MOODY'S RATINGS

CREDIT OPINION
30 June 2026

Update

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RATINGS

Connecticut Light and Power Company (The)

Domicile	Berlin, Connecticut, United States
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Connecticut Light and Power Company (The)

Update to credit analysis

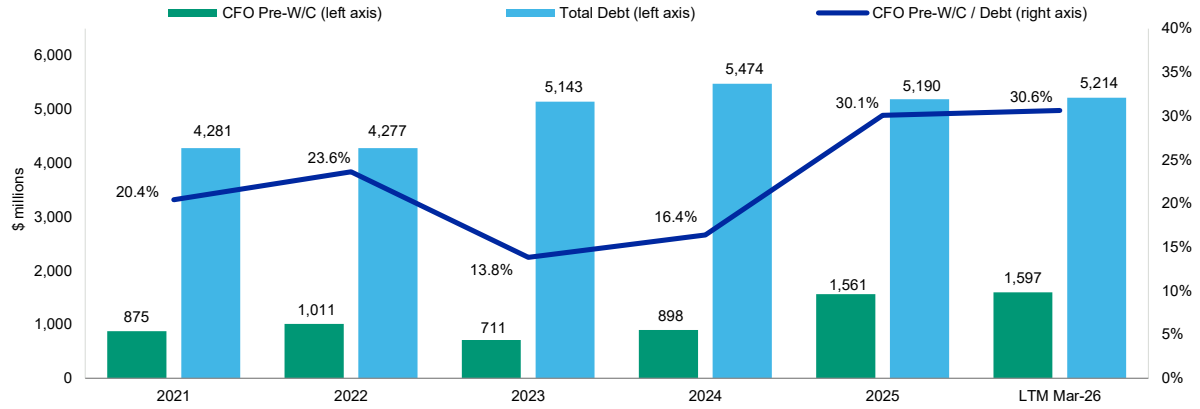
Summary

Connecticut Light & Power Company's (CL&P, Baa1 stable) credit profile reflects its low-risk business profile as an electric transmission and distribution (T&D) company, with roughly 60% of its rate base under the purview of the Connecticut Public Utilities Regulatory Authority (PURA), a challenging regulatory framework that operates with higher political scrutiny as well as inconsistent regulatory decisions and rate case outcomes. The rest of CL&P's rate base, interstate transmission, is regulated by the Federal Energy Regulatory Commission (FERC), which has some of the most timely and supportive cost recovery provisions in the US.

Over the last several years, CL&P's financial profile has exhibited significant volatility primarily due to swings in regulatory adjustment mechanisms as well as delayed recovery of storm costs. In 2024, the utility began collecting on some of its regulatory under recoveries, which has led to a material improvement in its financial profile. However, given the challenging Connecticut regulatory environment, it is uncertain whether CL&P will be able to consistently maintain this level of regulatory asset recovery year-over-year.

There are several critical state regulatory and legislative actions that could impact CL&P's credit profile over the next 12 months, including the filing of its first general rate case in Connecticut since 2018, PURA's pudency determination for roughly $1.5 billion of storm and carrying costs incurred since 2018 and the magnitude and timing of FERC related customer refunds (i.e., potentially over $380 million). PURA's storm cost pudency decision is expected in mid-2026 and will determine the amount of costs that are deemed prudent and ultimately be recovered by CL&P. Virtually all other state regulatory jurisdictions provide their utilities with much more expedited and timely recovery of costs incurred during storms.

Exhibit 1
Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Recent Events

On 29 June 2026 the PURA issued a draft decision that CL&P prudently incurred around $944 million (including pre-staging recovery) in its response to catastrophic storms from the 2018-2023 period. Nearly $91 million of this amount is recovered through customer contributions to the company's storm reserve already funded by ratepayers, $100 million is being recovered through the company's Competitive Transition Assessment mechanism and the remaining $742 million is under consideration for securitization through rate reduction bonds.

The primary disallowances relate to nearly $400 million of retrospective carrying charges proposed by CL&P, eligibility classifications of certain costs and some imprudent expenditures for labor, vehicle charges and excessive food and lodging costs. CL&P is, however, will be allowed to accrue carrying charges on roughly $842 million, once the final prudence decision is rendered.

We view the draft decision as a net positive, since it addresses long-dated lag on a significant amount of costs and brings resolution to an 8-year regulatory overhang; the conclusion of which will improve the company's cash position and reduce outstanding recourse debt.

Further background on these costs and filing can be found in the *Storm cost recovery* section, below.

Credit strengths

» Low-risk business profile as a regulated electric T&D utility

» Highly credit supportive FERC regulated transmission assets account for around 40% of rate base

» Some timely cost recovery and revenue decoupling mechanisms in place

Credit challenges

» Challenging Connecticut regulation with high political scrutiny and inconsistent regulatory outcomes

» First rate case since 2018 is expected to be filed in July

» Substantial regulatory lag and uncertainty with regard to storm cost recovery

» Significant financial metric volatility could continue

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Rating outlook

CL&P's stable outlook reflects our expectation that the utility will maintain a ratio of CFO pre-WC to debt of at least 17% over the next 12-18 months. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including regulators, state leaders and customers and the potential that storm costs could be recovered through pending regulatory proceedings or securitization.

Factors that could lead to upgrade

CL&P could be upgraded if the credit supportiveness of the Connecticut regulatory environment substantially improves with future regulatory decisions that are more predictable and enhance the timeliness of the recovery of costs and investments. In addition, an upgrade could be considered if we expect CL&P will be able to sustain a stronger financial profile on a consistent basis, including a ratio of CFO pre-WC to debt of 20% or higher.

Factors that could lead to downgrade

CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality or if CL&P's financial performance deteriorates such that its ratio of CFO pre-WC to debt falls below 17% on a sustained basis.

Key indicators

Exhibit 2

Connecticut Light and Power Company (The)

	2021	2022	2023	2024	2025	LTM Mar-26
CFO Pre-W/C + Interest / Interest	6.0x	6.9x	4.6x	4.8x	7.8x	7.3x
CFO Pre-W/C / Debt	20.4%	23.6%	13.8%	16.4%	30.1%	30.6%
CFO Pre-W/C – Dividends / Debt	12.4%	16.7%	7.4%	10.3%	21.7%	25.4%
Debt / Capitalization	38.2%	36.4%	39.1%	38.7%	37.3%	37.3%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

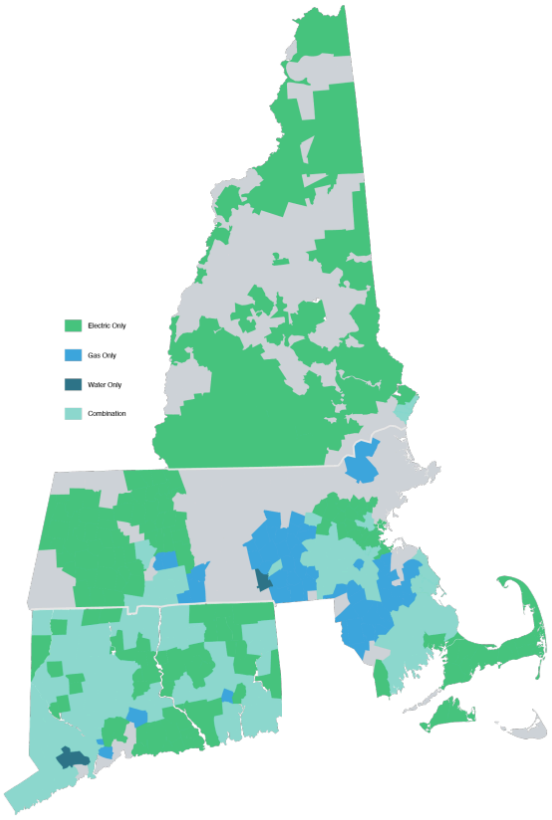
Profile

Headquartered in Berlin, CT, The Connecticut Light and Power Company is the state's largest regulated electric transmission and distribution utility and serves about 1.3 million customers. CL&P is the largest operating subsidiary of Eversource Energy (Baa2 negative) with total assets of about $17.3 billion as of 31 March 2026. CL&P's operations are regulated by the Connecticut Public Utilities Regulatory Authority (PURA) and the Federal Energy Regulatory Commission (FERC).

Eversource is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.6 million electric, natural gas and water customers. With headquarters in Hartford, CT, and Boston, MA, Eversource has a total rate base of about $35 billion.

CL&P's other affiliated companies include regulated electric utilities; NSTAR Electric Company (A2 negative), Public Service Company of New Hampshire (PSNH, A3 stable); natural gas distribution companies, Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas; as well as water companies, Aquarion Company, which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), Aquarion Water Company of Massachusetts and Aquarion Water Company of New Hampshire.

Exhibit 3
Eversource Energy's service territories



Source: Company filings

Detailed credit considerations

Challenging Connecticut regulatory environment, but FERC framework offers a supportive ballast

Connecticut

The Connecticut regulatory regime, which regulates around $7.0 billion of assets (60% of CL&P's total rate base) has become more challenging over the last few years, and has been characterized by high political scrutiny as well as inconsistent regulatory decisions and rate case outcomes. CL&P has been under-earning its authorized ROE for several years largely driven by a distribution rate freeze that has been in place since the company's settlement agreement with PURA in the aftermath of the public and political backlash that occurred as far back as Tropical Storm Isaias in 2020. Furthermore, the company has been deferring recovery of storm costs since 2018 - a significant credit negative. Virtually all other state regulatory jurisdictions provide their utilities with much more expedited and timely recovery of costs incurred during storms.

Although there are a few supportive state regulatory provisions in place, including multiyear rate plans, revenue decoupling and purchased power cost recovery mechanisms, the rate freeze has negated many of these provisions. CL&P is in the process of rebuilding its relationship with key stakeholders including state regulators and customers. A pending prudency review of storm costs and forthcoming general rate filing (see below for more details) will be important barometers for the progress made in regard to regulatory support.

CL&P operates under an earnings sharing mechanism, or ESM, that is in place until the company's next general distribution rate proceeding. Under the ESM, earnings above a 9.25% ROE are to be shared equally with ratepayers. Any amounts due to customers

under the terms of the ESM are first to be used to reduce various regulatory assets associated with certain unamortized environmental remediation costs. The remaining amounts due to customers are then used to offset the cost of catastrophic storms.

FERC

A large portion of CL&P's rate base ($4.6 billion as of 31 December 2025) relates to transmission assets under the purview of FERC, which we view as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impact demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than returns in most states. CL&P is currently allowed a FERC regulated return of a base ROE of 10.57% plus incentive adders for a total of 11.74%. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

2027 will be a watershed year for future financial performance

Three material events are likely to occur in 2027, all of which will determine the company's future financial profile:

Storm cost recovery

On 13 December 2025, PURA opened a new proceeding for prudency determination of CL&P's 2018 to 2023 storm-related costs of approximately $980 million.

PURA, along with Staff, continues to review evidence provided for the costs reported by CL&P and procedural hearings are ongoing with an expected decision from PURA in mid-2026. PURA will determine the amount of these costs that are deemed prudent which will ultimately be recovered by CL&P, but the timing of this recovery will not be established until a formal rate case proceeding which may not occur until after the storm cost prudency review is completed. As of 31 March 2026, CL&P had a total of $1.03 billion of deferred storm costs as a regulatory asset balance. The remaining storm cost balance in excess of the $980 million already included in the prudency review will be addressed in future rate case proceedings. We expect the proceeds from storm cost securitization to be completed in 2027, which will provide the company a significant cash inflow, while also removing the associated securitized debt balance from our credit considerations and analyst-adjusted financial ratios.

CL&P's ability to recover the majority of its deferred storm costs and utilize securitization would be credit supportive because it would improve the utility's balance sheet and financial profile while also mitigating some of the social risk around affordability particularly large increases in customer rates.

General rate filing

On 20 May 2026, CL&P filed a Notice of Intent with the PURA explaining a forthcoming request to increase annual revenue by about $503 million. In the filing, the company cited rationale such as the duration of time since its last rate increase (i.e., May 2018), the amount of its unrecovered investment since the last rate case and higher operating costs.

Following the company's notice, both the governor and attorney general issued critical commentary about CL&P's request, providing additional political pressure due to customer affordability concerns. As such, the rate outcome will be an important barometer of the degree of regulatory support in the state, for CL&P's overall cost recovery.

FERC-related customer refunds

On 19 March 2026, the FERC issued Opinion No. 594 regarding long-standing ROE challenges against New England Transmission Operators (NETO), including CL&P. The order reduced the base allowed ROE for transmission investments to 9.57%, from 10.57% and directed the NETOs to issue refunds with interest for the applicable period, which dates back to 2011.

Eversource has challenged the decision in multiple ways, but has also determined that a loss is probable and reasonably estimable, citing a pre-tax loss range of roughly $60-$932 million. The low end of the estimated range of loss reflects estimated refunds associated with a 15-month period (cited in the first complaint filed with the FERC in 2011), including interest. The high end of the estimated range of loss includes the refunds associated with the first complaint period, as well as estimated refunds for the retroactive refund period from October 16, 2014 through March 19, 2026, including interest, in the pre-tax amount of approximately $871 million.

Eversource recorded a $60 million current regulatory liability as of 31 March 2026, of which $28.7 million ($13.7 related to interest) is attributable to CL&P. Applying the same pro rata percentage to the high-end loss, would result in a CL&P loss of about $413 million. Eversource continues to challenge the March 19, 2026 FERC decision, but cannot predict the ultimate outcome of these proceedings.

Significant financial metric volatility could continue

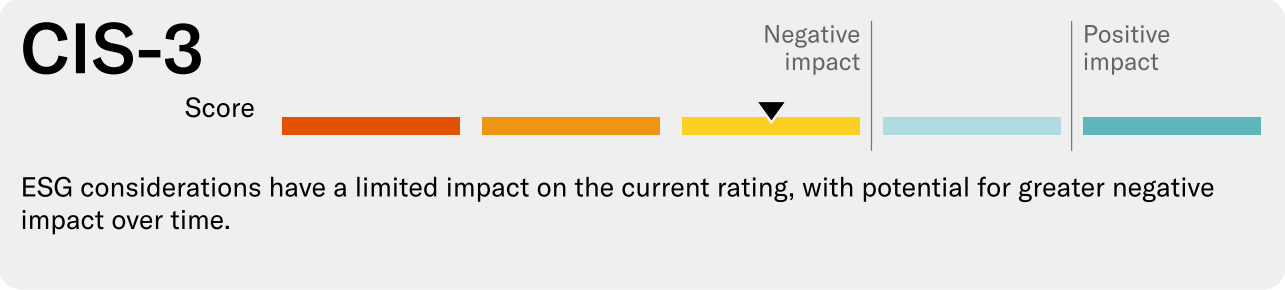
Over the last several years, CL&P's financial profile has exhibited significant volatility primarily due to swings in regulatory adjustment mechanisms as well as delayed recovery of storm costs. Although CL&P's financial metrics have begun to recover this year, including a ratio of cash flow from operations before changes in working capital (CFO pre-WC) to debt of nearly 31% for the 12-months ended 31 March 2026, some of this improvement is due to the catch-up of under-recoveries from the 2023/24 timeframe (e.g., the company's CFO pre-WC to debt ratio was just below 14% in 2023). As such, we expect the run-rate financial profile to be generally around 19%, but very dependent on regulatory recovery provisions and the results of its to-be filed rate case.

Given the challenging Connecticut regulatory environment, it is uncertain whether CL&P will be able to consistently maintain regulatory asset recoveries year-over-year, which is a constraint on the rating.

ESG considerations

Connecticut Light and Power Company (The)'s ESG credit impact score is CIS-3

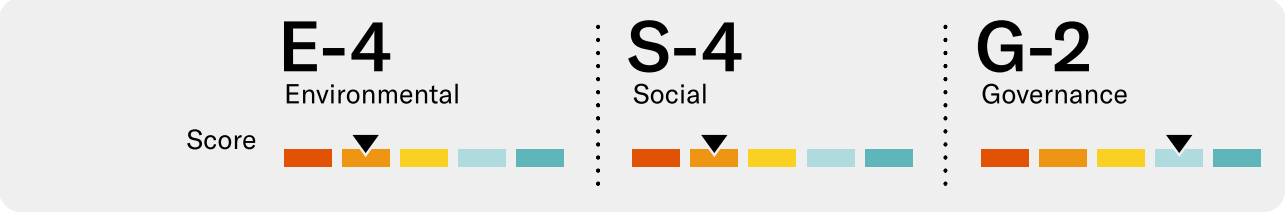
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

CL&P's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

CL&P's **E-4** issuer profile score reflects its elevated exposure to physical climate driven by its service territory in the Northeast US, which exposes the company to material and extreme weather events such as storms. This creates risks of physical damage to infrastructure assets and associated costs which is somewhat mitigated by a supportive regulatory framework, although there can be lag in cost recovery for these events. As an electric T&D, the company has low carbon transition risk.

Social

CL&P's **S-4** issuer profile score reflects higher exposure to demographic and societal trends that could lead to adverse regulatory or political decisions. This reflects recent legislative initiatives and regulatory orders that have made the Connecticut regulatory environment more unpredictable and cost recovery for CL&P less timely. Social pressures or public concern over affordability, utility reputation or environmental issues could continue to lead to adverse regulatory or political intervention into utility operations or regulatory changes, which could have a prolonged negative financial impact on CL&P's electric distribution business.

Governance

CL&P's **G-2** issuer profile score reflects the company's financial policy to maintain the capital structure authorized by regulators with any dividends distributed to its parent, Eversource, offset by sufficient equity injections to maintain the target capital structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

CL&P's liquidity profile is sufficient based on its access to its parent's joint revolving credit facility.

On a normalized basis, we expect the company to generate $1.0-$1.5 billion of cash flow from operations over the next 12 months, compared to around $1.1 billion of capital expenditures. We also expect the company to maintain upstream dividends to Eversource (e.g., averaged $365 million 2023-25), resulting in negative free cash flow. This cash deficit will be exacerbated by the FERC-related customer refunds starting in 2027, requiring incremental equity support from Eversource. The utility has consistently managed cash needs in a manner that maintains its PURA authorized capital structure.

CL&P, along with affiliated entities, PSNH, NSTAR Gas, Yankee Gas, EGMA and AWC-CT have access to Eversource's $2 billion revolving joint credit facility that expires in October 2030. Under the revolving credit facility, CL&P has a borrowing sub limit of $600 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 70% for Eversource and 65% for the Eversource subsidiaries. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2026.

Eversource uses the $2 billion facility to backstop its same-sized commercial paper program. Eversource has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and debt repayments until longer term financing is arranged. At 31 March 2026, approximately $1.5 billion was available on the credit facility with approximately $533 million of commercial paper outstanding. At 31 March 2026, there were intercompany loans of $39 million from Eversource to CL&P.

CL&P's next debt maturity is $500 million of first mortgage bonds due March 2027.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing Connecticut Light and Power Company (The).

Exhibit 6

Methodology scorecard factors

Connecticut Light and Power Company (The)

Regulated Electric and Gas Utilities Industry	Current LTM Mar-26		Moody's 12-18 Month Forward View	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Baa	Baa	Baa	Baa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	6.2x	Aa	6x - 6.5x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	22.1%	A	20% - 22%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	15.3%	A	12% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	38.9%	Aa	38% - 40%	Aa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A3		A3
b) Actual Rating Assigned		Baa1		Baa1

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 7

Peer comparison

Connecticut Light and Power Company (The)

	Connecticut Light and Power Company (The) Baa1 Stable			NSTAR Electric Company A2 Negative			United Illuminating Company (The) Baa1 Stable			Yankee Gas Services Company Baa1 Stable		
(in $ millions)	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-23	FY Dec-24	FY Dec-25	FY Dec-24	FY Dec-25	LTM Mar-26
Revenue	4,615	5,241	5,268	3,721	3,987	4,103	1,356	1,341	1,399	609	721	824
CFO Pre-W/C	898	1,561	1,597	962	1,195	1,235	48	160	406	143	148	193
Total Debt	5,474	5,190	5,214	5,658	6,246	5,997	1,250	1,308	1,269	1,170	1,330	1,316
CFO Pre-W/C + Interest / Interest	4.8x	7.8x	7.3x	4.8x	5.2x	5.0x	1.9x	3.5x	7.7x	3.9x	3.7x	4.4x
CFO Pre-W/C / Debt	16.4%	30.1%	30.6%	17.0%	19.1%	20.6%	3.8%	12.3%	32.0%	12.2%	11.1%	14.7%
CFO Pre-W/C – Dividends / Debt	10.3%	21.7%	25.4%	5.6%	12.1%	20.6%	-4.6%	12.3%	32.0%	8.6%	7.4%	10.1%
Debt / Capitalization	38.7%	37.3%	37.3%	38.8%	39.3%	37.3%	39.8%	39.4%	36.8%	38.1%	39.1%	37.8%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 8

Moody's–adjusted cash flow reconciliation

Connecticut Light and Power Company (The)

(in $ millions)	2021	2022	2023	2024	2025	LTM Mar-26
FFO	**1,014.4**	**1,139.9**	**542.6**	**1,138.7**	**1,556.5**	**1,508.3**
+/- Other	(139.3)	(129.2)	168.9	(240.4)	4.8	89.1
CFO Pre-WC	**875.1**	**1,010.7**	**711.5**	**898.4**	**1,561.3**	**1,597.5**
+/- ΔWC	(93.1)	(72.1)	(183.6)	(155.0)	159.0	(74.8)
CFO	**782.1**	**938.7**	**527.9**	**743.4**	**1,720.3**	**1,522.7**
- Div	344.2	295.2	333.2	336.6	432.8	274.2
- Capex	887.6	948.6	1,174.2	1,042.5	917.2	942.0
FCF	**(449.7)**	**(305.1)**	**(979.5)**	**(635.7)**	**370.3**	**306.5**
(CFO Pre-W/C) / Debt	20.4%	23.6%	13.8%	16.4%	30.1%	30.6%
(CFO Pre-W/C - Dividends) / Debt	12.4%	16.7%	7.4%	10.3%	21.7%	25.4%
FFO / Debt	23.7%	26.7%	10.6%	20.8%	30.0%	28.9%
RCF / Debt	15.7%	19.8%	4.1%	14.7%	21.7%	23.7%
Revenue	3,637.4	4,817.7	4,578.8	4,615.0	5,241.0	5,267.9
Interest Expense	175.8	172.5	196.3	234.2	229.5	253.7
Net Income	383.2	485.4	483.4	485.2	509.3	491.0
Total Assets	13,949.7	14,758.8	15,849.6	16,839.8	17,164.2	17,311.3
Total Liabilities	8,592.1	8,916.3	9,700.9	10,217.9	10,438.0	10,535.5
Total Equity	5,357.6	5,842.5	6,148.8	6,622.0	6,726.3	6,775.8

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Ratings

Exhibit 9

Category	Moody's Rating
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
Pref. Stock	Baa3
PARENT: EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Pref. Shelf	(P)Ba1
Commercial Paper	P-2

Source: Moody's Ratings

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REPORT NUMBER 1487187

MOODY'S RATINGS

CREDIT OPINION
27 June 2025

Update

Send Your Feedback

RATINGS

Connecticut Light and Power Company (The)

Domicile	Berlin, Connecticut, United States
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Connecticut Light and Power Company (The)

Update following downgrade to Baa1

Summary

Connecticut Light & Power Company's (CL&P, Baa1 stable) credit profile reflects its low-risk business profile as an electric transmission and distribution (T&D) company. CL&P's electric distribution business, which accounts for the majority of its rate base, is under the purview of the Connecticut Public Utilities Regulatory Authority (PURA), and operates in a very challenging regulatory framework that includes higher political scrutiny as well as inconsistent regulatory decisions and rate case outcomes. There are a few supportive state regulatory provisions in place, including multiyear rate plans, revenue decoupling and purchased power cost recovery mechanisms. However, due to CL&P's 2021 settlement agreement that was largely in response to the PURA's investigation of the utility's 2020 storm responsiveness, CL&P was in a distribution rate freeze through 1 January 2024 and the utility will likely not file for new rates until late 2026, negating many of these provisions. CL&P also has a transmission business that accounts for a substantial portion of its rate base and operates within the highly credit supportive Federal Energy Regulatory Commission (FERC) regulatory framework.

Over the last several years, CL&P's financial profile has exhibited significant volatility primarily due to swings in regulatory adjustment mechanisms as well as delayed recovery of storm costs. In 2024, the utility began collecting on some of its regulatory under recoveries, which has led to a materially improvement in its financial profile. Although CL&P's financial metrics have begun to recover this year, including a ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt of 23.0% for the 12-months ended 31 March 2025, the company's CFO pre-W/C to debt ratio was as low as 13.8% in 2023. Given the challenging Connecticut regulatory environment, it is uncertain whether CL&P will be able to consistently maintain strong financial metrics going forward.

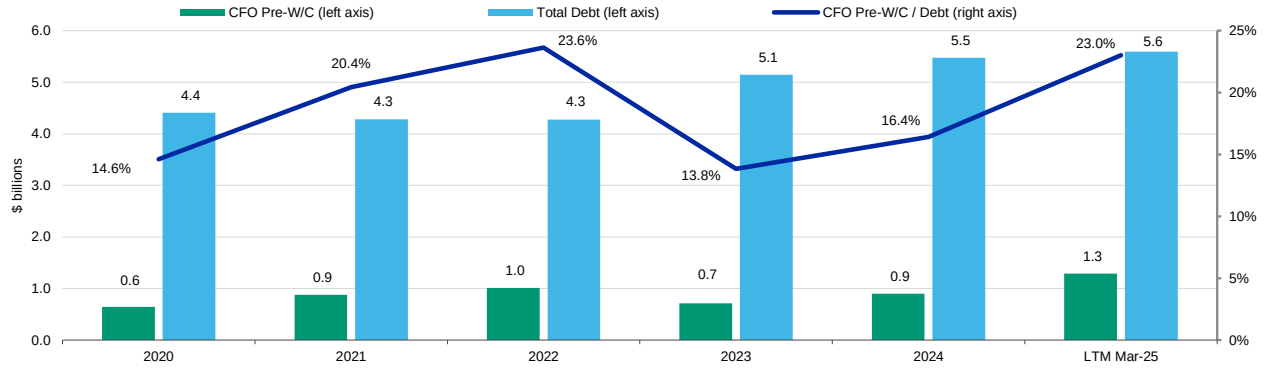
There are several critical state regulatory and legislative actions that could impact CL&P's credit profile over the next 2-3 years and highlight the credit risks and regulatory lag that the utility faces. CL&P's ongoing deferred storm cost prudence review is currently pending with the PURA, in which the utility has requested review of approximately $800 million of deferred costs related to storms from 2018 through 31 January 2023. PURA's decision is expected in the third quarter of this year and will determine the amount of costs that are deemed prudent and ultimately be recovered by CL&P. However, the timing of CL&P's recovery will not be established until a formal rate case proceeding is filed, which we expect to occur some time in late 2026. Virtually all other state regulatory jurisdictions provide their utilities with much more expedited and timely recovery of costs incurred during storms.

In addition, there is potential for securitization legislation to be passed in Connecticut this summer which, if approved by PURA, would enable CL&P to recover deferred storm costs in a

more timely manner. Many other states already have securitization provisions in place, which has supported the credit profiles of utilities in those jurisdictions.

Exhibit 1

Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Credit strengths

» Low-risk business profile as a regulated electric T&D utility

» Highly credit supportive FERC regulated transmission assets account for a substantial portion of rate base

» Some timely cost recovery and revenue decoupling mechanisms in place

Credit challenges

» Challenging Connecticut regulation with high political scrutiny and inconsistent regulatory outcomes

» Distribution rate freeze will remain in place until next rate case proceeding in 2026

» Substantial regulatory lag and uncertainty with regard to storm cost recovery

» Significant financial metric volatility which could continue

Rating outlook

CL&P's stable outlook reflects our expectation that the utility will maintain a ratio of CFO pre-W/C to debt at least in the high teens with its FERC regulated assets helping to offset the challenges under the Connecticut regulatory environment. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including regulators, state leaders and customers and the potential that storm costs could be recovered through pending regulatory proceedings or securitization.

Factors that could lead to upgrade

CL&P could be upgraded if the credit supportiveness of the Connecticut regulatory environment substantially improves with future regulatory decisions that enhance the timeliness of the recovery of costs and investments and allow for higher allowed returns. In addition, an upgrade could be considered if we expect CL&P will be able to sustain a stronger financial profile on a consistent basis, including a ratio of CFO pre-W/C to debt of 20% or higher.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Factors that could lead to downgrade

CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality or if CL&P's financial performance deteriorates such that its ratio of CFO pre-W/C to debt falls below 17% on a sustained basis.

Key indicators

Exhibit 2

Connecticut Light and Power Company (The)

	2020	2021	2022	2023	2024	LTM Mar-25
CFO Pre-W/C + Interest / Interest	4.9x	6.0x	6.9x	4.6x	4.8x	6.6x
CFO Pre-W/C / Debt	14.6%	20.4%	23.6%	13.8%	16.4%	23.0%
CFO Pre-W/C – Dividends / Debt	13.0%	12.4%	16.7%	7.4%	10.3%	14.1%
Debt / Capitalization	40.4%	38.2%	36.4%	39.1%	38.7%	39.5%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

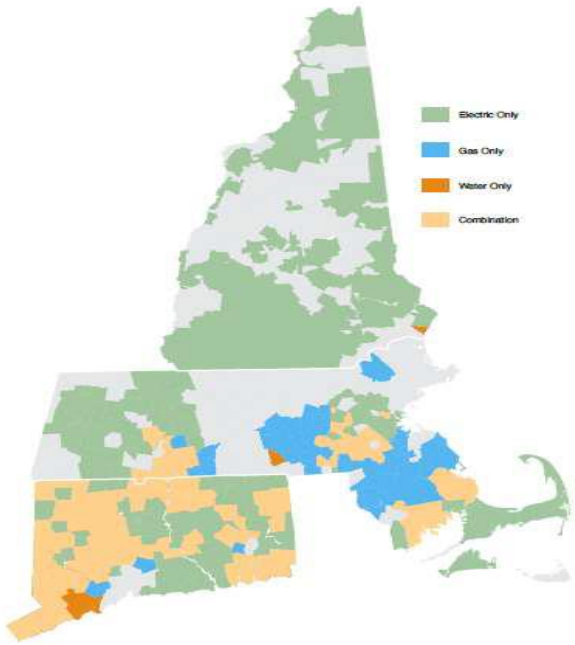
Profile

Headquartered in Berlin, CT, The Connecticut Light and Power Company is the state's largest regulated electric transmission and distribution utility and serves about 1.3 million customers. CL&P is the largest operating subsidiary of Eversource Energy (Baa2 negative) with total assets of about $16.9 billion as of 31 March 2025. CL&P's operations are regulated by the Connecticut Public Utilities Regulatory Authority (PURA) and the Federal Energy Regulatory Commission (FERC).

Eversource is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.6 million electric, natural gas and water customers. With headquarters in Hartford, CT, and Boston, MA, Eversource has a total rate base of about $30 billion.

CL&P's other affiliated companies include regulated electric utilities; NSTAR Electric Company (A2 negative), Public Service Company of New Hampshire (PSNH, A3 stable); natural gas distribution companies, Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas; as well as water companies, Aquarion Company, which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), Aquarion Water Company of Massachusetts and Aquarion Water Company of New Hampshire.

Exhibit 3
Eversource Energy's service territories



Source: Company fillings

Detailed credit considerations

Distribution assets operate in a challenging and unsupportive Connecticut regulatory environment

The Connecticut regulatory regime has become more challenging over the last few years, and has been characterized by high political scrutiny as well as inconsistent regulatory decisions and rate case outcomes. CL&P has been under-earning its authorized ROE for several years largely driven by a distribution rate freeze that has been in place since the company's settlement agreement with PURA in the aftermath of the public and political backlash that occurred after Tropical Storm Isaias in 2020. Although there are a few supportive state regulatory provisions in place, including multiyear rate plans, revenue decoupling and purchased power cost recovery mechanisms, the rate freeze has negated many of these provisions. CL&P is in the process of rebuilding its relationship with key stakeholders including state regulators and customers. For further discussion see Deterioration in Connecticut regulatory support pressures metrics and credit quality.

CL&P operates under an earnings sharing mechanism, or ESM, that is in place until the company's next general distribution rate proceeding, expected in 2026. Under the ESM, earnings above a 9.25% ROE are to be shared equally with ratepayers. Any amounts due to customers under the terms of the ESM are first to be used to reduce various regulatory assets associated with certain unamortized environmental remediation costs. The remaining amounts due to customers are then used to offset the cost of catastrophic storms.

CL&P operates under a decoupling mechanism that reconciles the amounts recovered from customers, on an annual basis, with the distribution revenue requirement set by the PURA. The utility also benefits from a core capital tracker that allows for timely recovery of the utility's capital investments for core capital projects of up to $300 million for each year after 2020 until its next rate case proceeding.

In October 2020, Connecticut passed Public Act 20-5 (House Bill 7006). Among other things, the new law required PURA to open a proceeding to evaluate and eventually implement performance based rate regulation (PBR) for the state's utilities. HB 7006 added more uncertainty to the Connecticut regulatory environment since a PBR framework could worsen the consistency and predictability of the state's regulatory environment, the timeliness of cost recovery and the utilities' financial profiles. In addition, the law extended the

PURA's deadlines for rate case decisions to about a year, from about six months, which is a credit negative with regard to the timeliness of cost recovery.

PURA is conducting the PBR proceeding in two phases. In April 2023, PURA issued a final decision on the first phase and identified various objectives to guide the development of a PBR framework and adoption. The decision commenced Phase 2 by initiating three dockets focused on revenue adjustment mechanisms, performance metrics and integrated distribution system planning with final decisions expected in late 2025.

In June 2023, Connecticut also enacted Public Act No. 23-102 (Substitute Senate Bill No. 7), which increased the regulatory authority of the PURA and could have additional credit negative implications for the state's utilities and increase regulatory lag for cost recovery. The legislation is not retroactive and did not result in immediate changes in rates but may impact future rate case proceedings. Some of the final provisions include the selection of the PURA chair by the Governor; four-year rate case filing requirements; additional requirements needed to file rate case settlements; and the elimination of CL&P's capital tracker for new plant additions for rate case proceedings filed after July 2023.

Substantial regulatory lag and uncertainty with regard to deferred storm costs recovery

On 11 March 2024, CL&P filed a request for prudency review of approximately $634 million of catastrophic storm costs for 24 weather events occurring between 2018 through 2021. On 31 December 2024, CL&P filed a supplement to its prudency review application to request evaluation of an additional $173 million of costs for nine additional catastrophic storms and two additional pre-staging events from 1 January 2022 through 31 January 2023, for a total of $807 million of deferred storm costs.

PURA, along with Staff, continues to review evidence provided for the costs reported by CL&P and procedural hearings are ongoing with an expected decision from PURA in the third quarter of 2025. PURA will determine the amount of these costs that are deemed prudent which will ultimately be recovered by CL&P, but the timing of this recovery will not be established until a formal rate case proceeding which may not occur until after the storm cost prudency review is completed. As of 31 December 2024, CL&P had a total of $1.12 billion of deferred storm costs as a regulatory asset balance. The remaining storm cost balance in excess of the $807 million already included in the prudency review will be addressed in future rate case proceedings. Virtually all other state regulatory jurisdictions provide their utilities with much more expedited and timely recovery of costs incurred during storms.

Senate Bill 1560 was introduced by the Connecticut State Legislature on 10 April 2025. The bill provides a framework for electric distribution companies to recover stranded and storm-related costs through securitization, specifically by issuing rate reduction bonds in order to mitigate the financial burden on customer rates. Utilities would apply for financing orders from PURA which would allow them to issue the bonds and utilize the proceeds to recover the deferred costs. Based on how the bill is written, PURA would have 60 days to respond to financing applications filed by utilities. The bill has passed the House and Senate and is now awaiting the Connecticut Governor's approval for enactment.

CL&P's ability to recover the majority of its deferred storm costs and utilize securitization would be credit supportive because it would improve the utility's balance sheet and financial profile while also mitigating some of the social risk around affordability particularly large increases in customer rates.

Significant financial metric volatility which could continue

Over the last several years, CL&P's financial profile has exhibited significant volatility primarily due to swings in regulatory adjustment mechanisms as well as delayed recovery of storm costs. Although CL&P's financial metrics have begun to recover this year, including a ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt of 23.0% for the 12-months ended 31 March 2025, the company's CFO pre-W/C to debt ratio was as low as 13.8% in 2023. Given the challenging Connecticut regulatory environment, it is uncertain whether CL&P will be able to consistently maintain strong financial metrics going forward. Many other states already have securitization provisions in place, which has supported the credit profiles of utilities in those jurisdictions.

Lower investments in Connecticut in the future will reduce currently elevated capital expenditure levels

CL&P's capital expenditure program remains somewhat elevated but lower than its peak spending level of $1.1 billion in 2023. During the period from 2018 - 2024, CL&P's average annual capital expenditures have been about $908 million, which is considerably higher than the annual average of about $550 million from 2013-2017. Over the next couple of years, we expect CL&P's annual

capital expenditures to remain at levels consistent with recent years. A substantial portion of this spending will be at its FERC regulated transmission business. However, management has indicated that Eversource will reduce its investment levels in Connecticut prospectively, roughly $500 million over the next five years beginning in 2024, owing to the unpredictability of cost recovery in the state.

In 2024, CL&P invested roughly $979 million in capital expenditures. Of this amount, about half was related to FERC regulated transmission investments which gets immediate recovery in rates. Of the remaining amount related to CL&P's distribution business, which included upgrades of aging infrastructure, reliability investments as well as new business and capacity additions, a substantial amount was allowed immediate recovery in rates due to capital trackers.

The majority, but not all, of CL&P's planned investment receives timely recovery in rates either through distribution capital trackers or FERC's forward-looking formulaic ratemaking. At times, CL&P will require new debt issuances and capital contributions from its parent to supplement internally generated cash flow to finance capital investments. We expect CL&P to finance its capital investments with a balanced mix of equity and debt in a manner that maintains the company's targeted capital structure authorized by regulators. As an example, Eversource made capital contributions of $200 million to CL&P in last twelve months ended 31 March 2025 to help the utility finance its investments, which also helped offset the $498 million of dividends distributed to the parent.

CL&P continues to go through a lengthy regulatory process for its proposed Advanced Metering Infrastructure (AMI) investments in the state. In July 2020, CL&P filed a proposed $512 million AMI investment and implementation plan with PURA. In August 2021, PURA issued a notice of request for an amended AMI proposal and in response, CL&P submitted an amended proposal in November 2021 with an updated schedule for investments from 2022 through 2028. On 3 January 2024, PURA issued a decision on CL&P's AMI plan, which included an updated estimate of approximately $766 million. However, CL&P indicated that the final decision delayed implementation and did not provide a reasonable path for cost recovery. After CL&P's motion for reconsideration, PURA and the utility continue to engage in hearings to further update their views, however a final determination on the investment period and timing of recovery has yet to be determined. The utility is not expecting to pursue these investments without assured timely recovery from PURA.

Substantial transmission rate base under the purview of highly credit supportive FERC regulatory framework

A large portion of CL&P's rate base ($4.4 billion as of 31 December 2024) relates to transmission assets under the purview of FERC, which we view as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impact demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than returns in most states. CL&P is currently allowed a FERC regulated return of a base ROE of 10.57% plus incentive adders for a total of 11.74%. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

FERC Section 206 complaint remains an overhang, but any further downward reduction in ROE will likely be limited

As a result of FERC's decisions to date, authorized ROEs for New England transmission owners, including CL&P, have been reduced compared to returns, pre-complaints. While the complaint proceedings are still pending final resolution from FERC, we expect any further changes in authorized ROEs to be limited. As a result, total ROEs, including incentive adders, should still remain above the average authorized ROEs allowed in most states. In addition, we do not expect any changes to the formulaic, forward-looking, credit supportive ratemaking framework allowed by the FERC.

Four separate complaints were filed at FERC by groups of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties challenging the historical authorized base ROE of 11.14% that had been utilized by New England transmission owners since 2005. Each complaint covered a refund period of 15 months. FERC ruled on the first ISO-NE Section 206 complaint in June 2014 and cut the authorized ROE to 10.57% from 11.14%. FERC's order also limited the total authorized ROE, including incentive adders, to 11.74%, which is the high end of the zone of reasonableness.

Over the last few years, FERC has developed multiple versions of a methodology to determine base ROEs for transmission owners in the Midcontinent Independent System Operator (MISO) Regional Transmission Organization as well as for New England transmission owners, including CL&P. Further changes to the methodology are possible as a result of the ongoing hearings in both the MISO and ISO-NE proceedings.

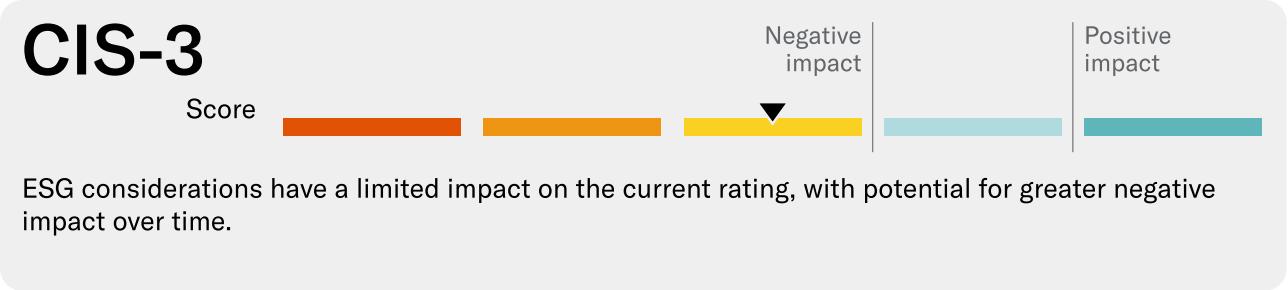
CL&P has refunded $22.4 million associated with the first complaint, reflecting both the base ROE and the incentive cap, for the refund period from October 2011 to December 2012. Additionally, CL&P has reserved $21.4 million for the difference in rates during the refund period of December 2012 through March 2014 for the second complaint. No reserves were recorded for the third and fourth complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be set lower than the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

In April 2021, the FERC issued a Supplemental Notice of Proposed Rulemaking (SNOPR), which proposes to modify the NOPR's incentive for participation in an RTO by limiting the incentive for utilities participating in an RTO to 50 bps and only permitting them to earn the incentive for three years. If this proposal ends up being included in a final rule, CL&P would no longer be eligible for the 50 bps RTO incentive adder. However, a time frame has not been established for FERC to issue a final rule, and any impacts would be prospective. The elimination of the adder would be credit negative but it is not expected to materially impact the company's financial profile.

ESG considerations

Connecticut Light and Power Company (The)'s ESG credit impact score is CIS-3

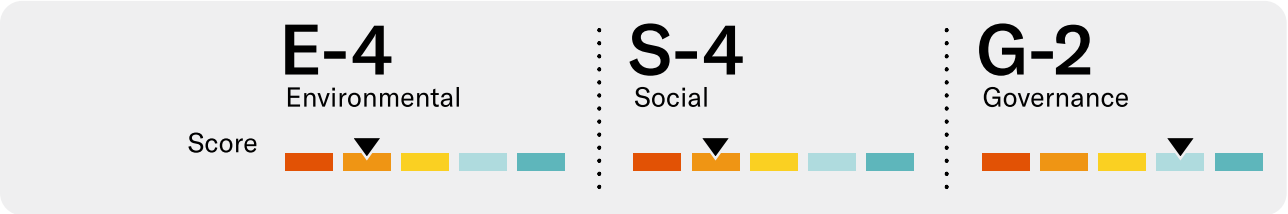
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

CL&P's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

CL&P's **E-4** issuer profile score reflects its elevated exposure to physical climate driven by its service territory in the Northeast US, which exposes the company to material and extreme weather events such as storms. This creates risks of physical damage to infrastructure assets and associated costs which is somewhat mitigated by a supportive regulatory framework, although there can be lag in cost recovery for these events. As an electric T&D, the company has low carbon transition risk.

Social

CL&P's **S-4** issuer profile score reflects higher exposure to demographic and societal trends that could lead to adverse regulatory or political decisions. This reflects recent legislative initiatives and regulatory orders that have made the Connecticut regulatory environment more unpredictable and cost recovery for CL&P less timely. Social pressures or public concern over affordability, utility reputation or environmental issues could continue to lead to adverse regulatory or political intervention into utility operations or regulatory changes, which could have a prolonged negative financial impact on CL&P's electric distribution business.

Governance

CL&P's **G-2** issuer profile score reflects the company's financial policy to maintain the capital structure authorized by regulators with any dividends distributed to its parent, Eversource, offset by sufficient equity injections to maintain the target capital structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Additional ESG considerations

As a regulated electric T&D utility, CL&P has low carbon transition risk within the sector, particularly compared to vertically integrated electric utilities, mainly due to its lack of generation asset ownership. All commodity costs, including carbon, associated with power procurement for customers are fully passed through to customers with effective cost recovery mechanisms. CL&P continues to invest in hardening, modernizing, and making its electric distribution network more resilient and reliable particularly as the company faces extreme weather events due to climate change.

Social risks are primarily related to health and safety, demographic and societal trends, as well as customer relations as the company works to provide reliable and affordable service to customers and safe working conditions for employees. Regarding affordability, we see the potential for rising social risks associated with an inflationary environment, rising energy bills stemming from potential spikes in natural gas prices and the effect of high interest rates longer term. A high inflationary environment could make customers less able to absorb rate increases. Should this influence state regulators' decisions on rate increases or cost recovery, the company's financial profile and cash flow ratios could weaken.

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks.

Liquidity analysis

CL&P's liquidity profile is sufficient based on its cash flow generation and access to its parent's joint revolving credit facility. At 31 March 2025, CL&P had a cash balance of $68 million.

For the 12-months ended 31 March 2025, CL&P generated cash flow from operations of $1,133 million, which was lower than its capital expenditures of $916 million and dividend distributions of $504 million, resulting in negative free cash flow of $287 million. The shortfall in meeting its outflows using internally generated cash flow was largely funded through the issuance of $700 million of long-term debt, short-term borrowings and capital contributions from its parent. For the LTM period, Eversource made capital contributions of $200 million to CL&P to help the utility meet its financing needs. Going forward, we expect that CL&P will continue to fund its capital needs in a balanced manner and that its dividend policy, parent equity contributions and any long-term debt issuances will be managed in a manner that maintains the utility's regulated capital structure, including an equity ratio of about 53%.

CL&P, along with affiliated entities, PSNH, NSTAR Gas, Yankee Gas, EGMA and AWC-CT have access to Eversource's $2 billion revolving joint credit facility that expires on 11 October 2029. Under the revolving credit facility, CL&P has a borrowing sub limit of $600 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 70% for Eversource and 65% for the Eversource subsidiaries. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2025.

Eversource uses the $2 billion facility to backstop its same-sized commercial paper program. Eversource has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and debt repayments until longer term financing is arranged. At 31 March 2025, approximately $618.4 million was available on the credit facility with approximately $1.4 billion of commercial paper outstanding. At 31 December 2024, there were intercompany loans of $280 million from Eversource to CL&P.

CL&P's next debt maturity is $400 million of first mortgage bonds due December 2025.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing Connecticut Light and Power Company (The).

Exhibit 6

Methodology scorecard factors

Connecticut Light and Power Company (The)

Regulated Electric and Gas Utilities Industry Scorecard	Current LTM Mar-25		Moody's 12-18 month forward view	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Baa	Baa	Baa	Baa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.8x	A	5.3x - 5.8x	A
b) CFO pre-WC / Debt (3 Year Avg)	18.5%	Baa	18% - 22%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.3%	Baa	10% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	39.2%	Aa	38% - 42%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		A3
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		Baa1		A3
b) Actual Rating Assigned				Baa1

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 7

Peer comparison

Connecticut Light and Power Company (The)

	Connecticut Light and Power Company (The) Baa1 Stable			United Illuminating Company (The) Baa1 Stable			Yankee Gas Services Company Baa1 Stable			Southern Connecticut Gas Company Baa1 Negative		
	FY	FY	LTM	FY	FY	FY	FY	FY	LTM	FY	FY	LTM
(in $ millions)	Dec-23	Dec-24	Mar-25	Dec-22	Dec-23	Dec-24	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25
Revenue	4,579	4,615	5,035	1,156	1,356	1,341	706	609	634	426	416	478
CFO Pre-W/C	711	898	1,287	292	48	160	220	143	122	74	54	80
Total Debt	5,143	5,474	5,591	1,115	1,250	1,308	1,112	1,168	1,196	436	523	484
CFO Pre-W/C + Interest / Interest	4.6x	4.8x	6.6x	6.6x	1.9x	3.5x	7.0x	3.9x	3.5x	4.6x	3.0x	3.9x
CFO Pre-W/C / Debt	13.8%	16.4%	23.0%	26.2%	3.8%	12.3%	19.8%	12.2%	10.2%	16.9%	10.3%	16.5%
CFO Pre-W/C – Dividends / Debt	7.4%	10.3%	14.1%	21.7%	-4.6%	12.3%	9.7%	8.6%	6.5%	12.3%	9.1%	16.5%
Debt / Capitalization	39.1%	38.7%	39.5%	39.0%	39.8%	39.4%	39.8%	38.0%	38.0%	38.0%	41.0%	39.3%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 8

Moody's–adjusted cash flow reconciliation

Connecticut Light and Power Company (The)

(in $ millions)	2020	2021	2022	2023	2024	LTM Mar-25
FFO	**911.1**	**1,014.4**	**1,139.9**	**542.6**	**1,138.7**	**1,489.6**
+/- Other	(267.1)	(139.3)	(129.2)	168.9	(240.4)	(202.3)
CFO Pre-WC	**644.0**	**875.1**	**1,010.7**	**711.5**	**898.4**	**1,287.3**
+/- ΔWC	(190.4)	(93.1)	(72.1)	(183.6)	(155.0)	(112.3)
CFO	**453.6**	**782.1**	**938.7**	**527.9**	**743.4**	**1,175.0**
- Div	72.3	344.2	295.2	333.2	336.6	501.1
- Capex	893.5	887.6	948.6	1,174.2	1,042.5	962.5
FCF	**(512.2)**	**(449.7)**	**(305.1)**	**(979.5)**	**(635.7)**	**(288.5)**
(CFO Pre-W/C) / Debt	14.6%	20.4%	23.6%	13.8%	16.4%	23.0%
(CFO Pre-W/C - Dividends) / Debt	13.0%	12.4%	16.7%	7.4%	10.3%	14.1%
FFO / Debt	20.7%	23.7%	26.7%	10.6%	20.8%	26.6%
RCF / Debt	19.0%	15.7%	19.8%	4.1%	14.7%	17.7%
Revenue	3,547.5	3,637.4	4,817.7	4,578.8	4,615.0	5,034.9
Interest Expense	165.4	175.8	172.5	196.3	234.2	229.3
Net Income	446.3	383.2	485.4	483.4	485.2	502.7
Total Assets	13,456.0	13,949.7	14,758.8	15,849.6	16,839.8	16,874.0
Total Liabilities	8,353.1	8,592.1	8,916.3	9,700.9	10,217.9	10,344.2
Total Equity	5,102.9	5,357.6	5,842.5	6,148.8	6,622.0	6,529.8

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Ratings

Exhibit 9

Category	Moody's Rating
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
Pref. Stock	Baa3
PARENT: EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2

Source: Moody's Ratings

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MOODY'S
RATINGS

Rating Action: Moody's Ratings downgrades Connecticut Light and Power to Baa1, stable outlook; affirms Eversource's Baa2 and NSTAR Electric's A2 ratings, negative outlooks

24 Jun 2025

Approximately $5.8 billion of rated securities downgraded

New York, June 24, 2025 -- Moody's Ratings (Moody's) downgraded The Connecticut Light and Power Company's (CL&P) ratings, including its Issuer rating to Baa1 from A3, and changed its outlook to stable from negative. At the same time, we affirmed Eversource Energy's (Eversource) ratings, including its Baa2 Issuer and senior unsecured ratings, as well as NSTAR Electric Company's (NSTAR Electric) ratings, including its A2 Issuer and senior unsecured ratings. The outlooks of Eversource and NSTAR Electric remain negative. A complete list of the rating actions is included towards the end of this press release.

RATINGS RATIONALE

"The downgrade of The Connecticut Light and Power to Baa1 primarily reflects a Connecticut regulatory jurisdiction that is currently the least credit supportive utility regulatory environment in the US", said Jeff Cassella, Moody's Ratings VP-Senior Credit officer. "This environment has been characterized by higher political scrutiny as well as inconsistent regulatory decisions and rate case outcomes," added Cassella.

As a result, over the last several years, CL&P's financial profile has exhibited significant volatility primarily due to swings in regulatory adjustment mechanisms as well as delayed recovery of storm costs. Although CL&P's financial metrics have begun to recover this year, including a ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt of 23.0% for the 12-months ended 31 March 2025, the company's CFO pre-W/C to debt ratio was as low as 13.8% in 2023. Given the challenging Connecticut regulatory environment, it is uncertain whether CL&P will be able to consistently maintain strong financial metrics going forward, and the utility's overall credit quality is no longer commensurate with an A3 rating.

There are several critical state regulatory and legislative actions that could impact CL&P's credit profile over the next 2-3 years and highlight the credit risks and regulatory lag that the utility faces. CL&P's ongoing deferred storm cost prudence review is currently pending with the Public Utilities Regulatory Agency (PURA), in which the utility has requested review of approximately $800 million of deferred costs related to storms from 2018 through 31 January 2023. PURA's decision is expected in the third quarter of this year and will determine the amount of costs that are deemed prudent and ultimately be recovered by CL&P. However, the timing of this recovery will not be established until a formal rate case proceeding is filed, which we expect to occur some time in late 2026. Virtually all other state regulatory jurisdictions provide their utilities with much more expedited and timely recovery of costs incurred during storms.

In addition, there is potential for securitization legislation to be passed in Connecticut this summer which, if approved by PURA, would enable CL&P to recover deferred storm costs in a more timely manner. Many other states already have securitization provisions in place, which has supported the credit profiles of utilities in those jurisdictions.

The negative outlook on Eversource reflects continued uncertainty with regard to the company's

ongoing efforts to improve its financial profile to a level that is supportive of the current Baa2 rating. The execution of the sale of its Aquarion water utility subsidiary later this year, including the use of proceeds to pay down holdco debt; cash flow improvement at its utilities; and continued progress on the Revolution Wind offshore wind project such that Eversource's contingent exposure to cost overruns remains manageable are important variables that will determine the parent company's credit quality going forward.

The negative outlook on NSTAR Electric had primarily reflected the weak credit profile of Eversource, the prospect that the parent company could be downgraded, and the potential that Eversource will need to incrementally rely on NSTAR Electric to support parent debt and dividend obligations. However, NSTAR Electric now exhibits a financial profile that is weak for its rating, including a ratio of CFO pre-W/C to debt of 18.3% for the 12-months ended 31 March 2025, which is also contributing to the negative outlook. Even if Eversource is successful in stabilizing its own credit profile, it may be challenging for NSTAR Electric to improve its financial metrics and sustain them at a level that is appropriate for its current A2 rating, including a CFO pre-W/C to debt ratio above 19%, particularly as the utility continues an elevated capital expenditure program.

CL&P's Baa1 rating and stable outlook are supported by a transmission business that accounts for a substantial portion of its rate base and operates within the highly credit supportive FERC regulatory framework. There are also a few supportive state regulatory provisions in place, including multiyear rate plans, revenue decoupling and purchased power cost recovery mechanisms. However, due to CL&P's 2021 settlement agreement that was largely in response to the PURA's investigation of the utility's 2020 storm responsiveness, CL&P was in a distribution rate freeze through 1 January 2024 and the utility will likely not file for new rates until late 2026, negating many of these provisions.

The affirmation of Eversource's Baa2 rating reflects the company's ongoing efforts to transition to its previous lower-risk business model as solely a holding company of a diverse group of regulated electric and gas transmission and distribution utilities in the greater New England region. Aside from the unsupportive Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base, the company's Massachusetts and New Hampshire utilities operate in generally credit supportive regulatory jurisdictions. Additionally, a relatively large portion of Eversource's rate base operates within the highly supportive FERC regulatory framework.

Over the last few years, Eversource's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs. Furthermore, Eversource's utilities have also been impacted by severe storms and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P. For the 12-months ended 31 March 2025, Eversource's ratio of CFO pre-W/C to debt was 11.5%, up from 9.2% in 2024, but still below the 13% financial metric threshold that we have indicated could lead to a downgrade. Eversource's ratings also reflect structural subordination of the sizable level of parent debt compared to the debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 28%.

The affirmation of NSTAR Electric's A2 rating reflects its low-risk business profile as a regulated electric T&D utility operating in the credit supportive FERC and Massachusetts regulatory jurisdictions. Both regulatory frameworks provide relatively timely cost and investment recovery mechanisms and above average allowed returns that until recently have allowed NSTAR Electric to maintain a relatively high degree of cash flow stability and predictability.

OUTLOOK

CL&P's stable outlook reflects our expectation that the utility will maintain a ratio of CFO pre-W/C to debt at least in the high teens with its FERC regulated assets helping to offset the challenges under the Connecticut regulatory environment. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including regulators, state leaders and customers and the potential that storm costs could be recovered through pending regulatory proceedings or securitization.

Eversource's negative outlook reflects continued uncertainty around the company's ability to improve its weak financial profile and consistently sustain a ratio of CFO pre-W/C to debt above 13%, while also successfully executing the Aquarion water utility sale and managing its exposure to potential contingent liabilities associated with the Revolution Wind project.

NSTAR Electric's negative outlook reflects both the parent and utility's weak financial profiles and the potential that the utility will not be able to improve its financial metrics, such that its ratio of CFO pre-W/C to debt is sustained above 19%, particularly during its elevated capital investment program.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Factors that could lead to an upgrade

CL&P could be upgraded if the credit supportiveness of the Connecticut regulatory environment substantially improves with future regulatory decisions that enhance the timeliness of the recovery of costs and investments and allow for higher allowed returns. In addition, an upgrade could be considered if we expect CL&P will be able to sustain a stronger financial profile on a consistent basis, including a ratio of CFO pre-W/C to debt of 20% or higher.

Given the negative outlook, it is unlikely that Eversource will be upgraded in the near term. However, Eversource's outlook could be changed to stable if the company executes on the Aquarion water utility sale and pays down holdco debt with the proceeds; and the company's financial profile strengthens, such that its ratio of CFO pre-W/C will be sustained at or above 13%, while also demonstrating its ability to manage any potential contingent liabilities associated with the Revolution Wind project.

An upgrade of NSTAR Electric is also unlikely over the near term given the negative outlook. However, NSTAR Electric's outlook could be revised to stable if the utility improves its financial profile including a CFO pre-W/C to debt ratio sustained above 19%. An upgrade of NSTAR Electric would likely require that Eversource be upgraded; the regulatory environments in which the utility subsidiary operates remain credit supportive, and its key financial metrics improve such that its CFO pre-W/C to debt ratio is sustained above 22%.

Factors that could lead to a downgrade

CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality or if CL&P's financial performance deteriorates such that its ratio of CFO pre-W/C to debt falls below 17% on a sustained basis.

Eversource could be downgraded if the company does not successfully execute the Aquarion water utility sale, faces additional obligations related to Revolution Wind or it's financial metrics do not improve from currently weak levels, including a ratio of CFO pre-W/C to debt that remains below 13%. A downgrade of Eversource's senior unsecured rating to Baa3 would also cause its short-term commercial paper rating to be downgraded to P-3 from P-2.

NSTAR Electric could be downgraded if Eversource is downgraded, due to its ownership by a weaker parent. NSTAR Electric could be downgraded if there is a deterioration in the credit supportiveness of the Massachusetts or FERC regulatory environments including material delays in the recovery of costs and investments. A downgrade could also occur if the utility is unable to sustain financial metrics appropriate for the current A2 rating, including a ratio of CFO pre-W/C to debt above 19%. A downgrade of NSTAR Electric's senior unsecured rating to A3 would also cause its short-term commercial paper rating to be downgraded to P-2 from P-1.

Headquartered in Hartford, CT and Boston, MA, Eversource Energy is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.6 million customers. Eversource has a total rate base of about $30 billion. CL&P serves about 1.3 million customers in Connecticut and is the largest operating subsidiary of Eversource Energy. NSTAR Electric serves approximately 1.6 million customers in western MA and eastern MA including the City of Boston and is the second largest subsidiary of

Eversource Energy.

Eversource's other companies include regulated utilities; Public Service Company of New Hampshire (PSNH, A3 stable); natural gas distribution companies, Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas. Eversource is in the process of selling its water companies, Aquarion Company, which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), Aquarion Water Company of Massachusetts and Aquarion Water Company of New Hampshire.

LIST OF AFFECTED RATINGS

Issuer: Eversource Energy

..Affirmations:

.... LT Issuer Rating, Affirmed Baa2

.... Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

.... Senior Unsecured Shelf, Affirmed (P)Baa2

.... Preferred Shelf, Affirmed (P)Ba1

.... Commercial Paper, Affirmed P-2

..Outlook Actions:

....Outlook, Remains Negative

Issuer: Connecticut Light and Power Company (The)

..Downgrades:

.... LT Issuer Rating, Downgraded to Baa1 from A3

.... Preferred Stock, Downgraded to Baa3 from Baa2

.... Senior Secured First Mortgage Bonds, Downgraded to A2 from A1

.... Backed Senior Secured First Mortgage Bonds, Downgraded to A2 from A1

.... Underlying Senior Secured First Mortgage Bonds, Downgraded to A2 from A1

..Outlook Actions:

....Outlook, Changed To Stable From Negative

Issuer: NSTAR Electric Company

..Affirmations:

.... LT Issuer Rating, Affirmed A2

.... Senior Unsecured Regular Bond/Debenture, Affirmed A2

.... Preferred Stock, Affirmed Baa1

.... Commercial Paper, Affirmed P-1

..Outlook Actions:

....Outlook, Remains Negative

Issuer: Western Massachusetts Electric Company

..Affirmations:

.... Senior Unsecured Regular Bond/Debenture, Affirmed A2 (Assumed by NSTAR Electric Company)

Issuer: Connecticut Development Authority

..Affirmations:

.... Backed Senior Unsecured Revenue Bonds, Affirmed A2

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in August 2024 and available at https://ratings.moodys.com/rmc-documents/426183. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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MOODY'S RATINGS

CREDIT OPINION
24 June 2024

Update

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RATINGS

Connecticut Light and Power Company (The)

Domicile	Berlin, Connecticut, United States
Long Term Rating	A3
Type	LT Issuer Rating
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Connecticut Light and Power Company (The)

Update following outlook change to negative

Summary

CL&P's credit profile reflects its low-risk business profile as an electric transmission and distribution (T&D) company, which includes a transmission business that accounts for a substantial portion of its rate base and operates within the highly credit supportive Federal Energy Regulatory Commission (FERC) regulatory framework. CL&P's electric distribution business operates under the purview of the Connecticut Public Utilities Regulatory Authority (PURA), a regulatory framework that has become increasingly difficult due to higher political scrutiny and inconsistent regulatory decisions and rate case outcomes. With that said, the Connecticut regulatory framework does include some credit supportive rate provisions like multiyear rate plans, revenue decoupling and purchased power cost recovery mechanisms. However, due to CL&P's 2021 settlement agreement that was largely in response to the PURA's investigation of the utility's 2020 storm responsiveness, CL&P had been in a distribution rate freeze through 1 January 2024.

CL&P has historically exhibited a relatively stable financial profile excluding the sizable storm costs that it has incurred in some years. However, in 2023, the company's financial performance deteriorated primarily driven by under recoveries of certain regulatory items such as power costs. For the 12-months ended 31 March 2024, CL&P's ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt was a weak 12.0%, well below its average of roughly 22% over the prior two years.

Going forward, we expect CL&P's ratio of CFO pre-W/C to debt to improve as the utility collects prior under recovered costs in rates throughout 2024 and 2025. However, it is uncertain whether CL&P will be able to maintain a financial profile that is commensurate with its A3 rating including a ratio of CFO pre-W/C to debt sustained above 18%, given the inconsistent and unpredictable regulatory environment, a key rationale for the negative outlook. The company's ability to sustain an improved financial profile will primarily depend on CL&P's ability to recover the majority of its deferred storm costs, which are in the early stages of a regulatory prudence review, and the supportiveness of PURA decisions on the utility's rate case proceedings in the future.

Recent developments

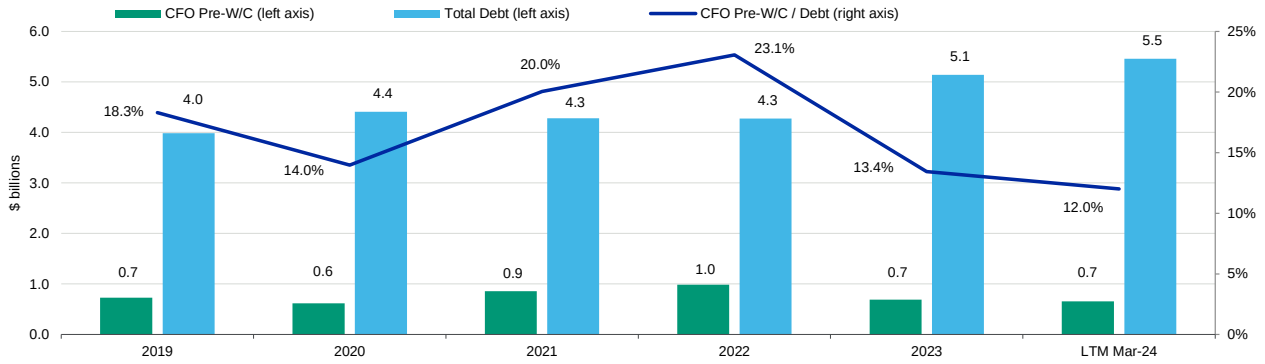
On 11 March, CL&P filed a request for prudency review of approximately $634 million of catastrophic storm costs for 24 weather events occurring between 2018 through 2021. On 28 March, PURA established a proceeding for the purpose of receiving and reviewing evidence of the costs reported by CL&P in response to the catastrophic storms and pre-

staging events. PURA established a partial procedural schedule with hearings scheduled in the third quarter of 2025.

PURA will determine the amount of these costs that are deemed prudent and that will ultimately be recovered by CL&P, but the timing of this recovery will not be established until a formal rate case proceeding which may not occur until after the storm cost prudency review is completed. As of 31 December 2023, CL&P had a total of $975 million of deferred storm costs as a regulatory asset balance. The remaining storm cost balance in excess of the $634 million included in the prudency review will be addressed in future rate case proceedings.

Exhibit 1

Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporation.
Periods are fiscal year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Credit strengths

» Low-risk business profile as a regulated electric T&D utility

» Some timely cost recovery and revenue decoupling mechanisms included in the Connecticut and FERC regulatory frameworks

» Highly credit supportive FERC regulated transmission assets account for a substantial portion of rate base

Credit challenges

» Challenging and at times unsupportive Connecticut regulatory environment

» Weak financial profile,although expected to improve

» Distribution rate freeze through 2023 has delayed recovery of substantial storm costs

» Ongoing FERC ROE complaint proceedings continue to pose potential uncertainty on returns

Rating outlook

The negative outlook on CL&P reflects the challenging Connecticut regulatory environment for its electric distribution business, and a weak financial profile that includes a ratio of CFO pre-W/C to debt that is currently well below the historical levels in the 20-22% range.

Factors that could lead to upgrade

Given the negative outlook, it is unlikely that CL&P will be upgraded in the near term. However, CL&P's outlook could be changed to stable if the credit supportiveness of the Connecticut regulatory environment improves with future regulatory decisions that improve

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the timeliness of the recovery of costs and investments, including deferred storm costs, while providing sufficient allowed returns. In addition, a stable outlook could be considered if CL&P's financial profile shows further improvement such that its ratio of CFO pre-W/C to debt is sustained above 18%.

Factors that could lead to downgrade

CL&P could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality and there is no improvement in the regulatory environment or if CL&P's weak financial performance is sustained such that its ratio of CFO pre-W/C to debt falls remains below 18%.

Key indicators

Exhibit 2

Connecticut Light and Power Company (The)

	2019	2020	2021	2022	2023	LTM Mar-24
CFO Pre-W/C + Interest / Interest	5.7x	4.7x	5.9x	6.7x	4.5x	4.2x
CFO Pre-W/C / Debt	18.3%	14.0%	20.0%	23.1%	13.4%	12.0%
CFO Pre-W/C – Dividends / Debt	9.7%	12.3%	12.0%	16.2%	7.0%	5.9%
Debt / Capitalization	41.2%	40.4%	38.2%	36.4%	39.1%	39.8%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

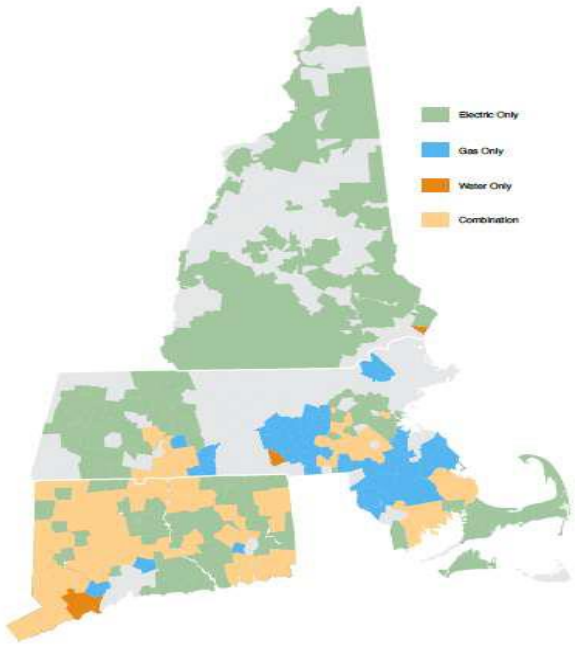
Profile

Headquartered in Berlin, CT, The Connecticut Light and Power Company is the state's largest regulated electric transmission and distribution utility and serves about 1.28 million customers. CL&P is the largest operating subsidiary of Eversource Energy (Baa2 negative) with total assets of about $16.4 billion as of 31 March 2024. CL&P's operations are regulated by the Connecticut Public Utilities Regulatory Authority (PURA) and the Federal Energy Regulatory Commission (FERC).

Eversource is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.4 million electric, natural gas and water customers. With headquarters in Hartford, CT, and Boston, MA, Eversource has a total rate base of almost $30 billion.

CL&P's other affiliated companies include regulated electric utilities; NSTAR Electric Company (A2 negative), Public Service Company of New Hampshire (PSNH, A3 stable); natural gas distribution companies, Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas; as well as water companies, Aquarion Company (Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), Aquarion Water Company of Massachusetts and Aquarion Water Company of New Hampshire.

Exhibit 3
Eversource Energy's service territories



Source: Company Fillings

Detailed credit considerations

Distribution assets operate in a challenging and at times unsupportive Connecticut regulatory environment

CL&P is in the process of rebuilding its relationship with key stakeholders including state regulators and customers. The Connecticut regulatory regime has become more challenging over the last few years, which has been evidenced by several PURA decisions including affiliate AWC-CT's rate case order last year. On 15 March 2023, the PURA approved a final order rejecting AWC-CT's August 2022 rate application for a multiyear distribution rate increase. The rejection resulted in an approximately $4 million decrease in AWC-CT's total authorized annual revenues compared with the utility's request to increase revenue by nearly $50 million over the 2023-25 period. See "Connecticut regulator rejects Aquarion Water's requested rate increase, a credit negative. "

This rate order followed a challenging period in the relationship between CL&P and PURA during 2020 and 2021 in the aftermath of tropical storm Isaias in the summer of 2020. It culminated in the PURA approving CL&P's settlement agreement in October 2021 by a 2-1 vote. The settlement agreement included key interested parties including the Department of Energy and Environmental Protection, Office of Consumer Counsel, Office of the Attorney General and the Connecticut Industrial Energy Consumers. Connecticut's Governor Ned Lamont also supported the agreement.

In the settlement agreement, CL&P agreed to provide $65 million of customer credits distributed over December 2021 and January 2022. CL&P also agreed to provide $10 million to various customer assistance programs as directed by PURA prior to 30 April 2022, including providing credits to existing hardship and non-hardship customers carrying arrearages and for other purposes. The approved settlement also provided for a distribution rate case stay out with no new rates in place until 1 January 2024 at the earliest.

Among other things, the settlement stipulated that neither the 90 bps return on equity (ROE) penalty from the tropical storm Isaias preparedness and restoration proceeding nor the 45 bps ROE adjustment as proposed in PURA's follow-on draft decision would be implemented. The proposed ROE reduction came after PURA's investigation into the state's electric distribution companies and their preparation for and response to tropical storm Isaias in August 2020.

CL&P's currently authorized 9.25% ROE and earnings sharing mechanism, or ESM, adopted as per a 2018 decision, remain in place until the company's next general distribution rate proceeding, which is expected to be filed in 2025. Under the ESM, earnings above a 9.25% ROE are to be shared equally with ratepayers. Any amounts due to customers under the terms of the ESM are first to be used to reduce various regulatory assets associated with certain unamortized environmental remediation costs. The remaining amounts due to customers are then used to offset the cost of catastrophic storms.

In October 2020, Connecticut passed new legislation, Public Act 20-5 (House Bill 7006). Among other things, the new law required PURA to open a proceeding to evaluate and eventually implement performance based rate regulation (PBR) for the state's utilities. HB 7006 added a degree of uncertainty to the Connecticut regulatory environment since a PBR framework could affect the consistency and predictability of the state's regulatory environment, the timeliness of cost recovery and the utilities' financial profiles. Furthermore, the law extended the PURA's deadlines for rate case decisions to about a year, from about six months, which is a credit negative with regard to the timeliness of cost recovery. The law will also likely mean higher penalties for noncompliance with various service standards.

PURA is conducting the PBR proceeding in two phases. On 26 April 2023, PURA issued a final decision on the first phase and identified various objectives to guide the development of a PBR framework and adoption. The decision commenced Phase 2 by initiating three dockets focused on revenue adjustment mechanisms, performance metrics and integrated distribution system planning with final decisions expected in 2025.

On 29 June 2023, Connecticut enacted Public Act No. 23-102 (Substitute Senate Bill No. 7), which increased the regulatory authority of the PURA and could have credit negative implications for the state's utilities such as increasing regulatory lag for cost recovery. The new legislation is not retroactive and did not result in immediate changes in rates but may impact future rate case proceedings. Some of the final provisions include the selection of the PURA chair by the Governor; four-year rate case filing requirements; additional requirements needed to file rate case settlements; and the elimination of CL&P's capital tracker for new plant additions for rate case proceedings filed after July 2023.

Weak financial profile expected to improve but sustaining that will depend on regulatory support

CL&P has historically exhibited a relatively stable financial profile excluding sizable storm costs incurred in some years. However, in 2023, the company's financial performance deteriorated primarily driven by under recoveries of certain regulatory items such as power costs. For the 12-months ended 31 March 2024, CL&P's ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt was 12.0%, which is well below its average of roughly 22%% over the prior two years. Going forward, we expect CL&P's ratio of CFO pre-W/C to debt to improve as the utility collects prior under recovered costs throughout 2024 and 2025 in rates. However, it is uncertain whether CL&P will be able to maintain a financial profile that is commensurate with its A3 rating including a ratio of CFO pre-W/C to debt sustained above 18%. The company's ability to sustain an improved financial profile going forward will primarily depend on CL&P's ability to recover the majority of deferred storm costs, which the utility is in the early stages of a regulatory prudence review, and the supportiveness of PURA decisions on Connecticut rate case proceedings in the future.

CL&P's capital expenditure program currently remains elevated. During the period from 2018 - 2023, CL&P's average annual capital expenditures have been about $900 million, which is considerably higher than the annual average of about $550 million from 2013-2017. However, management has indicated that Eversource will reduce its investment levels in Connecticut prospectively, roughly $500 million over the next five years, owing to the unpredictability of cost recovery in the regulatory framework.

In 2023, CL&P invested roughly $1,093 million in capital expenditures. Of this amount, about half was related to FERC regulated transmission investments which gets immediate recovery in rates. Of the remaining amount related to CL&P's distribution business, which included upgrades of aging infrastructure, reliability investments as well as new business and capacity additions, a substantial amount was allowed immediate recovery in rates due to capital trackers.

The majority, but not all, of CL&P's planned investment gets timely recovery in rates either through distribution capital trackers or FERC's forward-looking formulaic ratemaking. At times, CL&P will require new debt issuances and capital contributions from its parent to supplement internally generated cash flow to finance capital investments. We expect CL&P to finance its capital investments with a balanced mix of equity and debt in a manner that maintains the company's targeted capital structure authorized by regulators. As an

example, Eversource made capital contributions of $224 million to CL&P in last twelve months ended 31 March 2024 to help the utility finance its investments, which also helped offset the $330 million of dividends distributed to the parent.

CL&P continues to go through the regulatory process for its proposed Advanced Metering Infrastructure (AMI) investments in the state. On 31 July 2020, CL&P filed a proposed $512 million AMI investment and implementation plan with PURA. On 17 August 2021, PURA issued a notice of request for an amended AMI proposal and in response, CL&P submitted an amended proposal on 8 November 2021 with an updated schedule for investments from 2022 through 2028. On 3 January 2024, PURA issued a final decision on CL&P's AMI plan, which is now estimated at approximately $766 million. However, CL&P indicated that the final decision delayed implementation and did not provide a reasonable path for cost recovery. After CL&P's motion for reconsideration, PURA issued a procedural order with testimony occurring in May and a final decision expected in the fourth quarter of this year.

CL&P's last rate case was a settlement agreement in 2018 that included an ROE of 9.25% and an equity ratio of 53%. The ROE and equity ratio were higher than the 9.17% and 50.38%, respectively, authorized in CL&P's previous 2014 rate case decision. The utility must share 50% of any earnings above the 9.25% ROE with its customers.

The settlement allowed CL&P to continue to use a revenue decoupling mechanism that was adopted in its previous rate case. Revenue decoupling is credit positive because it adds to the predictability and stability of revenue and cash flow generation. CL&P's decoupling mechanism reconciles the amounts recovered from customers, on an annual basis, with the distribution revenue requirement set by the PURA. The settlement also included a core capital tracker that allows for timely recovery of the utility's capital investments for core capital projects of up to $300 million for each year after 2020 until its next rate case proceeding.

Substantial transmission rate base under the purview of highly credit supportive FERC regulatory framework

A sizable portion of CL&P's rate base relates to transmission assets under the purview of FERC, which we view as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than returns in most states. CL&P is currently allowed a FERC regulated return of a base ROE of 10.57% plus incentive adders for a total of 11.3%. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

FERC Section 206 complaint remains an overhang, but further downward reduction in ROE is likely limited

As a result of FERC's decisions to date, authorized ROEs for New England transmission owners, including NSTAR Electric, have been reduced compared to returns, pre-complaints. While the complaint proceedings are still pending final resolution from FERC, we expect any further changes in authorized ROEs to be limited. As a result, total ROEs, including incentive adders, should still remain above the average authorized ROEs allowed in most states. In addition, we do not expect any changes to the formulaic, forward-looking, credit supportive ratemaking framework allowed by the FERC.

Four separate complaints were filed at FERC by groups of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties challenging the historical authorized base ROE of 11.14% that had been utilized by New England transmission owners since 2005. Each complaint covered a refund period of 15 months. FERC ruled on the first ISO-NE Section 206 complaint in June 2014 and cut the authorized ROE to 10.57% from 11.14%. FERC's order also limited the total authorized ROE, including incentive adders, to 11.74%, which is the high end of the zone of reasonableness.

Over the last few years, FERC has developed multiple versions of a methodology to determine base ROEs for transmission owners in the Midcontinent Independent System Operator (MISO) Regional Transmission Organization as well as for New England transmission owners, including CL&P. Further changes to the methodology are possible as a result of the ongoing hearings in both the MISO and ISO-NE proceedings.

CL&P has refunded $22.4 million associated with the first complaint, reflecting both the base ROE and the incentive cap, for the refund period from October 2011 to December 2012. Additionally, CL&P has reserved $21.4 million for the difference in rates during the refund period of December 2012 through March 2014 for the second complaint. No reserves were recorded for the third and fourth complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be set lower than the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

In April 2021, the FERC issued a Supplemental Notice of Proposed Rulemaking (SNOPR), which proposes to modify the NOPR's incentive for participation in an RTO by limiting the incentive for utilities participating in an RTO to 50 bps and only permitting them to earn the incentive for three years. If this proposal ends up being included in a final rule, CL&P would no longer be eligible for the 50 bps RTO incentive adder. However, a time frame has not been established for FERC to issue a final rule, and any impacts would be prospective. The elimination of the adder would be credit negative but it is not expected to materially impact the company's financial profile.

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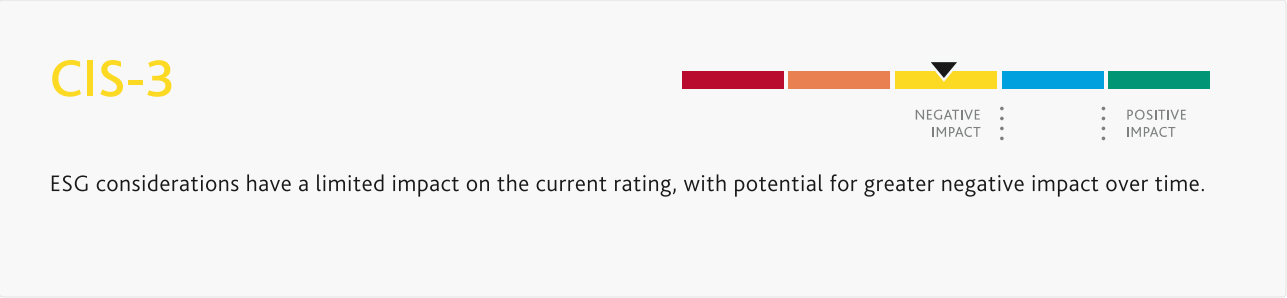
ESG considerations

Connecticut Light and Power Company (The)'s ESG credit impact score is CIS-3

Exhibit 4
ESG credit impact score



Source: Moody's Ratings

CL&P's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

CL&P's **E-4** issuer profile score reflects its elevated exposure to physical climate driven by its service territory in the Northeast US, which exposes the company to material and extreme weather events such as storms. This creates risks of physical damage to

infrastructure assets and associated costs which is somewhat mitigated by a supportive regulatory framework, although there can be lag in cost recovery for these events. As an electric T&D, the company has low carbon transition risk.

Social

CL&P's **S-4** issuer profile score reflects higher exposure to demographic and societal trends that could lead to adverse regulatory or political decisions. This reflects recent legislative initiatives and regulatory orders that have made the Connecticut regulatory environment more unpredictable and cost recovery for CL&P less timely. Social pressures or public concern over affordability, utility reputation or environmental issues could continue to lead to adverse regulatory or political intervention into utility operations or regulatory changes, which could have a prolonged negative financial impact on CL&P's electric distribution business.

Governance

CL&P's **G-2** issuer profile score reflects the company's financial policy to maintain the capital structure authorized by regulators with any dividends distributed to its parent, Eversource, offset by sufficient equity injections to maintain the target capital structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Additional ESG considerations

As a regulated electric T&D utility, CL&P has low carbon transition risk within the sector, particularly compared to vertically integrated electric utilities, mainly due to its lack of generation asset ownership. All commodity costs, including carbon, associated with power procurement for customers are fully passed through to customers with effective cost recovery mechanisms. CL&P continues to invest in hardening, modernizing, and making its electric distribution network more resilient and reliable particularly as the company faces extreme weather events due to climate change.

Social risks are primarily related to health and safety, demographic and societal trends, as well as customer relations as the company works to provide reliable and affordable service to customers and safe working conditions for employees. Regarding affordability, we see the potential for rising social risks associated with an inflationary environment, rising energy bills stemming from potential spikes in natural gas prices and the effect of high interest rates longer term. A high inflationary environment could make customers less able to absorb rate increases. Should this influence state regulators' decisions on rate increases or cost recovery, the company's financial profile and cash flow ratios could weaken.

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks.

Liquidity analysis

CL&P's liquidity profile is sufficient based on relatively stable and predictable cash flow generation and access to its parent's joint revolving credit facility. At 31 March 2024, CL&P had a cash balance of $29 million.

For the 12-months ended 31 March 2024, CL&P generated cash flow from operations of $497 million, which was substantially lower than its capital expenditures of $1,123 million and dividend distributions to its parent of $330 million. The shortfall in meeting its outflows using internally generated cash flow was largely funded through the issuance of $650 million of long-term debt, short-term borrowings and capital contributions from its parent. For the LTM period, Eversource made capital contributions of $224 million to CL&P to help the utility meet its financing needs. Going forward, we expect that CL&P will continue to fund its capital needs in a balanced manner and that its dividend policy, parent equity contributions and any long-term debt issuances will be managed in a manner that maintains the utility's regulated capital structure, including an equity ratio of about 53%.

CL&P, along with affiliated entities, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT have access to Eversource's $2 billion revolving joint credit facility that expires on 13 October 2028. Under the revolving credit facility, CL&P has a borrowing sub limit of $600 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 70% for Eversource and 65% for the Eversource subsidiaries. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2024.

Eversource uses the $2 billion facility to backstop its same-sized commercial paper program. Eversource has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and debt repayments until longer term financing is arranged. At 31 March 2024, approximately $65.1 million was available on the credit facility with approximately $1.9 billion of commercial paper outstanding. At 31 March 2024, there were intercompany loans of $426 million from Eversource to CL&P.

CL&P's next debt maturity is $139.8 million of first mortgage bonds due October 2024.

Rating methodology and scorecard factors

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing Connecticut Light and Power Company (The).

Exhibit 6

Methodology scorecard factors

Connecticut Light and Power Company (The)

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 3/31/2024		Moody's 12-18 Month Forward View	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	Baa	Baa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.3x	A	5x - 5.5x	A
b) CFO pre-WC / Debt (3 Year Avg)	16.5%	Baa	16% - 20%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	9.7%	Baa	10% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	38.5%	Aa	37% - 40%	Aa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		Baa1
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A3		Baa1
b) Actual Rating Assigned		A3		A3

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 7

Peer comparison

Connecticut Light and Power Company (The)

	Connecticut Light and Power Company (The) A3 Negative			Southern Connecticut Gas Company A3 Stable			United Illuminating Company (The) Baa1 Stable			Yankee Gas Services Company Baa1 Stable		
(in $ millions)	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-21	FY Dec-22	FY Dec-23
Revenue	4,818	4,579	4,361	516	426	388	1,156	1,356	1,320	609	707	706
CFO Pre-W/C	986	691	655	73	74	66	292	48	72	145	163	220
Total Debt	4,277	5,143	5,459	394	432	419	1,115	1,250	1,319	902	962	1,112
CFO Pre-W/C + Interest / Interest	6.7x	4.5x	4.2x	4.7x	4.6x	4.0x	6.6x	1.9x	2.3x	6.5x	6.7x	7.0x
CFO Pre-W/C / Debt	23.1%	13.4%	12.0%	18.5%	17.0%	15.7%	26.2%	3.8%	5.5%	16.0%	16.9%	19.8%
CFO Pre-W/C – Dividends / Debt	16.2%	7.0%	5.9%	9.4%	12.4%	9.5%	21.7%	-4.6%	-2.5%	11.5%	11.6%	9.7%
Debt / Capitalization	36.4%	39.1%	39.8%	36.5%	37.7%	36.6%	39.0%	39.8%	40.7%	38.0%	36.5%	39.8%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 8

Moody's-adjusted cash flow metrics

Connecticut Light and Power Company (The)

(in $ millions)	2019	2020	2021	2022	2023	LTM Mar-24
FFO	**729.9**	**911.1**	**1,014.4**	**1,139.9**	**542.6**	**562.4**
+/- Other	0.0	(294.6)	(156.2)	(153.5)	148.3	93.1
CFO Pre-WC	**729.9**	**616.5**	**858.2**	**986.4**	**690.9**	**655.5**
+/- ΔWC	0.3	(162.9)	(76.1)	(47.7)	(163.1)	(62.9)
CFO	**730.1**	**453.6**	**782.1**	**938.7**	**527.9**	**592.5**
- Div	344.6	72.3	344.2	295.2	333.2	333.1
- Capex	919.4	893.5	887.6	948.6	1,174.2	1,221.8
FCF	**(533.8)**	**(512.2)**	**(449.7)**	**(305.1)**	**(979.5)**	**(962.4)**
(CFO Pre-W/C) / Debt	18.3%	14.0%	20.0%	23.1%	13.4%	12.0%
(CFO Pre-W/C - Dividends) / Debt	9.7%	12.3%	12.0%	16.2%	7.0%	5.9%
FFO / Debt	18.3%	20.7%	23.7%	26.7%	10.6%	10.3%
RCF / Debt	9.7%	19.0%	15.7%	19.8%	4.1%	4.2%
Revenue	3,232.6	3,547.5	3,637.4	4,817.7	4,578.8	4,361.2
Interest Expense	156.9	165.4	175.8	172.5	196.3	205.9
Net Income	405.6	446.3	383.2	485.4	483.4	474.6
Total Assets	12,185.2	13,456.0	13,949.7	14,758.8	15,849.6	16,441.2
Total Liabilities	7,736.5	8,353.1	8,592.1	8,916.3	9,700.9	10,137.9
Total Equity	4,448.7	5,102.9	5,357.6	5,842.5	6,148.8	6,303.2

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated. LTM = Last 12 months
Source: Moody's Financial Metrics™

Ratings

Exhibit 9

Category	Moody's Rating
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Negative
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
PARENT: EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2

Source: Moody's Ratings

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REPORT NUMBER 1408268

MOODY'S
RATINGS

Rating Action: Moody's Ratings changes outlook of Connecticut Light and Power to negative; affirms ratings

18 Jun 2024

Approximately $5.3 billion of rated debt affected

New York, June 18, 2024 -- Moody's Ratings (Moody's) changed the outlook of The Connecticut Light and Power Company (CL&P) to negative from stable. Moody's also affirmed CL&P's ratings, including its A3 Issuer rating and A1 first mortgage bond rating. A complete list of rating actions is towards the end of this press release.

RATINGS RATIONALE

"Connecticut Light and Power's negative outlook reflects a weaker financial profile and a challenging Connecticut regulatory environment," said Jeff Cassella, VP-Senior Credit Officer. "Although CL&P's cash flow will improve from the recovery of certain costs associated with authorized rate adjustment mechanisms, the long-term sustainability of this improvement will largely depend on the supportiveness of future regulatory decisions related to the company's storm cost prudency review and rate case proceedings, which is uncertain," added Cassella.

CL&P has historically exhibited a relatively stable financial profile excluding the sizable storm costs that it has incurred in some years. However, in 2023, the company's financial performance deteriorated primarily driven by under recoveries of certain regulatory items such as power costs. For the 12-months ended 31 March 2024, CL&P's ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt was a weak 12.0%, well below its average of roughly 22% over the prior two years.

Going forward, Moody's expects CL&P's ratio of CFO pre-W/C to debt to improve as the utility collects prior under recovered costs in rates throughout 2024 and 2025. However, it is uncertain whether CL&P will be able to maintain a financial profile that is commensurate with its A3 rating including a ratio of CFO pre-W/C to debt sustained above 18%, given the inconsistent and unpredictable regulatory environment. The

company's ability to sustain an improved financial profile will primarily depend on CL&P's ability to recover the majority of its deferred storm costs, which are in the early stages of a regulatory prudence review, and the supportiveness of Connecticut Public Utilities Regulatory Authority (PURA) decisions on the utility's rate case proceedings in the future.

The affirmation of CL&P's A3 rating reflects its low-risk business profile as an electric transmission and distribution (T&D) company, which includes a transmission business that accounts for a substantial portion of its rate base and operates within the highly credit supportive Federal Energy Regulatory Commission (FERC) regulatory framework. CL&P's electric distribution business operates under the purview of the PURA, a regulatory framework that has become increasingly difficult due to higher political scrutiny and inconsistent regulatory decisions and rate case outcomes.

With that said, the Connecticut regulatory framework does include some credit supportive rate provisions like multi-year rate plans, revenue decoupling and purchased power cost recovery mechanisms. However, due to CL&P's 2021 settlement agreement that was largely in response to the PURA's investigation of the utility's 2020 storm responsiveness, CL&P had been in a distribution rate freeze through 1 January 2024.

On 11 March, CL&P filed a request for prudency review of approximately $634 million of catastrophic storm costs for 24 weather events occurring between 2018 through 2021. On 28 March, PURA established a proceeding for the purpose of receiving and reviewing evidence of the costs reported by CL&P in response to the catastrophic storms and pre-staging events. PURA established a partial procedural schedule with hearings scheduled in the third quarter of 2025.

PURA will determine the amount of these costs that are deemed prudent and that will ultimately be recovered by CL&P, but the timing of this recovery will not be established until a formal rate case proceeding which may not occur until after the storm cost prudency review is completed. As of 31 December 2023, CL&P had a total of $975 million of deferred storm costs as a regulatory asset balance. The remaining storm cost balance in excess of the $634 million included in the prudency review will be addressed in future rate case proceedings.

ESG considerations were a driver of this rating action as CL&P's social risk issuer profile score was changed to highly negative (S-4) to reflect higher exposure to demographic and societal trends that could lead to adverse regulatory or political decisions. CL&P's CIS-3 scores indicate that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time.

Outlook

The negative outlook on CL&P reflects the challenging Connecticut regulatory environment for its electric distribution business, and a weak financial profile that

includes a ratio of CFO pre-W/C to debt that is currently well below the historical levels in the 20-22% range.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Factors that could lead to an upgrade

Given the negative outlook, it is unlikely that CL&P will be upgraded in the near term. However, CL&P's outlook could be changed to stable if the credit supportiveness of the Connecticut regulatory environment improves with future regulatory decisions that improve the timeliness of the recovery of costs and investments, including deferred storm costs, while providing sufficient allowed returns. In addition, a stable outlook could be considered if CL&P's financial profile shows further improvement such that its ratio of CFO pre-W/C to debt is sustained above 18%.

Factors that could lead to a downgrade

CL&P's rating could be downgraded if Connecticut regulatory decisions continue to be contentious or unsupportive of credit quality and there is no improvement in the regulatory environment or if CL&P's weak financial performance is sustained such that its ratio of CFO pre-W/C to debt falls remains below 18%.

Headquartered in Berlin, CT, The Connecticut Light and Power Company is the state's largest regulated electric transmission and distribution utility and serves about 1.28 million customers. CL&P is the largest operating subsidiary of Eversource Energy (Baa2 negative) with total assets of about $16.4 billion as of 31 March 2024. CL&P's operations are regulated by the Connecticut Public Utilities Regulatory Authority (PURA) and the Federal Energy Regulatory Commission (FERC).

LIST OF AFFECTED RATINGS

..Issuer: Connecticut Light and Power Company (The)

Affirmations:

.... LT Issuer Rating, Affirmed A3

.... Preferred Stock, Affirmed Baa2

.... Senior Secured First Mortgage Bonds, Affirmed A1

.... Backed Senior Secured First Mortgage Bonds, Affirmed A1

.... Underlying Senior Secured First Mortgage Bonds, Affirmed A1

.... Senior Secured Shelf, Affirmed (P)A1

Outlook Actions:

....Outlook, Changed To Negative From Stable

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in June 2017 and available at https://ratings.moodys.com/rmc-documents/68547. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

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At least one ESG consideration was material to the credit rating action(s) announced

and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1355824 .

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RATINGS

Connecticut Light and Power Company (The)

LT Issuer Rating	A3
First Mortgage Bond Rating	A1
Preferred Stock Rating	Baa2
Outlook	Stable

United Illuminating Company

LT Issuer Rating	Baa1
Outlook	Positive

Source: Moody's Investors Service

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Regulated Electric and Gas Utilities – US

Passage of Senate Bill 7 adds to an already challenging Connecticut regulatory environment

On 29 June 2023, Connecticut Governor Lamont signed Senate Bill (SB) 7 "An Act Strengthening Protections for Connecticut's Consumers of Energy" into law. The new law, which includes provisions that are effective immediately or on 1 October 2023, is credit negative for the state's regulated utilities because it includes provisions that will worsen an already challenging Connecticut regulatory construct, including increasing lag in cost recovery and potentially lowering returns.

Such changes would adversely affect all of the regulated utilities in the state, particularly Connecticut Light & Power Company (CL&P, A3 stable), the largest investor-owned utility and the principal operating subsidiary of Eversource Energy (Eversource, Baa1 negative). Less supportive regulation would also be negative for United Illuminating Company (UI, Baa1 positive), a subsidiary of Avangrid, Inc. (Baa2 stable). It is also credit negative for both Eversource and Avangrid's natural gas distribution companies, including Yankee Gas Services Company (Baa1 stable), Connecticut Natural Gas Corporation (A2 stable), and Southern Connecticut Gas Company (A3 stable).

This legislation comes on the heels of a more challenging regulatory environment driven by the Connecticut Public Utilities Regulatory Authority's (PURA) actions over the last two years. The state's utility regulation has become less consistent and predictable, which was evident most recently in the PURA's order on Aquarion Water Company of Connecticut's (AWC-CT, A3 negative) rate case. On 15 March 2023, the PURA rejected AWC-CT's August 2022 rate application for a multiyear distribution rate increase. The decision resulted in a decrease in AWC-CT's annual revenue requirement of almost $2 million compared with the utility's request to increase revenue by $49.9 million over the 2023-2025 period. See "Connecticut regulator rejects Aquarion Water's requested rate increase, a credit negative."

Some of SB 7's provisions include the selection of the PURA chair by the Governor rather than the existing requirement of a majority vote by the commissioners; four-year rate case requirements including additional requirements needed to file rate case settlements; specific criteria to be utilized by the PURA when determining authorized rates of returns, which will also allow for wider discretion for PURA to set rates; and the elimination of the electric system improvements capital tracker after 1 October 2023. CL&P's current $300 million annual capital tracker remains in effect until the utility files its next rate case.

From a credit perspective, a punitive aspect of the new law is the elimination of the electric system improvements capital tracker, which will reduce the timeliness and certainty of cost recovery related to such investments and will likely translate into lower cash flow

to debt ratios, all else being equal. The credit consequences could be exacerbated if the ability to reach rate case settlements is impaired by the new requirements, since it could translate into more prolonged, fully litigated (and potentially more contentious) rate cases. In the aftermath of signing of SB 7 into law, the Governor reappointed Chairman Gillett as Chairman for another two-year term beginning 1 July 2023.

Exhibit 1

Key financial metrics for the state's largest electric and gas utilities

For the period ending 31 March 2023

	Connecticut Light and Power Company (The) A3 Stable	United Illuminating Company Baa1 Positive	Yankee Gas Services Company Baa1 Stable	Connecticut Natural Gas Corporation A2 Stable	Southern Connecticut Gas Company A3 Stable
(CFO Pre-W/C + Interest) / Interest Expense (3yr Avg)	5.48x	5.46x	6.77x	8.12x	5.32x
(CFO Pre-W/C) / Debt (3yr Avg)	17%	21%	18%	32%	23%
(CFO Pre-W/C-Dividends) / Debt (3yr Avg)	12%	16%	13%	19%	16%
Debt / Book Capitalization (3yr Avg)	39%	39%	37%	35%	35%

Note: All ratios are based on "adjusted" financial data and incorporate Moody's global standard adjustments for nonfinancial companies but do not reflect company specific analytical adjustments.
Source: Moody's Financial Metrics

Headquartered in Hartford, CT and Boston, MA, Eversource Energy is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.4 million customers. Eversource has a total rate base of about $27 billion.

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include CL&P, NSTAR Electric Company (A1 negative), and Public Service Company of New Hampshire (A3 stable). The natural gas local distribution companies include Yankee Gas Services, Eversource Gas of MA (unrated) and NSTAR Gas (unrated). Eversource owns Aquarion Company (Baa2 stable), which operates regulated water utilities AWC-CT, Aquarion Water Company of Massachusetts (unrated) and Aquarion Water Company of New Hampshire (unrated). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission purview for the group's transmission businesses.

Headquartered in Orange, CT with approximately $39 billion in assets and operations in 24 US states, Avangrid has two primary lines of business: Avangrid Networks and Avangrid Renewables. The Networks segment is comprised of 8 regulated utilities involved in electric transmission and distribution as well as local distribution of natural gas across four states: New York, Connecticut, Maine and Massachusetts. Networks is also a 20% owner of New York TransCo (unrated), which focuses on the development and operation of transmission assets in the state of New York.

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CREDIT OPINION
8 June 2023

Update

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RATINGS

Connecticut Light and Power Company (The)

Domicile	Berlin, Connecticut, United States
Long Term Rating	A3
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Connecticut Light and Power Company (The)

Update to credit analysis

Summary

CL&P's credit profile reflects its low-risk business profile as an electric transmission and distribution (T&D) company, which includes a transmission business that accounts for a substantial portion of its rate base and operates within the highly credit supportive FERC regulatory framework. CL&P's electric distribution business operates under the purview of the Connecticut Public Utilities Regulatory Authority (PURA), a regulatory framework that has become challenging due to increased political scrutiny and inconsistent regulatory decisions and rate case outcomes. With that said, the Connecticut rate construct does include some credit supportive rate provisions like mult-year rate plans, revenue decoupling and purchased power cost recovery mechanisms. We believe CL&P's most recent 2021 settlement agreement was an early step in the company's ongoing effort to rebuild its relationship with regulators, customers and key stakeholders.

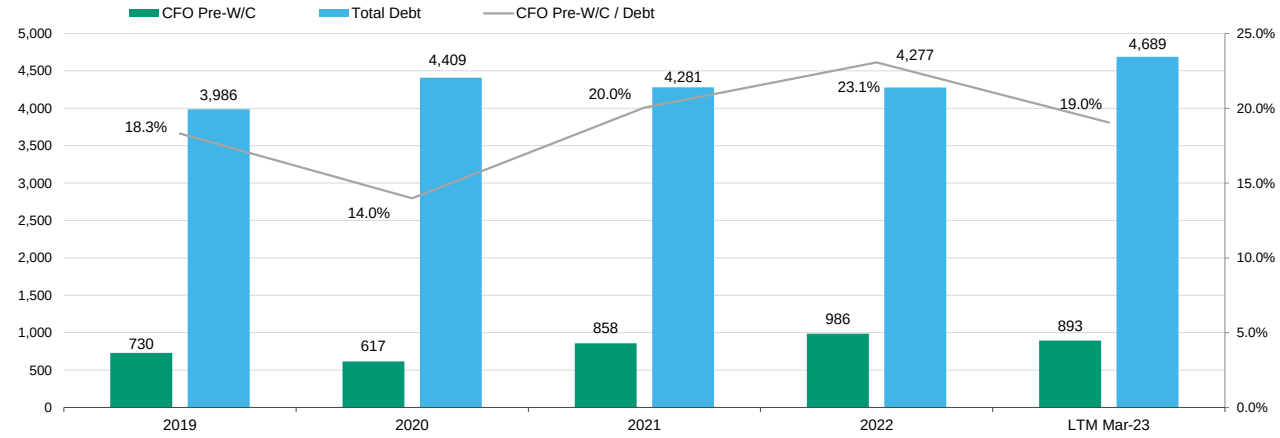
CL&P has historically exhibited a stable financial profile excluding sizable storm costs incurred in some years. For the 12-months ended 31 March 2023, CL&P's ratio of CFO pre-W/C to debt was 19.0%, which is consistent with its average of 19.3% over the last five years. Going forward, we expect CL&P to maintain stable cash flow coverage metrics, including a ratio of CFO pre-W/C to debt of about 20%, through the company's prudent management of operations and maintenance expense, improved cash flow generation from FERC regulated transmission investments and the use of non-distribution rate recovery mechanisms, as well as from a rate case filing next year with new rates in 2025.

Recent developments

On 5 June, the Connecticut House of Representatives voted to approve Senate Bill 7, which could increase the regulatory authority of the PURA and could have credit negative implications for the state's utilities such as increasing regulatory lag for cost recovery. Final details are still to be determined once the bill is ultimately signed by the Governor; however, some of the current provisions include the selection of the PURA chair by the Governor, four-year rate case filing requirements, additional requirements needed to file rate case settlements, specific criteria to be utilized by the PURA when determining authorized rates of returns and the elimination of CL&P's capital tracker for new plant additions for rate cases after July 2023. The bill passed the Senate on 26 May and has now been sent to Governor Lamont for approval.

Exhibit 1

Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt ($ MM)



Source: Moody's Financial Metrics™

Credit strengths

» Low-risk business profile as a regulated electric T&D utility

» Some timely cost recovery and revenue decoupling mechanisms included in the Connecticut and FERC regulatory constructs

» Highly credit supportive FERC regulated transmission assets account for a substantial portion of rate base

» Relatively stable financial profile

Credit challenges

» More challenging and less credit supportive Connecticut regulatory environment, which could worsen with if pending legislation is approved

» Distribution rate freeze through 2023 has delayed recovery of substantial storm costs

» Capital investment program remains elevated and requires additional debt financing

» Ongoing FERC ROE complaint proceedings continue to pose potential uncertainty on returns

Rating outlook

CL&P's stable outlook incorporates our expectation that the utility will be able to prudently manage its O&M expense during the current distribution rate freeze and continue to utilize non-distribution regulatory cost recovery mechanisms (i.e. capital tracker) to maintain a financial profile that is commensurate for its current rating including a ratio of CFO pre-W/C to debt of about 20%. At the same time, the stable outlook reflects the company's ongoing effort to rebuild its relationship with key stakeholders including state regulators and customers.

Factors that could lead to an upgrade

CL&P could be upgraded if the credit supportiveness of the Connecticut regulatory environment improves with future regulatory decisions that enhance the timeliness of the recovery of costs and investments and provide sufficient allowed returns. In addition, if CL&P's financial profile strengthens such that its ratio of CFO pre-W/C to debt is sustained in the low-20% range, an upgrade could be considered.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Factors that could lead to a downgrade

CL&P could be downgraded if we expect the deterioration in the credit supportiveness of the Connecticut regulatory environment to continue for an extended period time and cost recovery becomes less timely or if CL&P's financial performance declines such that its ratio of CFO pre-W/C to debt falls below 18% on a sustained basis.

Key indicators

Exhibit 2

Connecticut Light & Power Company (The) [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
CFO Pre-W/C + Interest / Interest	5.5x	4.7x	5.9x	6.7x	6.0x
CFO Pre-W/C / Debt	18.3%	14.0%	20.0%	23.1%	19.0%
CFO Pre-W/C – Dividends / Debt	9.7%	12.3%	12.0%	16.2%	12.5%
Debt / Capitalization	41.2%	40.4%	38.2%	36.4%	38.0%

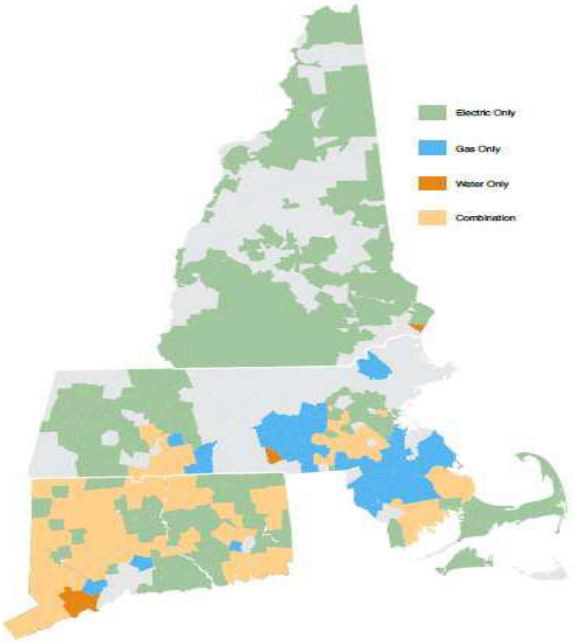
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Profile

Headquartered in Berlin, CT, The Connecticut Light and Power Company is the state's largest regulated electric transmission and distribution utility and serves about 1.28 million customers. CL&P is the largest operating subsidiary of Eversource Energy (Baa1 negative) with total assets of about $15.1 billion as of 31 March 2023. CL&P's operations are regulated by the Connecticut Public Utilities Regulatory Authority (PURA) and the Federal Energy Regulatory Commission (FERC).

CL&P's other affiliated companies include regulated electric utilities, NSTAR Electric Company (A1 negative), Public Service Company of New Hampshire (PSNH, A3 stable); natural gas distribution companies, Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA, unrated) and NSTAR Gas (unrated); and water companies, Aquarion Company (Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, A3 negative), Aquarion Water Company of Massachusetts (unrated) and Aquarion Water Company of New Hampshire (unrated).

Exhibit 3
Eversource Energy's service territories



Source: Company Fillings

Detailed credit considerations

Distribution assets operate in a challenging Connecticut regulatory environment that could worsen with pending legislation

CL&P is in the process of rebuilding its relationship with key stakeholders including state regulators and customers. The Connecticut regulatory regime has become more challenging following regulatory activities over the last few years. The regulatory environment has become less consistent and predictable, which was evident most recently in the PURA's order on AWC-CT's rate case. On 15 March 2023, the PURA approved a final order rejecting affilaite water utility AWC-CT's August 2022 rate application for a multiyear distribution rate increase. The decision resulted in a decrease of almost $2 million in AWC-CT's annual revenue requirement compared with the utility's request to increase revenue by $49.9 million over the 2023-2025 period. See "Connecticut regulator rejects Aquarion Water's requested rate increase, a credit negative. "

This rate order followed a challenging period in the relationship between CL&P and PURA during 2020 and 2021 in the aftermath of tropical storm Isaias in the summer of 2020. It culminated in the PURA approving CL&P's settlement agreement in October 2021 by a 2-1 vote. The settlement agreement included key interested parties including the Department of Energy and Environmental Protection, Office of Consumer Counsel, Office of the Attorney General and the Connecticut Industrial Energy Consumers. Connecticut's Governor Ned Lamont also supported the agreement.

In the settlement agreement, CL&P agreed to provide $65 million of customer credits distributed over December 2021 and January 2022. CL&P also agreed to provide $10 million to various customer assistance programs as directed by PURA prior to 30 April 2022, including providing credits to existing hardship and non-hardship customers carrying arrearages and for other purposes. The approved settlement also provided for a distribution rate case stay out with no new rates in place until 1 January 2024 at the earliest.

Among other things, the settlement stipulated that neither the 90 bps return on equity (ROE) penalty from the tropical storm Isaias preparedness and restoration proceeding nor the 45 bps ROE adjustment as proposed in PURA's follow-on draft decision would be implemented.

The settlement agreement followed PURA's April 2021 proposed decision to penalize CL&P and neighboring utility United Illuminating Company (UI, Baa1 positive) in any pending or future rate proceeding with a downward adjustment of 90 and 15 bps, respectively, to their allowed ROE. The proposed decision came after PURA's investigation into the state's electric distribution companies and their preparation for and response to tropical storm Isaias in August 2020.

Furthermore, in July 2021, after several proceedings, the PURA assessed a $28.6 million penalty, including a $28.4 million performance penalty and a $0.2 million fine for accident reporting. PURA directed the $28.4 million to be returned to customers beginning on 1 September 2021 over a one-year period. The $28.4 million is the maximum statutory penalty amount under the applicable Connecticut law in effect at the time of tropical storm Isaias, which was 2.5% of CL&P's annual distribution revenues.

CL&P's currently authorized 9.25% ROE and earnings sharing mechanism, or ESM, adopted as per a 2018 decision, remain in place until the company's next general distribution rate proceeding, which is expected to be filed in 2025. Under the ESM, earnings above a 9.25% ROE are to be shared equally with ratepayers. Any amounts due to customers under the terms of the ESM are first to be used to reduce various regulatory assets associated with certain unamortized environmental remediation costs. The remaining amounts due to customers are then used to offset the cost of catastrophic storms. The settlement called for the sharing provision under the ESM to remain in place until at least 31 December 2023.

In October 2020, Connecticut passed new legislation, Public Act 20-5 (House Bill 7006). Among other things, the new law required PURA to open a proceeding to evaluate and eventually implement performance based rate regulation (PBR) for the state's utilities. HB 7006 added a degree of uncertainty to the Connecticut regulatory environment since a PBR framework could affect the consistency and predictability of the state's regulatory environment, the timeliness of cost recovery and the utilities' financial profiles. Furthermore, the law extended the PURA's deadlines for rate case decisions to about a year, from about six months, which is a credit negative with regard to the timeliness of cost recovery. The law will also likely mean higher penalties for noncompliance with various service standards.

PURA is conducting the PBR proceeding in two phases. On 26 April 2023, PURA issued a final decision on the first phase and identified various objectives to guide the development of a PBR framework and adoption. A tentative procedural schedule for Phase 2 with final decisions is expected in May and August of 2024.

On 5 June, the Connecticut House of Representatives voted to approve Senate Bill 7, which could increase the regulatory authority of the PURA and could have credit negative implications for the state's utilities such as increasing regulatory lag for cost recovery. Final details are still to be determined once the bill is ultimately signed by the Governor; however, some of the current provisions include the selection of the PURA chair by the Governor, four-year rate case filing requirements, additional requirements needed to file rate case settlements, specific criteria to be utilized by the PURA when determining authorized rates of returns and the elimination of CL&P's capital tracker for new plant additions for rate cases after July 2023. The bill passed the Senate on 26 May and has now been sent to Governor Lamont for approval.

The 2018 multi-year rate case settlement agreement was credit supportive

CL&P's 2018 multi-year rate settlement agreement included a $124.7 million phased-in base electric distribution revenue increase, including a $64.3 million increase on 1 May 2018, $31.1 million in May 2019 and $29.2 million in May 2020. The rate case was based on forward test years and the phased-in rate increase mitigated some of the immediate rate effect on customers. Furthermore, in April 2019, the PURA authorized recovery of $141 million of costs related to storms, which was substantially all of the company's revised request of $145.5 million, a credit positive.

The rate case settlement agreement included an ROE of 9.25% and an equity ratio of 53%. The ROE and equity ratio were higher than the 9.17% and 50.38%, respectively, authorized in CL&P's previous 2014 rate case decision. The utility must share 50% of any earnings above the 9.25% ROE with its customers.

Exhibit 4
CL&P's 2018 Rate Case Outcome

		Rate Increase/(Decrease) ($M)	ROE	Equity Ratio
Requested	$	337.0	10.50%	53.45%
Authorized by PURA	$	124.7	9.25%	53.00%

Source: Company filings

The settlement allowed CL&P to continue to use a revenue decoupling mechanism that was adopted in its previous rate case. Revenue decoupling is credit positive because it adds to the predictability and stability of revenue and cash flow generation. CL&P's decoupling mechanism reconciles the amounts recovered from customers, on an annual basis, with the distribution revenue requirement set by the PURA, which is currently set at approximately $1.158 billion, effective 1 May 2020. The settlement also included a core capital tracker that allows for timely recovery of the utility's capital investments for core capital projects of up to $300 million for each year after 2020 until its next rate case proceeding.

Substantial transmission rate base under the purview of highly credit supportive FERC regulatory framework

A sizable portion of CL&P's rate base relates to transmission assets under the purview of FERC, which we view as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than returns in most states. CL&P is currently allowed a FERC regulated return of a base ROE of 10.57% plus incentive adders for a total of 11.3%. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

FERC Section 206 complaint remains an overhang, but further downward reduction in ROE is likely limited

As a result of FERC's decisions to date, authorized ROEs for New England transmission owners, including CL&P, have been reduced compared to returns, pre-complaints. While the complaint proceedings are still pending final resolution from FERC, we expect any further changes in authorized ROEs to be limited. As a result, we expect that total ROEs, including incentive adders, should still remain above the average authorized ROEs allowed in most states. In addition, we do not expect any changes to the formulaic, forward-looking, credit supportive ratemaking framework allowed by the FERC.

Four separate complaints were filed at FERC by groups of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties challenging the historical authorized base ROE of 11.14% that had been utilized by New England transmission owners since 2005. Each complaint covered a refund period of 15 months. FERC ruled on the first ISO-NE Section 206 complaint in June 2014 and cut the authorized ROE to 10.57% from 11.14%. FERC's order also limited the total authorized ROE, including incentive adders, to 11.74%, which is the high end of the zone of reasonableness.

Over the last few years, FERC has developed multiple versions of a methodology to determine base ROEs for transmission owners in the Midcontinent Independent System Operator (MISO) Regional Transmission Organization as well as for New England transmission owners, including CL&P. Further changes to the methodology are possible as a result of the ongoing hearings in both the MISO and ISO-NE proceedings.

CL&P has refunded $22.4 million associated with the first complaint, reflecting both the base ROE and the incentive cap, for the refund period from October 2011 to December 2012. Additionally, CL&P has reserved $21.4 million for the difference in rates during the refund period of December 2012 through March 2014 for the second complaint. No reserves were recorded for the third and fourth complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be set lower than the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

In April 2021, the FERC issued a Supplemental Notice of Proposed Rulemaking (SNOPR), which proposes to modify the NOPR's incentive for participation in an RTO by limiting the incentive for utilities participating in an RTO to 50 bps and only permitting them to earn the incentive for three years. If this proposal ends up being included in a final rule, CL&P would no longer be eligible for the 50 bps RTO incentive adder. However, a time frame has not been established for FERC to issue a final rule, and any impacts would be prospective. The elimination of the adder would be credit negative but it is not expected to materially impact the company's financial profile.

Capital investment program remains elevated requiring additional debt financing

CL&P's capital expenditure program remains elevated. During the period from 2018 - 2022, CL&P's average annual capital expenditures have been about $850 million, which is considerably higher than the annual average of about $550 million from 2013-2017.

In 2022, CL&P invested roughly $877 million in capital expenditures. Of this amount, about half was related to FERC regulated transmission investments which gets immediate recovery in rates. Of the remaining amount related to CL&P's distribution business, which included upgrades of aging infrastructure, reliability investments as well as new business and capacity additions, a substantial amount was allowed immediate recovery in rates due to capital trackers.

The majority of CL&P's planned investment gets timely recovery in rates either through distribution capital trackers or FERC's forward-looking formulaic ratemaking. At times, CL&P will require new debt issuances and capital contributions from its parent to supplement internally generated cash flow to finance capital investments. We expect CL&P to finance its capital investments with a balanced mix of equity and debt in a manner that maintains the company's targeted capital structure authorized by regulators. As an example, Eversource made capital contributions of $250 million to CL&P in 2022 to help the utility finance its investments, which also helped offset the $292 million of dividends distributed to the parent.

CL&P continues to go through the regulatory process for its proposed Advanced Metering Infrastructure (AMI) investments in the state. On 31 July 2020, CL&P filed a proposed $512 million AMI investment and implementation plan with PURA. On 17 August 2021, PURA issued a notice of request for an amended AMI proposal and in response, CL&P submitted an amended proposal on 8 November 2021 with an updated schedule for investments from 2022 through 2028. Briefings were held in 2022, however, the timing of a final decision by PURA is uncertain.

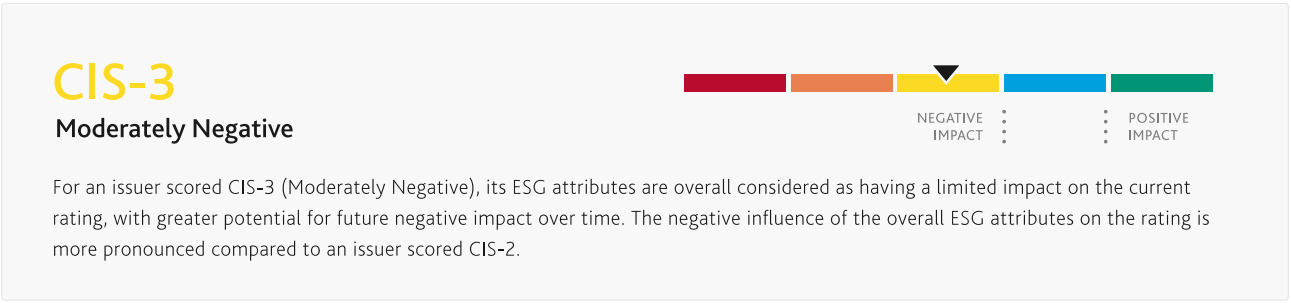
Financial profile expected to remain stable

CL&P has historically exhibited a stable financial profile excluding sizable storm costs incurred in some years. For the 12-months ended 31 March 2023, CL&P's ratio of CFO pre-W/C to debt was 19.0%, which is consistent with its average of 19.3% over the last five years. Going forward, we expect CL&P to maintain stable cash flow coverage metrics, including a ratio of CFO pre-W/C to debt of about 20%, through the company's prudent management of operations and maintenance expense, improved cash flow generation from FERC regulated transmission investments and the use of non-distribution rate recovery mechanisms, as well as from a rate case filing next year with new rates in 2025.

ESG considerations

CL&P's ESG Credit Impact Score is CIS-3 (Moderately Negative)

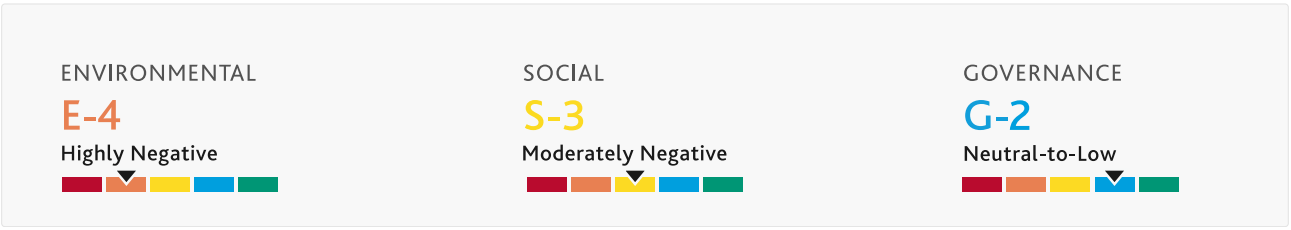
Exhibit 5
ESG Credit Impact Score



Source: Moody's Investors Service

CL&P's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 6
ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

CL&P's highly negative exposure to environmental risks (**E-4** issuer profile score) is driven by its service territory in the Northeast US, which exposes the company to material and extreme weather events such as storms. This is partially offset by the company's neutral-to-low carbon transition risk as an electric transmission and distribution utility and neutral-to-low exposure to water management, waste and pollution and natural capital risks.

Social

Exposure to social risks is moderately negative (**S-3** issuer profile score), reflecting the fundamental risk for regulated utilities that demographic and societal trends could include social pressures or public concern around affordability, reputational or environmental issues. In turn, these pressures could result in adverse political intervention into utility operations or regulatory changes. This risk has most recently manifested itself in the Connecticut regulatory environment over the last few years. These risks are balanced by neutral-to-low risks in the areas of health and safety, human capital, and responsible production.

Governance

CL&P's neutral-to-low governance risk (G-2 issuer profile) is driven by that of its parent Eversource, which is broadly in line with other utilities and does not pose a particular risk. This is supported by neutral-to-low scores on exposure to financial strategy and risk management, management credibility and track record, organizational structure, compliance and reporting and board structure policies and procedures.

ESG Issuer Profile Scores and Credit Impact Scores for CL&P are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for CL&P on MDC and view the ESG Scores section.

Additional ESG considerations

As a regulated electric T&D utility, CL&P has low carbon transition risk within the sector, particularly compared to vertically integrated electric utilities, mainly due to its lack of generation asset ownership. All commodity costs, including carbon, associated with power procurement for customers are fully passed through to customers with effective cost recovery mechanisms. CL&P continues to invest by hardening, modernizing, and making its electric distribution network more resilient and reliable particularly as the company faces extreme weather events due to climate change.

Social risks are primarily related to health and safety, demographic and societal trends, as well as customer relations as the company works to provide reliable and affordable service to customers and safe working conditions for employees. Regarding affordability, we see the potential for rising social risks associated with an inflationary environment, rising energy bills stemming from potential spikes in natural gas prices and the potential effect of increasing interest rates longer term. A high inflationary environment could make customers less able to absorb rate increases. Should this influence state regulators' decisions on rate increases or cost recovery, the company's financial profile and cash flow ratios could weaken.

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks. We view CL&P management and governance as strong based on that of its ultimate parent, Eversource.

Liquidity analysis

CL&P has sufficient liquidity based on relatively stable and predictable cash flow generation and access to its parent's joint revolving credit facility. At 31 March 2023, CL&P had a cash balance of $9 million.

For the 12-months ended 31 March 2023, CL&P generated cash flow from operations of $661 million, which was lower than its capital expenditures of $927 million and dividend distributions to its parent of $302 million. The shortfall in meeting its outflows using internally generated cash flow was largely funded through the issuance of long-term debt, short-term borrowings and capital contributions from its parent. For the LTM period, Eversource made capital contributions of $150 million to CL&P to help the utility meet its financing needs. Going forward, we expect that CL&P will continue to fund its capital needs in a balanced manner and that its dividend policy, parent equity contributions and any long-term debt issuances will be managed in a manner that maintains the utility's regulated capital structure, including an equity ratio of about 53%.

CL&P, along with affiliated entities, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT have access to Eversource's $2 billion revolving joint credit facility that expires on 15 October 2027. Under the revolving credit facility, CL&P has a borrowing sub limit of $600 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 65%. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2023.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. Eversource has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 31 March 2023, approximately $952 million was available on the credit facility with approximately $1.048 billion of commercial paper outstanding. At 31 March 2023, there were intercompany loans of $318 million from Eversource to CL&P.

CL&P's next significant debt maturity is $139.8 million of first mortgage bonds due October 2024.

Rating methodology and scorecard factors

Exhibit 7

Methodology Scorecard Factors

Connecticut Light and Power Company (The)

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 3/31/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.5x	A	5.5x - 6x	A
b) CFO pre-WC / Debt (3 Year Avg)	17.3%	Baa	19% - 22%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.9%	Baa	10% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	38.6%	Aa	37% - 40%	Aa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A2
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A3		A2
b) Actual Rating Assigned		A3		A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 3/31/2023(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Appendix

Exhibit 8

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
As Adjusted					
FFO	**730**	**911**	**1,014**	**1,140**	**983**
+/- Other	0	-295	-156	-154	-90
CFO Pre-WC	**730**	**617**	**858**	**986**	**893**
+/- ΔWC	0	-163	-76	-48	-163
CFO	**730**	**454**	**782**	**939**	**730**
- Div	345	72	344	295	305
- Capex	919	894	888	949	999
FCF	**-534**	**-512**	**-450**	**-305**	**-574**
(CFO Pre-W/C) / Debt	18.3%	14.0%	20.0%	23.1%	19.0%
(CFO Pre-W/C - Dividends) / Debt	9.7%	12.3%	12.0%	16.2%	12.5%
FFO / Debt	18.3%	20.7%	23.7%	26.7%	21.0%
RCF / Debt	9.7%	19.0%	15.7%	19.8%	14.5%
Revenue	3,233	3,548	3,637	4,818	4,871
Interest Expense	163	165	176	172	177
Net Income	401	446	383	485	484
Total Assets	12,185	13,456	13,950	14,759	15,075
Total Liabilities	7,736	8,353	8,592	8,916	9,168
Total Equity	4,449	5,103	5,358	5,842	5,907

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.
Source: Moody's Financial Metrics™

Exhibit 9

Peer Comparison Table [1]

	Connecticut Light and Power Company (The) A3 (Stable)			Yankee Gas Services Company Baa1 (Stable)			United Illuminating Company Baa1 (Positive)			Southern Connecticut Gas Company A3 (Stable)		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	FYE Dec-22
Revenue	3,637	4,818	4,871	544	609	707	1,047	1,071	1,156	353	413	516
CFO Pre-W/C	858	986	893	114	145	163	238	210	292	103	50	73
Total Debt	4,281	4,277	4,689	896	902	962	1,099	1,103	1,115	361	370	394
CFO Pre-W/C + Interest / Interest	5.9x	6.7x	6.0x	5.4x	6.5x	6.7x	5.4x	5.4x	6.6x	7.1x	3.9x	4.7x
CFO Pre-W/C / Debt	20.0%	23.1%	19.0%	12.7%	16.0%	16.9%	21.7%	19.0%	26.2%	28.6%	13.5%	18.5%
CFO Pre-W/C – Dividends / Debt	12.0%	16.2%	12.5%	8.3%	11.5%	11.6%	18.0%	9.5%	21.7%	13.4%	12.5%	9.4%
Debt / Capitalization	38.2%	36.4%	38.0%	41.0%	38.0%	36.5%	40.2%	39.9%	39.0%	39.1%	37.8%	36.5%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics™

Ratings

Exhibit 10

Category	Moody's Rating
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
PARENT: EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa1
Senior Unsecured	Baa1
Pref. Shelf	(P)Baa3
Commercial Paper	P-2

Source: Moody's Investors Service

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