



# **2019 Year-End Investor Call**

February 20, 2020



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All per-share amounts in this 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 common shares outstanding for the period. Earnings discussions also include non-GAAP financial measures referencing 2019 earnings and EPS excluding the NPT impairment charge. Eversource Energy uses these non-GAAP financial measures to evaluate and provide details of earnings results by business and to more fully compare and explain 2019 results without including the impact of the NPT impairment charge. Management believes the NPT impairment charge is not indicative of Eversource Energy's ongoing performance. Due to the nature and significance of the NPT impairment charge on net income attributable to common shareholders, management believes that the non-GAAP presentation is a more meaningful representation of Eversource Energy's financial performance and provides additional and useful information to readers in analyzing historical and future performance of the business. Non-GAAP financial measures should not be considered as alternatives to Eversource Energy's 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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Other risk factors are detailed in Eversource Energy's reports filed with the Securities and Exchange Commission (SEC) and updated as necessary, and are available on Eversource Energy's website at [www.eversource.com](http://www.eversource.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov). All such factors are difficult to predict and contain uncertainties that may materially affect Eversource Energy's actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements; each speaks only as of the date on which such statement is made, except as required by federal securities laws, and Eversource Energy undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

# Agenda



**Jim Judge**

*Chairman, President & CEO*

- 2019 Successes
- Clean Energy Leadership
- Offshore Wind Update
- Shareholder Value



**Phil Lembo**

*Executive Vice President  
and CFO*

- 2019 Performance
- 2020 Outlook
- 2020 - 2024 Capex and Growth Rate
- Regulatory Update
- Financing Plans



# **Jim Judge**

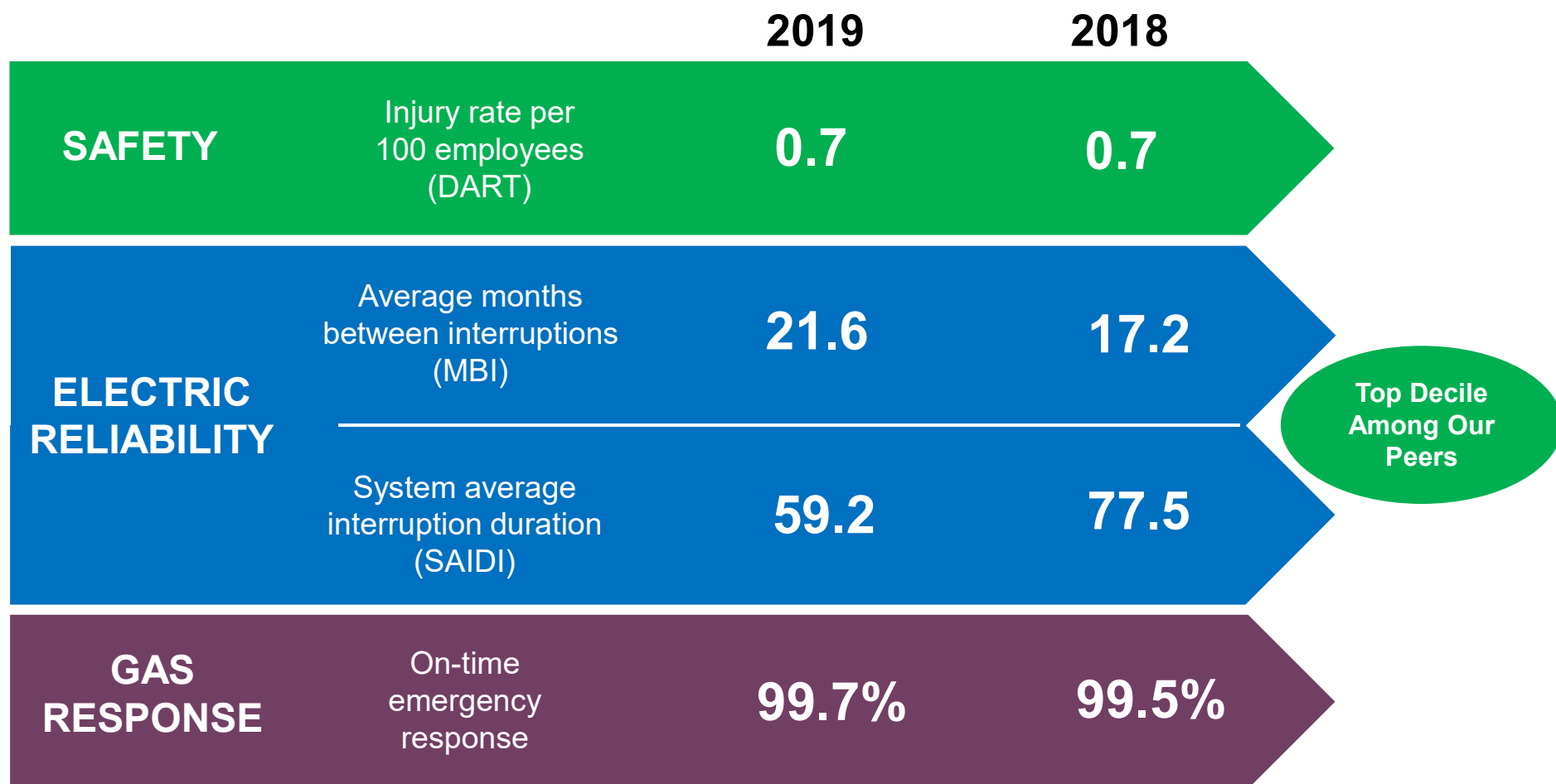
Chairman, President &  
Chief Executive Officer



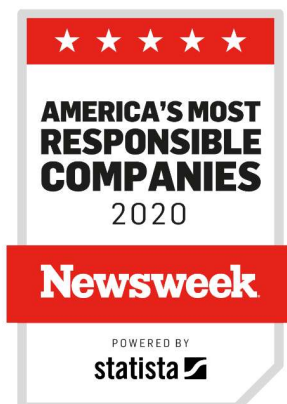
## Eversource's Total Shareholder Return Has Outperformed Significantly in Both the Short and Long Term

Total Shareholder Return	January 2020	2019	3-Year	5-Year	10-Year
<b>Eversource</b>	<b>8.7%</b>	<b>34.4%</b>	<b>68.7%</b>	<b>85.8%</b>	<b>356.7%</b>
EEl 40-Company Index	6.8%	25.8%	45.7%	64.4%	214.0%
S&P 500	0.0%	31.5%	53.2%	73.9%	256.7%

## Operating Performance Continues to Improve



## Eversource Recognized as the Leading Energy Company



*#1 Energy and Utilities Company on Newsweek magazine's Most Responsible Companies list*

*#1 for utilities on list of America's Most Just Companies*



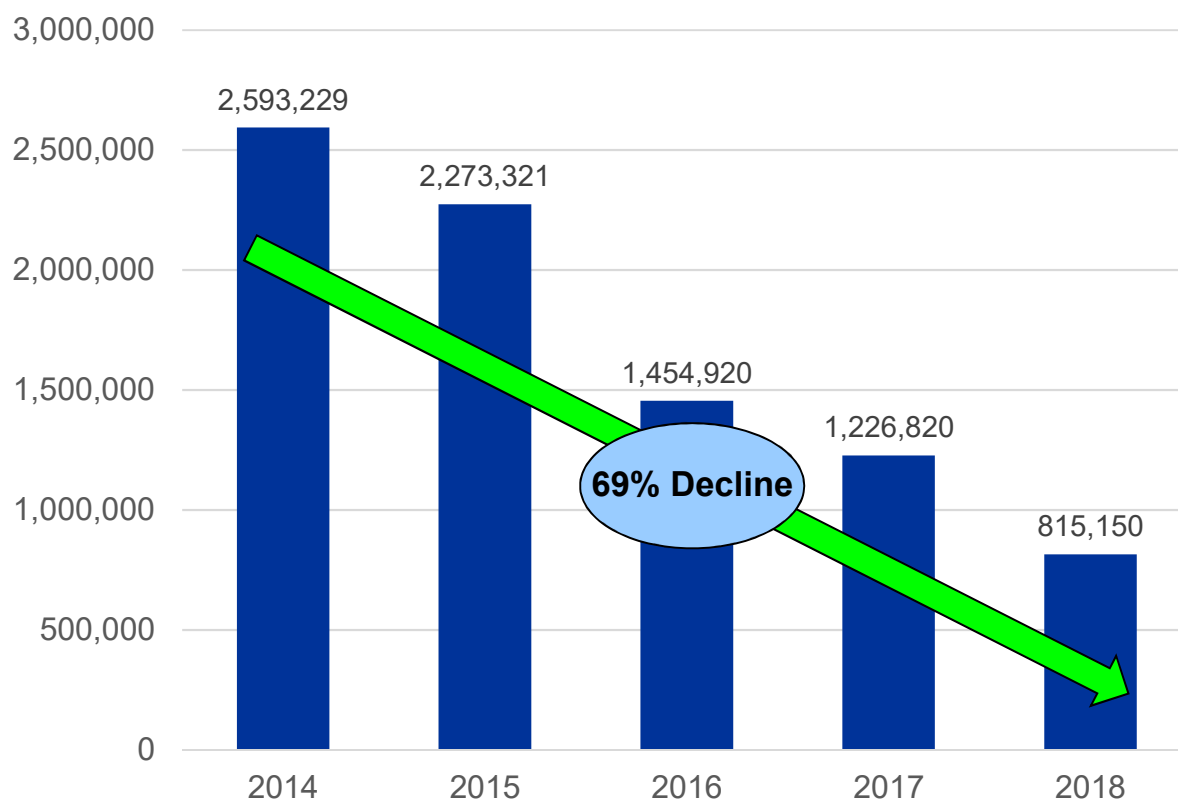
*Eversource became a Most Honored Company in 2020*



*Top level ESG and ESG risk rating*

# Eversource Only US Energy Utility Targeting Carbon Neutrality By 2030

## Eversource Gas Emissions in Metric Tonnes CO<sub>2</sub>e



## HOW WE'LL GET THERE

- Reduce our own energy use by improving the efficiency of our facilities and reducing fleet emissions.
- Reduce line losses in the electric transmission and distribution system.
- Reduce sulfur hexafluoride in our electrical gas-insulated switchgear.
- Replace remaining bare steel and cast-iron mains in our natural gas distribution system to improve safety and eliminate methane leaks.
- Increase investments in renewable generation that will further reduce the carbon footprint of our operations.

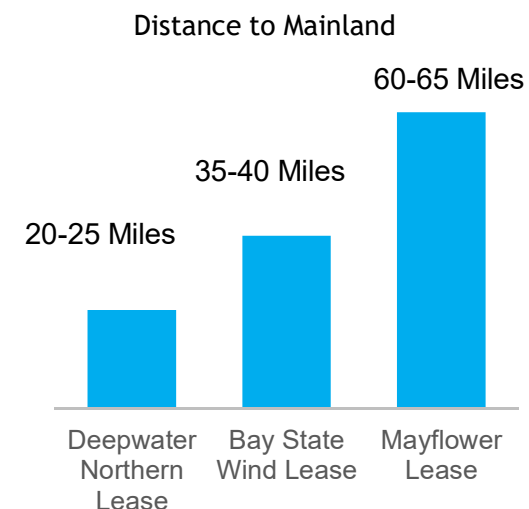
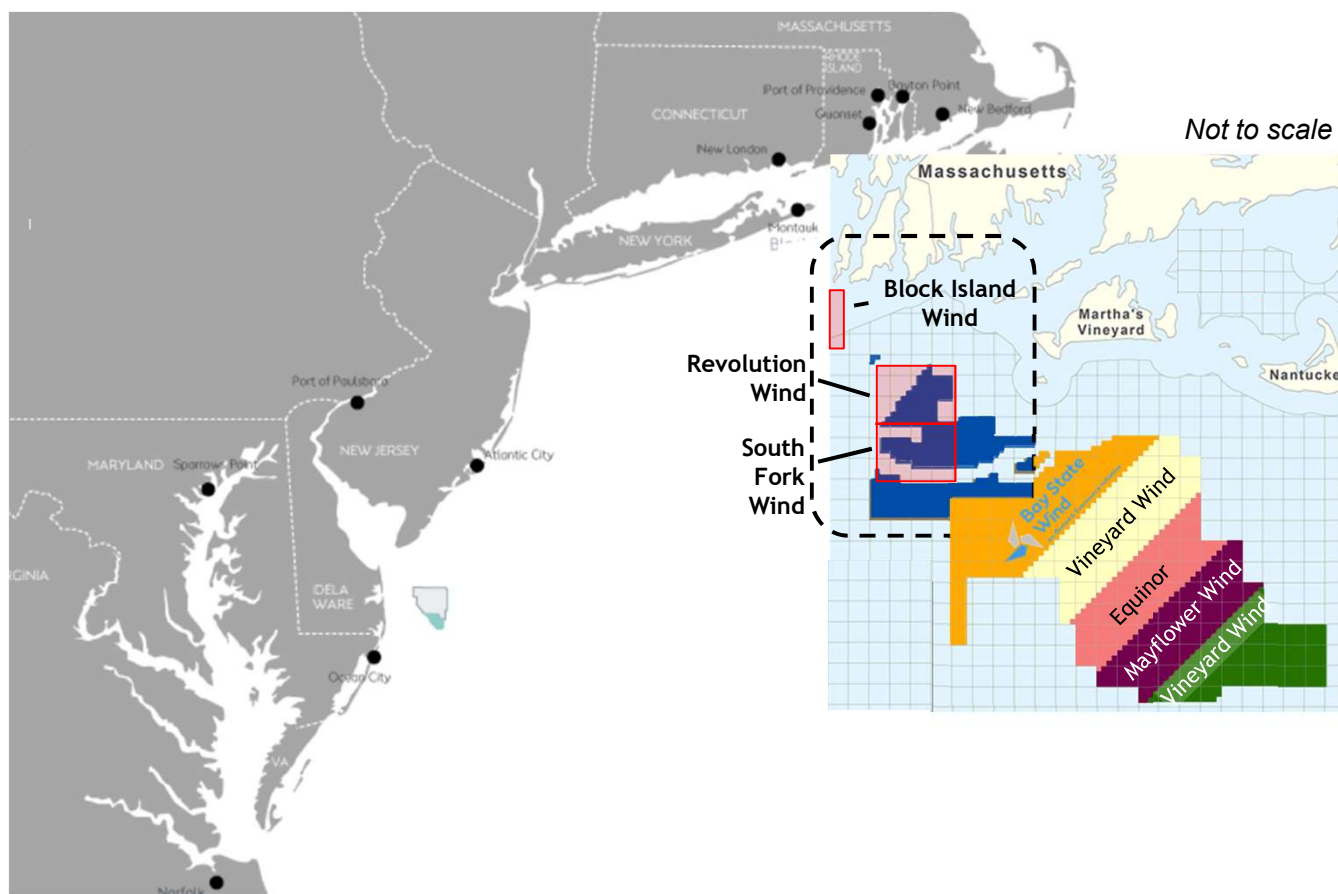


# Expected Timeline For Eversource-Ørsted Projects

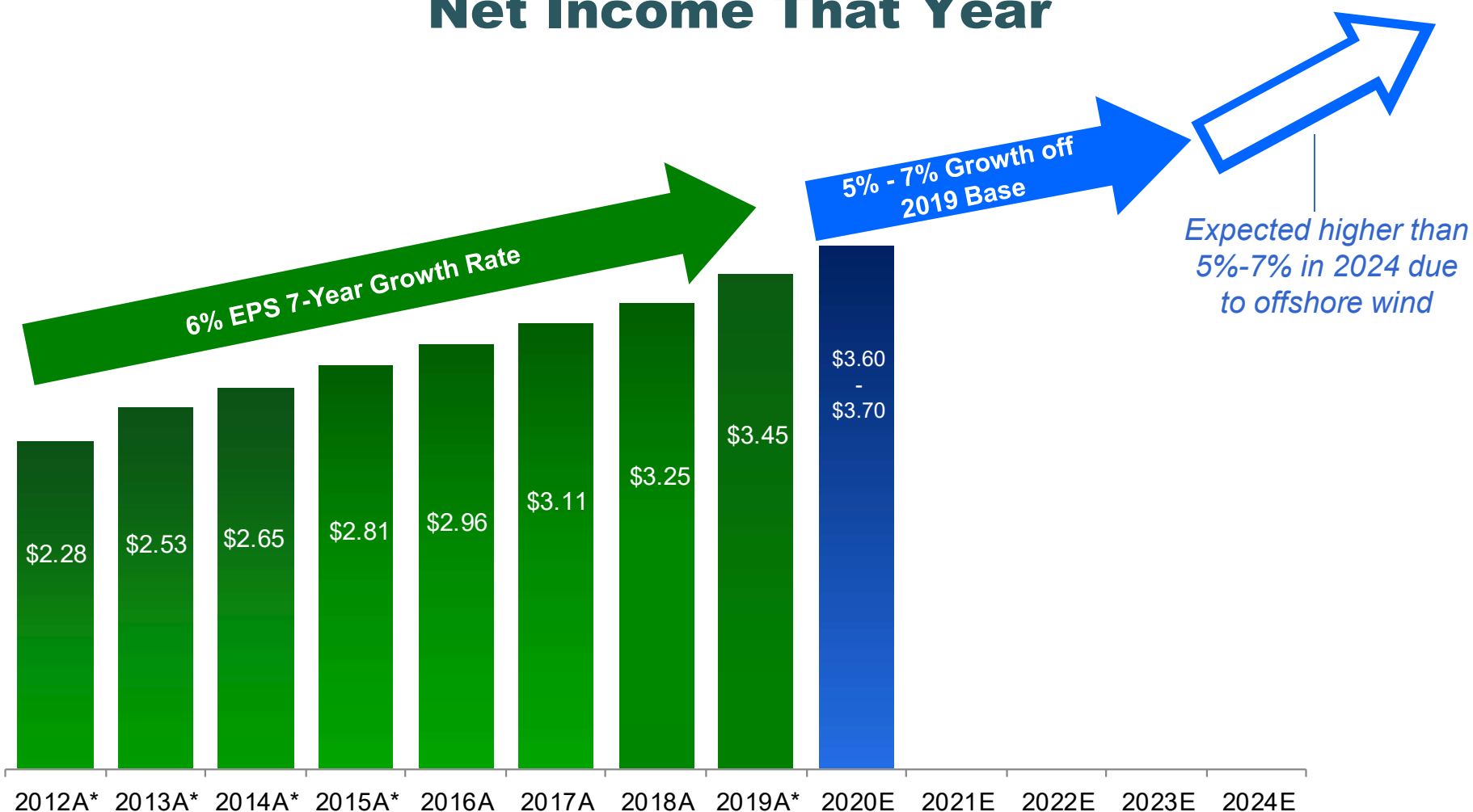


	<i><b>South Fork Wind</b></i>	<i><b>Revolution Wind</b></i>	<i><b>Sunrise Wind</b></i>
Size	130 MW	704 MW	880 MW
Construction Operation Plan Filing with BOEM	Already filed	2020	2020
Commercial Operation	End of 2022	End of 2023	End of 2024
Price as of first day of commercial operation	~ \$160/MWH for 90 MW ~ \$86/MWH for 40 MW (avg. annual escalator: 2%)	\$98.425/MWH for RI (no escalator) CT pricing not disclosed	\$110.37/MWH (no escalator)
Status of Contracts	Negotiating agreement to increase original 90 MW to 130 MW. NY Comptroller and AG approval required	400 MW for RI approved 304 MW for CT approved	Contract signed with NYSERDA in October 2019

# Our Competitiveness in New England and New York Auctions Benefits From Our Superior Lease Locations



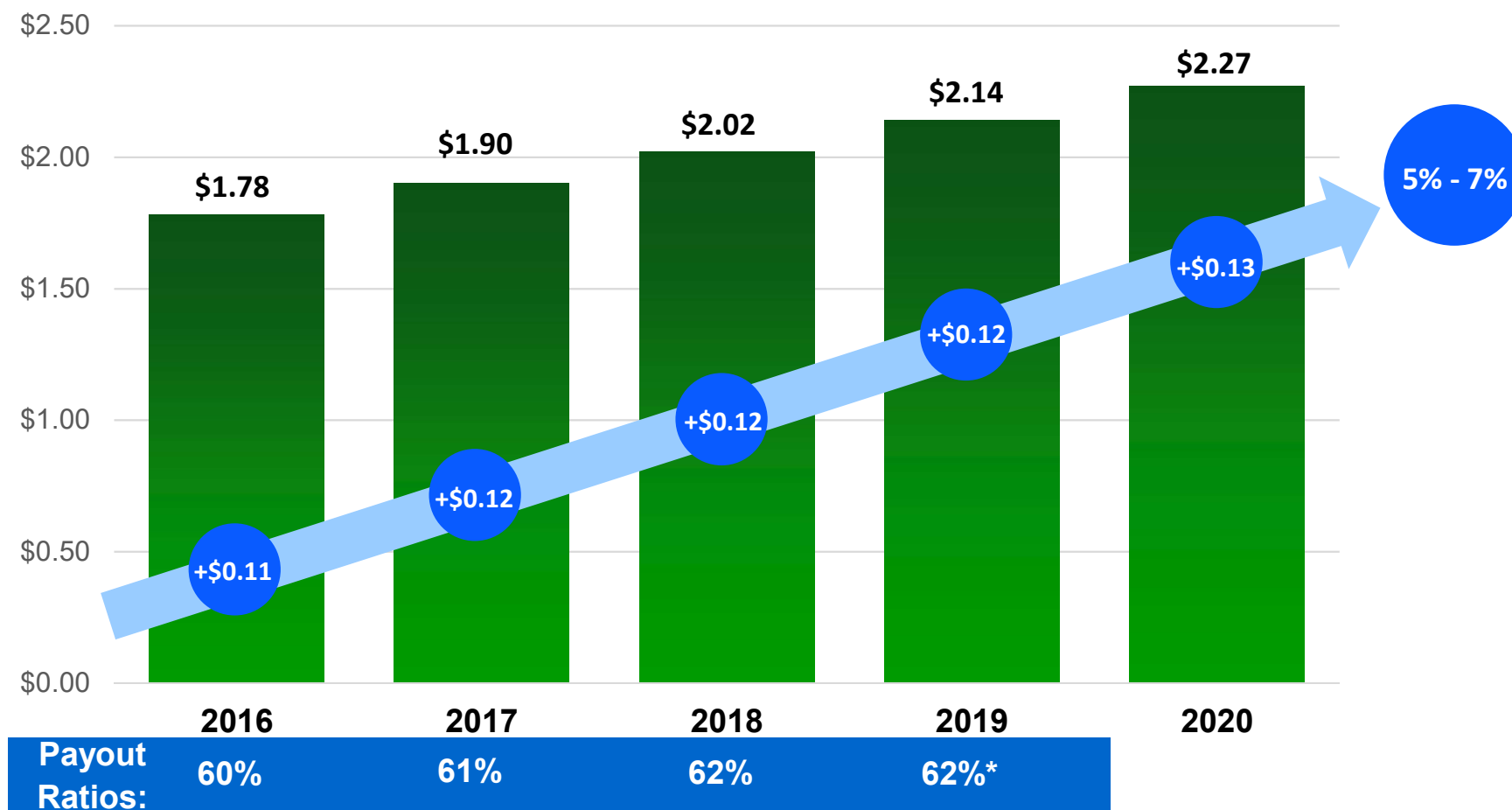
# Earnings Growth Could Accelerate in 2024 Should Revolution Wind Provide Meaningful Net Income That Year



\*Excludes merger and integration costs in 2012-2015 and NPT charge in 2019

# Dividend Growth Continues to Outperform Peers

## Annualized Dividend



\*Excludes charges related to NPT in 2019



# **Phil Lembo**

Executive Vice President &  
Chief Financial Officer



## 2019 vs. 2018 Financial Results

	Q4 2019	Q4 2018	Change	Full Year 2019	Full Year 2018	Change
Electric Distribution	\$0.28	\$0.24	\$0.04	\$1.59	\$1.44	\$0.15
Electric Transmission (Non-GAAP)	0.36	0.31	0.05	1.43	1.34	0.09
Natural Gas Distribution	0.12	0.14	(0.02)	0.30	0.29	0.01
Water Distribution	0.02	0.01	0.01	0.11	0.10	0.01
Parent & Other	(0.02)	0.03	(0.05)	0.02	0.08	(0.06)
EPS (Non-GAAP)	\$0.76	\$0.73	\$0.03	\$3.45	\$3.25	\$0.20
NPT Impairment	---	---	---	(0.64)	---	(0.64)
Reported EPS (GAAP)	\$0.76	\$0.73	\$0.03	\$2.81	\$3.25	(\$0.44)

## 2020 Guidance

**EPS Range \$3.60 - \$3.70**

### Key Drivers Compared to 2019 Results

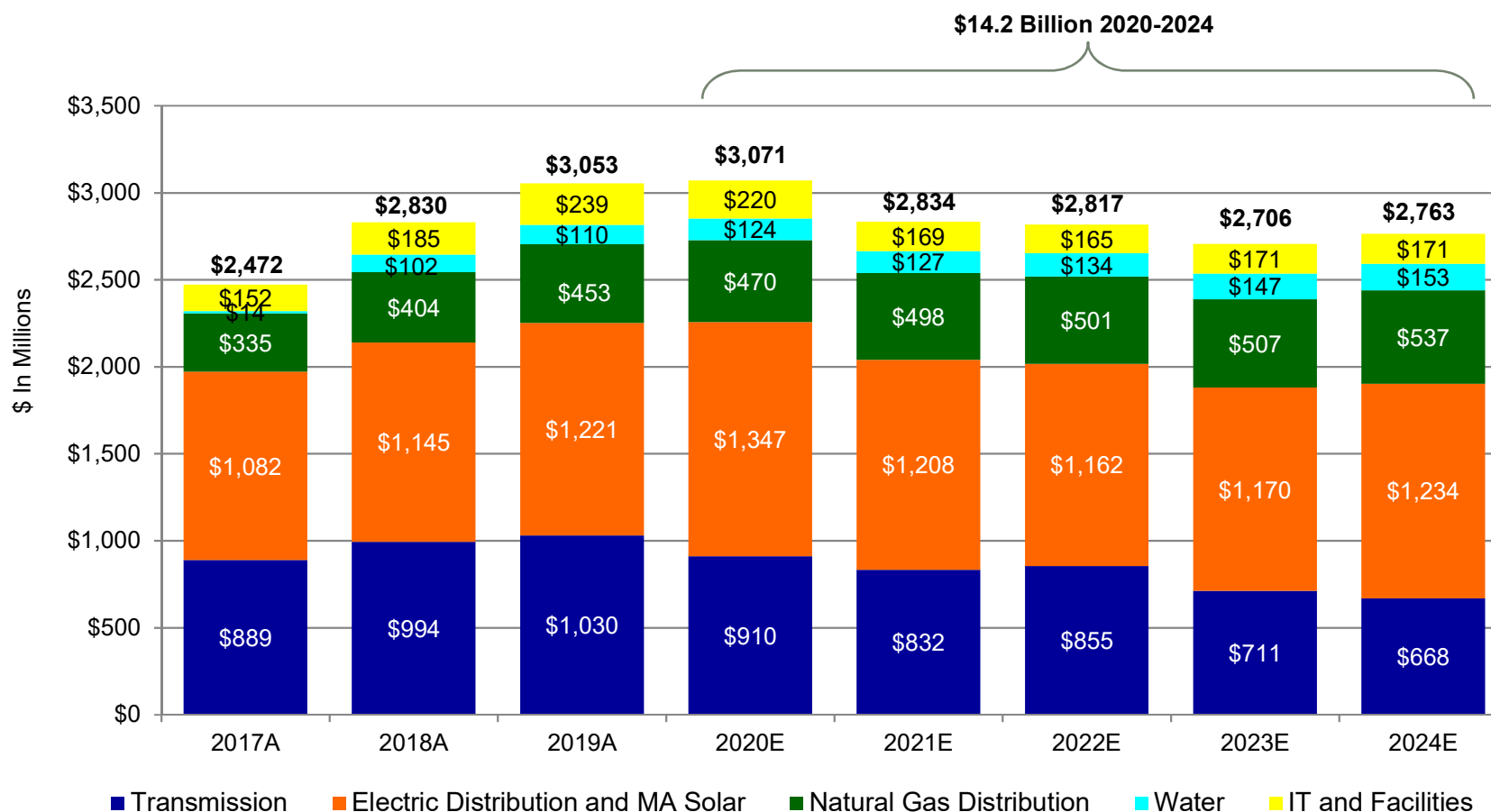


- Distribution rate increases
- Transmission rate base growth
- Growth in distribution capital tracking programs



- Higher depreciation and property taxes
- Higher interest expense
- Higher share count

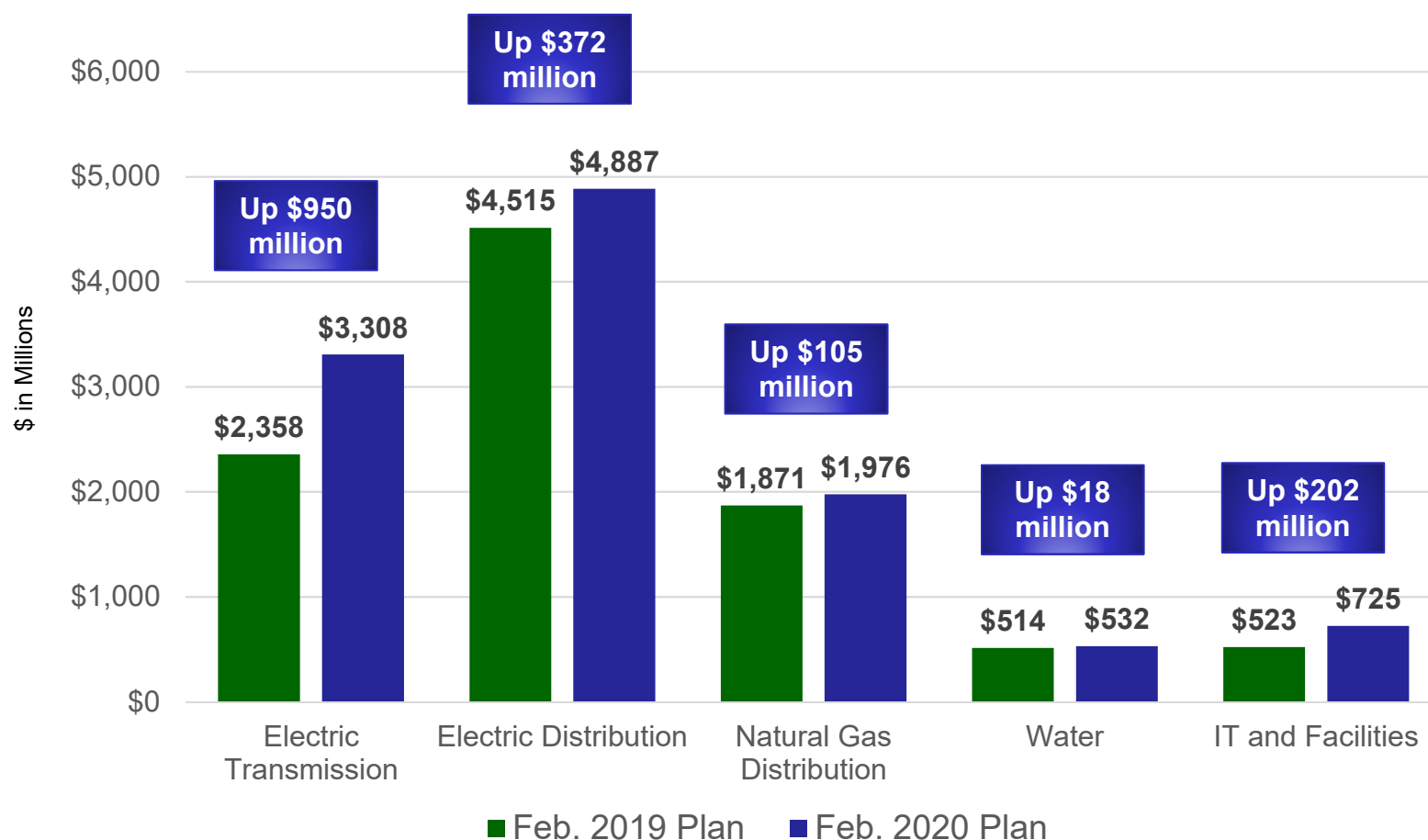
# Projected Capital Expenditures For Core Businesses





## **\$1.65 Billion Increase in 2020-2023 Core Business Capex Since February 2019 Plan**

### **Transmission Represents 60% of Increase**



# Incremental Investments Expected to Grow Aquarion Rate Base Nearly 3 Times Faster Than Before Eversource Acquisition

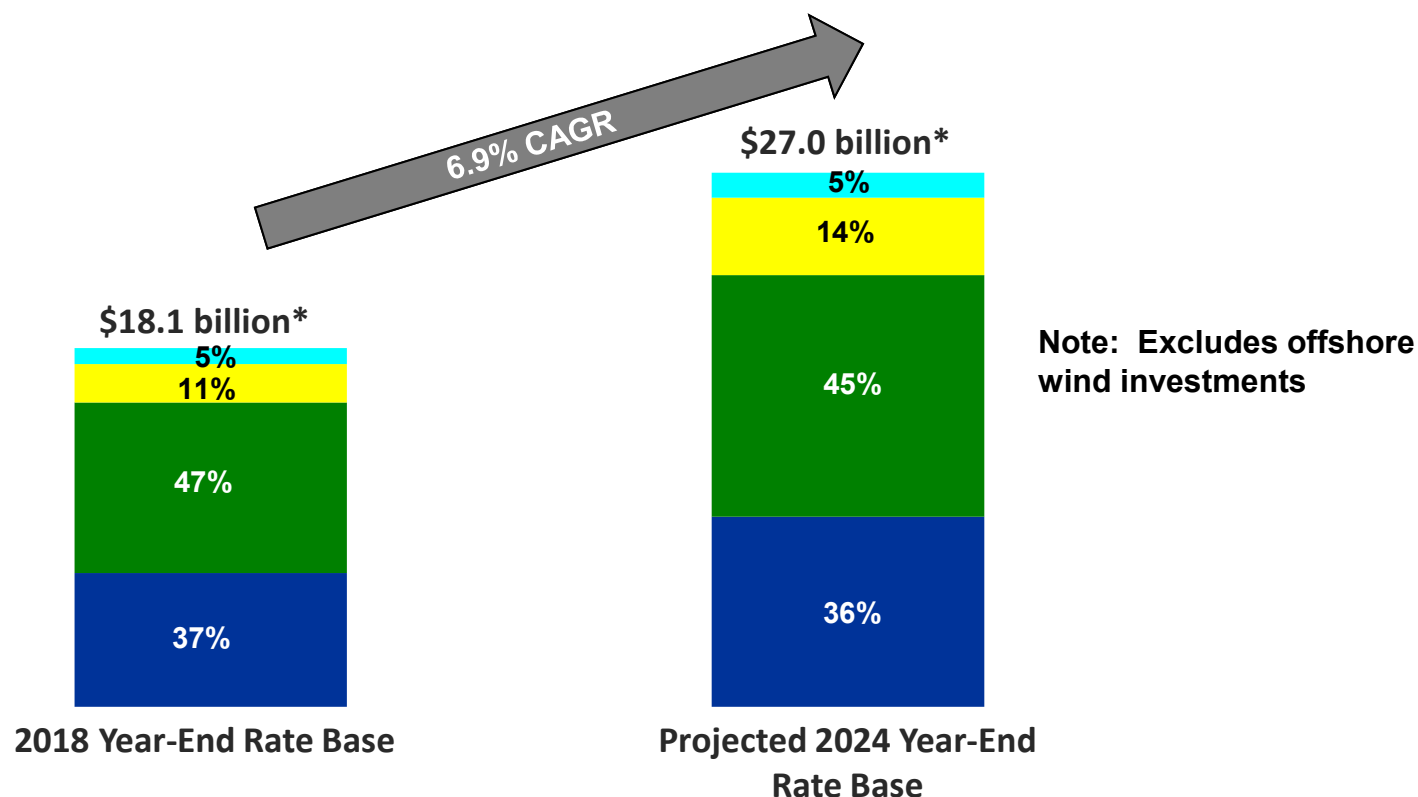


\*Reflects rate base reduction due to Town of Hingham, MA vote in April 2019 to acquire Aquarion MA's assets in Hingham, Hull, and N. Cohasset for more than \$100 million.

## **What Would be Additive to the Core Business Investment Forecast?**

- **Grid modernization at CL&P, PSNH**
- **AMI**
- **Additional capital requirements resulting from MA statewide natural gas distribution assessment**

## Rate Base by Core Business – Current and Future



■ Transmission   
 ■ Electric Distribution & MA Solar   
 ■ Natural Gas Distribution   
 ■ Water

\*Rate base estimates do not include CWIP, which totaled \$1.72 billion as of 12/31/18

## **Factors Expected to Contribute to EPS Growth in Addition to Rate Base Growth**

- Improved results at distribution companies that underearned their allowed returns in 2018
- Incentives from growing energy efficiency programs
- Conservatism of O&M guidance; flat through forecast period

## Current Rate Cases

### PSNH

- PSNH filed a general rate case to raise annual base distribution rates by approximately \$70 million on a permanent basis, effective 7/1/20, including an increase sought on a temporary basis
  - In June, following settlement with Staff, the NHPUC authorized PSNH to raise annual distribution rates by \$28 million on a temporary basis, effective 7/1/19, until decision on permanent rates is implemented
- NHPUC-reported Distribution ROE was 8.07% for the 12 months ended 12/31/19 (9.67% authorized)
- Staff recommendation: \$24.4 million increase, 8.25% ROE, and 50% equity ratio
- Next key dates: Late March 2020 settlement sessions; April 7, 2020 – target date for filing any settlement; April 14-23, 2020 – hearings; May 20, 2020 – NHPUC order

### NSTAR Gas

- On 11/8/19, NSTAR Gas filed a rate request seeking a \$38 million base rate adjustment, effective 10/1/20
  - Request includes a proposed Performance Based Rate (PBR) mechanism (tied to a 5-year stayout)
  - PBR adjustment includes inflation plus approximately 1.3% adder
- First general rate review since 2014
- NSTAR Gas currently has the lowest gas distribution rates in MA
- Proposed authorized ROE: 10.45%; capital structure 54.85% equity; 45.15% long-term debt
- Next key dates: March 20, 2020 - intervenor testimony; May 4-29, 2020 - hearings
- Final decision expected by September 30, 2020

# FERC Transmission New England ROE Update

- Oct. 2018 FERC Order in New England ROE cases proposed new methodology to address issues raised by Court in vacating Opinion 531A (New England ROE Complaint I)
- This new methodology provided a path forward to resolve 2011, 2012, 2014 and 2016 complaints against New England transmission ROEs
- Briefs and reply briefs filed in early 2019, but timing of decision unclear due to FERC commissioner vacancies
- Current base: 10.57%; Cap: 11.74% (2014 Opinion 531A)
- Illustrative base: 10.41%; Cap: 13.08% (Oct. 2018 proposed new method)
- Original FERC-proposed new methodology averaged DCF, CAPM, risk premium, expected earnings
- FERC changed methodology again in a November 2019 MISO TO Order and applied only DCF & CAPM methodologies; impact on New England cases unclear
  - New England Transmission Owners filed comments with FERC in December 2019 critical of many aspects of MISO decision, including exclusion of risk premium and expected earnings methodologies

## Status of ES Equity Issuances

\$1.3 billion block equity

- 5.98 million shares issued on 6/4/19
- 6 million shares from forward sale closed on 12/30/19
- Remaining 5.96 million shares will close by 5/29/20

\$500 million from DRP, employee plans

- Nearly 1.1 million Treasury Shares issued from 1/1/19 through 1/31/20

\$700 million from “At the Market” program

- No shares issued to date



# A Value Proposition That Delivers Results for Investors

## Keys to Our Success:

## Results Delivered:

1. Exceed industry EPS and dividend growth

Seven-year average recurring EPS and dividend growth of 6.1% and 7.2%, respectively, through 2019. Growth driven by robust regulated Cap Ex program and effective cost control



2. Control O&M spending

Seven-year average O&M reduction 2+%/yr. through 2019 (~ \$220M)



3. Maintain strong financial condition

Top tier credit rating



4. Deliver top-tier service quality and reliability

Reliability metrics now top decile



5. Manage a robust investment program focused on safety, reliability, customer service

Capital expenditures of \$14.2 billion for 2020 -2024 for core businesses ensure a safe and reliable delivery system for our 4 million customers



6. Pursue clean energy solutions for the region

Progress on solar, storage, EV infrastructure, energy efficiency, offshore wind initiatives



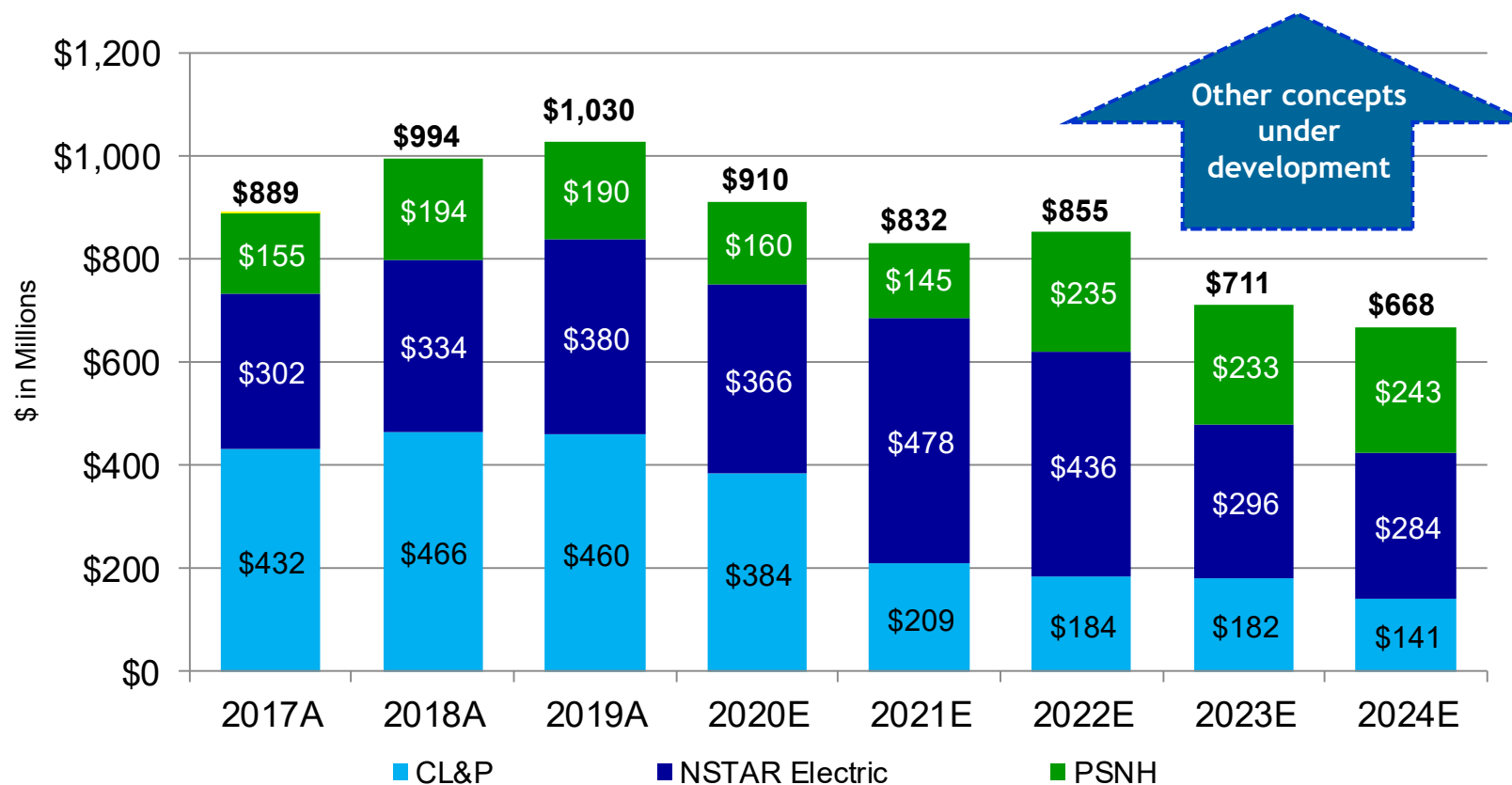
7. Address environmental, social and governance strengths

Achieving top industry ratings from key sustainability raters

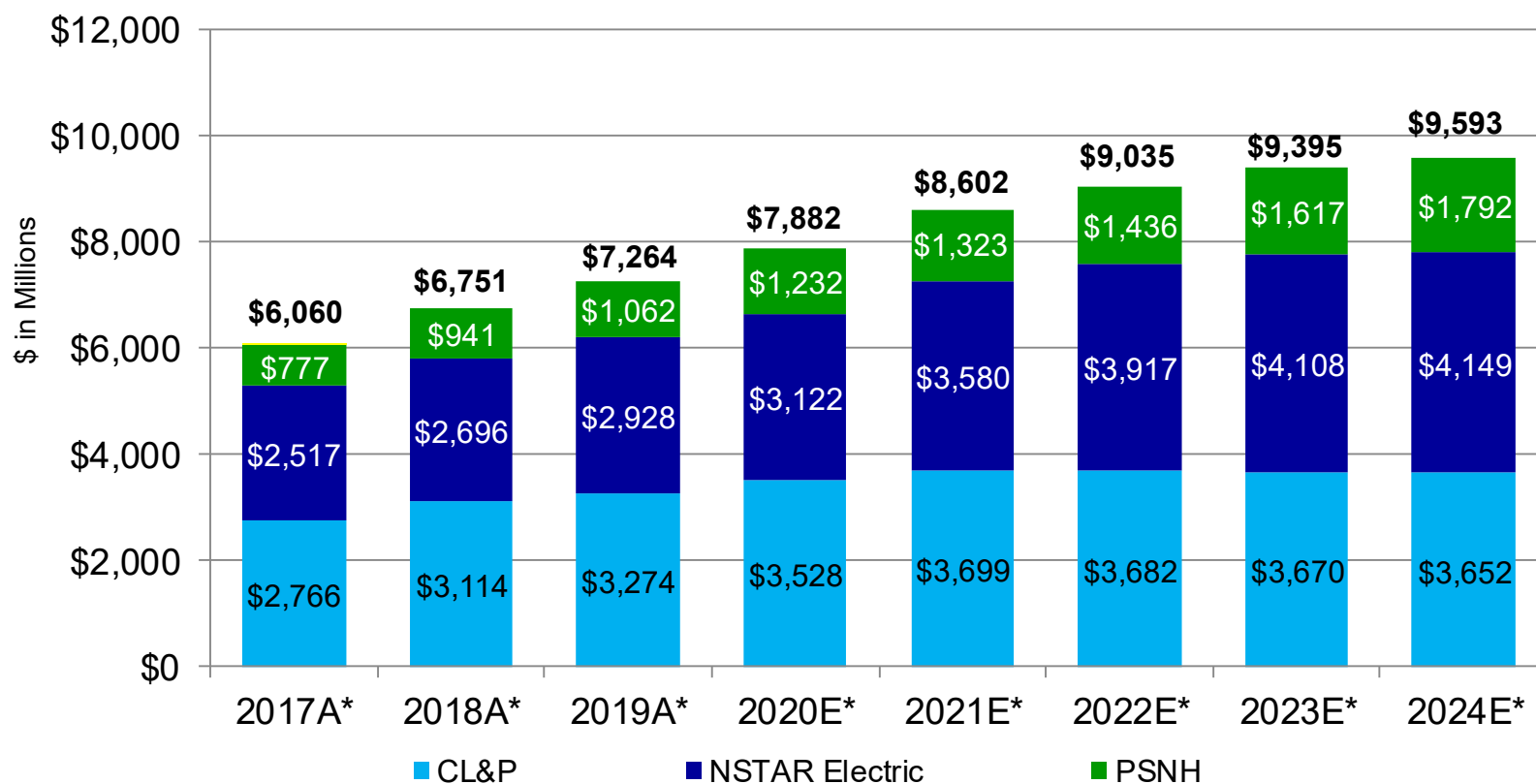


# APPENDIX

# Projected Transmission Capital Expenditures



# Transmission Rate Base Growth Projections



\*Rate base figures do not include CWIP

# Progress on Major Transmission Reliability Projects

## Eastern MA Transmission Projects

- 22 projects in service; 5 under construction; 1 expected to enter construction in Q2 2020
- Approval of remaining 1 project received in Q4 2019; decision appealed January 2020
- Projected completion: 2021
- Total projected investment: approximately \$750 million
- Investment through December 31: \$442.2 million

## Hartford-Area Transmission Projects

- 24 of 27 projects now in service
- Three projects under construction
- Projected completion: Mid-2020
- Total projected investment: \$350 million
- Investment through December 31: \$275.9 million

## Greenwich Substation Project

- All development and management plans approved by CSC
- Projected completion: June 2020
- Total projected investment: \$98 million
- Investment through December 31: \$60.3 million

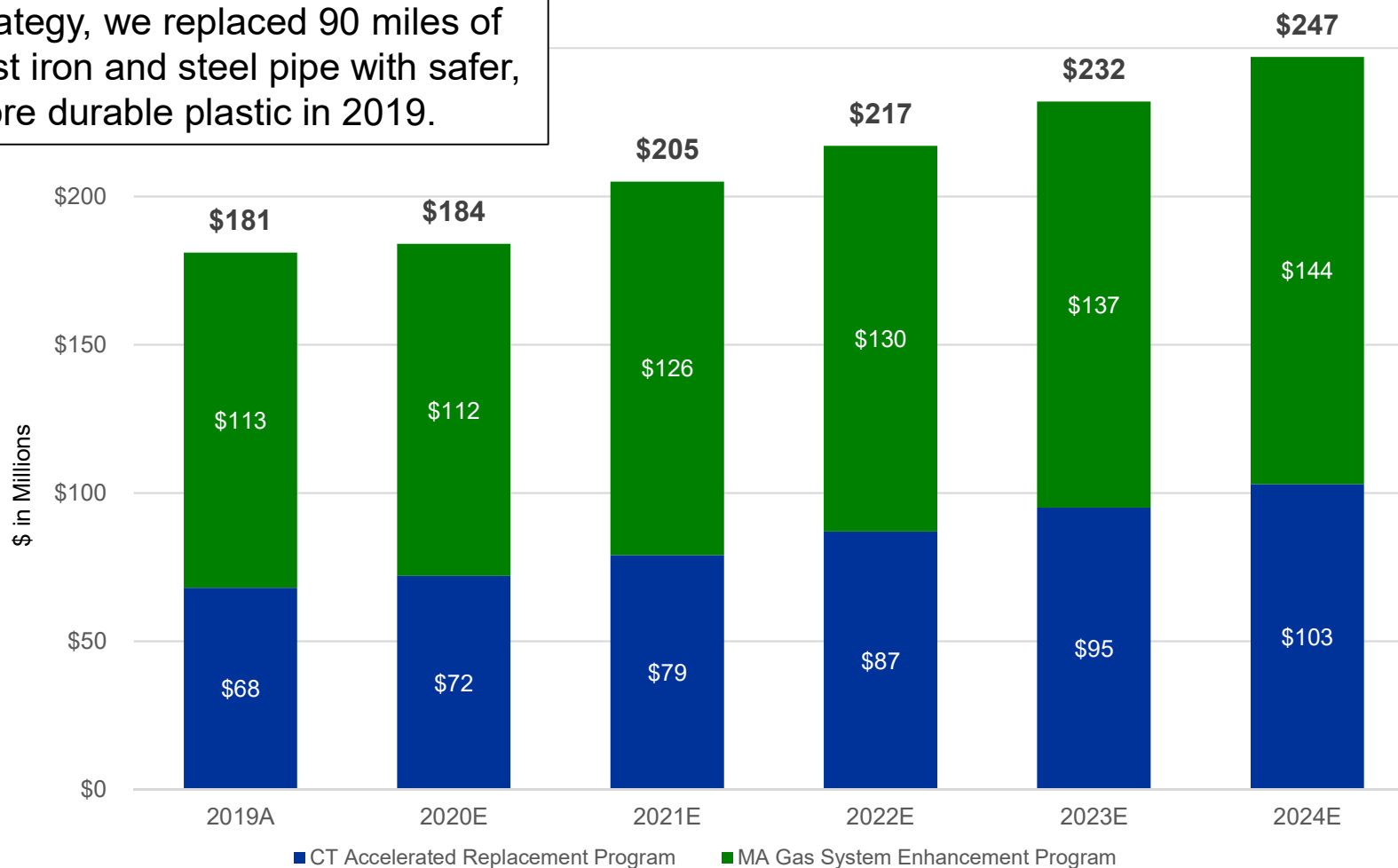
## Seacoast Reliability Project

- New 13-mile project between Portsmouth and Madbury, NH
- Construction began in May 2019
- Projected completion: Q2 2020
- Total projected investment: \$125 million
- Investment through December 31: \$89.0 million

# Projected Investment in Pipe Replacements 2019-2024

## All With Timely Cost Recovery

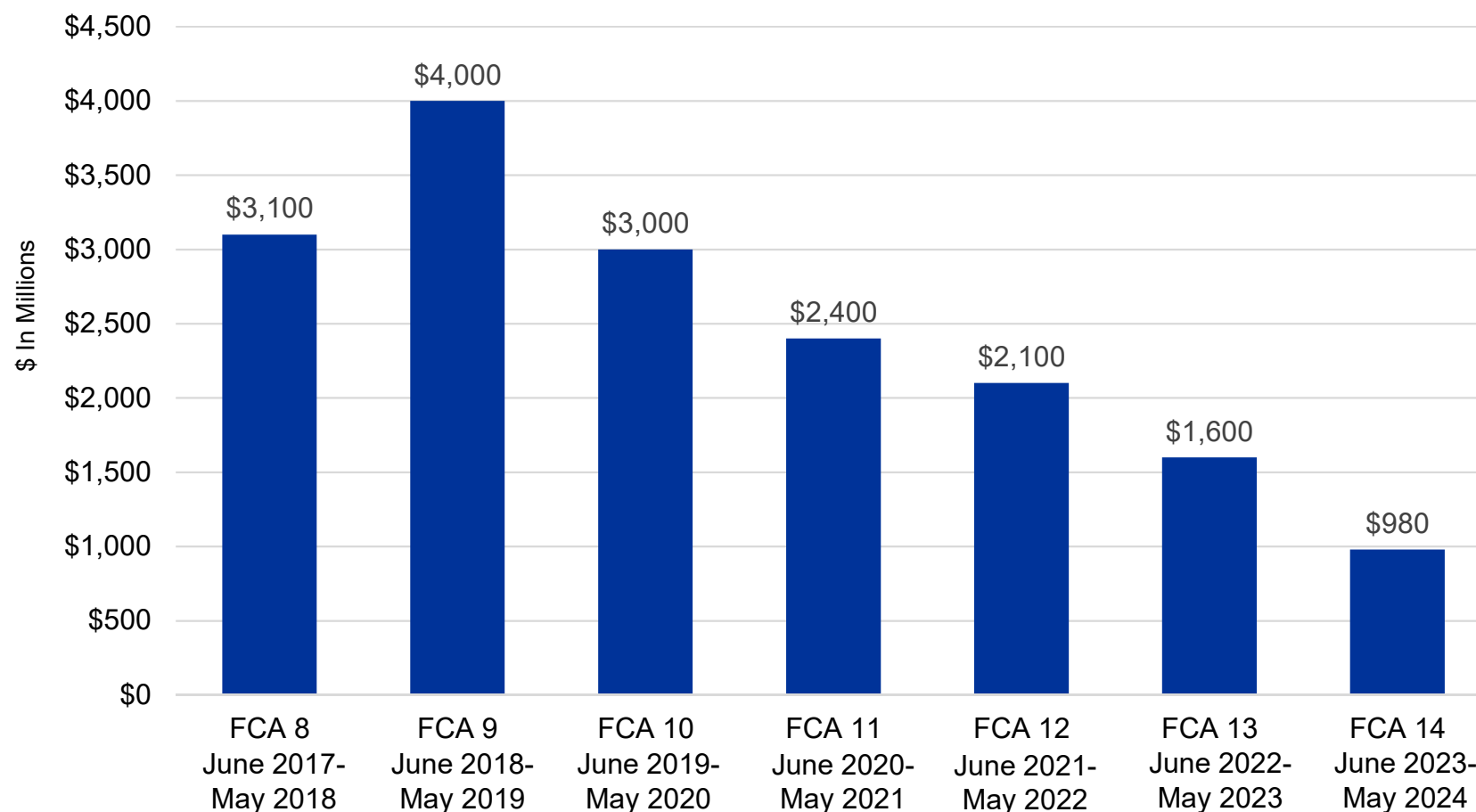
Consistent with our sustainability strategy, we replaced 90 miles of cast iron and steel pipe with safer, more durable plastic in 2019.



## Key Factors Helping to Keep Customer Bills In Check

- Decline in Eversource O&M
  - Down approximately \$220 million from 2012
- Lower corporate tax rates flowing through to customers
  - Estimated savings of approximately \$300 million annually, including EDIT refunds
- Increased efficiency of buildings and appliances
- 75% reduction of generating capacity costs from May 2019 through June 2023

## Estimated Generation Capacity Costs Paid By New England Electric Customers



Source – ISO-NE FCA news releases



## Recent Distribution Rate Decisions

### CL&P Rate Settlement

- Effective Date: 5/1/18
- Authorized ROE: 9.25%
- Term: 3 years
- Base rate increases:  
5/1/18 = \$64.3M  
5/1/19 = \$31.1M  
5/1/20 = \$29.2M
- Tracking mechanism for capex over \$270 million

### Yankee Gas Rate Settlement

- Effective date: 11/15/18
- Authorized ROE: 9.3%
- Base rate increases:  
11/15/18 = \$1.4M  
1/1/20 = \$15.8M  
1/1/21 = \$13M
- 2020 and 2021
- Revenue decoupling
- Tracking mechanism for aging infrastructure replacements and for capex over \$150 million

### NSTAR Electric Rate Decision

- Effective Date: 2/1/18
- Authorized ROE: 10%
- Term: 5 years
- Base rate decrease of \$19 million on 2/1/18 (net of tax reform) followed by inflation-adjusted increases from 2019-2022
- Base rate increases to date:  
1/1/19 = \$31.5M  
1/1/20 = \$33.6M
- Key Provisions: Revenue decoupling; approval of grid modernization expenditures with tracking for battery storage; EV infrastructure

## Framework for an Equitable Modern Grid in CT

- PURA decision released on 10/2/19 focused on multiple objectives
  - Removing barriers to the growth of CT's green economy
  - Enabling transition to decarbonize future focused on efforts in power generation, transportation and heating and cooling
  - Addressing resilience reliability and standards system-wide and deploy or enhance use of AMI
  - Addressing energy affordability
- Next stage to focus on eleven topics

### Fourth Quarter 2019 Start

- AMI
- Electric Storage
- Zero emission vehicles
- Innovative technology
- Interconnection standards
- Energy affordability

### First Half 2020 Start

- Non-wires alternatives
- Resilience & reliability standards & programs
- Distributed energy resources

### Later Topics

- Rate designs
- Resource adequacy and clean-energy supply

# NSTAR Electric Clean Energy and Grid Modernization Initiatives



## Solar:

- All sites now in service
- 70 MW in operation



## Storage:

- Planning and permitting under way on \$55 million of projects on Cape Cod and Martha's Vineyard
- Completion expected by early 2021



## EV Infrastructure:

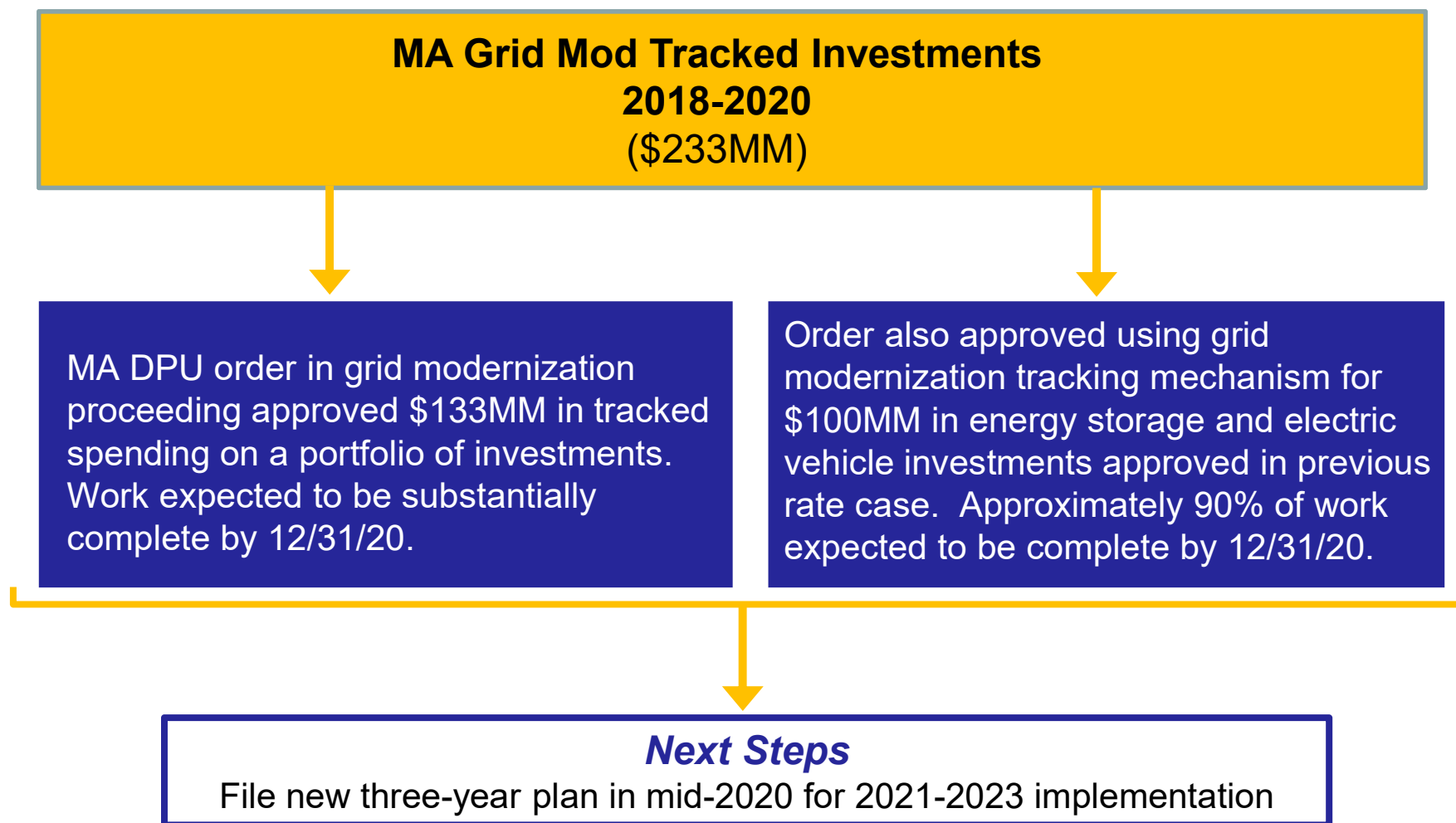
- Executing on \$45 million effort to build 3,500 new charging ports
- Expected completion by early/mid 2021



## Grid Modernization:

- Approved \$133 million in grid facing investments in visibility and automation
- New 2021-2023 plan due to DPU by mid-2020

## MA Grid Mod Status – Implementing 2018-2020 Plan Preparing Filing for 2021-2023 Plan



# Aquarion Water's \$200 Million Plan to Improve SW CT Reliability

## Transmission Main Improvements

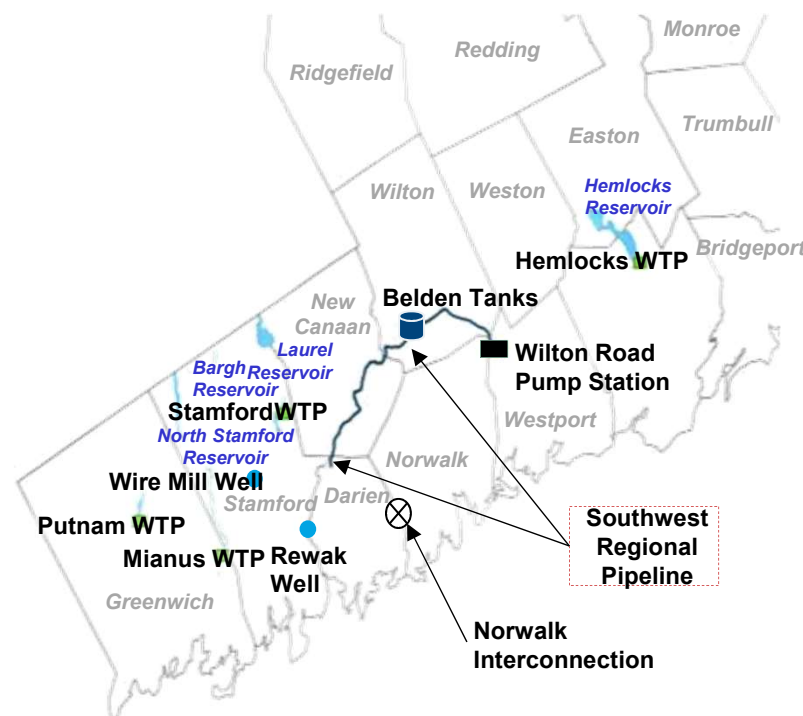
- Phase 1 – Water mains complete \$10 million
- Phase 2 – Stamford mains complete \$12 million
- Phase 3 – Partial parallel SWRP projected \$58 million
  - Routing Analysis – 2018-2019
  - Design – 2020
  - Execution – 2021 thru 2024
- Phase 4 – Hemlocks pump station and main projected \$100 million
  - Alternatives Analysis – 2020
  - Design – 2021 to 2022
  - Execution – 2023 to 2026
- Total program estimated at \$180 million

## Pumping & Storage Improvements

- \$24 million for Anderson Road pump station, Westport tank improvements and Havemeyer pump station

## Supply Improvements

- Search for additional sources of supply in the Greenwich / Stamford region continues
- Re-activation of Housatonic wellfield in the 5-10 year forecast



## Customers, Shareholders Benefiting From Lower Interest Rates

Recent Maturities			
	Size (in \$millions)	Coupon	Length in Years
ES Parent	\$350	4.50%	10
CL&P	\$250	5.50%	10
NSTAR Electric	\$95	5.10%	10
PSNH	\$150	4.50%	10
Yankee Gas	\$50	5.26%	15
	\$50	4.87%	10
NSTAR Gas	\$125	4.46%	10
	\$25	9.95%	30

Recent Issuances			
	Size (in \$millions)	Coupon	Length in Years
ES Parent	\$350	3.45%	30
CL&P	\$300	4.00%	29
	\$200	3.20% (2.422% Yield)	8
NSTAR Electric	\$400	3.25%	10
PSNH	\$300	3.60%	30
Yankee Gas	\$100	2.23%	5
	\$100	3.30%	30
NSTAR Gas	\$75	3.74%	30

	12/31/2018	12/31/2019
Eversource Parent Weighted Avg. Commercial Paper Rate	2.77%	1.98%
NSTAR Electric Weighted Avg. Commercial Paper Rate	2.50%	1.63%