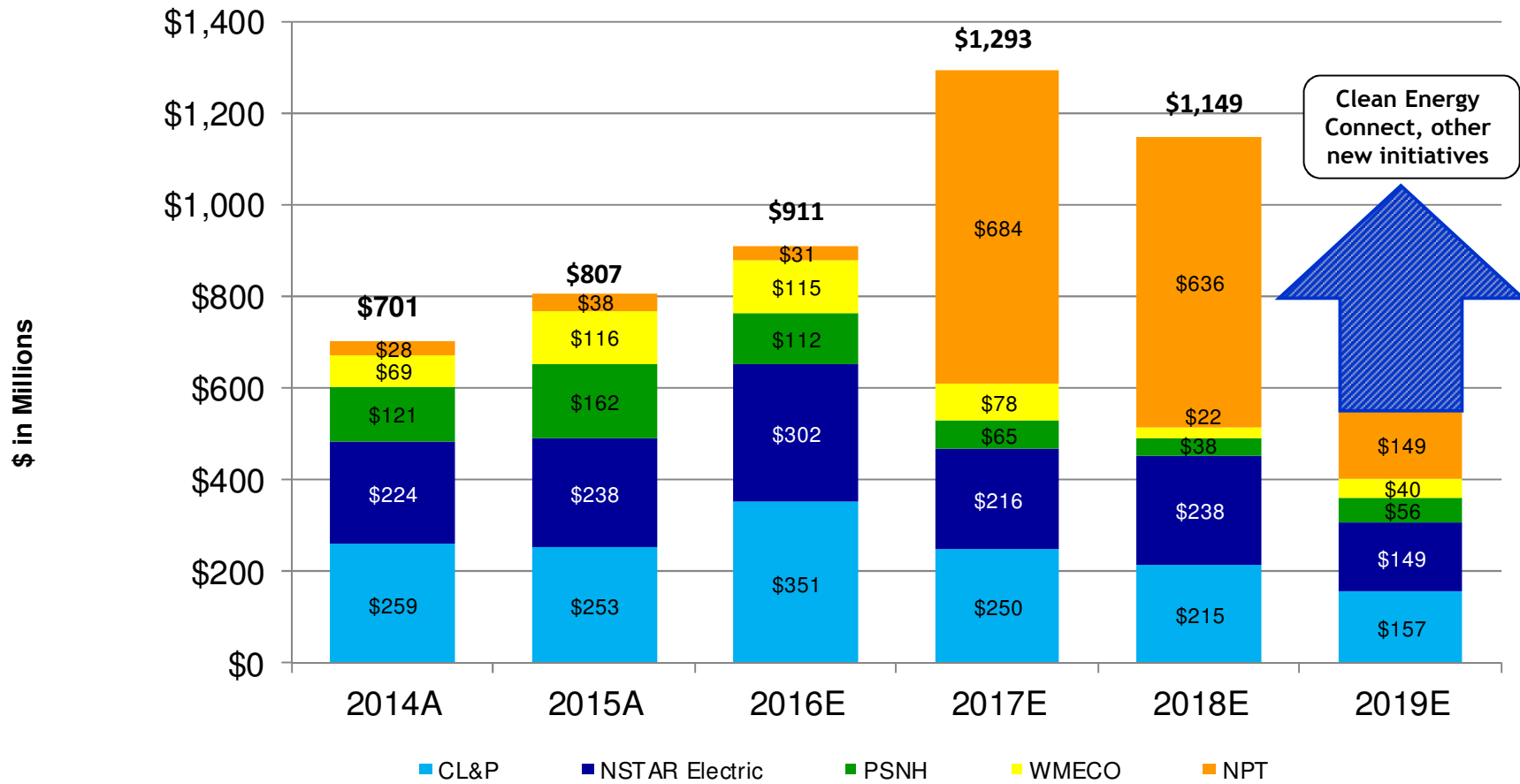
<u>Our Commitments:</u>	<u>Results Delivered:</u>	
1. Exceed industry EPS & Dividend growth	Three-year average EPS and dividend growth of 7.2% and 8.2%, respectively	
2. Reduce spending – Target 3-4%/yr.	Three year average O&M reduction over 5%	
3. Maintain strong financial condition	“A” credit rating 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

## Projected Distribution/Generation Capital Expenditures



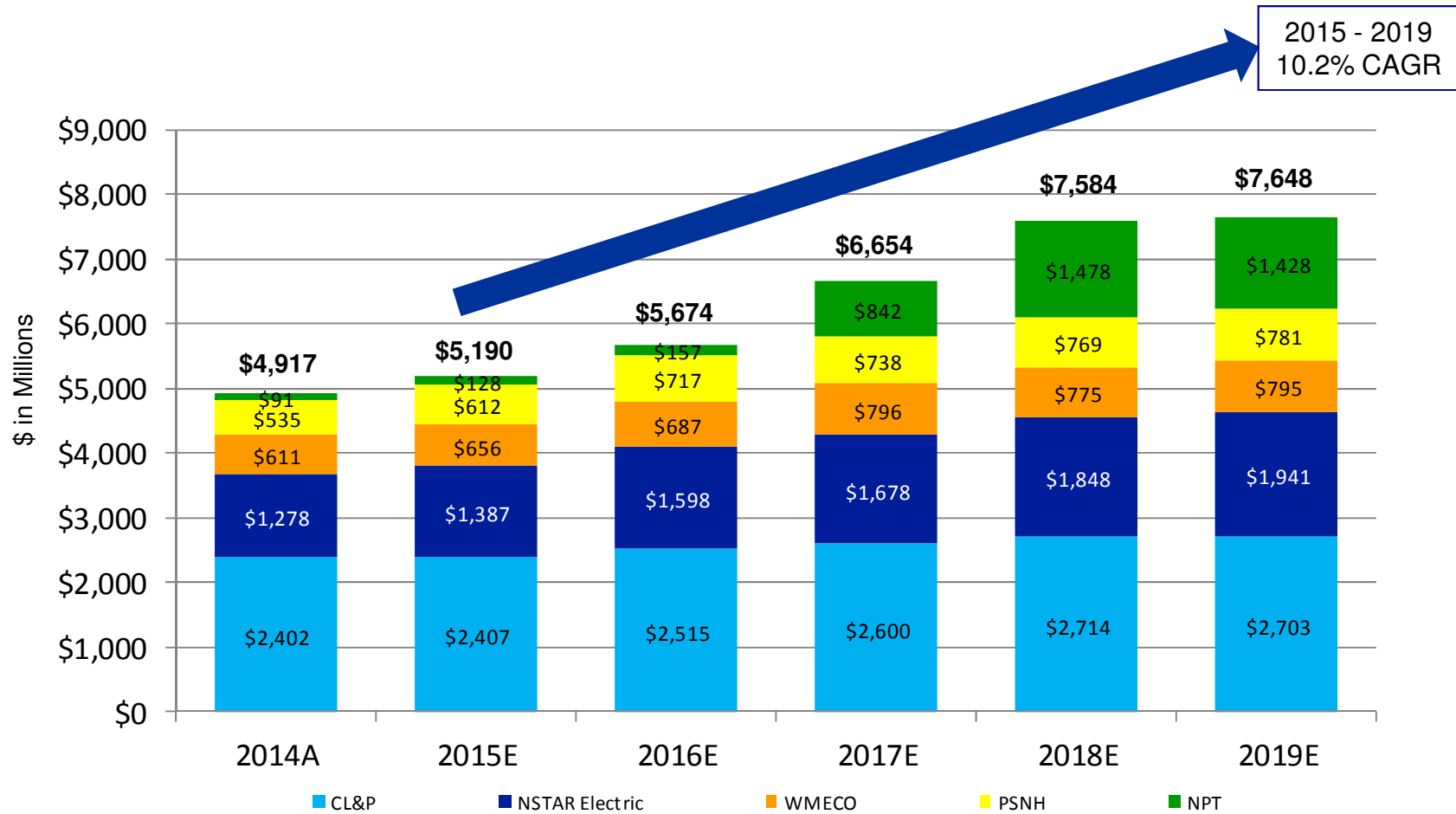
## Projected Transmission Capital Expenditures\*





# Transmission Rate Base Growth Projections\*

*Electric transmission accounts for more than 50% of EPS growth through 2019*



*\*Excludes Clean Energy Connect*

# Progress on Major Massachusetts Transmission Reliability Projects

## Pittsfield Greenfield Area Solution (PGA)

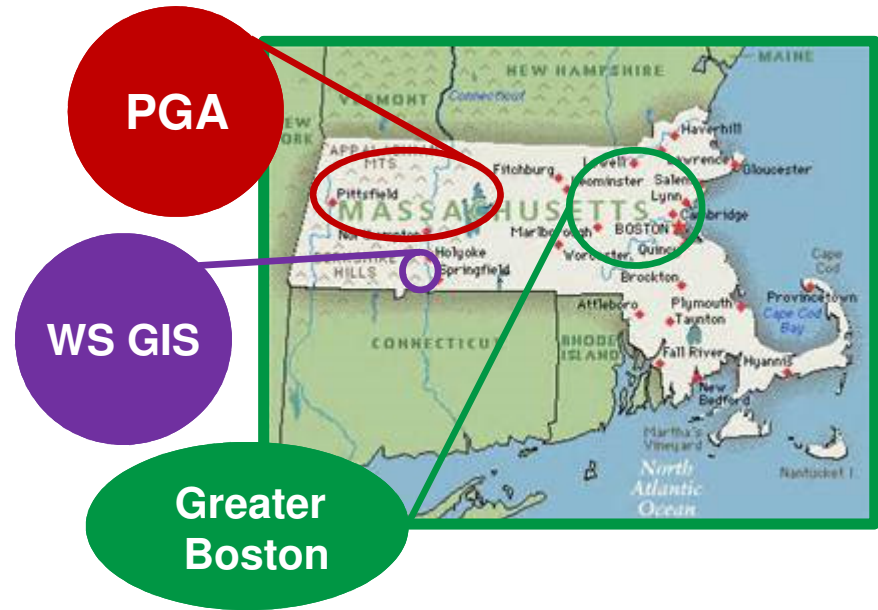
- 12 projects in western Massachusetts
- 7 projects are complete, remaining 5 have started the construction phase
- Siting approval received in July 2015
- Projected completion: 2017
- Total projected investment: \$113 million

## West Springfield GIS (WS GIS)

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

## Greater Boston Reliability Solution

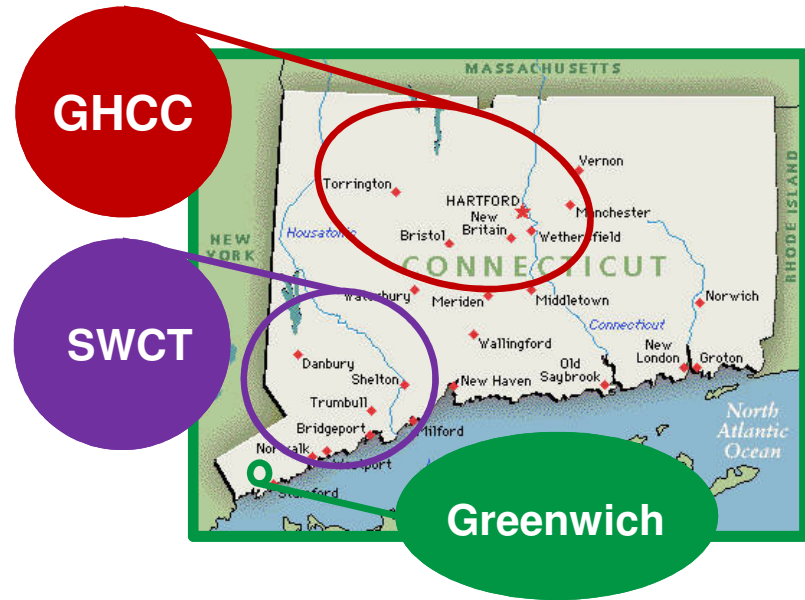
- 31 projects including seven new transmission lines, new substations and substation expansion projects
- Six of eight siting applications filed to date
- ISO-NE I.3.9 expected Q1 2016
- Projected completion: June 2019
- Total projected investment: \$544 million



## 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
- 5 projects completed and in-service, 2 under construction, 6 in siting and 14 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
- 3 projects completed, 4 projects commencing construction, 4 projects in siting and 11 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 evidentiary hearings to complete in Q1 2016
- 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 expected to be filed with the NH Siting Evaluation Committee (SEC) February 2016
- Projected completion: 2018
- Total projected investment: \$74 million

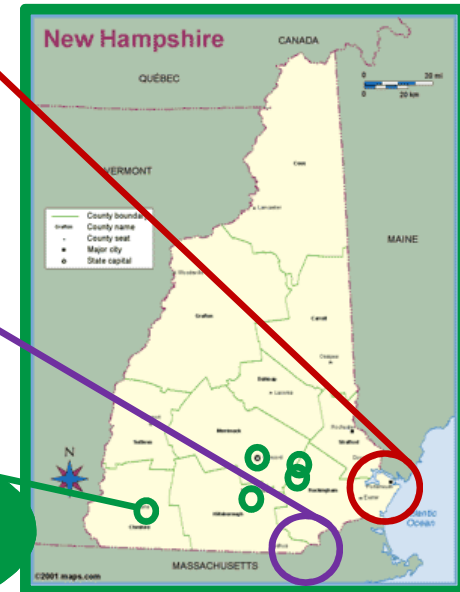
### Merrimack Reliability Project (MVRP)

- Related to Greater Boston Solutions
- Filed siting application with NH SEC July 21
- 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)
  - 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