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FitchRatings

**Corporates**
Electric-Corporate
**United States**

# The Connecticut Light and Power Company

The 'A–' Long-Term Issuer Default Rating (IDR) of The Connecticut Light and Power Company (CL&P) primarily reflects its low-risk regulated electric transmission and distribution (T&D) operations and stable financial profile. Regulatory challenges in Connecticut partially offset these strengths.

## Key Rating Drivers

**Commissioner Changes:** On Oct. 20, 2025, the Connecticut governor appointed four new commissioners and a new chair to PURA, the regulator in Connecticut. Under the previous regime, the relationship between Public Utilities Regulatory Authority (PURA) and utilities had been contentious, leading to rate case outcomes that are unsupportive of credit quality including decreased cash flow visibility, predictability and profitability.

With the appointment of new commissioners, the five expanded commission members and new chair, Fitch believes improvement to the state's regulatory environment could lead to more balanced regulatory outcomes. Fitch will continue to monitor the regulatory environment in Connecticut. If it remains challenging and regulatory outcomes continue to be unsupportive of credit quality, it will likely result in negative rating actions.

**Regulatory Challenges:** Connecticut's regulatory environment has been challenging in recent years with rate orders that have been unsupportive of utility credit quality, including rate decreases for peer utilities and below-average ROEs. Senate Bill 7, enacted in June 2023, further weakens cash flow predictability.

The bill restricts cost recovery mechanisms and requires consideration of macroeconomic conditions in ROE decisions, mandatory base rate reviews every four years, greater gubernatorial oversight and performance-based limits on management compensation if customer bills rise beyond certain thresholds. Fitch could take negative rating action if the final regulatory framework becomes materially more punitive.

**Rate Case Filing**: On July 14, 2026, CL&P filed for new distribution base rate increases with the PURA. The utility is seeking increases of about $450.9 million based on a 10.25% ROE and a 53.86% equity capitalization ratio. The last rate case for CL&P was in April 2018. The utility has been using alternate mechanisms such as the rate adjustment mechanisms (RAM) and trackers for rate adjustments. This is the first electric distribution rate case filed by CL&P under the recent leadership and commissioner changes at PURA. Fitch expects a constructive outcome and will continue to monitor this development.

**Storm Costs Securitization Approved:** On July 29, 2026, PURA approved about $868 million of prudently incurred storm restoration costs for CL&P, down from the proposed $942 million. Of the $74 million difference, $63 million was deferred for future recovery and is under review by PURA. Commissioners also denied recovery of about $397 million of retroactive interest charges. The net recoverable amount through securitization is about $667.9 million, after credits from storm recovery reserves and prior RAM recoveries. Fitch views the decision as balanced, as it allows recovery of most storm costs and may signal improving regulatory conditions in Connecticut.

**FERC Base ROE Reduction:** On March 19, 2026, The Federal Energy Regulatory Commission (FERC) reduced the New England transmission base ROE to 9.57% from 10.57% and ordered retroactive refunds for returns dating back to 2011. The FERC later extended the refund completion deadline to May 20, 2027. Fitch expects Eversource Energy (ES; BBB/Stable), the parent of CL&P, to refund about $880 million in total, including CL&P's portion, to customers in 2026 and 2027. Fitch expects the refund will temporarily weaken CL&P's FFO leverage over the forecast period.

### Ratings

| | |
|---|---|
| Long-Term IDR | A- |
| Senior Secured Debt - Long-Term Rating | A+ |
| **Outlook** | |
| Long-Term Foreign-Currency IDR | Stable |

Click here for the full list of ratings

### ESG and Climate

| **Highest ESG Relevance Scores** | |
|---|---|
| Environmental | 3 |
| Social | 3 |
| Governance | 3 |
| 2035 Climate Vulnerability Signal | 38 |
| Transition (Climate.VSt) | 20 |
| Physical (Climate.VSp) | 34 |

### Applicable Criteria

Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)
Corporate Hybrids Treatment and Notching Criteria (April 2025)
Parent and Subsidiary Linkage Rating Criteria (June 2025)
Corporate Rating Criteria (January 2026)
Sector Navigators – Addendum to the Corporate Rating Criteria (January 2026)

### Related Research

Global Corporates Sector Forecasts Monitor: July 2026 (July 2026)
North American Utilities, Power & Gas 2Q26 Rating Trends Stable (July 2026)
North American Utilities & Power Outlook 2026 (December 2025)
North American Utilities Monitor: 1Q25 (June 2025)

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**Prospective ROE Reset:** After the base ROE cut, CL&P and other New England transmission owners filed a Section 205 request to raise the base ROE to 11.39% using current market data and to increase the ROE cap to 12.89% from 12.09%. The filing is expected to go into effect at the end of November 2026, subject to refunds and potential settlements. If this gets approved, it will provide cash flow relief for New England electric transmission operators, including CL&P.

**Adequate Financial Profile:** CL&P's funds from operations (FFO) leverage for 2025 was about 3.0x, consistent with Fitch's expectation. The result was driven by the implementation of rate increases under RAM and recovery of costs relating to the Millstone and Seabrook power purchase agreements between 2024 and 2025. Through 2027, Fitch forecast CL&P's FFO leverage to average about 4.0x. This is driven by new base distribution rates, securitization of storm cost recovery and timely cost recovery associated with FERC-regulated transmission investments, temporarily offset by the FERC ROE refund.

**Transmission Base Supports Business Profile:** CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates volume risk exposure, providing cash flow predictability. Oversight by FERC provides CL&P's growing electric transmission business with beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, which helps to counterbalance Connecticut's more challenging regulatory environment.

**Capex Plan Moderating:** Fitch expects capex to modestly decrease through the forecast plan. At the same time, CL&P continues to make significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to account for approximately 40% of the total projected spend over 2026-2029. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

**Parent-Subsidiary Linkage:** A parent-subsidiary linkage exists between Eversource Energy (ES; BBB/Stable) and CL&P. Fitch considers CL&P's Standalone Credit Profile (SCP) stronger than ES's parent consolidated profile due to CL&P's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control is porous, reflecting that ES centrally manages CL&P's treasury function and serves as its sole source of equity, but CL&P issues its own debt. Consequently, Fitch limits the credit rating difference between CL&P and ES to two notches.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade to parent ES's Long-Term IDR;
- FFO leverage exceeds 4.3x on a sustained basis;
- An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An upgrade to parent ES's Long-Term IDR and FFO leverage less than 3.5x on a sustained basis;
- A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;

## Issuer Profile

CL&P is a subsidiary of Eversource Energy and is the primary electric transmission and distribution utility in Connecticut, serving about 1.3 million customers.

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## Financial Summary

| (USD Mil.) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Gross revenue | 4,818 | 4,579 | 4,615 | 5,241 |
| EBITDA | 1,146 | 1,198 | 1,369 | 1,952 |
| CFO (Fitch-defined) | 864 | 524 | 736 | 1,728 |
| Capital intensity (capex/revenue) (%) | 18.2 | 25.6 | 22.5 | 17.7 |
| Debt | 4,278 | 5,135 | 5,468 | 5,188 |
| FFO interest coverage (x) | 6.4 | 7.6 | 5.9 | 8.0 |
| FFO leverage (x) | 3.9 | 3.7 | 4.1 | 2.9 |
| EBITDA leverage (x) | 3.7 | 4.3 | 4.0 | 2.7 |

Source: Fitch Ratings, Fitch Solutions

## Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): management ('bbb', lower), sector characteristics ('a-', higher), market and competitive positioning ('bbb', moderate), diversification and asset quality ('bbb+', moderate), company operational characteristics ('a-', moderate), profitability ('bbb+', moderate), financial structure ('a', higher), and financial flexibility ('a', moderate).
- The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.
- The governance assessment of 'good' has no impact.
- The operating environment assessment of 'aa-' has no impact.
- The SCP is 'a-'.

To derive the Long-Term IDR:

- Application of Fitch's Parent Subsidiary Linkage Rating Criteria results in a consolidated profile+2 approach.

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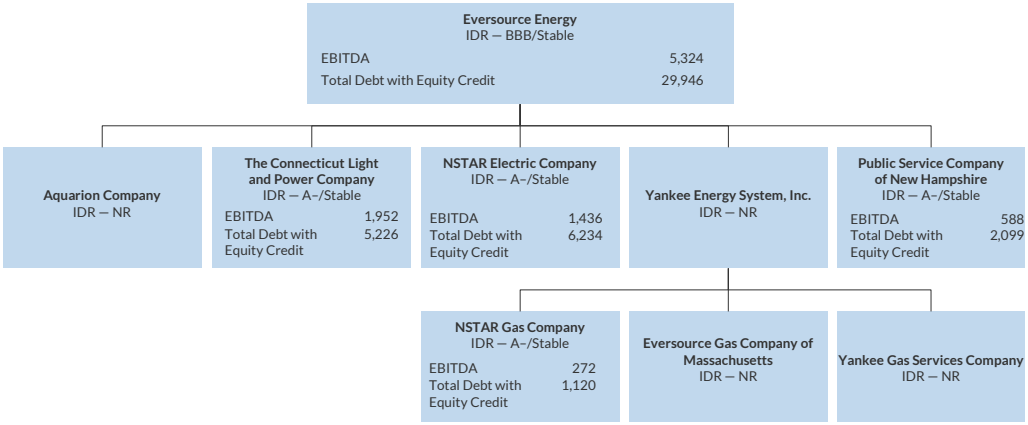
## Simplified Group Structure Diagram

**Organizational Structure — The Connecticut Light and Power Company**

($ Mil, as of Dec. 31, 2025)




IDR – Issuer Default Ratings. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

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## Ratings Navigator

### North American Utilities




### Additional Adjustments to the Standalone Credit Profile

| | Assessment | Impact |
|---|---|---|
| Weakest link considerations | Not applied | 0 |
| Additional sector considerations | Not applied | 0 |
| B+ to CC considerations | Not applied | 0 |
| Governance | Good | 0 |
| Operating environment | aa- | 0 |
| Other risk elements | Not applied | 0 |
| Calibration | Not applied | 0 |
| **Standalone Credit Profile** | | **a-** |
| Parent subsidiary linkage | Consolidated profile+2 | A- |
| Government related entities | Not applied | — |
| Other criteria considerations | Not applied | 0 |
| Country ceiling considerations | Not applied | 0 |

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| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Management** | bbb / stable / lower | |
| Risk tolerance | bbb / moderate | Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed. |
| Management strategy | bbb / moderate | Good track record of implementing coherent and stable strategy. |
| Management quality | bbb / moderate | Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses. |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Sector characteristics** | a- / stable / higher | |
| Regulatory environment | bbb+ / moderate | Generally transparent and predictable regulation with limited political interference. |
| Mechanisms supportive of creditworthiness | bbb+ / moderate | Effective regulatory ring-fencing or minimum creditworthiness requirements. |
| Cost and investment recovery | a- / moderate | Minimal lag to recover capital and operating costs. |
| Trend in authorized roes | bbb+ / moderate | Average authorized ROE. |
| Market structure | a / moderate | Well-established market structure with complete transparency in price-setting mechanisms. |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Market and competitive positioning** | bbb / stable / moderate | |
| Underlying supply mix | n.a. / n.a. | Subfactor not relevant to the issuer. |
| Consumption growth potential | bbb / moderate | Customer and usage growth in line with industry averages. |
| Supply demand dynamics | bbb / moderate | Moderately favorable outlook for prices/rates. |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Diversification and asset quality** | bbb+ / stable / moderate | |
| Asset diversification | bbb+ / moderate | Good quality and/or reasonable scale diversified assets. |
| Geographic diversification | bbb / moderate | Beneficial location or reasonable locational diversity. |
| Customer diversification | a- / moderate | Favorable customer mix. |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Company operational characteristics** | a- / stable / moderate | |
| Operational reliability | a- / moderate | Track record of reliable, low-cost operations. |
| Capex intensity | bbb / moderate | Moderate reinvestments requirements in established technologies. |
| Cost competitiveness | a / moderate | Complete pass-through of commodity costs. |
| Exposure to weather risk | bbb+ / moderate | Resilient asset base, manageable exposure to wildfire, hurricane or other weather-related natural disasters supported by effective legal/regulatory constructs. |
| Environmental exposure | a / moderate | No exposure to environmental regulations. |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Profitability** | bbb+ / stable / moderate | |
| Free cash flow | bbb+ / moderate | Structurally neutral to negative FCF across the investment cycle. |
| Volatility of profitability | a- / moderate | Higher stability and predictability of profits relative to utility peers. |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Financial structure** | a / stable / higher | |
| EBITDA leverage (x) | a+ / lower | 3.25 |
| FFO leverage (x) | a / higher | 3.5 |

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| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Financial flexibility** | a / stable / moderate | |
| Financial access | a / moderate | Unequivocal access through the cycle to: Local financial markets with FMD of 'a' and above, or International financial markets with (primarily) FMD of 'a' and above. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle. |
| Liquidity | bbb+ / moderate | One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified. |
| FFO interest coverage (x) | a+ / moderate | 5.5 |

| Factor / Subfactor | Score / Outlook / Importance | Description |
|---|---|---|
| **Governance** | Good / — / — | |
| Ownership and decision-making concentration | Good / moderate | No concentration in ownership and/or decision-making. Presence of effective checks and balances. Key person risk is immaterial. Decision-making is defensible from a governance perspective. |
| Group structure transparency and contagion risk | Good / moderate | Transparent group structure. No contagion risks. |
| Information quality/transparency | Good / moderate | Timely and good provision of financial and operational information, facilitating the analysis of the credit profile. |

## Parent Subsidiary Linkage Analysis

### Key Risk Factors and Notching Approach

| Parent | Eversource Energy |
|---|---|
| Parent LT IDR | BBB |
| Subsidiary | The Connecticut Light and Power Company |
| Subsidiary LT IDR | A- |
| Path | Stronger Subsidiary |
| Legal ring-fencing | Porous |
| Access and control | Porous |
| Notching matrix outcome | Parent consolidated profile+2 |
| Override applied | No |
| Notching approach | — |

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

### Stronger Subsidiary Notching Matrix

| Access and control | Open | Porous | Insulated |
|---|---|---|---|
| With open ring-fencing | Parent consolidated profile | Parent consolidated profile+1 | Parent consolidated profile+2[b] |
| With porous ring-fencing | Parent consolidated profile+1 | Parent consolidated profile+2[b] | Parent consolidated profile+2[b] |
| With insulated ring-fencing | [a] | Standalone | Standalone |

[a] It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a Parent consolidated+1, Parent consolidated+2 or standalone outcome. [b] Notching is capped at the subsidiary's Standalone Credit Profile.
Source: Fitch Ratings

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## Fitch's Key Rating-Case Assumptions

- CL&P's transmission capex about 40% of total capex over the 2026-2029 period;
- Securitization of storm cost recovery as approved;
- Operations and maintenance expense remaining relatively flat;
- Normal weather;
- Continued credit-supportive economic regulation at FERC;
- No adverse regulatory outcomes.

## Liquidity and Debt Structure

Fitch considers liquidity for ES and each of its regulated utility subsidiaries adequate. ES has a $2.0 billion commercial paper (CP) program it uses to provide subsidiaries with intercompany loans. ES had $432 million of CP borrowings outstanding as of June 30, 2026, leaving $1,568 million of available borrowing capacity. ES, CL&P, Public Service Company of New Hampshire (PSNH; A-/Stable), NSTAR Gas Company (NGC; A-/Stable), Yankee Gas Services Company (Yankee Gas; not rated) and Eversource Gas Company of Massachusetts (EGMA; not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 11, 2030.

Under the RCF, CL&P has a $600 million borrowing sublimit. PSNH, NGC, EGMA and Yankee Gas each have a $300 million sublimit. The RCF serves to backstop ES' CP program. There were no RCF borrowings outstanding as of June 30, 2026.

## Liquidity and Debt Maturities

### Liquidity Analysis

| (USD Mil.) | December 31, 2024 | December 31, 2025 |
|---|---|---|
| Total cash and cash equivalents | 1 | 88 |
| Short-term investments | — | — |
| Less not readily available cash and cash equivalents | — | — |
| **Fitch-defined readily available cash and cash equivalents** | **1** | **88** |
| Availability under committed lines of credit | — | — |
| **Total liquidity** | 1 | 88 |
| LTM EBITDA after associates and minorities | 1,369 | 1,952 |
| LTM FCF | -636 | 370 |

Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

### Scheduled Debt Maturities

| (USD Mil.) | December 31, 2025 |
|---|---|
| 2026 | — |
| 2027 | 500 |
| 2028 | — |
| 2029 | 350 |
| 2030 | 400 |
| Thereafter | 3,996 |
| **Total** | **5,246** |

Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

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## Financial Data

| (USD Mil.) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Summary income statement** | | | | |
| Gross revenue | 4,818 | 4,579 | 4,615 | 5,241 |
| Revenue growth (%) | 32.5 | -5.0 | 0.8 | 13.6 |
| EBITDA before income from associates | 1,146 | 1,198 | 1,369 | 1,952 |
| EBITDA margin (%) | 23.8 | 26.2 | 29.7 | 37.2 |
| EBITDA after associates and minorities | 1,146 | 1,198 | 1,369 | 1,952 |
| EBIT | 790 | 821 | 860 | 870 |
| EBIT margin (%) | 16.4 | 17.9 | 18.6 | 16.6 |
| Gross interest expense | -174 | -201 | -238 | -225 |
| Pretax income including associate income/loss | 704 | 690 | 707 | 719 |
| **Summary balance sheet** | | | | |
| Readily available cash and equivalents | 11 | 10 | 1 | 88 |
| Debt | 4,278 | 5,135 | 5,468 | 5,188 |
| Net debt | 4,267 | 5,125 | 5,467 | 5,100 |
| **Summary cash flow statement** | | | | |
| EBITDA | 1,146 | 1,198 | 1,369 | 1,952 |
| Cash interest paid | -167 | -177 | -224 | -222 |
| Cash tax | -118 | 44 | 47 | — |
| Dividends received less dividends paid to minorities (inflow/outflow) | — | — | — | — |
| Other items before FFO | 74 | 139 | -66 | -143 |
| FFO | 936 | 1,208 | 1,149 | 1,582 |
| FFO margin (%) | 19.4 | 26.4 | 24.9 | 30.2 |
| Change in working capital | -72 | -684 | -413 | 146 |
| CFO (Fitch-defined) | 864 | 524 | 736 | 1,728 |
| Total non-operating/nonrecurring cash flow | — | — | — | — |
| Capex | -877 | -1,174 | -1,039 | -928 |
| Capital intensity (capex/revenue) (%) | 18.2 | 25.6 | 22.5 | 17.7 |
| Common dividends | -292 | -330 | -334 | -430 |
| FCF | -305 | -980 | -636 | 370 |
| FCF margin (%) | -6.3 | -21.4 | -13.8 | 7.1 |
| Net acquisitions and divestitures | — | — | — | — |
| Other investing and financing cash flow items | 11 | -2 | -6 | -3 |
| Net debt proceeds | — | 857 | 333 | -280 |
| Net equity proceeds | 250 | 124 | 300 | — |
| Total change in cash | -44 | -1 | -9 | 87 |
| **Calculations for forecast publication** | | | | |
| Capex, dividends, acquisitions and other items before FCF | -1,169 | -1,504 | -1,373 | -1,358 |
| FCF after acquisitions and divestitures | -305 | -980 | -636 | 370 |
| FCF margin after net acquisitions (%) | -6.3 | -21.4 | -13.8 | 7.1 |
| **Gross Leverage ratios (x)** | | | | |
| EBITDA leverage | 3.7 | 4.3 | 4.0 | 2.7 |
| FFO leverage | 3.9 | 3.7 | 4.1 | 2.9 |
| (CFO-capex)/debt (%) | -0.3 | -12.6 | -5.5 | 15.4 |
| **Net Leverage ratios (x)** | | | | |
| EBITDA net leverage | 3.7 | 4.3 | 4.0 | 2.6 |
| FFO net leverage | 3.9 | 3.7 | 4.1 | 2.8 |
| (CFO-capex)/net debt (%) | -0.3 | -12.7 | -5.5 | 15.7 |

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| (USD Mil.) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Coverage ratios (x)** | | | | |
| EBITDA interest coverage | 6.9 | 6.8 | 6.1 | 8.8 |
| FFO interest coverage | 6.4 | 7.6 | 5.9 | 8.0 |
| FFO fixed-charge coverage | 6.4 | 7.6 | 5.9 | 8.0 |

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

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## Fitch Adjusted Financials

| (USD Mil. as of December 31, 2025) | Notes and formulas | Standardized values | Fair value and other debt adjustments | Lease treatment | Other adjustments | Adjusted values |
|---|---|---|---|---|---|---|
| **Income statement summary** | | | | | | |
| Revenue | | 5,241 | — | — | — | 5,241 |
| EBITDA | (a) | 1,303 | — | -1 | 650 | 1,952 |
| Depreciation and amortization | | -433 | — | — | -650 | -1,082 |
| EBIT | | 871 | — | -1 | -0 | 870 |
| **Balance sheet summary** | | | | | | |
| Debt | (b) | 5,168 | 20 | — | — | 5,188 |
| Of which other off-balance-sheet debt | | — | — | — | — | — |
| Lease-equivalent debt | | — | — | — | — | — |
| Lease-adjusted debt | | 5,168 | 20 | — | — | 5,188 |
| Readily available cash and equivalents | (c) | 88 | — | — | — | 88 |
| Not readily available cash and equivalents | | — | — | — | — | — |
| **Cash flow summary** | | | | | | |
| EBITDA | (a) | 1,303 | — | -1 | 650 | 1,952 |
| Dividends received from associates less dividends paid to minorities | (d) | — | — | — | — | — |
| Interest paid | (e) | -208 | — | 1 | -15 | -222 |
| Interest received | (f) | 13 | — | -0 | -13 | — |
| Preferred dividends paid | (g) | -6 | — | -0 | 0 | -6 |
| Cash tax paid | | — | — | — | — | — |
| Other items before FFO | | 563 | — | -2 | -704 | -143 |
| FFO | (h) | 1,665 | — | -2 | -82 | 1,582 |
| Change in working capital | | 4 | — | — | 142 | 146 |
| CFO | (i) | 1,670 | — | -2 | 60 | 1,728 |
| Non-operating/nonrecurring cash flow | | — | — | — | — | — |
| Capex | (j) | -868 | — | — | -60 | -928 |
| Common dividends paid | | -430 | — | — | — | -430 |
| FCF | | 372 | — | -2 | — | 370 |
| **Gross leverage (x)** | | | | | | |
| EBITDA leverage | b / (a+d) | 4.0 | — | — | — | 2.7 |
| FFO leverage | b / (h-e-f-g) | 2.8 | — | — | — | 2.9 |
| (CFO-capex)/debt (%) | (i+j) / b | 15.5 | — | — | — | 15.4 |
| **Net leverage (x)** | | | | | | |
| EBITDA net leverage | (b-c) / (a+d) | 3.9 | — | — | — | 2.6 |
| FFO net leverage | (b-c) / (h-e-f-g) | 2.7 | — | — | — | 2.8 |
| (CFO-capex)/net debt (%) | (i+j) / (b-c) | 15.7 | — | — | — | 15.7 |
| **Coverage (x)** | | | | | | |
| EBITDA interest coverage | (a+d) / (-e) | 6.3 | — | — | — | 8.8 |
| FFO interest coverage | (h-e-f-g) / (-e-g) | 8.7 | — | — | — | 8.0 |

CFO – Cash flow from operations
Note: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardized values column excludes lease liabilities of USD21.7 million.
Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power.

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## Peer Analysis

CL&P compares adequately with peers. CL&P, The United Illuminating Company (UI; A-/Negative), PSNH and Central Maine Power Company (CMP; BBB+/Stable) are all relatively low-risk T&D utilities that operate in the New England region. Fitch considers the regulatory environment in Connecticut and Maine to be somewhat more restrictive, with lower authorized ROE, while the regulatory environment in New Hampshire is relatively balanced. CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows.

CL&P, UI and CMP all benefit from revenue decoupling. In terms of FFO, CL&P is roughly 2.5x larger than UI, and approximately 1.5x larger than CMP and PSNH, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around 4.0x for CL&P through 2027, 4.0x for UI, 4.3x for PSNH and 4.3x for CMP.

## Navigator Peer Comparison

| Issuer | | Business profile (Score/Relative Importance) | | | | | Financial profile (Score/Relative Importance) | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | IDR/Outlook | Management | Sector Characteristics | Market and Competitive Positioning | Diversification and Asset Quality | Company Operational Characteristics | Profitability | Financial Structure | Financial Flexibility |
| The Connecticut Light and Power Company | A-/Stable | bbb | a- | bbb | bbb+ | a- | bbb+ | a | a |
| The United Illuminating Company | A-/Negative | bbb+ | a- | bbb | bbb+ | a- | bbb+ | a- | a- |
| Central Maine Power Company | BBB+/Stable | bbb+ | a- | bbb | bbb+ | a- | bbb+ | bbb+ | a- |
| Public Service Company of New Hampshire | A-/Stable | bbb | a- | bbb | bbb+ | bbb+ | bbb+ | a- | a |

Relative importance: Higher Moderate Lower

Source: Fitch Ratings

| Issuer | | Business profile (Score/Outlook) | | | | | Financial profile (Score/Outlook) | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | IDR/Outlook | Management | Sector Characteristics | Market and Competitive Positioning | Diversification and Asset Quality | Company Operational Characteristics | Profitability | Financial Structure | Financial Flexibility |
| The Connecticut Light and Power Company | A-/Stable | bbb | a- | bbb | bbb+ | a- | bbb+ | a | a |
| The United Illuminating Company | A-/Negative | bbb+ | a- | bbb | bbb+ | a- | bbb+ | a- ▼ | a- |
| Central Maine Power Company | BBB+/Stable | bbb+ | a- | bbb | bbb+ | a- | bbb+ | bbb+ | a- |
| Public Service Company of New Hampshire | A-/Stable | bbb | a- | bbb | bbb+ | bbb+ | bbb+ | a- | a |

Rating categories: b/ccc bb bbb a aa ▲▼ Factor outlook direction.

Source: Fitch Ratings

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## Peer Financial Summary

| Company | Issuer Default Rating | Financial statement date | Gross revenue ($ Mil.) | FFO ($ Mil.) | FFO interest coverage (x) | FFO leverage (x) | EBITDA leverage (x) |
|---|---|---|---|---|---|---|---|
| The Connecticut Light and Power Company | A- | | | | | | |
| | A- | 2025 | 5,241 | 1,582 | 8.0 | 2.9 | 2.7 |
| | A- | 2024 | 4,615 | 1,149 | 5.9 | 4.1 | 4.0 |
| | A- | 2023 | 4,579 | 1,208 | 7.6 | 3.7 | 4.3 |
| The United Illuminating Company | A- | | | | | | |
| | A- | 2025 | 1,399 | 255 | 5.5 | 3.7 | 3.7 |
| | A- | 2024 | 1,341 | 277 | 5.6 | 3.5 | 4.2 |
| | A- | 2023 | 1,356 | 185 | 4.7 | 4.7 | 3.9 |
| Central Maine Power Company | BBB+ | | | | | | |
| | BBB+ | 2025 | 1,477 | 627 | 9.0 | 2.5 | 4.0 |
| | BBB+ | 2024 | 1,275 | 422 | 7.0 | 3.4 | 4.5 |
| | BBB+ | 2023 | 1,127 | 418 | 6.8 | 3.0 | 4.0 |
| Public Service Company of New Hampshire | A- | | | | | | |
| | A- | 2025 | 1,320 | 475 | 7.2 | 3.8 | 3.6 |
| | A- | 2024 | 1,237 | 535 | 8.3 | 3.1 | 3.3 |
| | A- | 2023 | 1,389 | 399 | 7.4 | 3.6 | 4.4 |

Source: Fitch Ratings, Fitch Solutions

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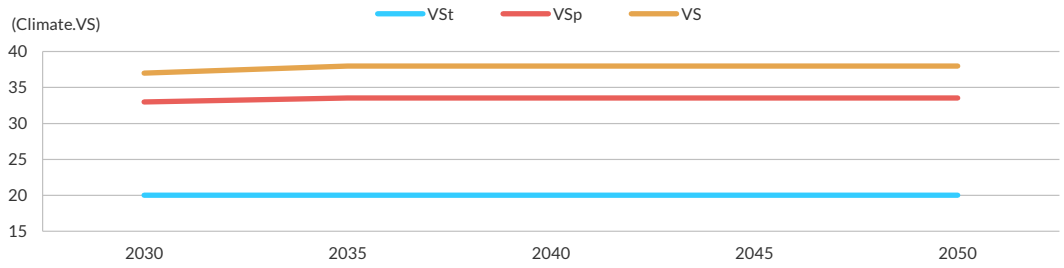
## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify credits with higher exposure to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Fitch's latest Climate Vulnerability Signals for Non-Financial Corporate Sectors report.

The Climate.VS for 2035 is 38 out of 100. This reflects a VSp of 34 and a VSt of 20.

**Climate Vulnerability Signals**




Source: Fitch Ratings

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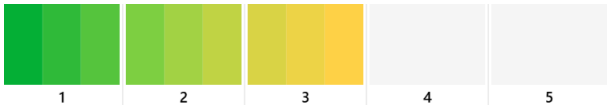
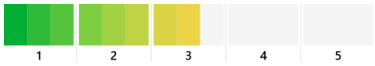
## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.




### Environmental Relevance Scores

| General issues | Score | Sector-specific issues | Reference |
|---|---|---|---|
| GHG Emissions & Air Quality | 3 | Emissions from operations | Sector Characteristics; Market and Competitive Positioning; Company Operational Characteristics; Profitability |
| Energy Management | 3 | Fuel use to generate energy and serve load | Market and Competitive Positioning; Company Operational Characteristics; Profitability |
| Water & Wastewater Management | 2 | Water used by hydro plants or by other generation plants, also effluent management | Sector Characteristics; Company Operational Characteristics; Profitability |
| Waste & Hazardous Materials Management; Ecological Impacts | 3 | Impact of waste from operations | Sector Characteristics; Company Operational Characteristics; Profitability |
| Exposure to Environmental Impacts | 3 | Plants' and networks' exposure to extreme weather | Sector Characteristics; Company Operational Characteristics; Profitability |




### Social Relevance Scores

| General issues | Score | Sector-specific issues | Reference |
|---|---|---|---|
| Human Rights, Community Relations, Access & Affordability | 3 | Product affordability and access | Sector Characteristics; Company Operational Characteristics; Profitability; Financial Structure |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3 | Quality and safety of products and services; data security | Sector Characteristics; Profitability |
| Labor Relations & Practices | 3 | Impact of labor negotiations and employee (dis)satisfaction | Company Operational Characteristics; Profitability |
| Employee Wellbeing | 2 | Worker safety and accident prevention | Company Operational Characteristics; Profitability |
| Exposure to Social Impacts | 3 | Social resistance to major projects that leads to delays and cost increases | Company Operational Characteristics; Profitability |




### Governance Relevance Scores

| General issues | Score | Sector-specific issues | Reference |
|---|---|---|---|
| Management Strategy | 3 | Strategy development and implementation | Management; Governance |
| Governance Structure | 3 | Board independence and effectiveness; ownership concentration | Governance |
| Group Structure | 3 | Complexity, transparency and related-party transactions | Governance |
| Financial Transparency | 3 | Quality and timing of financial disclosure | Governance |



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### ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

### Credit-Relevant ESG Scale

| | |
|---|---|
| 5 | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator. |
| 4 | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator. |
| 3 | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator. |
| 2 | Irrelevant to the entity rating but relevant to the sector. |
| 1 | Irrelevant to the entity rating and irrelevant to the sector. |

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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RATING ACTION COMMENTARY

# Fitch Assigns Eversource and Subs Negative Outlooks; Affirms Ratings

Wed 26 Nov, 2025 - 10:33 AM ET

Fitch Ratings - New York - 26 Nov 2025: Fitch Ratings has removed the ratings for Eversource Energy (ES) and its subsidiaries from Rating Watch Negative (RWN). Fitch also affirmed the ratings and assigned Negative Rating Outlooks.

The Negative Outlook for ES reflects uncertainty about its deleveraging plans following the Connecticut Public Utilities Regulatory Authority (PURA) rejection of the proposed sale of water utility Aquarion Water (Aquarion) for $2.4 billion. ES had planned to use the net proceeds from the sale to reduce holding company leverage. The Negative Outlook also reflects political uncertainty regarding Revolution Wind (Revolution), which is on track for completion in 2H26. If ES is unable to offset higher leverage due to the rejection of the Aquarion sale or meaningful incremental delay to Revolution it could result in adverse rating actions.

The Negative Outlook for ES's subsidiaries reflects the application of Fitch's Parent-Subsidiary Linkage (PSL) criteria. A downgrade of ES would result in downgrades of the utilities.

## KEY RATING DRIVERS

***Eversource Energy***

**Aquarion Update:** On Jan. 27, 2025, ES announced the sale of Aquarion for $2.4 billion, with expected net proceeds of about $1.6 billion after settling $800 million of Aquarion's debt. On Nov. 19, 2025, PURA rejected the sale, stating it was not in the best interest of customers. The order causes a large funding gap in ES's deleveraging plan. The company had planned to use sale proceeds to reduce holding company leverage.

Fitch could revise ES's Outlook to Stable if the company finances the funding gap in a credit-supportive and timely manner over the next 6-12 months. Without the sale proceeds, Fitch estimates ES's FFO leverage will average around 6.2x through 2027, above its downgrade sensitivity of 6.0x.

**Revolution Project Update:** Following the stop-work order on the Revolution project issued by the Bureau of Ocean Energy Management on Aug. 22, 2025, Orsted A/S (Orsted; BBB/Negative), one of the project owners, appealed the order. On Sept. 22, 2025, a federal judge from the U.S. District Court in Washington, D.C. issued a preliminary injunction that overturned the stop-work order and allowed Revolution to resume construction.

The U.S. government did not appeal the preliminary injunction within a 60-day period, which expired on Nov. 21, 2025, easing uncertainty regarding timely completion of Revolution. Orsted reiterated the project's target commercial operation date (COD) in 2H2026. Further actions by the U.S. government causing material delays or cost overruns to the project, or obligations to ES, could lead to adverse rating actions.

**Offshore Wind Exits Risks:** In 2024, ES sold its two remaining offshore wind projects, 50% ownership interest in the South Fork Wind and Revolution. The company has fully exited its offshore wind operations, a credit positive, but key risks remain. In addition to construction cost overruns and abandonment costs, ES must ensure Global Infrastructure Partners (GIP) receives a 13% pre-tax internal rate of return on its Revolution investment.

ES already recorded about $360 million of liabilities at the time of the sale to reflect increased construction costs and delays, which it expected to be settled in 2026. During 3Q'25, the company incurred an additional $285 million of liabilities on the project related to construction cost increases and impact from the stop-work order. This is partly offset by about $210 million federal tax benefit linked to tax losses on ES's offshore wind investments, resulting in a net charge of $75 million. Further cost overruns, delays, or abandonment could result in additional costs. Fitch expects ES to fund additional needs in a credit-supportive manner.

**Minimal Credit Metrics Cushion:** ES's FFO leverage has been elevated, averaging about 7.2x over the past four years due to acquisitions, high capex, offshore wind cost overruns and large deferrals, including storm costs. In 2024, FFO leverage improved to 6.4x after ES divested the offshore wind operations and issued about $1 billion in equity. The Aquarion sale falling through created a large funding gap in the company's deleveraging plan. Fitch now projects ES's FFO leverage of about 6.2x through 2027, above its downgrade sensitivity of 6.0x.

**Large Utility Capex Plan:** ES's five-year capex program targets about $24 billion of investments, almost 3x depreciation expense, across electric transmission and distribution as well as gas distribution. This utility capex is a relatively low-risk growth plan, including about $10.2 billion in electric distribution, $6.8 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and $6.0 billion in natural gas distribution. Most of ES's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

**Regulatory Diversification:** ES operates utilities in three states and invests heavily in FERC-regulated projects. FERC, Connecticut, Massachusetts and New Hampshire represent 36%, 29%, 29% and 6% of ES's consolidated rate base, respectively. Fitch views FERC as one of the most constructive U.S. regulators due to timely cost recovery and formulaic rates of return. Connecticut's electric regulatory environment is more challenging. Fitch views PURA's recent actions to implement performance-based regulation, enactment of Senate Bill 7 and authorized returns on equity (ROEs) below the national average as less constructive.

**Parent-Subsidiary Linkage:** There is PSL between ES and its regulated utility subsidiaries. Fitch views the subsidiaries' Standalone Credit Profiles (SCPs) as stronger than ES's parent consolidated profile due to lower risk regulated utility operations and better credit and financial leverage metrics. Legal ring-fencing is porous given the general protection afforded by economic regulation. Access and control are porous as ES centrally manages the treasury function for all its subsidiaries and is the sole source of equity, but the subsidiaries issue their own debt. Due to this, Fitch limits the difference between ES and any of its higher-rated regulated subsidiaries to two notches.

***NSTAR Electric Company (NEC)***

**Low-Risk Business Profile:** NEC's ratings largely reflect the low business risk and stable cash flows of its regulated electric transmission and distribution operations. The company has no commodity exposure and a decoupling mechanism that eliminates the effect of weather and usage patterns on revenue. A significant and growing share of the rate base is derived from electric transmission investments regulated by FERC.

**Balanced Regulatory Environment:** Fitch considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) relatively balanced, supporting NEC's strong financial profile. NEC operates under a five-year performance-based ratemaking (PBR) plan that runs through Dec. 31, 2027.

NEC benefits from full-revenue decoupling and several cost-recovery mechanisms, which enhance the stability and predictability of cash flows. The DPU permits recovery outside of general rate cases for pension and post-retirement benefits, energy efficiency program costs and the associated lost revenue and storm costs.

**2022 Multiyear Rate Case Settlement:** Fitch deems the outcome of NEC's last rate case constructive and supportive of credit quality. DPU authorized a $64.3 million increase based on a return on equity (ROE) of 9.8%, with 53.21% equity capital and a five-year PBR plan commencing on Jan. 1, 2023. Earnings over 10.8% are to be shared with ratepayers. The decision implements storm fund refinements and an advanced metering infrastructure tariff, and it is in alignment with the state's electrification policy.

**Large Capex:** Fitch expects capex to remain elevated throughout the forecast plan, largely due to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total about $2.8 billion over 2025-2028. Investments into NEC's distribution system to support the state's clean energy goals will also contribute to capex in the near term. Fitch expects capex to be funded consistent with the existing capital structure. Investments beyond core distribution capex are being recovered through various trackers, including advanced metering, grid modernization and solar tracker.

**Improving Financial Metrics:** Fitch-calculated NEC's FFO leverage averaged about 4.7x in 2021-2024, only modestly above the negative sensitivity threshold. Regulatory lag during the capital spending ramp-up and under-recovered balances tied to fully tracking reconciling mechanisms drove the elevated leverage. Fitch expects FFO leverage to improve and average around 4.3x through 2027. Approved deferred storm cost recovery and a $56 million base distribution rate increase in 2025 under the PBR framework will support this improvement. Ongoing investments in FERC-regulated transmission with timely cost recovery and above-average returns should help maintain financial strength.

**Parent-Subsidiary Linkage:** Linkage exists between ES and NEC. Fitch considers NEC's standalone credit profile stronger than ES's parent consolidated profile due to NEC's lower risk regulated operation, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control are also porous. ES manages NEC's treasury function and serves as its sole source of equity, but NEC issues its own debt. Consequently, Fitch limits the credit rating difference between NEC and ES to two notches.

***Public Service Company of New Hampshire (PSNH)***

**Low-Risk Business Profile:** PSNH's ratings largely reflect the low business risk and stable cash flows of its regulated electric transmission and distribution operations. The company has no commodity exposure and fully passes through all power supply costs to its customers. A significant share of PSNH's rate base is derived from electric transmission investments regulated by FERC.

PSNH's capex became more focused on transmission assets following the 2018 sale of the utility's generation facilities. Management expects to spend approximately $1.2 billion on transmission capex from 2025 to 2028, and FERC regulated transmission has increased to more than 50% of PSNH's rate base, a credit positive. FERC-regulated transmission projects receive timely recovery of their costs, formulaic rates and attractive return on equity (ROE), which should enable PSNH to maintain its solid financial profile.

**Rate Case Outcome:** On July 25, 2025, the New Hampshire Public Utilities Commission (NHPUC) authorized PSNH's distribution base rate increase of $100.7 million compared to the revised base rate increase request of $102.8 million filed in June 2025. Fitch views the outcome as in line with expectation. The new rate increase includes the $61.2 million temporary rate increase approved on July 31, 2024. The net base rate increase is about $40 million. The rate decision also allows PSNH to establish an annual revenue requirement for each of the 12-month periods beginning August 1, 2026 to 2028, using an NHPUC-authorized formula. Fitch views the annual formula rate increase positively as it provides cash flow visibility.

**New Hampshire Balanced Regulatory Environment:** Fitch views the NHPUC as mostly balanced. Although authorized ROEs are below the industry average, mechanisms like the transmission cost adjustment mechanism and lost revenue adjustment provide some cash flow stability. In 2018, the NHPUC allowed PSNH to issue rate reduction bonds to recover the stranded costs from the state-mandated sale of its thermal and hydroelectric generation facilities. Recently, PSNH was allowed to recover deferred storm costs related to storm activity. On PSNH's latest rate decision, the use of formula base rate increases in 2026 to 2028 also provides cash flow visibility.

**Adequate Financial Metrics:** PSNH's ratings are also supported by adequate financial metrics. Growth in FERC-regulated transmission projects is likely to further strengthen cash flows, with reductions in operations and maintenance (O&M) expense and other cost-cutting initiatives improving EBITDA margins. Fitch expects PSNH's FFO leverage to average around 4.0x through 2027.

**Parent-Subsidiary Linkage:** A PSL exists between ES and PSNH. Fitch considers PSNH's Standalone Credit Profile stronger than ES's parent consolidated profile due to PSNH's lower-risk regulated utility operations, strong regulatory environment and better financials. Legal ring-fencing is porous given the general protection afforded by economic regulation. Access and control are porous, reflecting that ES centrally manages PSNH's treasury function and serves as its sole source of equity, but PSNH issues its own debt. Consequently, Fitch limits the credit rating difference between PSNH and ES to two notches.

***The Connecticut Light and Power Company (CL&P)***

**Regulatory Environment Uncertainty:** In 2023, Connecticut passed legislation that may further degrade the regulatory environment, depending on the final framework and implementation. Senate Bill (SB) 7 introduced several restrictive measures. These include proposed restrictions on recoveries and considerations of several factors, including macroeconomic conditions in determining return on equity (ROE) and performance-based restriction on management compensation if customer bills increase over a certain threshold.

Recent rate cases have had terms that are materially weaker than Fitch expected. Authorized ROE in Connecticut tends to be below the industry average and PURA periodically assesses performance penalties. In total, ES derives about 25% of its earnings from Connecticut. CL&P, its parent ES and other regulated utilities, participate in the implementation of the framework. Fitch may take negative rating action of the final framework becomes significantly more punitive.

**Adequate Financial Profile:** CL&P's FFO leverage for 2024 was high at about 5.6x mainly due to under recovery of storm costs, but Fitch expects leverage to improve in 2025 with the rate adjustment mechanisms (RAM) approval from 2024 that allows CL&P to recover about $1 billion in costs relates to the Millstone and Seabrook PPAs between 2024 and 2025. In addition, FERC-regulated transmission investments receive timely cost recovery and above- average returns provide strong and stable cash flows. Fitch expects FFO leverage will average 4.2x through 2027, which is commensurate with its 'A-' rating but with limited cushion.

Over the Outlook horizon, Fitch's assumptions include a constructive approval of the large outstanding storm cost balances prudency review. Further deterioration iofthe regulatory environment, including credit-negative rate decisions would result in a negative rating outcome.

**Securitization of Storm Costs:** The Connecticut legislature passed SB 4 into law in July 2025. It allows the use of securitization to recover storm costs incurred by CL&P from 2018 to 2025. As of 2025 Q2, CL&P has incurred about $1 billion of deferred storm costs, of which about $950 million is currently under prudence reviews. While securitization can provide timely recovery of storm costs, Fitch excludes it from the base case scenario pending prudency review outcomes. Fitch expects a constructive approval of the large outstanding storm cost balances from the review process.

**Transmission Base Supports Business Profile:** CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates volume risk exposure, providing cash flow predictability. Oversight by FERC provides CL&P's growing electric transmission business with beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance Connecticut's more challenging regulatory environment.

**Capex Plan Moderating:** Fitch expects capex to modestly decrease through the forecast plan. At the same time, CL&P continues to make significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to account for approximately 48% of the total projected spend over 2025-2028. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

**Parent-Subsidiary Linkage:** A PSL exists between ES and CL&P. Fitch considers CL&P's Standalone Credit Profile stronger than ES's parent consolidated profile due to CL&P's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control is porous reflecting ES centrally manages CL&P's treasury function and serves as its sole source of equity, but CL&P issues its own debt. Consequently, Fitch limits the credit rating difference between CL&P and ES to two notches.

***NSTAR Gas Company (NGC)***

**Generally Supportive Regulation:** Fitch considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) relatively supportive of credit quality. NGC operates under a 10-year PBR plan that runs through Oct. 31, 2030. The company benefits from full revenue decoupling and the Gas System Enhancement Program (GSEP) cost-recovery mechanism, which enhance the stability and predictability of cash flows.

A DPU-approved tariff allows for annual adjustments to recover program costs. It has no commodity exposure and benefits from a decoupling mechanism that eliminates the impact of weather and usage patterns on revenue. Fuel supply costs are recovered through a seasonal cost of gas adjustment clause that is reset semi-annually.

**Energy Transition Risk:** NGC's ratings are predicated on the expectation that the gas infrastructure transition in Massachusetts will be constructive and gradual and allow gas utilities sufficient time to comply with various environmental mandates, implement new technologies and adjust their capital structures as necessary. Indication of an accelerated time frame or changes in regulation that are likely to result in significant unrecoverable stranded assets could result in negative rating actions.

In December 2023, the DPU issued an order to examine the role of Massachusetts's natural gas local distribution companies (LDCs) in helping to meet the state's climate goal of net zero emissions target by 2050. The DPU indicated it will consider new processes and analysis for traditional natural gas investments, which may require changes to the LDC business models in the future. The DPU preserved customer choice for energy needs and encouraged further development of decarbonized alternatives. There are no significant changes to cost recovery, but the company has some exposure to state regulations or policy changes that could introduce additional costs and risks.

**2019 Rate Case Decision:** Fitch considers the outcome of NGC's 2019 rate case and implementation of PBR to be constructive. The DPU authorized NGC's a $23.0 million base distribution rate increase on Oct. 30, 2020. The DPU also approved NGC's proposal to continue its ongoing GSEP cost-recovery mechanism, the inclusion of GSEP investments since 2015 into base rates and the implementation of a 10- year PBR plan, which includes an inflation-based adjustment mechanism to annual base distribution rates. NG is allowed a 9.9% authorized ROE with a 54.77% common equity ratio.

**Adequate Financial Metrics:** NGC's FFO leverage was higher than expected in 2024 at 4.9x due to under-recoveries related to gas prices and warmer weather. Fitch expects NGC's FFO leverage to remain within Fitch's negative rating sensitivity threshold and average around 4.2x-4.3x through 2027. DPU preapproval and cost recovery mechanisms mitigate the risk associated with NGC's accelerated pipe replacement program and higher leverage. In addition, parent ES continues to provide equity infusion into NGC, resulting in equity capitalization increases from 2021 through 2024 to support its leverage ratios, a credit positive.

**Parent-Subsidiary Linkage:** A PSL exists between ES and NGC. Fitch considers NGC's Standalone Credit Profile stronger than ES's parent consolidated profile due NGC's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring- fencing is porous given general protection afforded by economic regulation. Access and control are porous reflecting ES centrally manages NG's treasury function and serves as its sole source of equity, but NGC issues its own debt. Consequently, Fitch limits the credit rating difference between NGC and ES to two notches.

## PEER ANALYSIS

Eversource's business and financial risk profiles are consistent with those of other 'BBB' rated utility parent companies including Emera Incorporated (Emera; BBB/Stable) and American Electric Power Company, Inc. (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations compared with approximately 90%-95% for AEP and Emera. AEP has a more geographically diverse asset mix with operations in 11 states, compared to Eversource's three state jurisdictions and Emera, which operates primarily in Florida but also has operations in Canada and Caribbean region.

Eversource has been more levered in the past few years compared to its peers with FFO leverage of over 7.0x. Fitch expects FFO leverage to average about 6.2x following the sale of Aquarion fell through. Similar to ES, Emera's leverage has been high over the past few years with FFO leverage average around 7.0x. Fitch forecast Emera's FFO leverage to improve between 5.8x and 5.9x over the forecasted period following the execution of the company's deleveraging plan. For AEP, Fitch expects FFO leverage to average around 5.8x, over the forecast period.

## KEY ASSUMPTIONS

--Equity issuance in line with company's guidance;

--Consolidated core business capex and rate base growth in line with company's guidance;

--O&M expense relatively flat;

--Storm cost recovery as approved and approval of outstanding deferred balances;

--No adverse regulatory outcomes;

--Continued credit-supportive economic regulation in Massachusetts and at FERC;

--Normal weather.

## RATING SENSITIVITIES

***Eversource Energy***

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--Failure to address the funding gap to support deleveraging plan in a credit-supportive and timely manner;

--Significant additional Revolution costs due to delays, overruns or abandonment that are not funded in a credit-supportive manner;

--Failure to issue equity over 2026 and 2027 as planned to support deleveraging plan;

--Adverse regulatory actions or other events that result in downgrades to ES's utility subsidiaries;

--FFO leverage exceeding 6.0x on a sustained basis.

**Factors that Could, Individually or Collectively, Lead to Revision of the Outlook to Stable**

--Clear line of sight of company finance the funding gap in a credit-supportive manner;

--ES to fund any potential Revolution related liabilities in a credit-supportive manner;

--Maintain FFO leverage below 6.0x on a sustained basis.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--FFO leverage expected to remain less than 5.2x on a sustained basis.

***NSTAR Electric Company***

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--FFO leverage expected to exceed 4.5x on a sustained basis.

**Factors that Could, Individually or Collectively, Lead to Revision of the Outlook to Stable**

--ES's Outlook is revised back to Stable.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--An upgrade to parent Eversource's Long-Term IDR;

--NSTAR Electric's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of NSTAR Electric and Eversource coupled with the FFO leverage expected to remain below 4.0x on a sustained basis.

***Public Service Company of New Hampshire***

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent ES's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--FFO leverage expected to exceed 4.5x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

**Factors that Could, Individually or Collectively, Lead to Revision of the Outlook to Stable**

--ES's Outlook is revised back to Stable.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade-**

--An upgrade to parent ES's Long-Term IDR;

--PSNH's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of PSNH and ES coupled with the FFO leverage expected to remain less than 3.5x on a sustained basis.

***The Connecticut Light and Power Company***

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent ES's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;

--FFO leverage expected to exceed 4.3x on a sustained basis.

**Factors that Could, Individually or Collectively, Lead to Revision of the Outlook to Stable**

--ES's Outlook is revised back to Stable.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--An upgrade to parent ES's Long-Term IDR; CL&P's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of CL&P and ES;

--A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;

--FFO leverage expected to remain less than 3.5x on a sustained basis.

***NSTAR Gas Company***

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--FFO leverage expected to exceed 4.5x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

**Factors that Could, Individually or Collectively, Lead to Revision of the Outlook to Stable**

--ES's Outlook is revised back to Stable.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--A positive rating action is not likely due to the utility's small scale of operations and large capex plan;

--FFO leverage expected to remain less than 4.0x on a sustained basis.

## LIQUIDITY AND DEBT STRUCTURE

Fitch considers liquidity for ES and its regulated utility subsidiaries adequate. ES has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. ES had about $1,039 million of CP borrowings outstanding as of Sept. 30, 2025, leaving about $962 million of available borrowing capacity.

ES, The Connecticut Light and Power Company (CL&P; A-/Negative), Public Service Company of New Hampshire (PSNH; A-/Negative), NSTAR Gas Company (NGC; A-/Negative), Yankee Gas Services Company (Yankee Gas; not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 11, 2030.

Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NGC, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop ES's CP program. There were no RCF borrowings outstanding as of June 30, 2025.

NSTAR Electric Company (NEC; A-/Negative) maintains its own $650 million CP program backstopped by an equal-sized RCF. NEC's $650 million RCF is separate from the shared RCF of parent ES and the other utilities but also terminates on Oct. 11, 2030. As of Sept. 30, 2025, there was $479 million outstanding, leaving $171 million of available borrowing

capacity. ES and its utility subsidiaries require modest cash on hand and had $259 million of unrestricted cash as of Sept. 30, 2025.

## ISSUER PROFILE

ES is a holding company that owns seven regulated utilities serving electric T&D, natural gas distribution and water distribution customers in Massachusetts, Connecticut and New Hampshire.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

## RATING ACTIONS

| ENTITY / DEBT | RATING | | PRIOR |
|---|---|---|---|
| NSTAR Electric Company | LT IDR<br><br>Affirmed | A- Rating Outlook Negative | A- Rating Watch Negative |

| | | | | |
|---|---|---|---|---|
| | ST IDR | F1 | Affirmed | F1 Rating Watch Negative |
| senior unsecured | LT | A | Affirmed | A Rating Watch Negative |
| preferred | LT | BBB+ | Affirmed | BBB+ Rating Watch Negative |
| senior unsecured | ST | F1 | Affirmed | F1 Rating Watch Negative |
| Eversource Energy | LT IDR | BBB Rating Outlook Negative | Affirmed | BBB Rating Watch Negative |
| | ST IDR | F3 | Affirmed | F3 |
| senior unsecured | LT | BBB | Affirmed | BBB Rating Watch Negative |
| senior unsecured | ST | F3 | Affirmed | F3 |
| Public Service Company of New Hampshire | LT IDR | A- Rating Outlook Negative | Affirmed | A- Rating Watch Negative |

VIEW ADDITIONAL RATING DETAILS

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## PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

## APPLICABLE CRITERIA

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 02 Aug 2024) (including rating assumption sensitivity)

Corporate Hybrids Treatment and Notching Criteria (pub. 08 Apr 2025)

Parent and Subsidiary Linkage Rating Criteria (pub. 27 Jun 2025)

Corporate Rating Criteria (pub. 27 Jun 2025) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 27 Jun 2025)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (08 Apr 2025, 27 Jun 2025)

## ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

## ENDORSEMENT STATUS

| | |
|---|---|
| Eversource Energy | EU Endorsed, UK Endorsed |
| NSTAR Electric Company | EU Endorsed, UK Endorsed |
| NSTAR Gas Company | EU Endorsed, UK Endorsed |
| Public Service Company of New Hampshire | EU Endorsed, UK Endorsed |
| The Connecticut Light and Power Company | EU Endorsed, UK Endorsed |

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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FitchRatings

**Corporates**
Electric-Corporate
United States

# The Connecticut Light and Power Company

The 'A–' Long-Term Issuer Default Rating (IDR) of The Connecticut Light and Power Company (CL&P) primarily reflects its low-risk regulated electric transmission and distribution (T&D) operations and stable financial profile. Regulatory challenges in Connecticut partially offset these strengths.

The RWN on CL&P reflects the application of Fitch Ratings' Parent-Subsidiary Linkage (PSL) criteria. A downgrade at parent company Eversource Energy (ES; BBB/RWN) would result in downgrade to CL&P.

## Key Rating Drivers

**Regulatory Environment Uncertainty:** In 2023, Connecticut passed legislation that may further degrade the regulatory environment, depending on the final framework and implementation. Senate Bill (SB) 7 introduced several restrictive measures. These include proposed restrictions on recoveries and considerations of several factors, including macroeconomic conditions in determining return on equity (ROE) and performance-based restriction on management compensation if customer bills increase over a certain threshold.

Recent rate cases have had terms that are materially weaker than Fitch expected. Authorized ROE in Connecticut tends to be below the industry average and PURA periodically assesses performance penalties. In total, ES derives about 25% of its earnings from Connecticut. CL&P, its parent ES and other regulated utilities, participate in the implementation of the framework. Fitch may take negative rating action of the final framework becomes significantly more punitive.

**Adequate Financial Profile:** CL&P's FFO leverage for 2024 was high at about 5.6x mainly due to under recovery of storm costs, but Fitch expects leverage to improve in 2025 with the rate adjustment mechanisms (RAM) approval from 2024 that allows CL&P to recover about $1 billion in costs relates to the Millstone and Seabrook PPAs between 2024 and 2025. In addition, Federal Energy Regulatory Commission (FERC)-regulated transmission investments receive timely cost recovery and above- average returns provide strong and stable cash flows. Fitch expects FFO leverage will average at 4.2x through 2027, which is commensurate for its 'A-' rating but with limited cushion.

Over the outlook horizon, Fitch's assumptions include a constructive approval of the large outstanding storm cost balances prudency review. Any indication of the further deterioration in the regulatory environment, including credit-negative rate decisions would result in a negative rating outcome.

**Securitization of Storm Costs:** One positive in Connecticut is that the Connecticut legislature passed SB 4 in June 2025 and became law in July 2025. The law allows the use of securitization to recover storm costs incurred by CL&P from 2018 to 2025. As of 2025 Q2, CL&P has incurred about $1 billion of deferred storm costs, of which about $950 million is currently under prudence reviews. Fitch views this constructively as securitization can provide timely recovery of storm costs. However, Fitch has excluded it from the base case scenario pending prudency review outcomes. Fitch expects a constructive approval of the large outstanding storm cost balances from the review process.

**Transmission Base Supports Business Profile:** CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates volume risk exposure, providing cash flow predictability. Oversight by the FERC provides CL&P's growing electric transmission business with beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

**Capex Plan Moderating:** Capex is expected to modestly decrease through the forecast plan. At the same time, CL&P continues to make significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to account for approximately 48% of the total projected spend over 2025-2028. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

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## Financial Summary

| (USD Mil.) | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Gross revenue | 3,637 | 4,818 | 4,579 | 4,615 |
| EBITDA | 1,007 | 1,146 | 1,198 | 1,267 |
| CFO (Fitch-defined) | 607 | 864 | 524 | 738 |
| Capital intensity (capex/revenue) (%) | 21.7 | 18.2 | 25.6 | 22.5 |
| Debt | 4,278 | 4,278 | 5,135 | 5,468 |
| FFO interest coverage (x) | 5.0 | 6.4 | 7.6 | 4.4 |
| FFO leverage (x) | 4.9 | 3.9 | 3.7 | 5.6 |
| EBITDA leverage (x) | 4.2 | 3.7 | 4.3 | 4.3 |

Source: Fitch Ratings, Fitch Solutions

## Peer Analysis

CL&P compares adequately with peers. CL&P, The United Illuminating Company (UI; A-/Negative), Public Service Company of New Hampshire (PSNH; A-/RWN) and Central Maine Power Company (CMP; BBB+/Stable) are all relatively low-risk T&D utilities that operate in New England. Fitch considers the regulatory environment in Connecticut and Maine to be somewhat more restrictive, with lower authorized ROE; the regulatory environment in New Hampshire is relatively balanced. CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows.

CL&P, UI and CMP all benefit from revenue decoupling. In terms of FFO, CL&P is roughly 2.5x larger than UI, and approximately 1.5x larger than CMP and PSNH, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around 4.2x for CL&P through the forecast period, 4.4x-4.6x for UI, 3.8x for PSNH and 4.3x for CMP.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade to parent ES's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;
- An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;
- FFO leverage expected to exceed 4.3x on a sustained basis.

### Factors that Could, Individually or Collectively, Lead to Stabilization of Rating

- Remove parent ES off RWN and revise ES' Outlook back to Stable

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An upgrade to parent ES's Long-Term IDR; CL&P's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of CL&P and ES;
- A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;
- FFO leverage expected to remain less than 3.5x on a sustained basis.

## Liquidity and Debt Structure

Fitch considers liquidity for ES and each of its regulated utility subsidiaries to be adequate. ES has a $2.0 billion commercial paper (CP) program that the company uses to provide its subsidiaries with intercompany loans. ES had $950.5 million of CP borrowings outstanding as of June 30, 2025, leaving $1,050 million of available borrowing capacity. ES, The Connecticut Light and Power Company (CL&P; A-/RWN), Public Service Company of New Hampshire (PSNH; A-/RWN), NSTAR Gas Company (NGC; A-/RWN), Yankee Gas Services Company (Yankee Gas; not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 11, 2029.

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Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NGC, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop ES' CP program. There were no RCF borrowings outstanding as of June 30, 2025.

## Liquidity and Debt Maturities

### Liquidity Analysis

| (USD Mil.) | December 31, 2023 | December 31, 2024 |
|---|---|---|
| Total cash and cash equivalents | 10 | 1 |
| Short-term investments | — | — |
| Less not readily available cash and cash equivalents | — | — |
| **Fitch-defined readily available cash and cash equivalents** | 10 | 1 |
| Availability under committed lines of credit | — | — |
| **Total liquidity** | 10 | 1 |
| LTM EBITDA after associates and minorities | 1,198 | 1,267 |
| LTM FCF | -980 | -635 |

Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

### Scheduled Debt Maturities

| (USD Mil.) | December 31, 2024 |
|---|---|
| 2025 | 677 |
| 2026 | — |
| 2027 | 500 |
| 2028 | — |
| 2029 | 350 |
| Thereafter | 3,999 |
| **Total** | **5,526** |

Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

## Key Assumptions

- CL&P's transmission capex about 48% of total capex over the 2025-2028 period;
- Operations and maintenance expense remaining relatively flat;
- Normal weather

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## Financial Data

| (USD Mil.) | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Summary income statement** | | | | |
| Gross revenue | 3,637 | 4,818 | 4,579 | 4,615 |
| Revenue growth (%) | 2.5 | 32.5 | -5.0 | 0.8 |
| EBITDA before income from associates | 1,007 | 1,146 | 1,198 | 1,267 |
| EBITDA margin (%) | 27.7 | 23.8 | 26.2 | 27.5 |
| EBITDA after associates and minorities | 1,007 | 1,146 | 1,198 | 1,267 |
| EBIT | 669 | 790 | 821 | 860 |
| EBIT margin (%) | 18.4 | 16.4 | 17.9 | 18.7 |
| Gross interest expense | -169 | -174 | -201 | -239 |
| Pretax income including associate income/loss | 533 | 704 | 690 | 707 |
| **Summary balance sheet** | | | | |
| Readily available cash and equivalents | 56 | 11 | 10 | 1 |
| Debt | 4,278 | 4,278 | 5,135 | 5,468 |
| Net debt | 4,222 | 4,267 | 5,125 | 5,467 |
| **Summary cash flow statement** | | | | |
| EBITDA | 1,007 | 1,146 | 1,198 | 1,267 |
| Cash interest paid | -169 | -167 | -177 | -217 |
| Cash tax | -38 | -118 | 44 | 47 |
| Dividends received less dividends paid to minorities (inflow/outflow) | — | — | — | — |
| Other items before FFO | -94 | 74 | 139 | -332 |
| FFO | 700 | 936 | 1,208 | 789 |
| FFO margin (%) | 19.2 | 19.4 | 26.4 | 17.1 |
| Change in working capital | -93 | -72 | -684 | -51 |
| CFO (Fitch-defined) | 607 | 864 | 524 | 738 |
| Total non-operating/nonrecurring cash flow | — | — | — | — |
| Capex | -790 | -877 | -1,174 | -1,039 |
| Capital intensity (capex/revenue) (%) | 21.7 | 18.2 | 25.6 | 22.5 |
| Common dividends | -341 | -292 | -330 | -334 |
| FCF | -525 | -305 | -980 | -635 |
| FCF margin (%) | -14.4 | -6.3 | -21.4 | -13.8 |
| Net acquisitions and divestitures | — | — | — | — |
| Other investing and financing cash flow items | -15 | 11 | -2 | -8 |
| Net debt proceeds | 305 | — | 857 | 333 |
| Net equity proceeds | 200 | 250 | 124 | 300 |
| Total change in cash | -35 | -44 | -1 | -9 |
| **Calculations for forecast publication** | | | | |
| Capex, dividends, acquisitions and other items before FCF | -1,131 | -1,169 | -1,504 | -1,373 |
| FCF after acquisitions and divestitures | -525 | -305 | -980 | -635 |
| FCF margin after net acquisitions (%) | -14.4 | -6.3 | -21.4 | -13.8 |
| **Gross leverage ratios (x)** | | | | |

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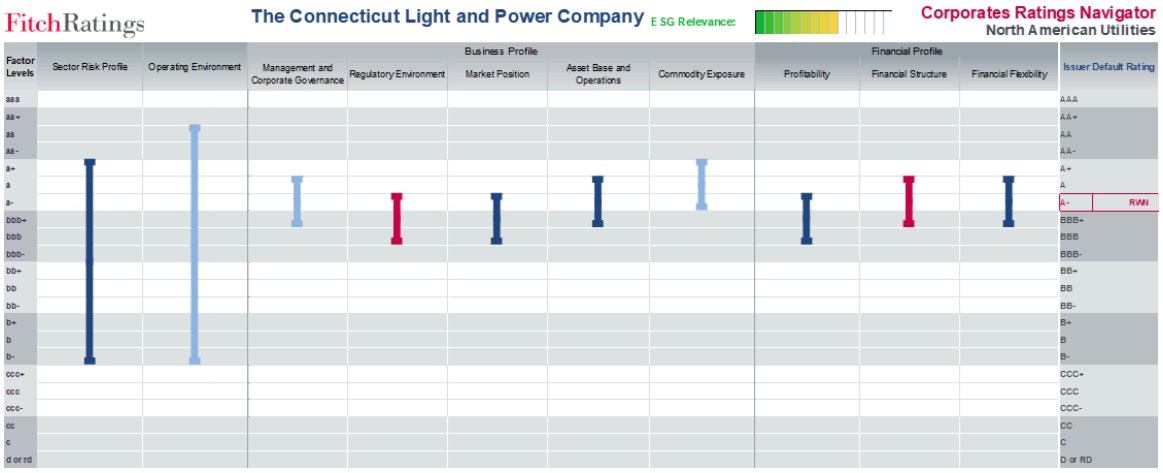
| | | | | |
|---|---|---|---|---|
| EBITDA leverage | 4.2 | 3.7 | 4.3 | 4.3 |
| FFO leverage | 4.9 | 3.9 | 3.7 | 5.6 |
| (CFO-capex)/debt (%) | -4.3 | -0.3 | -12.6 | -5.5 |
| **Net leverage ratios (x)** | | | | |
| EBITDA net leverage | 4.2 | 3.7 | 4.3 | 4.3 |
| FFO net leverage | 4.8 | 3.9 | 3.7 | 5.6 |
| (CFO-capex)/net debt (%) | -4.3 | -0.3 | -12.7 | -5.5 |
| **Coverage ratios (x)** | | | | |
| EBITDA interest coverage | 6.0 | 6.9 | 6.8 | 5.8 |
| FFO interest coverage | 5.0 | 6.4 | 7.6 | 4.4 |
| FFO fixed-charge coverage | 5.0 | 6.4 | 7.6 | 4.4 |

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

## Ratings Navigator




| Bar Chart Legend: | |
|---|---|
| Vertical Bars = Range of Rating Factor | Bar Arrows = Rating Factor Outlook |
| Bar Colors = Relative Importance | ⇧ Positive |
| Higher Importance | ⇩ Negative |
| Average Importance | ⇳ Evolving |
| Lower Importance | ▭ Stable |

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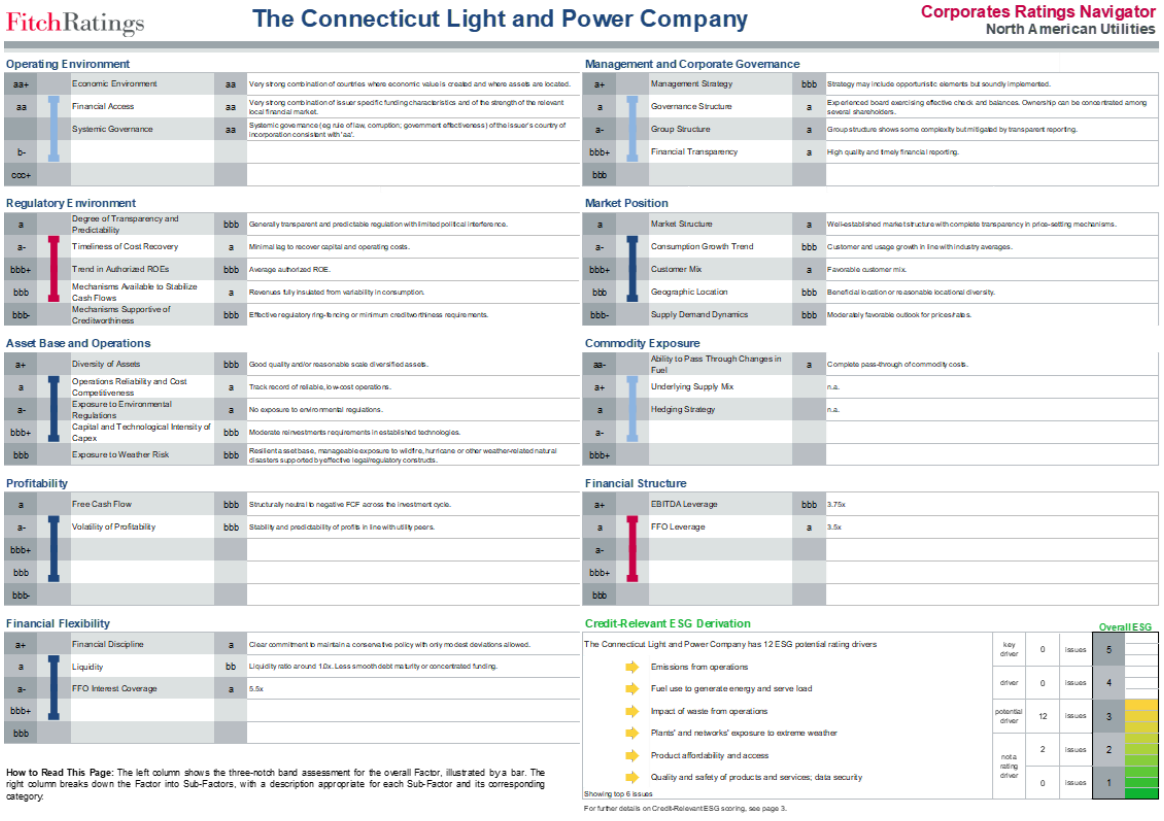
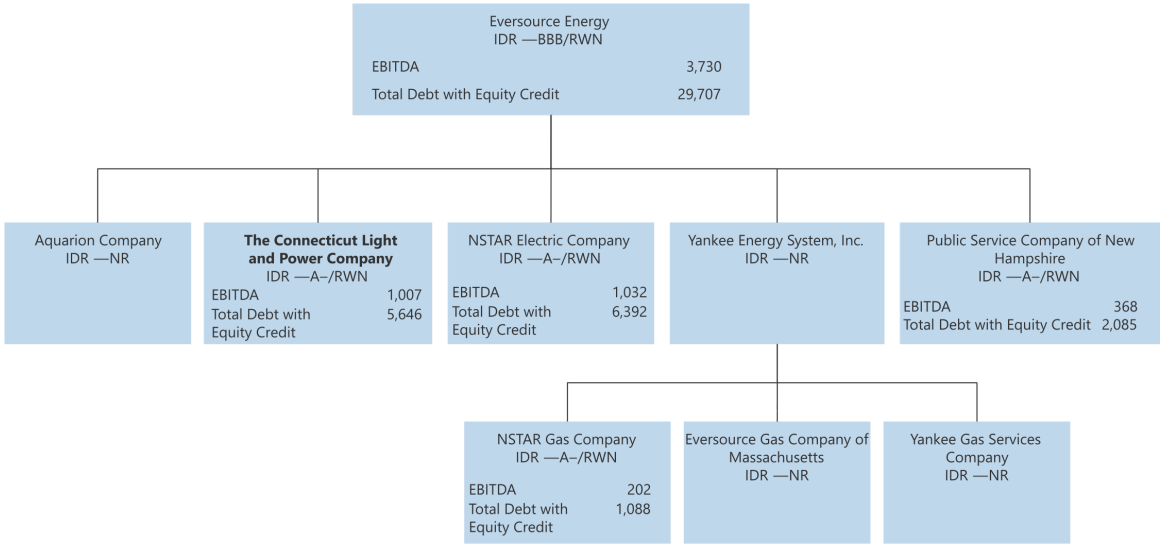



## Simplified Group Structure Diagram

**Organizational Structure—The Connecticut Light and Power Company**
($ Mil., as of June 30, 2025)




IDR – Issuer Default Ratings, NR – Not rated,
Source: Fitch Ratings, Fitch Solutions, Eversource Energy

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## Peer Financial Summary

| Company | Issuer Default Rating | Financial statement date | Gross revenue (USD Mil.) | FFO (USD Mil.) | FFO interest coverage (x) | FFO leverage (x) | EBITDA leverage (x) |
|---|---|---|---|---|---|---|---|
| The Connecticut Light and Power Company | A- | | | | | | |
| | A- | 2024 | 4,615 | 789 | 4.4 | 5.6 | 4.3 |
| | A- | 2023 | 4,579 | 1,208 | 7.6 | 3.7 | 4.3 |
| | A- | 2022 | 4,818 | 936 | 6.4 | 3.9 | 3.7 |
| The United Illuminating Company | A- | | | | | | |
| | A- | 2024 | 1,341 | 277 | 5.6 | 3.5 | 4.2 |
| | A- | 2023 | 1,356 | 185 | 4.7 | 4.7 | 3.9 |
| | A- | 2022 | 1,156 | 147 | 4.4 | 5.1 | 3.4 |
| Central Maine Power Company | BBB+ | | | | | | |
| | BBB+ | 2024 | 1,275 | 422 | 7.0 | 3.4 | 4.5 |
| | BBB+ | 2023 | 1,127 | 418 | 6.8 | 3.0 | 4.0 |
| | BBB+ | 2022 | 1,051 | 370 | 8.2 | 3.2 | 3.7 |
| Public Service Company of New Hampshire | A- | | | | | | |
| | A- | 2024 | 1,237 | 535 | 7.8 | 3.1 | 4.4 |
| | A- | 2023 | 1,389 | 399 | 7.4 | 3.6 | 4.4 |
| | A- | 2022 | 1,415 | 330 | 8.4 | 3.6 | 4.2 |

Source: Fitch Ratings, Fitch Solutions

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## Fitch Adjusted Financials

| (USD Mil., as of December 31, 2024) | Notes and formulas | Standardised values | Fair value and other debt adjustments | Lease treatment | Other adjustments | Adjusted values |
|---|---|---|---|---|---|---|
| **Income statement summary** | | | | | | |
| Revenue | | 4,615 | — | — | — | 4,615 |
| EBITDA | (a) | 1,267 | — | — | — | 1,267 |
| Depreciation and amortization | | -407 | — | — | — | -407 |
| EBIT | | 860 | — | — | — | 860 |
| **Balance sheet summary** | | | | | | |
| Debt | (b) | 5,449 | 19 | — | — | 5,468 |
| Of which other off-balance-sheet debt | | — | — | — | — | — |
| Lease-equivalent debt | | — | — | — | — | — |
| Lease-adjusted debt | | 5,449 | 19 | — | — | 5,468 |
| Readily available cash and equivalents | (c) | 1 | — | — | — | 1 |
| Not readily available cash and equivalents | | — | — | — | — | — |
| **Cash flow summary** | | | | | | |
| EBITDA | (a) | 1,267 | — | — | — | 1,267 |
| Dividends received from associates less dividends paid to minorities | (d) | — | — | — | — | — |
| Interest paid | (e) | -217 | — | — | — | -217 |
| Interest received | (f) | 28 | — | — | — | 28 |
| Preferred dividends paid | (g) | -6 | — | — | — | -6 |
| Cash tax paid | | 47 | — | — | — | 47 |
| Other items before FFO | | -288 | — | — | -44 | -332 |
| FFO | (h) | 833 | — | — | -44 | 789 |
| Change in working capital | | -155 | — | — | 104 | -51 |
| CFO | (i) | 678 | — | — | 61 | 738 |
| Non-operating/nonrecurring cash flow | | — | — | — | — | — |
| Capex | (j) | -979 | — | — | -61 | -1,039 |
| Common dividends paid | | -334 | — | — | — | -334 |
| FCF | | -635 | — | — | — | -635 |
| **Gross leverage (x)** | | | | | | |
| EBITDA leverage | b/(a+d) | 4.3 | — | — | — | 4.3 |
| FFO leverage | b/(h-e-f-g) | 5.3 | — | — | — | 5.6 |
| (CFO-capex)/debt (%) | (i+j)/b | -5.5 | — | — | — | -5.5 |
| **Net leverage (x)** | | | | | | |
| EBITDA net leverage | (b-c)/(a+d) | 4.3 | — | — | — | 4.3 |
| FFO net leverage | (b-c)/(h-e-f-g) | 5.3 | — | — | — | 5.6 |
| (CFO-capex)/net debt (%) | (i+j)/(b-c) | -5.5 | — | — | — | -5.5 |
| **Coverage (x)** | | | | | | |
| EBITDA interest coverage | (a+d)/(-e) | 5.8 | — | — | — | 5.8 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| FFO interest coverage | (h-e-f-g)/(-e-g) | 4.6 | — | — | — | 4.4 |

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

## Parent Subsidiary Linkage Analysis

### Key Risk Factors and Notching Approach

| | |
|---|---|
| Parent | Eversource Energy |
| Parent LT IDR | BBB |
| Subsidiary | The Connecticut Light and Power Company |
| Subsidiary LT IDR | A- |
| Path | Stronger Subsidiary |
| Legal ring-fencing | Porous |
| Access and control | Porous |
| Notching matrix outcome | Parent consolidated profile+2 |
| Override applied | No |
| Notching approach | — |

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

### Path SS Subsidiary Maximum Rating Matrix

| Access and control | Open | Porous | Insulated |
|---|---|---|---|
| With open ring-fencing | Parent consolidated profile | Parent consolidated profile+1 | Parent consolidated profile+2[b] |
| With porous ring-fencing | Parent consolidated profile+1 | Parent consolidated profile+2[b] | Parent consolidated profile+2[b] |
| With insulated ring-fencing | a | Standalone | Standalone |

[a] It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a Parent consolidated+1, Parent consolidated+2 or standalone outcome. [b]Notching is capped at the subsidiary's Standalone Credit Profile.
Source: Fitch Ratings

## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

CL&P's Climate.VS is relatively low at 26 out of 100 in 2035, based on 2024 data. The signal reflects Eversource's large transmission and distribution operation, small water utility business and comparatively low exposure to natural gas transmission and distribution in Massachusetts. For further information on how Fitch perceives climate-related risks in the utilities sector, see Utilities - Long-Term Climate Vulnerability Signals Update.

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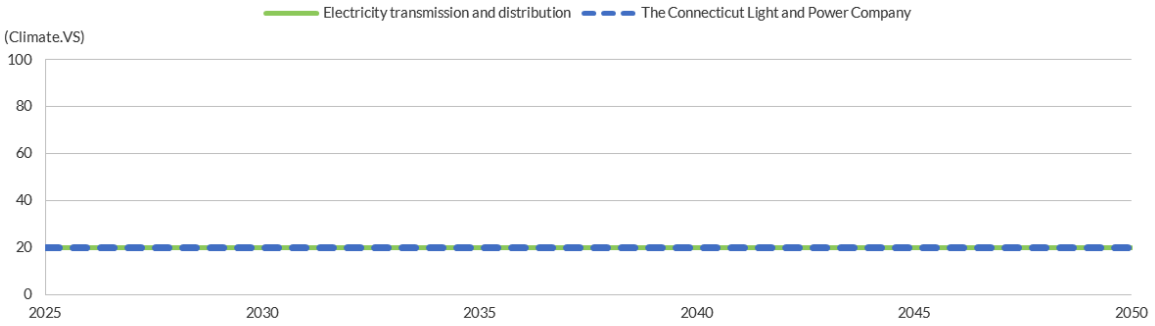
**Climate.VS Evolution**
As of Dec. 31, 2024




Source: Fitch Ratings

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

FitchRatings

**The Connecticut Light and Power Company**

**Corporates Ratings Navigator**
North American Utilities

**Credit-Relevant E SG Derivation**

The Connecticut Light and Power Company has 12 ESG potential rating drivers

- The Connecticut Light and Power Company has exposure to emissions regulatory risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to energy productivity risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to waste & impact management risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to extreme weather events but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to access/affordability risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

| | | | ESG Relevance to Credit Rating |
|---|---|---|---|
| key driver | 0 | issues | 5 |
| driver | 0 | issues | 4 |
| potential driver | 12 | issues | 3 |
| not a rating driver | 2 | issues | 2 |
| | 0 | issues | 1 |

**Environmental (E) Relevance Scores**

| General Issues | E Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| GHG Emissions & Air Quality | 3 | Emissions from operations | Asset Base and Operations; Commodity Exposure; Regulatory Environment; Profitability |
| Energy Management | 3 | Fuel use to generate energy and serve load | Asset Base and Operations; Commodity Exposure; Profitability |
| Water & Wastewater Management | 2 | Water used by hydro plants or by other generation plants, also effluent management | Asset Base and Operations; Regulatory Environment; Profitability |
| Waste & Hazardous Materials Management; Ecological Impacts | 3 | Impact of waste from operations | Asset Base and Operations; Regulatory Environment; Profitability |
| Exposure to Environmental Impacts | 3 | Plants' and networks' exposure to extreme weather | Asset Base and Operations; Regulatory Environment; Profitability |

E Relevance: 5, 4, 3, 2, 1

**Social (S) Relevance Scores**

| General Issues | S Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| Human Rights, Community Relations, Access & Affordability | 3 | Product affordability and access | Asset Base and Operations; Regulatory Environment; Profitability; Financial Structure |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3 | Quality and safety of products and services; data security | Regulatory Environment; Profitability |
| Labor Relations & Practices | 3 | Impact of labor negotiations and employee (dis)satisfaction | Asset Base and Operations; Profitability |
| Employee Wellbeing | 2 | Worker safety and accident prevention | Profitability; Asset Base and Operations |
| Exposure to Social Impacts | 3 | Social resistance to major projects that leads to delays and cost increases | Asset Base and Operations; Profitability |

S Relevance: 5, 4, 3, 2, 1

**Governance (G) Relevance Scores**

| General Issues | G Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| Management Strategy | 3 | Strategy development and implementation | Management and Corporate Governance |
| Governance Structure | 3 | Board independence and effectiveness; ownership concentration | Management and Corporate Governance |
| Group Structure | 3 | Complexity, transparency and related-party transactions | Management and Corporate Governance |
| Financial Transparency | 3 | Quality and timing of financial disclosure | Management and Corporate Governance |
| | | | |

G Relevance: 5, 4, 3, 2, 1

**How to Read This Page**

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

**The Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

**Classification** of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

**CREDIT -RELEVANT ESG SCALE**
How relevant are E, S and G issues to the overall credit rating?

| | |
|---|---|
| 5 | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator. |
| 4 | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator. |
| 3 | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator. |
| 2 | Irrelevant to the entity rating but relevant to the sector. |
| 1 | Irrelevant to the entity rating and irrelevant to the sector. |

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## Ratings

| | |
|---|---|
| Long-Term IDR | A- |
| Senior Secured Debt - Long-Term Rating | A+ |
| Long-Term Preferred Debt | BBB+ |
| **Outlook** | |
| Long-Term Foreign-Currency IDR | Rating Watch Negative |

Click here for the full list of ratings

## ESG and Climate

| **Highest ESG Relevance Scores** | |
|---|---|
| Environmental | 3 |
| Social | 3 |
| Governance | 3 |

2035 Climate Vulnerability Signal: 26

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## Applicable Criteria

Parent and Subsidiary Linkage Rating Criteria (June 2025)
Sector Navigators – Addendum to the Corporate Rating Criteria (June 2025)
Corporate Hybrids Treatment and Notching Criteria (April 2025)
Corporate Rating Criteria (June 2025)
Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)

## Related Research

Global Corporates Sector Forecasts Monitor - September 2025 (September 2025)
North American Utilities Outlook 2025 (December 2024)
North American Utilities, Power & Gas Dashboard: 2Q25 (July 2025)
North American Utilities Monitor: 1Q25
(June 2025)

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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FitchRatings

15 SEP 2025

# Fitch Places Eversource and Subs on Rating Watch Negative

Fitch Ratings - New York - 15 Sep 2025: Fitch Ratings placed Eversource Energy (ES) and subsidiaries on Rating Watch Negative (RWN).

Placement of ES on RWN reflects potentially material obligations due to a recent stop-work order for the Revolution Wind (Revolution) project. ES sold its 50% interest in 2024 and remains obligated under the sale agreement for certain project costs. The order creates significant uncertainty and could meaningfully delay construction, causing large cost overruns or abandonment. The resulting pressure on ES' credit ratings, in a worst-case scenario, could trigger a one-notch downgrade if costs are not funded in a credit supportive manner. Conversely, Fitch could remove ES from RWN if the order is resolved promptly and/or a high confidence path to timely completion of Revolution emerges.

Placement of ES' subsidiaries on RWN reflects the application of Fitch's Parent-Subsidiary Linkage criteria. A downgrade at ES would result in downgrades at the utilities.

## Key Rating Drivers

**Revolution Stop Work Order:** The recent Revolution stop-work order is an adverse development from a credit perspective and the primary driver of placing ES on RWN. ES sold its 50% ownership interest in Revolution to Global Infrastructure Partners (GIP) in September 2024 and agreed to retain certain financial obligations including equal sharing of capex cost overruns for the first $240 million with GIP. In the case of project abandonment, ES must make GIP whole for the purchase price of Revolution, other expenditures, and a 6.5% return on those amounts. ES would also be responsible for decommissioning costs.

The financial impact of the stop-work order on ES is uncertain but could be significant. Ørsted A/S (BBB/Negative), which owns 50% of Revolution, has filed an injunction with the U.S. District Court in Washington, D.C. If successful, construction may resume, limiting cost overruns but is likely to remain subject to continued judicial review and uncertainty. Fitch could remove ES from RWN with clear visibility to timely completion of Revolution in-line with budget. If the project is delayed or cancelled resulting in significantly higher costs to ES, Fitch could remove ES from RWN if these costs are funded in a credit supportive manner.

**Offshore Wind Exits but Risks Remain:** ES recently completed the sale of its two remaining offshore wind projects, 50% ownership interest in the South Fork Wind and Revolution in 2024. The company has fully exited its offshore wind operations, a credit positive, but key risks remain. In addition to construction cost overruns and abandonment costs, ES must ensure GIP receives a 13% pre-tax

internal rate of return on its investment in Revolution. ES already recorded about $360 million of liabilities at the time of the sale to reflect increase in construction costs and delays, which is expected to be settled in 2026. Further cost overruns, delays or abandonment could result in additional costs. Fitch expects any additional funding needs will be financed in a credit supportive manner.

**Sale of Aquarion Water:** On Jan. 27, 2025, ES announced the sale of its water utility Aquarion Water (Aquarion) for $2.4 billion, with expected net proceeds of about $1.6 billion after settling Aquarion's debt. ES plans to use the net proceeds to reduce leverage at the ES parent level, a credit positive. The transaction is subject to several state regulatory approvals including the Connecticut Public Utilities Regulatory Authority (PURA), the Massachusetts Department of Public Utilities (DPU), and the New Hampshire Public Utilities Commission (NHPUC). Fitch expects the transaction to close by year-end 2025.

**Financial Profile to Improve:** ES's FFO Leverage has been elevated, averaging about 7.2x over the past four years driven by acquisitions, high capex, offshore wind cost overruns, and large deferrals (including storm costs). In 2024, FFO leverage improved to 6.4x, partially through divestiture of the offshore wind operations and issuance of about $1 billion in equity. Fitch expects further improvement after the Aquarion sales closes later in 2025 and additional equity issuance, with FFO leverage averaging 5.7x-5.8x through 2027. Fitch's base case excludes potential large Revolution-related liabilities. ES has historically issued equity to support its rating, which Fitch expects to continue.

**Large Utility Capex Plan:** ES's five-year capex program targets about $24 billion of investments, almost 3x depreciation expense, across electric transmission and distribution as well as gas distribution. This utility capex is a relatively low-risk growth plan, including about $10.2 billion in electric distribution, $6.8 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and $6.0 billion in natural gas distribution. Most of ES' planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers, and natural gas distribution infrastructure expansion cost-recovery mechanisms.

**Regulatory Diversification:** ES operates utilities in three states and invests heavily in FERC-regulated projects. FERC, Connecticut, Massachusetts and New Hampshire represent 36%, 29%, 29% and 6% of ES's consolidated rate base. Fitch views FERC as one of the most constructive U.S. regulators due to timely cost recovery and formulaic rates of return. Connecticut's electric regulatory environment is more challenging. The PURA recently implemented performance-based regulation. Fitch also views the enactment of Senate Bill 7 and authorized returns of equity (ROEs) below the national average as less constructive.

**Parent-Subsidiary Linkage (PSL):** There is PSL between ES and CL&P, NSTAR-E, NSTAR-G and PSNH. Fitch views the subsidiaries' Standalone Credit Profiles (SCPs) as stronger than ES' parent consolidated profile due to lower-risk regulated utility operations and better credit and financial leverage metrics. Legal ring-fencing is porous given the general protection afforded by economic regulation. Access and control are porous as ES centrally manages the treasury function for all its subsidiaries and is the sole source of equity, but the subsidiaries issue their own debt. Due to this, Fitch limits the difference between ES and any of its higher-rated regulated subsidiaries to two notches.

**NSTAR Electric Company**

**Low-Risk Business Profile:** NSTAR Electric's (NSTAR-E) ratings largely reflect the low business risk and stable cash flows of its regulated electric transmission and distribution operations. The company has no commodity exposure and a decoupling mechanism that eliminates the effect of weather and usage patterns on revenue. A significant and growing share of the rate base is derived from electric transmission investments regulated by the FERC.

**Balanced Regulatory Environment:** Fitch considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) to be relatively balanced, supporting NSTAR-E's strong financial profile. NSTAR-E operates under a five-year performance-based ratemaking (PBR) plan that runs through Dec. 31, 2027.

NSTAR-E benefits from full-revenue decoupling and several cost-recovery mechanisms, which enhance the stability and predictability of cash flows. The DPU permits recovery outside of general rate cases for pension and post-retirement benefits, energy efficiency program costs and the associated lost revenue and storm costs.

**2022 Multiyear Rate Case Settlement:** Fitch deems the outcome of NSTAR-E last rate case constructive and supportive of credit quality. DPU authorized a $64.3 million increase based on a ROE of 9.8%, with 53.21% equity capital and a five-year PBR plan commencing on Jan. 1, 2023. Earnings over 10.8% are to be shared with ratepayers. The decision implements storm fund refinements and an advanced metering infrastructure tariff, and it is in alignment with the state's electrification policy.

**Large Capex Plan:** Fitch expects capex to remain elevated throughout the forecast plan, largely due to significant investments in FERC-regulated regional transmission projects. Management forecasts capex to total approximately $8.0 billion over 2025-2028, more than 3x of depreciation. Investments into NSTAR-E's distribution system to support the state's clean energy goals will also contribute to capex in the near term. Fitch expects capex to be funded in a manner consistent with the existing capital structure. Investments beyond core distribution capex are being recovered through various trackers, including advanced metering, grid modernization and solar tracker.

**Improving Financial Metrics:** Fitch-calculated FFO leverage averaged about 4.7x in 2021-2024, only modestly above the negative sensitivity threshold. Regulatory lag during the capital spending ramp-up and under-recovered balances tied to fully tracking reconciling mechanisms drove the elevated leverage. Fitch expects FFO leverage to improve and average around 4.3x through 2027. Approved deferred storm cost recovery and a $56 million base distribution rate increase in 2025 under the PBR framework will support this improvement. Ongoing investments in FERC-regulated transmission with timely cost recovery and above-average returns should help maintain financial strength.

**Parent-Subsidiary Linkage:** Linkage exists between ES and NSTAR-E. Fitch considers NSTAR-E's SCP stronger than ES' parent consolidated profile due to NSTAR-E's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control is also porous. ES centrally manages NSTAR-E's treasury function and serves as its sole source of equity, but NSTAR-E issues its own debt.

Consequently, Fitch limits the credit rating difference between PSNH and ES to two notches.

**Public Service Company of New Hampshire**

**Low-Risk Business Profile:** PSNH's ratings largely reflect the low business risk and stable cash flows of its regulated electric transmission and distribution (T&D) operations. The company has no commodity exposure and fully passes through all power supply costs to its customers. A significant share of PSNH's rate base is derived from electric transmission investments regulated by Federal Energy Regulatory Commission (FERC).

PSNH's capex became more focused on transmission assets following the 2018 sale of the utility's generation facilities. Management expects to spend approximately $1.2 billion on transmission capex over 2025-2028, and FERC regulated transmission has increased to more than 50% of PSNH rate base, a credit positive. FERC-regulated transmission projects receive timely recovery of their costs, formulaic rates and attractive return on equity (ROEs), which should enable PSNH to maintain its solid financial profile.

**Rate Case Outcome:** On July 25, 2025, the NHPUC authorized PSNH's distribution base rate increase of $100.7 million compared to the revised base rate increase request of $102.8 million filed in Jun 2025. Fitch views the outcome in line with expectation. The new rate increase includes $61.2 million temporary rate increase approved on July 31, 2024. The net base rate increase is about $40 million. The rate decision also allows PSNH to establish an annual revenue requirement for each of the 12-month periods beginning Aug. 1, 2026 to 2028, using a NHPUC authorized formula. Fitch views the annual formula rate increase positively as it provides cash flow visibility.

**New Hampshire Balanced Regulatory Environment:** Fitch views the NHPUC as mostly balanced. Although authorized ROEs are below the industry average, mechanisms like the transmission cost adjustment mechanism and lost revenue adjustment provide some cash flow stability. In 2018, the NHPUC allowed PSNH to issue rate reduction bonds to recover the stranded costs from the state-mandated sale of its thermal and hydroelectric generation facilities. Recently, PSNH was allowed to recover deferred storm cost related to storm activity. On PSNH's latest rate decision, the use of formula base rate increase in 2026-2028 also provides cash flow visibility.

**Adequate Financial Metrics:** PSNH's ratings are also supported by adequate financial metrics. Growth in FERC-regulated transmission projects is expected to further strengthen cash flows, with reductions in O&M expense and other cost-cutting initiatives improving EBITDA margins. Fitch expects PSNH's FFO leverage to average around 4.0x through 2027.

**Parent-Subsidiary Linkage:** A PSL exists between ES and PSNH. Fitch considers PSNH's Standalone Credit Profile stronger than ES' parent consolidated profile due PSNH's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control is porous reflecting ES centrally manages PSNH's treasury function and serves as its sole source of equity, but PSNH issues its own debt. Consequently, Fitch limits the credit rating difference between PSNH and ES to two notches.

**The Connecticut Light and Power Company**

**Regulatory Environment Uncertainty:** In 2023, Connecticut passed legislation that may further degrade the regulatory environment, depending upon the final framework and implementation. Senate Bill (SB) 7 introduced several restrictive measures, including proposed restrictions on recoveries, considerations of several factors, including macroeconomic conditions in determining return on equity (ROE) and performance-based restriction on management compensation if customer bills increase over a certain threshold.

Recent rate cases have had terms that are materially weaker than Fitch expected. Authorized ROE in Connecticut tends to be below the industry average and PURA periodically assesses performance penalties. In total, Eversource derives about 25% of its earnings from Connecticut. CL&P, its parent Eversource and other regulated utilities, participate in the implementation of the framework If, in Fitch's view, the final framework is significantly more punitive, it may result in a negative rating action.

**Adequate Financial Profile:** CL&P's FFO leverage for 2024 was high at about 5.6x mainly due to under recovery of storm costs but Fitch expects leverage to improve in 2025 with the rate adjustment mechanisms (RAM) approval from 2024 that allows CL&P to recover about $1 billion in costs relates to the Millstone and Seabrook PPAs between 2024 and 2025. In addition, Federal Energy Regulatory Commission (FERC)-regulated transmission investments receive timely cost recovery and above-average returns provide strong and stable cash flows. Fitch expects FFO leverage will average at 4.2x through 2027, which is commensurate for its 'A-' rating but with limited cushion.

Over the outlook horizon, Fitch's assumptions include a constructive approval of the large outstanding storm cost balances prudency review. Any indication of the further deterioration in the regulatory environment, including credit-negative rate decisions would result in a negative rating outcome.

**Securitization of Storm Costs:** One positive in Connecticut is that the Connecticut legislature passed SB 4 in June 2025 and became law in July 2025. The law allows the use of securitization to recover storm costs incurred by CL&P from 2018 to 2025. As of 2025 Q2, CL&P has incurred about $1 billion of deferred storm costs, of which about $950 million is currently under prudence reviews. Fitch views this constructively as securitization can provide timely recovery of storm costs but has excluded it from the base case scenario pending prudency review outcomes. Fitch expects a constructive approval of the large outstanding storm cost balances from the review process.

**Transmission Base Supports Business Profile:** CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates volume risk exposure, providing cash flow predictability. Oversight by the FERC provides CL&P's growing electric transmission business with beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

**Capex Plan Moderating:** Capex is expected to modestly decrease through the forecast plan. At the same time, CL&P continues to make significant investments in FERC-regulated regional transmission

projects. Management forecasts transmission capex to account for approximately 48% of the total projected spend over 2025-2028. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

**Parent-Subsidiary Linkage:** A PSL exists between ES and CL&P. Fitch considers CL&P's Standalone Credit Profile stronger than ES' parent consolidated profile due CL&P's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control is porous reflecting ES centrally manages CL&P's treasury function and serves as its sole source of equity, but CL&P issues its own debt. Consequently, Fitch limits the credit rating difference between CL&P and ES to two notches.

**NSTAR Gas Company**

**Generally Supportive Regulation:** Fitch Ratings considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) to be relatively supportive of credit quality. NSTAR Gas (NSTAR-G) operates under a 10-year performance-based ratemaking (PBR) plan that runs through Oct. 31, 2030. The company benefits from full revenue decoupling and the Gas System Enhancement Program (GSEP) cost-recovery mechanism, which enhance the stability and predictability of cash flows.

A DPU-approved tariff allows for annual adjustments to recover program costs. It has no commodity exposure and benefits from a decoupling mechanism that eliminates the impact of weather and usage patterns on revenue. Fuel supply costs are recovered through a seasonal cost of gas adjustment clause that is reset semi-annually.

**Energy Transition Risk:** NSTAR-G's ratings are predicated on the expectation that the gas infrastructure transition in Massachusetts will be constructive and gradual and allow gas utilities sufficient time to comply with various environmental mandates, implement new technologies and adjust their capital structures as necessary. Indication of an accelerated time frame or changes in regulation that are likely to result in significant unrecoverable stranded assets could result in negative rating actions.

In December 2023, the DPU issued an order to examine the role of MA natural gas local distribution companies (LDCs) in helping to meet the state's climate goal of net zero emissions target by 2050. The DPU indicated it will consider new processes and analysis for traditional natural gas investments, which may require changes to the LDC business models in the future. The DPU preserved customer choice for energy needs and encouraged further development of decarbonized alternatives. Currently, there are no significant changes to cost recovery but the company has some exposure to state regulations or policy changes that could introduce additional costs and risks.

**2019 Rate Case Decision:** Fitch considers the outcome of NSTAR-G's 2019 rate case and implementation of PBR to be constructive. The DPU authorized NSTAR-G's a $23.0 million base distribution rate increase on Oct. 30, 2020. The DPU also approved NSTAR-G's proposal to continue its ongoing Gas System Enhancement Program (GSEP) cost-recovery mechanism, the inclusion of GSEP investments since 2015 into base rates and the implementation of a 10-year performance-based

ratemaking plan, which includes an inflation-based adjustment mechanism to annual base distribution rates. NSTAR-G is allowed a 9.9% authorized ROE with a 54.77% common equity ratio.

**Adequate Financial Metrics:** NSTAR-G's FFO leverage was higher than expected in 2024 at 4.9x due to under-recoveries related to gas prices and warmer weather. Fitch expects NSTAR-G's FFO leverage to remain within Fitch's negative rating sensitivity threshold and average around 4.2x-4.3x through 2027. DPU preapproval and cost recovery mechanisms mitigate the risk associated with NSTAR-G's accelerated pipe replacement program and higher leverage. In addition, parent Eversource Energy (BBB/Stable) continues to provide equity infusion into NSTAR-G, resulting in equity capitalization increases from 2021 through 2024 to support its leverage ratios, a credit positive.

**Parent-Subsidiary Linkage:** A PSL exists between ES and NSTAR-G. Fitch considers NSTAR-G's Standalone Credit Profile stronger than ES' parent consolidated profile due NSTAR-G's lower-risk regulated utility operations, strong regulatory environment, and better financials. Legal ring-fencing is porous given general protection afforded by economic regulation. Access and control is porous reflecting ES centrally manages NSTAR-G's treasury function and serves as its sole source of equity, but NSTAR-G issues its own debt. Consequently, Fitch limits the credit rating difference between NSTAR-G and ES to two notches.

## Peer Analysis

Eversource compares adequately with other 'BBB' rated utility parent companies: Emera Incorporated (Emera; BBB/Stable) and American Electric Power Company, Inc. (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations compared with approximately 90%-95% for AEP and Emera. AEP has a more geographically diverse asset mix with operations in 11 states, compared to Eversource's three state jurisdictions and Emera, which operates primarily in Florida but also has operations in Canada and Caribbean region.

Eversource has been more levered in the past few years compared to its peers with FFO leverage of over 7.0x. Fitch expects FFO leverage to improve to approximately between 5.8x and 5.7x over the forecast period, following execution of the offshore wind and Aquarion sale, equity issuances and constructive outcome in the regulatory proceedings. Similar to Eversource, Emera's leverage has been high over the past few years with FFO leverage average around 7.0x. Fitch forecast Emera's FFO leverage to improve between 5.8x and 5.9x over the forecasted period following the execution of the company's deleveraging plan. For AEP, Fitch expects FFO leverage to average around 5.8x, over the forecast period.

## Key Assumptions

--Sale of Aquarion to close 2025/Q4 with use of proceeds to pay down debt

--Equity issuance in line with company's guidance;

--Consolidated core business capex and rate base growth in line with company's guidance;

--O&M expense relatively flat;

--Storm cost recovery as approved and approval of outstanding deferred balances;

--No adverse regulatory outcomes;

--Continued credit-supportive economic regulation in Massachusetts and at FERC;

--Normal weather.

## RATING SENSITIVITIES

**Eversource Energy**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--Significant additional Revolution costs due to delays, overruns or abandonment;

--Failure to continue to issue equity over 2025-2027 timeframe to support deleveraging including balanced funding of potential Revolution costs;

--The sale of Aquarion Water does not close by 2025/Q4 as expected or allocation of proceeds towards use other than debt reduction;

--FFO leverage exceeding 6.0x on a sustained basis;

--Adverse regulatory actions or other events that result in downgrades to Eversource's utility subsidiaries.

**Factors that Could, Individually or Collectively, Lead to Stabilization of Rating**

--Clear visibility to Revolution project completion in a timely manner without material overruns or delay;

--ES funds potential Revolution liabilities in a credit supportive manner to maintain FFO leverage below 6.0x on a sustained basis;

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--FFO leverage expected to remain less than 5.2x on a sustained basis;

**NSTAR Electric Company**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--FFO leverage expected to exceed 4.5x on a sustained basis.

**Factors that Could, Individually or Collectively, Lead to Stabilization of Rating**

--Remove parent ES off RWN and revise ES' Outlook back to Stable

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--An upgrade to parent Eversource's Long-Term IDR;

--NSTAR Electric's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of NSTAR Electric and Eversource coupled with the FFO leverage expected to remain below 4.0x on a sustained basis.

**Public Service Company of New Hampshire**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--FFO leverage expected to exceed 4.5x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

**Factors that Could, Individually or Collectively, Lead to Stabilization of Rating**

--Remove parent ES off RWN and revise ES' Outlook back to Stable

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade-**

--An upgrade to parent Eversource's Long-Term IDR;

--PSNH's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of PSNH and Eversource coupled with the FFO leverage expected to remain less than 3.5x on a sustained basis.

**The Connecticut Light and Power Company**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;

--FFO leverage expected to exceed 4.3x on a sustained basis.

**Factors that Could, Individually or Collectively, Lead to Stabilization of Rating**

--Remove parent ES off RWN and revise ES' Outlook back to Stable

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--An upgrade to parent Eversource's Long-Term IDR; CL&P's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of CL&P and Eversource;

--A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;

--FFO leverage expected to remain less than 3.5x on a sustained basis.

**NSTAR Gas Company**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;

--FFO leverage expected to exceed 4.5x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

**Factors that Could, Individually or Collectively, Lead to Stabilization of Rating**

--Remove parent ES off RWN and revise ES' Outlook back to Stable

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--A positive rating action is not likely due to the utility's small scale of operations and large capex plan;

--FFO leverage expected to remain less than 4.0x on a sustained basis.

## Liquidity and Debt Structure

Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $950.5 million of CP borrowings outstanding at June 30, 2025, leaving $1,050 million of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 11, 2029.

Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million

sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of June 30, 2025.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities but also terminates on Oct. 11, 2029. As of June 30, 2025, there was $430 million outstanding, leaving $220 million of available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $344 million of unrestricted cash as of June. 30, 2025.

## Issuer Profile

Eversource is a holding company that owns seven regulated utilities serving electric T&D, natural gas distribution and water distribution customers in Massachusetts, Connecticut and New Hampshire.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Click here to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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## Rating Actions

| ENTITY/DEBT | RATING | | | RECOVERY | PRIOR |
|---|---|---|---|---|---|
| NSTAR Electric Company | LT IDR | A- ◆ | Rating Watch On | | A- ● |
| | ST IDR | F1 ◆ | Rating Watch On | | F1 |
| • senior unsecured | LT | A ◆ | Rating Watch On | | A |
| • preferred | LT | BBB+ ◆ | Rating Watch On | | BBB+ |
| • senior unsecured | ST | F1 ◆ | Rating Watch On | | F1 |
| Eversource Energy | LT IDR | BBB ◆ | Rating Watch On | | BBB ● |
| | ST IDR | F3 | Affirmed | | F3 |

| ENTITY/DEBT | RATING | | | RECOVERY | PRIOR |
|---|---|---|---|---|---|
| • senior unsecured | LT | BBB ◆ | Rating Watch On | | BBB |
| • senior unsecured | ST | F3 | Affirmed | | F3 |
| Public Service Company of New Hampshire | LT IDR | A- ◆ | Rating Watch On | | A- ● |
| • senior secured | LT | A+ ◆ | Rating Watch On | | A+ |
| NSTAR Gas Company | LT IDR | A- ◆ | Rating Watch On | | A- ● |
| • senior secured | LT | A+ ◆ | Rating Watch On | | A+ |
| The Connecticut Light and Power Company | LT IDR | A- ◆ | Rating Watch On | | A- ● |
| • preferred | LT | BBB+ ◆ | Rating Watch On | | BBB+ |
| • senior | LT | A+ ◆ | Rating Watch On | | A+ |

| ENTITY/DEBT | RATING | RECOVERY | PRIOR |
|---|---|---|---|
| | secured | | |

| RATINGS KEY | OUTLOOK | WATCH |
|---|---|---|
| POSITIVE | ⊕ | ◈ |
| NEGATIVE | ⊖ | ◈ |
| EVOLVING | ◇ | ◆ |
| STABLE | ▭ | |

## Applicable Criteria

Corporate Hybrids Treatment and Notching Criteria (pub.08 Apr 2025)

Corporate Rating Criteria (pub.27 Jun 2025) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub.02 Aug 2024) (including rating assumption sensitivity)

Parent and Subsidiary Linkage Rating Criteria (pub.27 Jun 2025)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub.27 Jun 2025)

## Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1) (2)

## Additional Disclosures

Solicitation Status

## Endorsement Status

| | |
|---|---|
| Eversource Energy | EU Endorsed, UK Endorsed |
| NSTAR Electric Company | EU Endorsed, UK Endorsed |
| NSTAR Gas Company | EU Endorsed, UK Endorsed |
| Public Service Company of New Hampshire | EU Endorsed, UK Endorsed |
| The Connecticut Light and Power Company | EU Endorsed, UK Endorsed |

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In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal

opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

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FitchRatings

**Corporates**
Electric-Corporate
**United States**

# The Connecticut Light and Power Company

The 'A–' Long-Term Issuer Default Rating (IDR) of The Connecticut Light and Power Company (CL&P) primarily reflects the utility's low-risk regulated electric transmission and distribution (T&D) operations and stable financial profile. These strengths are partially offset by the regulatory headwinds in Connecticut.

## Key Rating Drivers

**Challenges to Regulatory Environment:** In 2023, Connecticut passed legislation that may further degrade the regulatory environment, depending upon the final framework and implementation. SB7 introduced a number of restrictive measures, including proposed restrictions on recoveries, considerations of several factors, including macroeconomic conditions in determining return on equity (ROE) and performance-based restriction on management compensation if customer bills increase over a certain threshold.

Recent rate cases have had terms that are materially weaker than expected. Authorized ROE in Connecticut tends to be below the industry average and PURA periodically assesses performance penalties. In total, Eversource derives about 25% of its earnings from Connecticut. CL&P, its parent Eversource and other regulated utilities, participate in the implementation of the framework If, in Fitch's view, the final framework is significantly more punitive, it may result in a negative rating action.

**Adequate Financial Profile:** Partially mitigating the regulatory risk is a stable financial profile. Fitch expects CL&P's funds from operations (FFO) leverage metrics will average approximately 4.0x through 2027, which provides some cushion in case future rate increases are lower than expected. In addition, recent rate adjustment mechanisms (RAM) approval should provide support to cash flow and metrics in the near-term. Federal Energy Regulatory Commission (FERC)-regulated transmission investments that receive timely cost recovery and above-average returns provide strong and stable cash flows.

Fitch assumes an outcome of the expected 2025 rate case filing that would preserve the leverage within current rating sensitivities. In addition, Fitch's assumptions include a constructive approval of the large outstanding storm cost balances prudency review. Any indication of the further deterioration in the regulatory environment, including credit-negative rate decisions would result in a negative rating outcome.

**Transmission Base Supports the Business Profile:** CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates the impact of weather and usage patterns, providing better predictability to earnings and cash flow.

Oversight by the FERC provides CL&P's growing electric transmission business with beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

**Capex Plan Moderating:** Capex is expected to modestly decrease through the forecast plan. At the same time, CL&P continues to make significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total $1.45 billion over 2024-2028, accounting for more than 33% of the total projected spend. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

### Ratings

| | |
|---|---|
| Long-Term IDR | A– |
| Senior Secured Debt - Long-Term Rating | A+ |
| **Outlook** | |
| Long-Term Foreign-Currency IDR | Stable |

Click here for the full list of ratings

### ESG and Climate

| | |
|---|---|
| Highest ESG Relevance Scores | |
| Environmental | 3 |
| Social | 3 |
| Governance | 3 |
| 2035 Climate Vulnerability Signal: 20 | |

### Applicable Criteria

Corporate Rating Criteria (November 2023)
Parent and Subsidiary Linkage Rating Criteria (June 2023)
Sector Navigators – Addendum to the Corporate Rating Criteria (June 2024)
Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)
Corporate Hybrids Treatment and Notching Criteria (November 2020)

### Related Research

Global Corporates Macro and Sector Forecasts – September 2024 (September 2024)
North American Utilities, Power & Gas Dashboard: 2Q24 (July 2024)
North American Utilities: 1Q24 Results, 2024 Guidances and Long-Term Earnings per Share Growth Affirmed (May 2024)
North American Utilities, Power & Gas Outlook 2024 (December 2023)
North American Utilities Monitor: 2Q24 (August 2024)

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**Parent-Subsidiary Linkage:** There is parent-subsidiary linkage between Eversource (BBB/Stable) and its rated subsidiaries, including CL&P. Fitch determines Eversource's Standalone Credit Profile (SCP) based on consolidated metrics. Fitch considers CL&P to have a stronger SCP than Eversource. The linkage follows a weak parent-strong subsidiary approach. Emphasis is placed on CL&P's status as a regulated entity. Legal ring-fencing is considered porous, given the general protections afforded by economic regulation. Access and control factor is also evaluated as porous. Eversource centrally manages the treasury function for its utilities and is the sole source of equity; however, CL&P issues its own long-term debt. Due to its assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

## Financial Summary

| (USD Mil.) | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Gross revenue | 3,548 | 3,637 | 4,818 | 4,579 |
| EBITDA | 1,060 | 1,007 | 1,146 | 1,198 |
| CFO (Fitch-defined) | 391 | 607 | 864 | 524 |
| Capital intensity (capex/revenue) (%) | 23.5 | 21.7 | 18.2 | 25.6 |
| Debt | 3,973 | 4,278 | 4,278 | 5,135 |
| FFO leverage (x) | 5.3 | 4.9 | 3.9 | 3.7 |
| FFO interest coverage (x) | 4.5 | 5.0 | 6.4 | 7.6 |
| EBITDA leverage (x) | 3.7 | 4.2 | 3.7 | 4.3 |

Source: Fitch Ratings, Fitch Solutions

## Rating Derivation Relative to Peers

CL&P compares adequately with peers at its 'A-' Long-Term IDR. CL&P, The United Illuminating Company (UI; A-/Negative), Public Service Company of New Hampshire (PSNH; A-/Stable) and Central Maine Power Company (CMP; BBB+/Stable) are a relatively low risk T&D utilities that operate in New England. Fitch considers the regulatory environment in Connecticut and Maine to be somewhat more restrictive, with lower authorized ROE; the regulatory environment in New Hampshire is relatively balanced. CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low risk and provide stable and predictable cash flows.

CL&P, UI and CMP all benefit from revenue decoupling. In terms of EBITDA, CL&P is roughly 4.0x larger than UI and PSNH, and approximately 2.5x larger than CMP, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around between 3.9x and 4.0x through 2027 for CL&P, between 4.4x and 4.6x for UI, between 3.8x and 4.1x for PSNH, and 4.3x for CMP.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An upgrade to parent Eversource's Long-Term IDR; CL&P's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of CL&P and Eversource;
- A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;
- FFO leverage expected to remain less than 3.5x on a sustained basis.

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the entities;
- An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;
- FFO leverage expected to exceed 4.3x on a sustained basis.

## Liquidity and Debt Structure

**Adequate Liquidity**: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion commercial paper (CP) program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.2

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billion of CP borrowings outstanding at June 30, 2024, leaving $797 million of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on October 11, 2029.

Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of June 30, 2024.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on October 11, 2029. As of June 30, 2024, there was $236.5 million outstanding, leaving $413.5 million of available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $33.4 million of unrestricted cash as of June 30, 2024.

## ESG Considerations

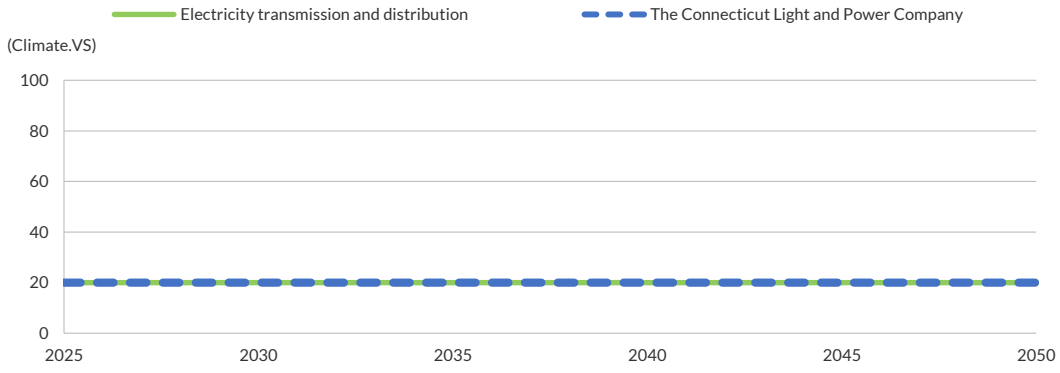
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The 2023 revenue-weighted Climate.VS for CL&P for 2035 is 20, suggesting low exposure to climate-related risks in that year. The signal reflects CL&P's transmission and distribution utility operations. For further information on how Fitch perceives climate-related risks in the utilities sector, see *Utilities - Long-Term Climate Vulnerability Signals Update*.

**Climate.VS Evolution**
As of Dec 31, 2023




Source: Fitch Ratings

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## Liquidity and Debt Maturities

### Liquidity Analysis

| (USD Mil.) | December 31, 2022 | December 31, 2023 |
|---|---|---|
| Total cash and cash equivalents | 11 | 10 |
| Short-term investments | — | — |
| Less not readily available cash and cash equivalents | — | — |
| **Fitch-defined readily available cash and cash equivalents** | **11** | **10** |
| Availability under committed lines of credit | — | — |
| **Total liquidity** | 11 | 10 |
| LTM EBITDA after associates and minorities | 1,146 | 1,198 |
| LTM FCF | -305 | -980 |

Source: Fitch Ratings, Fitch Solutions, CL&P

### Scheduled Debt Maturities

| (USD Mil.) | December 31, 2023 |
|---|---|
| 2024 | 597 |
| 2025 | 400 |
| 2026 | — |
| 2027 | 500 |
| 2028 | — |
| Thereafter | 3,696 |
| **Total** | **5,193** |

Source: Fitch Ratings, Fitch Solutions, CL&P

## Key Assumptions

**Fitch's Key Assumptions Within Its Rating Case for the Issuer Include:**

- CL&P's transmission capex totaling 1.45 billion over the 2024-2028 period;
- Operations and maintenance expense remaining relatively flat;
- Normal weather.

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## Financial Data

| (USD Mil.) | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **Summary income statement** | | | | |
| Gross revenue | 3,548 | 3,637 | 4,818 | 4,579 |
| Revenue growth (%) | 9.7 | 2.5 | 32.5 | -5.0 |
| EBITDA before income from associates | 1,060 | 1,007 | 1,146 | 1,198 |
| EBITDA margin (%) | 29.9 | 27.7 | 23.8 | 26.2 |
| EBITDA after associates and minorities | 1,060 | 1,007 | 1,146 | 1,198 |
| EBIT | 740 | 669 | 790 | 821 |
| EBIT margin (%) | 20.9 | 18.4 | 16.4 | 17.9 |
| Gross interest expense | -160 | -169 | -174 | -201 |
| Pretax income including associate income/loss | 608 | 533 | 704 | 690 |
| **Summary balance sheet** | | | | |
| Readily available cash and equivalents | 91 | 56 | 11 | 10 |
| Debt | 3,973 | 4,278 | 4,278 | 5,135 |
| Net debt | 3,883 | 4,222 | 4,267 | 5,125 |
| **Summary cash flow statement** | | | | |
| EBITDA | 1,060 | 1,007 | 1,146 | 1,198 |
| Cash interest paid | -160 | -169 | -167 | -177 |
| Cash tax | -11 | -38 | -118 | 44 |
| Dividends received less dividends paid to minorities (inflow/outflow) | — | — | — | — |
| Other items before FFO | -303 | -94 | 74 | 139 |
| FFO | 581 | 700 | 936 | 1,208 |
| FFO margin (%) | 16.4 | 19.2 | 19.4 | 26.4 |
| Change in working capital | -190 | -93 | -72 | -684 |
| CFO (Fitch-defined) | 391 | 607 | 864 | 524 |
| Total non-operating/nonrecurring cash flow | — | — | — | — |
| Capex | -834 | -790 | -877 | -1,174 |
| Capital intensity (capex/revenue) (%) | 23.5 | 21.7 | 18.2 | 25.6 |
| Common dividends | -70 | -341 | -292 | -330 |
| FCF | -513 | -525 | -305 | -980 |
| FCF margin (%) | -14.5 | -14.4 | -6.3 | -21.4 |
| Net acquisitions and divestitures | — | — | — | — |
| Other investing and financing cash flow items | -8 | -15 | 11 | -2 |
| Net debt proceeds | 336 | 305 | — | 857 |
| Net equity proceeds | 275 | 200 | 250 | 124 |
| Total change in cash | 91 | -35 | -44 | -1 |
| **Calculations for forecast publication** | | | | |
| Capex, dividends, acquisitions and other items before FCF | -903 | -1,131 | -1,169 | -1,504 |
| FCF after acquisitions and divestitures | -513 | -525 | -305 | -980 |
| FCF margin after net acquisitions (%) | -14.5 | -14.4 | -6.3 | -21.4 |
| **Gross Leverage ratios (x)** | | | | |
| EBITDA leverage | 3.7 | 4.2 | 3.7 | 4.3 |
| FFO leverage | 5.3 | 4.9 | 3.9 | 3.7 |
| CFO-capex/debt | -11.2 | -4.3 | -0.3 | -12.6 |
| **Net Leverage ratios (x)** | | | | |
| EBITDA net leverage | 3.7 | 4.2 | 3.7 | 4.3 |
| FFO net leverage | 5.2 | 4.8 | 3.9 | 3.7 |
| CFO-capex/net debt | -11.4 | -4.3 | -0.3 | -12.7 |

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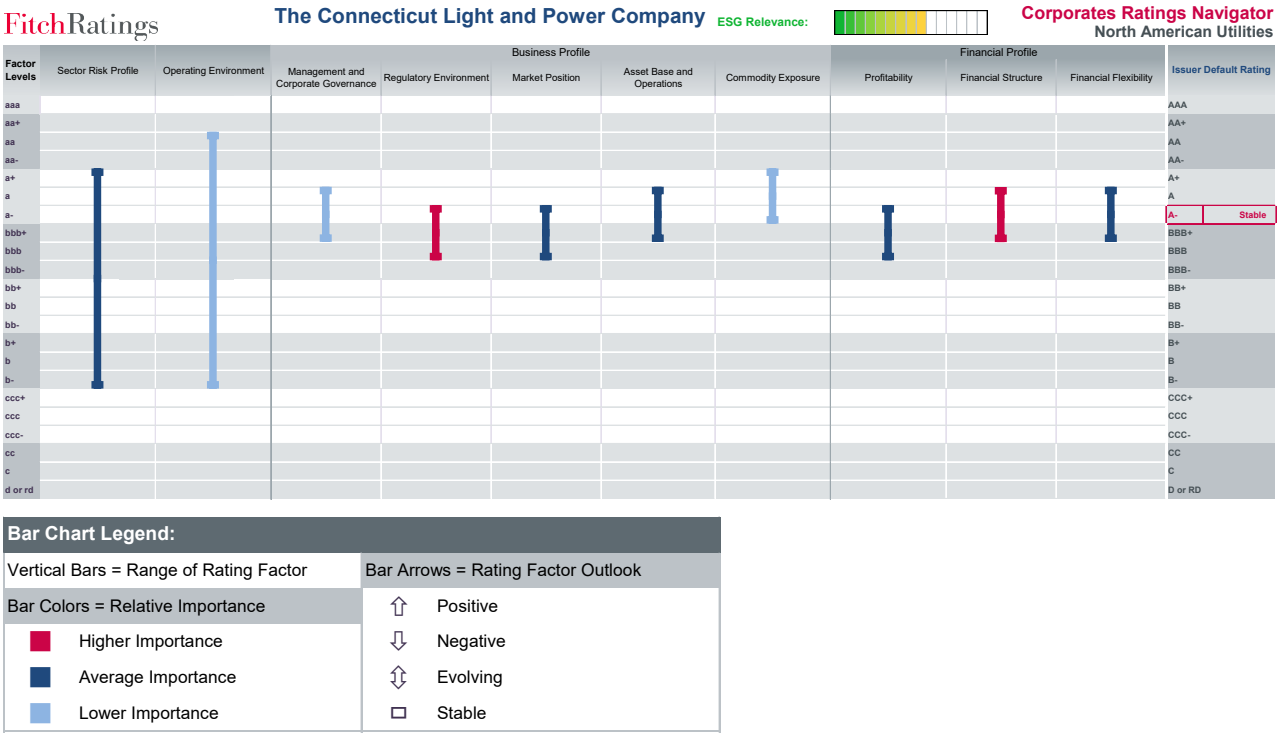
| (USD Mil.) | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **Coverage ratios (x)** | | | | |
| EBITDA interest coverage | 6.6 | 6.0 | 6.9 | 6.8 |
| FFO interest coverage | 4.5 | 5.0 | 6.4 | 7.6 |
| FFO fixed-charge coverage | 4.5 | 5.0 | 6.4 | 7.6 |

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

## Ratings Navigator




| Bar Chart Legend: | |
|---|---|
| Vertical Bars = Range of Rating Factor | Bar Arrows = Rating Factor Outlook |
| Bar Colors = Relative Importance | ⇧ Positive |
| Higher Importance | ⇩ Negative |
| Average Importance | ⇳ Evolving |
| Lower Importance | ▭ Stable |

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FitchRatings

## The Connecticut Light and Power Company

**Corporates Ratings Navigator**
North American Utilities

### Operating Environment

| | | | | |
|---|---|---|---|---|
| aa+ | | Economic Environment | aa | Very strong combination of countries where economic value is created and where assets are located. |
| aa | | Financial Access | aa | Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market. |
| | | Systemic Governance | aa | Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'. |
| b- | | | | |
| ccc+ | | | | |

### Management and Corporate Governance

| | | | | |
|---|---|---|---|---|
| a+ | | Management Strategy | bbb | Strategy may include opportunistic elements but soundly implemented. |
| a | | Governance Structure | a | Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders. |
| a- | | Group Structure | a | Group structure shows some complexity but mitigated by transparent reporting. |
| bbb+ | | Financial Transparency | a | High quality and timely financial reporting. |
| bbb | | | | |

### Regulatory Environment

| | | | | |
|---|---|---|---|---|
| a | | Degree of Transparency and Predictability | bbb | Generally transparent and predictable regulation with limited political interference. |
| a- | | Timeliness of Cost Recovery | a | Minimal lag to recover capital and operating costs. |
| bbb+ | | Trend in Authorized ROEs | bbb | Average authorized ROE. |
| bbb | | Mechanisms Available to Stabilize Cash Flows | a | Revenues fully insulated from variability in consumption. |
| bbb- | | Mechanisms Supportive of Creditworthiness | bbb | Effective regulatory ring-fencing or minimum creditworthiness requirements. |

### Market Position

| | | | | |
|---|---|---|---|---|
| a | | Market Structure | a | Well-established market structure with complete transparency in price-setting mechanisms. |
| a- | | Consumption Growth Trend | bbb | Customer and usage growth in line with industry averages. |
| bbb+ | | Customer Mix | a | Favorable customer mix. |
| bbb | | Geographic Location | bbb | Beneficial location or reasonable locational diversity. |
| bbb- | | Supply Demand Dynamics | bbb | Moderately favorable outlook for prices/rates. |

### Asset Base and Operations

| | | | | |
|---|---|---|---|---|
| a+ | | Diversity of Assets | bbb | Good quality and/or reasonable scale diversified assets. |
| a | | Operations Reliability and Cost Competitiveness | a | Track record of reliable, low-cost operations. |
| a- | | Exposure to Environmental Regulations | a | No exposure to environmental regulations. |
| bbb+ | | Capital and Technological Intensity of Capex | bbb | Moderate reinvestments requirements in established technologies. |
| bbb | | | | |

### Commodity Exposure

| | | | | |
|---|---|---|---|---|
| aa- | | Ability to Pass Through Changes in Fuel | a | Complete pass-through of commodity costs. |
| a+ | | Underlying Supply Mix | | n.a. |
| a | | Hedging Strategy | | n.a. |
| a- | | | | |
| bbb+ | | | | |

### Profitability

| | | | | |
|---|---|---|---|---|
| a | | Free Cash Flow | bbb | Structurally neutral to negative FCF across the investment cycle. |
| a- | | Volatility of Profitability | bbb | Stability and predictability of profits in line with utility peers. |
| bbb+ | | | | |
| bbb | | | | |
| bbb- | | | | |

### Financial Structure

| | | | | |
|---|---|---|---|---|
| a+ | | EBITDA Leverage | bbb | 3.75x |
| a | | FFO Leverage | a | 3.5x |
| a- | | | | |
| bbb+ | | | | |
| bbb | | | | |

### Financial Flexibility

| | | | | |
|---|---|---|---|---|
| a+ | | Financial Discipline | a | Clear commitment to maintain a conservative policy with only modest deviations allowed. |
| a | | Liquidity | bb | Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding. |
| a- | | FFO Interest Coverage | a | 5.5x |
| bbb+ | | | | |
| bbb | | | | |

**How to Read This Page:** The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

### Credit-Relevant ESG Derivation

The Connecticut Light and Power Company has 9 ESG potential rating drivers

- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security
- Impact of labor negotiations and employee (dis)satisfaction
- Social resistance to major projects that leads to delays and cost increases
- Governance is minimally relevant to the rating and is not currently a driver.

| | | | | Overall ESG |
|---|---|---|---|---|
| key driver | 0 | issues | 5 | |
| driver | 0 | issues | 4 | |
| potential driver | 9 | issues | 3 | |
| not a rating driver | 3 | issues | 2 | |
| | 2 | issues | 1 | |

For further details on Credit-Relevant ESG scoring, see page 3.

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FitchRatings

**Corporates**
Electric-Corporate
**United States**

FitchRatings

# The Connecticut Light and Power Company

**Corporates Ratings Navigator**
North American Utilities

## Credit-Relevant ESG Derivation

The Connecticut Light and Power Company has 9 ESG potential rating drivers

- The Connecticut Light and Power Company has exposure to extreme weather events but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to access/affordability risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to customer accountability risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to labor relations & practices risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to social resistance but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

| | | | |
|---|---|---|---|
| key driver | 0 | issues | 5 |
| driver | 0 | issues | 4 |
| potential driver | 9 | issues | 3 |
| not a rating driver | 3 | issues | 2 |
| | 2 | issues | 1 |

ESG Relevance to Credit Rating

## Environmental (E) Relevance Scores

| General Issues | E Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| GHG Emissions & Air Quality | 1 | Emissions from operations | Asset Base and Operations; Commodity Exposure; Regulation; Profitability |
| Energy Management | 2 | Fuel use to generate energy and serve load | Asset Base and Operations; Commodity Exposure; Profitability |
| Water & Wastewater Management | 1 | Water used by hydro plants or by other generation plants, also effluent management | Asset Base and Operations; Regulation; Profitability |
| Waste & Hazardous Materials Management; Ecological Impacts | 2 | Impact of waste from operations | Asset Base and Operations; Regulation; Profitability |
| Exposure to Environmental Impacts | 3 | Plants' and networks' exposure to extreme weather | Asset Base and Operations; Regulation; Profitability |

E Relevance

## Social (S) Relevance Scores

| General Issues | S Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| Human Rights, Community Relations, Access & Affordability | 3 | Product affordability and access | Asset Base and Operations; Regulation; Profitability; Financial Structure |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3 | Quality and safety of products and services; data security | Regulation; Profitability |
| Labor Relations & Practices | 3 | Impact of labor negotiations and employee (dis)satisfaction | Asset Base and Operations; Profitability |
| Employee Wellbeing | 2 | Worker safety and accident prevention | Profitability; Asset Base and Operations |
| Exposure to Social Impacts | 3 | Social resistance to major projects that leads to delays and cost increases | Asset Base and Operations; Profitability |

S Relevance

## Governance (G) Relevance Scores

| General Issues | G Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| Management Strategy | 3 | Strategy development and implementation | Management and Corporate Governance |
| Governance Structure | 3 | Board independence and effectiveness; ownership concentration | Management and Corporate Governance |
| Group Structure | 3 | Complexity, transparency and related-party transactions | Management and Corporate Governance |
| Financial Transparency | 3 | Quality and timing of financial disclosure | Management and Corporate Governance |
| | | | |

G Relevance

**How to Read This Page**
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
**The Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
**Classification** of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

**CREDIT-RELEVANT ESG SCALE**
How relevant are E, S and G issues to the overall credit rating?

| | |
|---|---|
| 5 | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator. |
| 4 | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator. |
| 3 | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator. |
| 2 | Irrelevant to the entity rating but relevant to the sector. |
| 1 | Irrelevant to the entity rating and irrelevant to the sector. |

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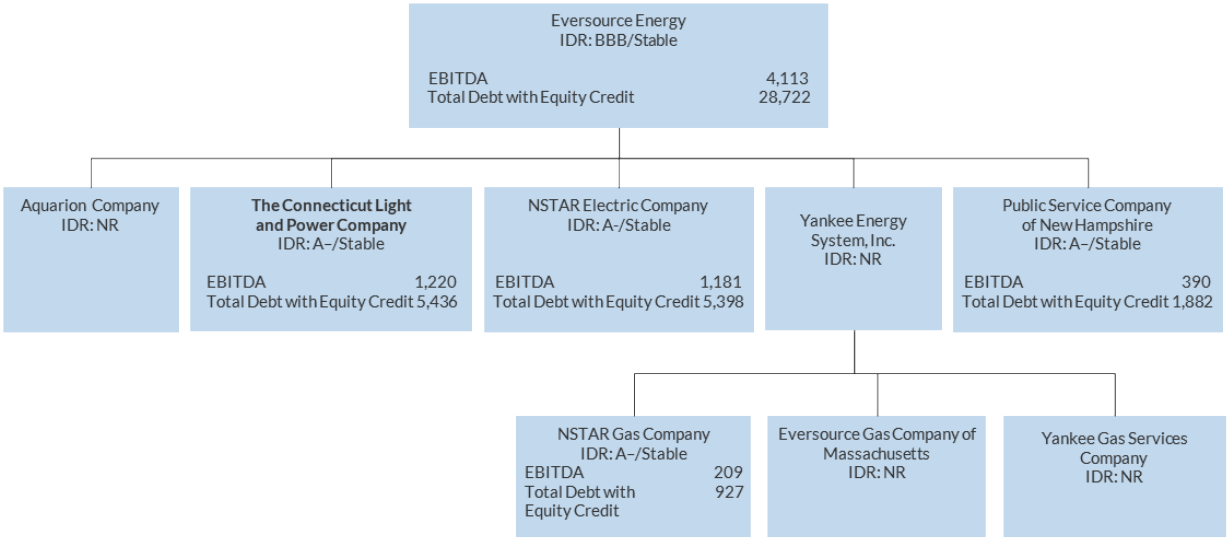
## Simplified Group Structure Diagram

**Organizational Structure — The Connecticut Light and Power Company**
($ MM, as of June 30, 2024)




IDR – Issuer Default Rating, NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

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## Peer Financial Summary

| Company | Issuer Default Rating | Financial statement date | Gross revenue (USD Mil.) | FFO (USD Mil.) | FFO interest coverage (x) | FFO leverage (x) | EBITDA leverage (x) |
|---|---|---|---|---|---|---|---|
| The Connecticut Light and Power Company | A- | | | | | | |
| | A- | 2023 | 4,579 | 1,208 | 7.6 | 3.7 | 4.3 |
| | A- | 2022 | 4,818 | 936 | 6.4 | 3.9 | 3.7 |
| | A- | 2021 | 3,637 | 700 | 5.0 | 4.9 | 4.2 |
| NSTAR Electric Company | A- | | | | | | |
| | A | 2023 | 3,516 | 865 | 5.2 | 4.6 | 4.5 |
| | A | 2022 | 3,583 | 729 | 5.2 | 5.0 | 4.4 |
| | A | 2021 | 3,056 | 715 | 5.6 | 4.8 | 4.2 |
| Public Service Company of New Hampshire | A- | | | | | | |
| | A- | 2023 | 1,389 | 399 | 7.4 | 3.6 | 4.4 |
| | A- | 2022 | 1,415 | 330 | 8.4 | 3.6 | 4.2 |
| | A- | 2021 | 1,116 | 310 | 8.9 | 3.7 | 4.4 |
| Central Maine Power Company | BBB+ | | | | | | |
| | BBB+ | 2023 | 1,127 | 418 | 6.8 | 3.0 | 4.0 |
| | BBB+ | 2022 | 1,051 | 370 | 8.2 | 3.2 | 3.7 |
| | BBB+ | 2021 | 978 | 417 | 9.2 | 2.8 | 3.3 |
| The United Illuminating Company | A- | | | | | | |
| | A- | 2023 | 1,356 | 185 | 4.7 | 4.7 | 3.9 |
| | A- | 2022 | 1,156 | 147 | 4.4 | 5.1 | 3.4 |
| | A- | 2021 | 1,071 | 183 | 5.2 | 4.0 | 3.2 |

Source: Fitch Ratings, Fitch Solutions

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## Fitch Adjusted Financials

| (USD Mil. as of December 31, 2023) | Notes and formulas | Standardised values | Hybrid equity credit adjustment | Fair value and other debt adjustments | Lease treatment | Other adjustments | Adjusted values |
|---|---|---|---|---|---|---|---|
| **Income statement summary** | | | | | | | |
| Revenue | | 4,579 | — | — | — | — | 4,579 |
| EBITDA | (a) | 1,198 | — | — | — | — | 1,198 |
| Depreciation and amortization | | -377 | — | — | — | — | -377 |
| EBIT | | 821 | — | — | — | — | 821 |
| **Balance sheet summary** | | | | | | | |
| Debt | (b) | 104 | -58 | 13 | — | 5,077 | 5,135 |
| Of which other off-balance-sheet debt | | — | — | — | — | — | — |
| Lease-equivalent debt | | — | — | — | — | — | — |
| Lease-adjusted debt | | 104 | -58 | 13 | — | 5,077 | 5,135 |
| Readily available cash and equivalents | (c) | 10 | — | — | — | — | 10 |
| Not readily available cash and equivalents | | — | — | — | — | — | — |
| **Cash flow summary** | | | | | | | |
| EBITDA | (a) | 1,198 | — | — | — | — | 1,198 |
| Dividends received from associates less dividends paid to minorities | (d) | — | — | — | — | — | — |
| Interest paid | (e) | -193 | — | — | — | 17 | -177 |
| Interest received | (f) | — | — | — | — | 9 | 9 |
| Preferred dividends paid | (g) | -6 | — | — | — | — | -6 |
| Cash tax paid | | — | — | — | — | 44 | 44 |
| Other items before FFO | | -367 | — | — | — | 506 | 139 |
| FFO | (h) | 633 | — | — | — | 576 | 1,208 |
| Change in working capital | | -189 | — | — | — | -495 | -684 |
| CFO | (i) | 444 | — | — | — | 80 | 524 |
| Non-operating/nonrecurring cash flow | | — | — | — | — | — | — |
| Capex | (j) | -1,093 | — | — | — | -80 | -1,174 |
| Common dividends paid | | -330 | — | — | — | — | -330 |
| FCF | | -980 | — | — | — | — | -980 |
| **Gross leverage (x)** | | | | | | | |
| EBITDA leverage | b / (a+d) | 0.1 | — | — | — | — | 4.3 |
| FFO leverage | b / (h-e-f-g) | 0.1 | — | — | — | — | 3.7 |
| (CFO-capex)/debt (%) | (i+j) / b | -558.6 | — | — | — | — | -12.6 |
| **Net leverage (x)** | | | | | | | |
| EBITDA net leverage | (b-c) / (a+d) | 0.1 | — | — | — | — | 4.3 |
| FFO net leverage | (b-c) / (h-e-f-g) | 0.1 | — | — | — | — | 3.7 |
| (CFO-capex)/net debt (%) | (i+j) / (b-c) | -612.4 | — | — | — | — | -12.7 |
| **Coverage (x)** | | | | | | | |
| EBITDA interest coverage | (a+d) / (-e) | 6.2 | — | — | — | — | 6.8 |
| FFO interest coverage | (h-e-f-g) / (-e-g) | 4.2 | — | — | — | — | 7.6 |

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power C...

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## Parent Subsidiary Linkage Analysis

### Key Risk Factors and Notching Approach

| | |
|---|---|
| Parent | Eversource Energy |
| Parent LT IDR | BBB |
| Subsidiary | The Connecticut Light and Power Company |
| Subsidiary LT IDR | A- |
| Path | Stronger Subsidiary |
| Legal ring-fencing | Porous |
| Access and control | Porous |
| Notching matrix outcome | Consolidated+2 |
| Override applied | No |
| Notching approach | — |

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

### Stronger Subsidiary Notching Matrix

| Access and control | Open | Porous | Insulated |
|---|---|---|---|
| With open ring-fencing | Consolidated | Consolidated+1 | Consolidated+2[b] |
| With porous ring-fencing | Consolidated+1 | Consolidated+2[b] | Consolidated+2[b] |
| With insulated ring-fencing | [a] | Standalone | Standalone |

[a] It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a consolidated+1, consolidated+2 or standalone outcome.
[b] Notching is capped at the subsidiary's Standalone Credit Profile.
Source: Fitch Ratings

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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FitchRatings

06 AUG 2024

# Fitch Rates Connecticut Light & Power's FRMBs 'A+'

Fitch Ratings - New York - 06 Aug 2024: Fitch Ratings has assigned an 'A+' rating to The Connecticut Light and Power Company's (CL&P) first and refunding mortgage bond (FRMB) issuance. The FRMBs will rank pari passu with CL&P's existing and future FRMBs.

Net proceeds will be used to repay at maturity 1994 Series D FRMBs due in October 2024, and repay a portion of outstanding short-term debt and fund working capital requirements. CL&P's Long-Term Issuer Default Rating (IDR) is 'A-'/Stable.

## Key Rating Drivers

**Regulatory Headwinds**: In 2023, Connecticut passed legislation that may result in a more challenging regulatory environment from a credit perspective, depending on how the final framework is implemented. Historically, authorized ROE in Connecticut tends to be below the industry average and performance-based regulation (PBR) is incrementally risky, given that Connecticut's Public Utilities Regulatory Authority (PURA) periodically assesses performance penalties.

Connecticut Senate Bill 7 introduces several restrictive measures for the state's utilities. Among other items, the law imposes restrictions on recoveries, consideration of several factors including macroeconomic conditions in the determination of ROE, mandatory base rate review within four years, greater gubernatorial oversight, and performance-based restrictions on management compensation if customer bills increase over a certain threshold.

Mitigating these risks is participation in the implementation of the framework by CL&P and its parent, Eversource Energy, along with other regulated utilities in the state. In total, Eversource derives about 25% of its earnings from Connecticut. Implementation of a punitive final framework from a credit perspective due to the new law's considerations could lead to higher leverage and future negative rating actions.

**Adequate Financial Profile**: Mitigating CL&P's regulatory risk is the utility's stable financial profile. Fitch calculates 2023 FFO leverage at 3.9x and expects CL&P's FFO leverage will average approximately 4.0x through 2026, providing some cushion related to Fitch's downgrade threshold of 4.3x in case future rate increases are lower than expected. Financial metrics remain adequate for the ratings, aided by cost-saving efficiencies and reductions to O&M expense. Transmission investments regulated by the Federal Energy Regulatory Commission (FERC) that receive timely cost recovery and above-average returns provide strong and stable cash flows.

In addition, PURA's decision earlier this year to provide timely reimbursement of 2023 deferred public policy costs through the company's electric annual rate adjustment mechanism is a positive regulatory development and supportive of credit metrics.

**Storm Cost Prudency Filings**: CL&P has accumulated large storm cost deferred balances and is currently in the process of establishing prudency for about $600 million of the costs. Another filing is expected later this

year to cover 2022 and early 2023 storms. All prudently incurred costs are expected to be rolled in into new base rate filing in 2025 and be recovered over a six-year period. Fitch assumes a constructive outcome of the current and future storm cost prudency filings.

**Transmission Base Supports the Business Profile**: CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates the impact of weather and usage patterns, providing better predictability to earnings and cash flow. Oversight by the FERC provides CL&P's growing electric transmission business beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return.

CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

**Large Capex Plan**: Capex is expected to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total nearly $1.45 billion over 2024-2028. Improvements to CL&P's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex will be funded in a manner consistent with the existing capital structure.

**Parent-Subsidiary Linkage**: There is parent-subsidiary linkage between Eversource (BBB/Stable) and its rated subsidiaries, including CL&P. Fitch determines Eversource's Standalone Credit Profile (SCP) based on consolidated metrics. Fitch considers CL&P to have a stronger SCP than Eversource. The linkage follows a weak parent-strong subsidiary approach. Emphasis is placed on CL&P's status as a regulated entity.

Legal ring-fencing is considered porous given the general protections afforded by economic regulation. Access and control factor is also evaluated as porous. Eversource centrally manages the treasury function for its utilities and is the sole source of equity; however, CL&P issues its own long-term debt. Due to its assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

## Derivation Summary

CL&P compares adequately with peers at the 'A-' Long-Term IDR level. CL&P, The United Illuminating Company (UI; A-/Stable), Public Service Company of New Hampshire (PSNH; A-/Stable) and Central Maine Power Company (CMP; BBB+/Stable) are low-risk T&D utilities that operate in New England. Fitch considers the regulatory environment in Connecticut and Maine to be more restrictive, with lower authorized ROEs; the regulatory environment in New Hampshire is relatively balanced.

CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows.

CL&P, UI and CMP benefit from revenue decoupling. CL&P's EBITDA is roughly 4.0x larger than that of UI and PSNH, and approximately 2.5x larger than CMP's, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around 4.0x through 2025 for CL&P, 4.0x for UI, 3.8x-4.2x for PSNH and 4.1x for CMP.

## Key Assumptions

--CL&P's transmission capex totaling $1.45 billion over 2024-2028;

--O&M expense remaining relatively flat;

--Normal weather.

## RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;

--FFO leverage expected to remain less than 3.5x on a sustained basis.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;

--FFO leverage expected to exceed 4.3x on a sustained basis.

## Liquidity and Debt Structure

**Adequate Liquidity**: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.93 billion of CP borrowings outstanding at March 31, 2024, leaving $65 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas Company, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 13, 2028. Under the RCF, CL&P has a $600 million borrowing sublimit. PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit, and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of March 31, 2024.

## Issuer Profile

CL&P is a regulated electric T&D utility that serves approximately 1.28 million customers in 157 cities and towns in Connecticut.

## Date of Relevant Committee

09 August 2023

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating

decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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## Rating Actions

| ENTITY/DEBT | RATING | | RECOVERY | PRIOR |
|---|---|---|---|---|
| The Connecticut Light and Power Company | | | | |
| • senior secured | LT | A+ | New Rating | |

| RATINGS KEY | OUTLOOK | WATCH |
|---|---|---|
| POSITIVE | ⊕ | ◆ |
| NEGATIVE | ⊖ | ◆ |

| RATINGS KEY | OUTLOOK | WATCH |
|---|---|---|
| EVOLVING | ◇ | ◆ |
| STABLE | ○ | |

## Applicable Criteria

Climate Vulnerability in Corporate Ratings Criteria - Effective from 21 July 2023 to 3 November 2023 (pub.21 Jul 2023) (including rating assumption sensitivity)

Corporate Hybrids Treatment and Notching Criteria (pub.12 Nov 2020)

Corporate Rating Criteria - Effective from 28 October 2022 to 3 November 2023 (pub.28 Oct 2022) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria - Effective from 9 April 2021 to 13 October 2023 (pub.09 Apr 2021) (including rating assumption sensitivity)

Parent and Subsidiary Linkage Rating Criteria (pub.16 Jun 2023)

## Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.1.0 (1)

## Additional Disclosures

Solicitation Status

## Endorsement Status

| | |
|---|---|
| The Connecticut Light and Power Company | EU Endorsed, UK Endorsed |

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

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FitchRatings

Corporates
Electric-Corporate
United States

# The Connecticut Light and Power Company

The 'A–' Long-Term Issuer Default Rating (IDR) of The Connecticut Light and Power Company (CL&P) primarily reflects the utility's low-risk regulated electric transmission and distribution (T&D) operations and stable financial profile. These strengths are partially offset by the emerging regulatory headwinds in Connecticut.

## Key Rating Drivers

**Regulatory Headwinds Emerge:** Connecticut recently passed legislation that may result in a more challenging regulatory environment from a credit perspective, depending on how the final framework is implemented. Historically, authorized ROE in Connecticut tends to be below the industry average and performance-based regulation (PBR) is incrementally risky, given that Connecticut's Public Utilities Regulatory Authority (PURA) periodically assesses performance penalties.

Connecticut Senate Bill 7, recently signed into law by the governor, introduces several restrictive measures for the state's utilities. Among other items, the law imposes restrictions on recoveries, consideration of several factors including macroeconomic conditions in the determination of ROE, mandatory base rate review within four years, greater gubernatorial oversight, and performance-based restrictions on management compensation if customer bills increase over a certain threshold.

Mitigating these risks is participation in the implementation of the framework by CL&P and its parent, Eversource Energy, along with other regulated utilities in the state. Moreover, CL&P cannot be called in for a review earlier than October 2025, which gives the company some time to adapt to the upcoming regulation.

**Challenging Rate Case Outcomes:** Recent rate cases in Connecticut have not been supportive of credit, including the Aquarian Water rate case, which included an 8.7% ROE (50.35% of capital). The draft decision in The United Illuminating Company's (UI) pending rate case awarded a much smaller rate increase than requested and a lower ROE of 8.28% (50.0% of capital), inclusive of assessed penalties. In total, Eversource derives about 25% of its earnings from Connecticut. Implementation of a punitive final framework from a credit perspective due to the new law's considerations could lead to higher leverage and future negative rating actions.

**Adequate Financial Profile:** Mitigating CL&P's regulatory risk is the utility's stable financial profile. Fitch Ratings expects CL&P's FFO leverage will average approximately 4.0x through 2026, providing some cushion in case future rate increases are lower than expected and Fitch's downgrade threshold of 4.3x. Financial metrics remain adequate for the ratings, aided by cost-saving efficiencies and reductions to O&M expense. Transmission investments regulated by the Federal Energy Regulatory Commission (FERC) that receive timely cost recovery and above-average returns provide strong and stable cash flows.

**2021 Settlement Agreement:** Fitch considers CL&P's 2021 settlement agreement authorizing a capital structure with 53% common equity and ROE of 9.25% to be balanced and provide some level of stability. On Oct. 27, 2021, PURA approved a settlement agreement between CL&P and other parties related to poor storm performance and PURA's interim rate reduction docket.

CL&P agreed to provide a total of $75 million of customer credits and assistance. In exchange, PURA's interim rate reduction docket was resolved without findings; neither the 90bp ROE reduction introduced in PURA's storm-related decision nor the 45bp ROE reduction included in its interim rate reduction decision will be implemented. CL&P also agreed to freeze its current base distribution rates until no earlier than Jan. 1, 2024.

### Ratings

| | |
|---|---|
| Long-Term IDR | A– |
| Senior Secured Debt — Long-Term Rating | A+ |
| **Outlook** | |
| Long-Term IDR | Stable |

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 20

### Applicable Criteria

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

Climate Vulnerability in Corporate Ratings Criteria – Effective from 21 July 2023 to 3 November 2023 (July 2023)

Parent and Subsidiary Linkage Rating Criteria (June 2023)

Corporate Rating Criteria – Effective from 28 October 2022 to 3 November 2023 (October 2022)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

### Related Research

Global Corporates Macro and Sector Forecasts

North American Utilities, Power & Gas Outlook 2024 (December2023)

North American Utilities, Power & Gas Dashboard: Third-Quarter 2023 (October 2023)

North American Utilities, Power & Gas Dashboard: Second-Quarter 2023 (July 2023)

North American Utilities, Power & Gas Dashboard: First -Quarter 2023 (April 2023)

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**Transmission Base Supports the Business Profile:** CL&P's regulated electric T&D operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates the impact of weather and usage patterns, providing better predictability to earnings and cash flow. Oversight by the FERC provides CL&P's growing electric transmission business beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

**Large Capex Plan:** Capex is expected to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total nearly $1.44 billion over 2023–2027. Improvements to CL&P's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex will be funded in a manner consistent with the existing capital structure.

**Parent-Subsidiary Linkage:** Parent-subsidiary linkage between Eversource (BBB+/Negative) and its rated subsidiaries, including CL&P. Fitch determines Eversource's Standalone Credit Profile (SCP) based on consolidated metrics. Fitch considers CL&P to have a stronger SCP than Eversource. The linkage follows a weak parent-strong subsidiary approach. Emphasis is placed on CL&P's status as a regulated entity.

Legal ring-fencing is considered porous, given the general protections afforded by economic regulation. Access and control factor is also evaluated as porous. Eversource centrally manages the treasury function for its utilities and is the sole source of equity; however, CL&P issues its own long-term debt. Due to its assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

## Financial Summary

| ($ mil.) | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Gross revenue | 3,233 | 3,548 | 3,637 | 4,818 |
| EBITDA | 982 | 1,060 | 1,007 | 1,146 |
| Cash flow from operations (Fitch-defined) | 720 | 391 | 607 | 864 |
| Capital intensity (capex/revenue) (%) | 28.4 | 23.5 | 21.7 | 18.2 |
| Debt | 3,637 | 3,973 | 4,278 | 4,278 |
| FFO leverage (x) | 4.2 | 5.3 | 4.9 | 3.9 |
| FFO interest coverage (x) | 5.4 | 4.5 | 5.0 | 6.4 |
| EBITDA leverage (x) | 3.7 | 3.7 | 4.2 | 3.7 |

F – Forecast
Source: Fitch Ratings, Fitch Solutions

## Rating Derivation Relative to Peers

CL&P compares adequately with peers at the 'A-' Long-Term IDR level. CL&P, UI (A–/Stable), Public Service Company of New Hampshire (PSNH; A–/Stable) and Central Maine Power Company (CMP; BBB+/Stable) are low-risk T&D utilities that operate in New England. Fitch considers the regulatory environment in Connecticut and Maine to be somewhat more restrictive, with lower authorized ROEs; the regulatory environment in New Hampshire is relatively balanced. CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows.

CL&P, UI and CMP benefit from revenue decoupling. CL&P's EBITDA is roughly 4.0x larger than that of UI and PSNH, and approximately 2.5x larger than CMP's, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around 4.0x through 2025 for CL&P, 4.0x for UI, 3.8x–4.2x for PSNH and 4.1x for CMP.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- A material improvement in the regulatory environment that results in constructive rate decisions and higher earned ROEs;
- FFO leverage expected to remain less than 3.5x on a sustained basis.

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**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- An adverse implementation of the recent regulatory changes that reduces the stability and predictability of earnings and cash flow and materially weakens CL&P's financial profile;
- FFO leverage expected to exceed 4.3x on a sustained basis.

## Liquidity and Debt Structure

**Adequate Liquidity**: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.3 billion of CP borrowings outstanding at Sept. 30, 2023, leaving $679.7 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas Company, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 13, 2028. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of Sept. 30, 2023.

NSTAR Electric Company maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of Eversource and the other utilities but also terminates on Oct. 13, 2028. As of Sept. 30, 2023, $209.5 million was outstanding, leaving $440.5 million of available borrowing capacity.

Eversource and its utility subsidiaries require modest cash on hand and had $78.8 million of unrestricted cash as of Sept. 30, 2023.

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's *Corporate Rating Criteria*.

The 2022 revenue-weighted Climate.VS for CL&P for 2035 is 20, suggesting low exposure to climate-related risks in that year. The signal reflects CL&P's transmission and distribution utility operations. For further information on how Fitch perceives climate-related risks in the utilities sector, see *Utilities - Long-Term Climate Vulnerability Signals Update*.

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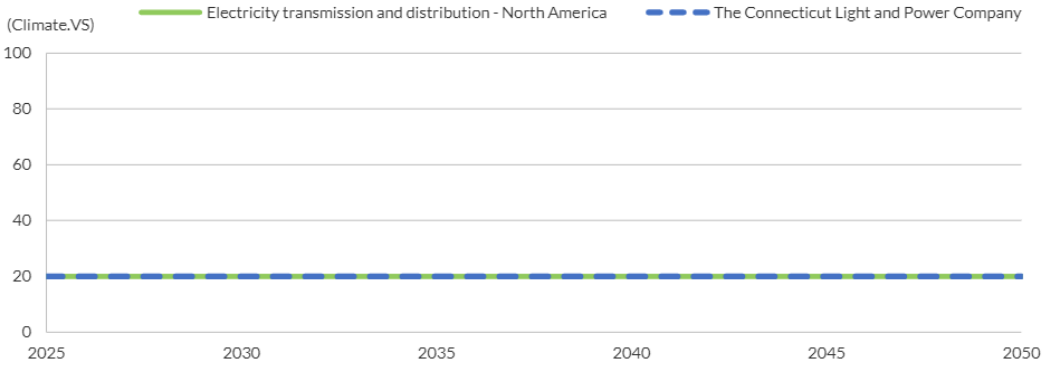
**Climate.VS Evolution**
As of Dec. 31, 2022




Source: Fitch Ratings

## Liquidity and Debt Maturities

### Liquidity Analysis

| ($ mil.) | 12/31/21 | 12/31/22 |
|---|---|---|
| Total cash and cash equivalents | 56 | 11 |
| Short-term investments | 0 | 0 |
| Less not readily available cash and cash equivalents | 0 | 0 |
| **Fitch-defined readily available cash and cash equivalents** | **56** | **11** |
| Availability under committed lines of credit | 0 | 0 |
| **Total liquidity** | **56** | **11** |
| LTM EBITDA after associates and minorities | 1,007 | 1,146 |
| LTM FCF | -525 | -305 |

Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

### Scheduled Debt Maturities

| ($ mil.) | 12/31/22 |
|---|---|
| 2023 | 400 |
| 2024 | 140 |
| 2025 | 400 |
| 2026 | 0 |
| 2027 | 500 |
| Thereafter | 2,780 |
| **Total** | **4,220** |

Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

## Key Assumptions

**Fitch's Key Assumptions Within Its Rating Case for the Issuer Include:**

- CL&P's transmission capex totaling $1.44 billion over 2023–2027;
- O&M expense remaining relatively flat;
- Normal weather.

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## Financial Data

| ($ mil.) | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Summary income statement** | | | | |
| Gross revenue | 3,233 | 3,548 | 3,637 | 4,818 |
| Revenue growth (%) | 4.4 | 9.7 | 2.5 | 32.5 |
| EBITDA before income from associates | 982 | 1,060 | 1,007 | 1,146 |
| EBITDA margin (%) | 30.4 | 29.9 | 27.7 | 23.8 |
| EBITDA after associates and minorities | 982 | 1,060 | 1,007 | 1,146 |
| EBITDAR | 983 | 1,062 | 1,007 | 1,146 |
| EBITDAR margin (%) | 30.4 | 29.9 | 27.7 | 23.8 |
| EBIT | 681 | 740 | 669 | 790 |
| EBIT margin (%) | 21.1 | 20.9 | 18.4 | 16.4 |
| Gross interest expense | -158 | -160 | -169 | -174 |
| Pretax income including associate income/loss | 548 | 608 | 533 | 704 |
| **Summary balance sheet** | | | | |
| Readily available cash and equivalents | – | 91 | 56 | 11 |
| Debt | 3,637 | 3,973 | 4,278 | 4,278 |
| Lease-adjusted debt | 3,652 | 3,986 | 4,278 | 4,278 |
| Net debt | 3,637 | 3,883 | 4,222 | 4,267 |
| **Summary cash flow statement** | | | | |
| EBITDA | 982 | 1,060 | 1,007 | 1,146 |
| Cash interest paid | -157 | -160 | -169 | -167 |
| Cash tax | -81 | -11 | -38 | -118 |
| Dividends received less dividends paid to minorities (inflow/outflow) | – | – | – | – |
| Other items before FFO | -27 | -303 | -94 | 74 |
| FFO | 711 | 581 | 700 | 936 |
| FFO margin (%) | 22.0 | 16.4 | 19.2 | 19.4 |
| Change in working capital | 9 | -190 | -93 | -72 |
| CFO (Fitch-defined) | 720 | 391 | 607 | 864 |
| Total non-operating/nonrecurring cash flow | – | – | – | – |
| Capex | -918 | -834 | -790 | -877 |
| Capital intensity (capex/revenue) (%) | 28.4 | 23.5 | 21.7 | 18.2 |
| Common dividends | -342 | -70 | -341 | -292 |
| FCF | -539 | -513 | -525 | -305 |
| FCF margin (%) | -16.7 | -14.5 | -14.4 | -6.3 |
| Net acquisitions and divestitures | – | – | – | – |
| Other investing and financing cash flow items | 13 | -8 | -15 | 11 |
| Net debt proceeds | 314 | 336 | 305 | – |
| Net equity proceeds | 125 | 275 | 200 | 250 |
| Total change in cash | -88 | 91 | -35 | -44 |
| **Leverage ratios (x)** | | | | |
| EBITDA leverage | 3.7 | 3.7 | 4.2 | 3.7 |
| EBITDA net leverage | 3.7 | 3.7 | 4.2 | 3.7 |
| EBITDAR leverage | 3.7 | 3.8 | 4.2 | 3.7 |
| EBITDAR net leverage | 3.7 | 3.7 | 4.2 | 3.7 |
| EBITDAR net fixed-charge coverage | 6.2 | 6.6 | 6.0 | 7.1 |
| FFO adjusted leverage | 4.2 | 5.3 | 4.9 | 3.9 |
| FFO adjusted net leverage | 4.2 | 5.2 | 4.8 | 3.9 |
| FFO leverage | 4.2 | 5.3 | 4.9 | 3.9 |

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| ($ mil.) | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| FFO net leverage | 4.2 | 5.2 | 4.8 | 3.9 |
| **Calculations for forecast publication** | | | | |
| Capex, dividends, acquisitions and other items before FCF | -1,259 | -903 | -1,131 | -1,169 |
| FCF after acquisitions and divestitures | -539 | -513 | -525 | -305 |
| FCF margin after net acquisitions (%) | -16.7 | -14.5 | -14.4 | -6.3 |
| **Coverage ratios (x)** | | | | |
| FFO interest coverage | 5.4 | 4.5 | 5.0 | 6.4 |
| FFO fixed-charge coverage | 5.3 | 4.5 | 5.0 | 6.4 |
| EBITDAR fixed-charge coverage | 6.2 | 6.6 | 6.0 | 6.9 |
| EBITDA interest coverage | 6.2 | 6.6 | 6.0 | 6.9 |
| **Additional metrics (%)** | | | | |
| CFO-capex/debt | -5.4 | -11.2 | -4.3 | -0.3 |
| CFO-capex/net debt | -5.4 | -11.4 | -4.3 | -0.3 |
| CFO/capex | 78.5 | 46.9 | 76.8 | 98.6 |

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

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## Ratings Navigator

FitchRatings

**The Connecticut Light and Power Company** ESG Relevance:

**Corporates Ratings Navigator**
North American Utilities

| Factor Levels | Business Profile: Sector Risk Profile | Business Profile: Operating Environment | Business Profile: Management and Corporate Governance | Business Profile: Regulatory Environment | Business Profile: Market Position | Business Profile: Asset Base and Operations | Business Profile: Commodity Exposure | Financial Profile: Profitability | Financial Profile: Financial Structure | Financial Profile: Financial Flexibility | Issuer Default Rating |
|---|---|---|---|---|---|---|---|---|---|---|---|
| aaa | | | | | | | | | | | AAA |
| aa+ | | | | | | | | | | | AA+ |
| aa | | | | | | | | | | | AA |
| aa- | | | | | | | | | | | AA- |
| a+ | | | | | | | | | | | A+ |
| a | | | | | | | | | | | A |
| a- | | | | | | | | | | | A- Stable |
| bbb+ | | | | | | | | | | | BBB+ |
| bbb | | | | | | | | | | | BBB |
| bbb- | | | | | | | | | | | BBB- |
| bb+ | | | | | | | | | | | BB+ |
| bb | | | | | | | | | | | BB |
| bb- | | | | | | | | | | | BB- |
| b+ | | | | | | | | | | | B+ |
| b | | | | | | | | | | | B |
| b- | | | | | | | | | | | B- |
| ccc+ | | | | | | | | | | | CCC+ |
| ccc | | | | | | | | | | | CCC |
| ccc- | | | | | | | | | | | CCC- |
| cc | | | | | | | | | | | CC |
| c | | | | | | | | | | | C |
| d or rd | | | | | | | | | | | D or RD |

**Bar Chart Legend:**

| | |
|---|---|
| Vertical Bars = Range of Rating Factor | Bar Arrows = Rating Factor Outlook |
| Bar Colors = Relative Importance | ⇧ Positive |
| Higher Importance | ⇩ Negative |
| Average Importance | ⇳ Evolving |
| Lower Importance | ▭ Stable |

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FitchRatings

# The Connecticut Light and Power Company

Corporates Ratings Navigator
North American Utilities

## Operating Environment

| | | | | |
|---|---|---|---|---|
| aa+ | | Economic Environment | aa | Very strong combination of countries where economic value is created and where assets are located. |
| aa | | Financial Access | aa | Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market. |
| | | Systemic Governance | aa | Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'. |
| b- | | | | |
| ccc+ | | | | |

## Management and Corporate Governance

| | | | | |
|---|---|---|---|---|
| a+ | | Management Strategy | bbb | Strategy may include opportunistic elements but soundly implemented. |
| a | | Governance Structure | a | Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders. |
| a- | | Group Structure | a | Group structure shows some complexity but mitigated by transparent reporting. |
| bbb+ | | Financial Transparency | a | High quality and timely financial reporting. |
| bbb | | | | |

## Regulatory Environment

| | | | | |
|---|---|---|---|---|
| a- | | Degree of Transparency and Predictability | bbb | Generally transparent and predictable regulation with limited political interference. |
| bbb+ | | Timeliness of Cost Recovery | a | Minimal lag to recover capital and operating costs. |
| bbb | | Trend in Authorized ROEs | bb | Significantly below-average authorized ROE. |
| bbb- | | Mechanisms Available to Stabilize Cash Flows | a | Revenues fully insulated from variability in consumption. |
| bb+ | | Mechanisms Supportive of Creditworthiness | bbb | Effective regulatory ring-fencing or minimum creditworthiness requirements. |

## Market Position

| | | | | |
|---|---|---|---|---|
| a | | Market Structure | a | Well-established market structure with complete transparency in price-setting mechanisms. |
| a- | | Consumption Growth Trend | bbb | Customer and usage growth in line with industry averages. |
| bbb+ | | Customer Mix | a | Favorable customer mix. |
| bbb | | Geographic Location | bbb | Beneficial location or reasonable locational diversity. |
| bbb- | | Supply Demand Dynamics | bbb | Moderately favorable outlook for prices/rates. |

## Asset Base and Operations

| | | | | |
|---|---|---|---|---|
| a+ | | Diversity of Assets | bbb | Good quality and/or reasonable scale diversified assets. |
| a | | Operations Reliability and Cost Competitiveness | a | Track record of reliable, low-cost operations. |
| a- | | Exposure to Environmental Regulations | a | No exposure to environmental regulations. |
| bbb+ | | Capital and Technological Intensity of Capex | bbb | Moderate reinvestments requirements in established technologies. |
| bbb | | | | |

## Commodity Exposure

| | | | | |
|---|---|---|---|---|
| aa- | | Ability to Pass Through Changes in Fuel | a | Complete pass-through of commodity costs. |
| a+ | | Underlying Supply Mix | | n.a. |
| a | | Hedging Strategy | | n.a. |
| a- | | | | |
| bbb+ | | | | |

## Profitability

| | | | | |
|---|---|---|---|---|
| a | | Free Cash Flow | bbb | Structurally neutral to negative FCF across the investment cycle. |
| a- | | Volatility of Profitability | bbb | Stability and predictability of profits in line with utility peers. |
| bbb+ | | | | |
| bbb | | | | |
| bbb- | | | | |

## Financial Structure

| | | | | |
|---|---|---|---|---|
| a+ | | EBITDA Leverage | bbb | 3.75x |
| a | | FFO Leverage | a | 3.5x |
| a- | | | | |
| bbb+ | | | | |
| bbb | | | | |

## Financial Flexibility

| | | | | |
|---|---|---|---|---|
| a+ | | Financial Discipline | a | Clear commitment to maintain a conservative policy with only modest deviations allowed. |
| a | | Liquidity | bb | Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding. |
| a- | | FFO Interest Coverage | a | 5.5x |
| bbb+ | | | | |
| bbb | | | | |

## Credit-Relevant ESG Derivation

Overall ESG

The Connecticut Light and Power Company has 9 ESG potential rating drivers

- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security
- Impact of labor negotiations and employee (dis)satisfaction
- Social resistance to major projects that leads to delays and cost increases
- Governance is minimally relevant to the rating and is not currently a driver.

| | | | |
|---|---|---|---|
| key driver | 0 | issues | 5 |
| driver | 0 | issues | 4 |
| potential driver | 9 | issues | 3 |
| not a rating driver | 3 | issues | 2 |
| | 2 | issues | 1 |

For further details on Credit-Relevant ESG scoring, see page 3.

**How to Read This Page:** The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

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FitchRatings

# The Connecticut Light and Power Company

Corporates Ratings Navigator
North American Utilities

## Credit-Relevant ESG Derivation

The Connecticut Light and Power Company has 9 ESG potential rating drivers

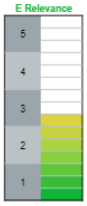
- The Connecticut Light and Power Company has exposure to extreme weather events but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to access/affordability risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to customer accountability risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to labor relations & practices risk but this has very low impact on the rating.
- The Connecticut Light and Power Company has exposure to social resistance but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

| | | | ESG Relevance to Credit Rating |
|---|---|---|---|
| key driver | 0 | issues | 5 |
| driver | 0 | issues | 4 |
| potential driver | 9 | issues | 3 |
| not a rating driver | 3 | issues | 2 |
| | 2 | issues | 1 |

## Environmental (E) Relevance Scores

| General Issues | E Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| GHG Emissions & Air Quality | 1 | Emissions from operations | Asset Base and Operations; Commodity Exposure; Regulation; Profitability |
| Energy Management | 2 | Fuel use to generate energy and serve load | Asset Base and Operations; Commodity Exposure; Profitability |
| Water & Wastewater Management | 1 | Water used by hydro plants or by other generation plants, also effluent management | Asset Base and Operations; Regulation; Profitability |
| Waste & Hazardous Materials Management; Ecological Impacts | 2 | Impact of waste from operations | Asset Base and Operations; Regulation; Profitability |
| Exposure to Environmental Impacts | 3 | Plants' and networks' exposure to extreme weather | Asset Base and Operations; Regulation; Profitability |

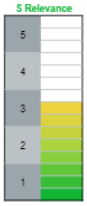
E Relevance




## Social (S) Relevance Scores

| General Issues | S Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| Human Rights, Community Relations, Access & Affordability | 3 | Product affordability and access | Asset Base and Operations; Regulation; Profitability; Financial Structure |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3 | Quality and safety of products and services; data security | Regulation; Profitability |
| Labor Relations & Practices | 3 | Impact of labor negotiations and employee (dis)satisfaction | Asset Base and Operations; Profitability |
| Employee Wellbeing | 2 | Worker safety and accident prevention | Profitability; Asset Base and Operations |
| Exposure to Social Impacts | 3 | Social resistance to major projects that leads to delays and cost increases | Asset Base and Operations; Profitability |

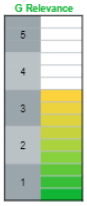
S Relevance




## Governance (G) Relevance Scores

| General Issues | G Score | Sector-Specific Issues | Reference |
|---|---|---|---|
| Management Strategy | 3 | Strategy development and implementation | Management and Corporate Governance |
| Governance Structure | 3 | Board independence and effectiveness; ownership concentration | Management and Corporate Governance |
| Group Structure | 3 | Complexity, transparency and related-party transactions | Management and Corporate Governance |
| Financial Transparency | 3 | Quality and timing of financial disclosure | Management and Corporate Governance |
| | | | |

G Relevance




**How to Read This Page**

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

**The Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

**Classification** of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

**CREDIT-RELEVANT ESG SCALE**

How relevant are E, S and G issues to the overall credit rating?

| | |
|---|---|
| 5 | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator. |
| 4 | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator. |
| 3 | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator. |
| 2 | Irrelevant to the entity rating but relevant to the sector. |
| 1 | Irrelevant to the entity rating and irrelevant to the sector. |

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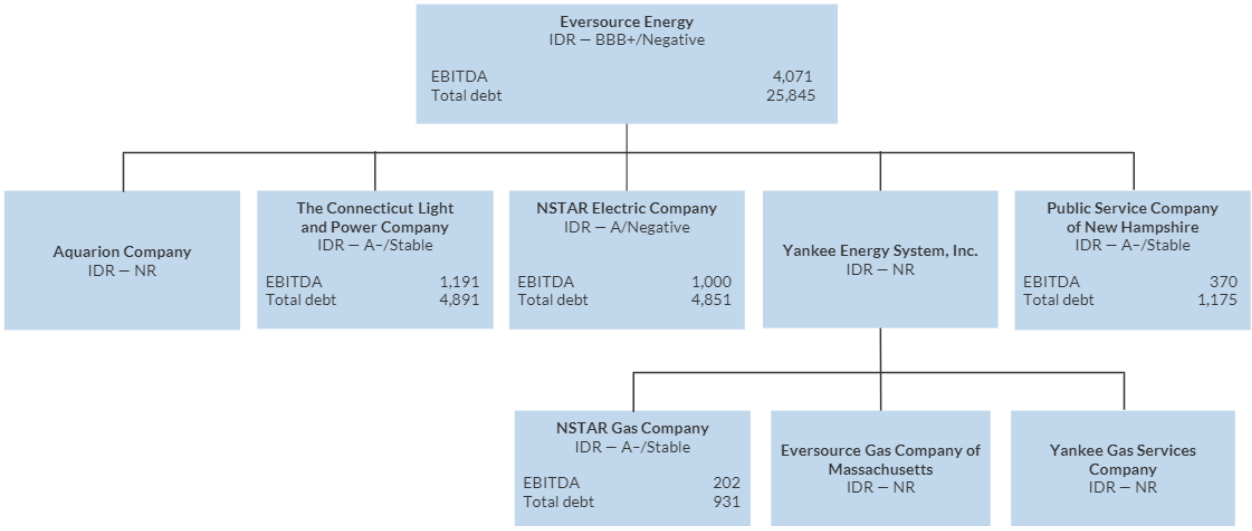
## Simplified Group Structure Diagram

**Organizational Structure**
$ mil., as of Sept. 30, 2023




IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, Eversource Energy

## Peer Financial Summary

| Company | Issuer Default Rating | Financial statement date | Gross revenue ($ mil.) | FFO ($ mil.) | FFO leverage (x) | FFO interest coverage (x) | EBITDA leverage (x) |
|---|---|---|---|---|---|---|---|
| The Connecticut Light and Power Company | A– | | | | | | |
| | A– | 2022 | 4,818 | 936 | 3.9 | 6.4 | 3.7 |
| | A– | 2021 | 3,637 | 700 | 4.9 | 5.0 | 4.2 |
| | A– | 2020 | 3,548 | 581 | 5.3 | 4.5 | 3.7 |
| NSTAR Electric Company | A | | | | | | |
| | A | 2022 | 3,583 | 729 | 5.2 | 6.5 | 4.4 |
| | A | 2021 | 3,056 | 715 | 4.8 | 5.6 | 4.2 |
| | A | 2020 | 2,941 | 667 | 4.8 | 5.7 | 4.0 |
| Public Service Company of New Hampshire | A– | | | | | | |
| | A– | 2022 | 1,415 | 330 | 3.6 | 8.4 | 4.2 |
| | A– | 2021 | 1,116 | 310 | 3.7 | 8.9 | 4.4 |
| | A– | 2020 | 1,016 | 198 | 4.8 | 5.9 | 4.4 |
| Central Maine Power Company | BBB+ | | | | | | |
| | BBB+ | 2022 | 1,051 | 371 | 3.2 | 8.2 | 3.7 |
| | BBB+ | 2021 | 978 | 417 | 2.8 | 9.2 | 3.4 |
| | BBB+ | 2020 | 888 | 283 | 3.9 | 6.0 | 3.7 |
| The United Illuminating Company | A– | | | | | | |
| | A– | 2022 | 1,156 | 147 | 5.1 | 4.4 | 3.4 |
| | A– | 2021 | 1,071 | 183 | 4.0 | 5.2 | 3.2 |
| | A– | 2020 | 1,047 | 257 | 3.0 | 6.8 | 3.0 |

Source: Fitch Ratings, Fitch Solutions

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## Fitch Adjusted Financials

| ($ mil., as of Dec. 31, 2022) | Notes and Formulas | Reported Values | Sum of Adjustments | Adjusted Values |
|---|---|---|---|---|
| **Income statement summary** | | | | |
| Revenue | | 4,818 | – | 4,818 |
| EBITDAR | | 1,146 | – | 1,146 |
| EBITDAR after associates and minorities | (a) | 1,146 | – | 1,146 |
| Lease expense | (b) | 0 | – | 0 |
| EBITDA | (c) | 1,146 | – | 1,146 |
| EBITDA after associates and minorities | (d) = (a-b) | 1,146 | – | 1,146 |
| EBIT | (e) | 790 | – | 790 |
| **Debt and cash summary** | | | | |
| Other off balance sheet debt | (f) | 0 | – | 0 |
| Debt | (g) | 4,278 | – | 4,278 |
| Lease-equivalent debt | (h) | 0 | – | 0 |
| Lease-adjusted debt | (i) = (g+h) | 4,278 | – | 4,278 |
| Readily available cash and equivalents | (j) | 11 | – | 11 |
| Not readily available cash and equivalents | | 0 | – | 0 |
| **Cash flow summary** | | | | |
| EBITDA after associates and minorities | (d) = (a-b) | 1,146 | – | 1,146 |
| Preferred dividends paid | (k) | -6 | – | -6 |
| Interest received | (l) | 7 | – | 7 |
| Interest paid | (m) | -167 | – | -167 |
| Cash tax paid | | -118 | – | -118 |
| Other items before FFO | | 74 | – | 74 |
| FFO | (n) | 936 | – | 936 |
| Change in working capital (Fitch-defined) | | -72 | – | -72 |
| CFO | (o) | 864 | – | 864 |
| Non-operating/nonrecurring cash flow | | 0 | – | 0 |
| Capex | (p) | -877 | – | -877 |
| Common dividends paid | | -292 | – | -292 |
| FCF | | -305 | – | -305 |
| **Gross leverage (x)** | | | | |
| EBITDAR leverage[a] | (i/a) | 3.7 | – | 3.7 |
| FFO adjusted leverage | (i/(n-m-l-k+b)) | 3.9 | – | 3.9 |
| FFO leverage | (i-h)/(n-m-l-k) | 3.9 | – | 3.9 |
| EBITDA leveragea | (i-h)/d | 3.7 | – | 3.7 |
| (CFO-capex)/debt (%) | (o+p)/(i-h) | -0.3 | – | -0.3 |
| **Net leverage (x)** | | | | |
| EBITDAR net leverage[a] | (i-j)/a | 3.7 | – | 3.7 |
| FFO adjusted net leverage | (i-j)/(n-m-l-k+b) | 3.9 | – | 3.9 |
| FFO net leverage | (i-h-j)/(n-m-l-k) | 3.9 | – | 3.9 |
| EBITDA net leverage[a] | (i-h-j)/d | 3.7 | – | 3.7 |
| (CFO-capex)/net debt (%) | (o+p)/(i-h-j) | -0.3 | – | -0.3 |
| **Coverage (x)** | | | | |
| EBITDAR fixed-charge coverage[a] | a/(-m+b) | 6.9 | – | 6.9 |
| EBITDA interest coverage[a] | d/(-m) | 6.9 | – | 6.9 |
| FFO fixed-charge coverage | (n-l-m-k+b)/(-m-k+b) | 6.4 | – | 6.4 |
| FFO interest coverage | (n-l-m-k)/(-m-k) | 6.4 | – | 6.4 |

[a]EBITDA/R after dividends to associates and minorities. CFO – Cash flow from operations. Note: Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, The Connecticut Light and Power Company

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FitchRatings

**RATING ACTION COMMENTARY**

# Fitch Rates Connecticut Light & Power's FRMBs 'A+'

Mon 26 Jun, 2023 - 9:31 AM ET

Fitch Ratings - New York - 26 Jun 2023: Fitch Ratings has assigned an 'A+' rating to The Connecticut Light and Power Company's (CL&P) first and refunding mortgage bond (FRMB) issuance. The FRMBs will rank pari passu with CL&P's existing and future FRMBs.

Net proceeds will be used to repay short-term debt.

CL&P's Long-Term Issuer Default Rating (IDR) is 'A-'/Stable.

## KEY RATING DRIVERS

Additional Challenges to Regulatory Environment: In April 2022, Fitch revised the Rating Outlook of CL&P to Stable from Negative based upon the expectation for a stabilization of Connecticut's challenging regulatory environment in the wake of Connecticut Public Utilities Regulatory Authority's (PURA) approval of CL&P's 2021 balanced settlement agreement. Historically, authorized return on equity (ROE) in Connecticut tends to be below the industry average and PURA periodically assesses performance penalties. However, Connecticut has recently passed legislation that, if enacted, may degrade the regulatory environment depending upon the final framework and implementation.

Connecticut Senate Bill 7: SB7, which was recently approved by the Connecticut House and is awaiting the Governor's signature, introduces a number of restrictive measures. Among other measures, the legislation proposes restrictions on recoveries, considerations of several factors including macroeconomic conditions in determining reasonable ROEs, periodic four-year rate review and mandatory audits, greater gubernatorial oversight and performance-based restriction on management compensation if customer bills increase over a certain threshold.

CL&P and its parent Eversource, along with other regulated utilities, are participating in the finalization of the framework. Moreover, CL&P cannot be called in for a review earlier than 2H 2025, which gives the company some time to adapt to the upcoming regulation. If, in Fitch's view, the final framework is significantly more punitive, it may result in a negative rating action.

Adequate Financial Profile: Partially mitigating the regulatory risk is a stable financial profile. Fitch expects CL&P's FFO-leverage metrics will average approximately 4.0x through 2026, providing headroom of about 0.5x. Financial metrics remain adequate for the ratings, aided by cost-saving efficiencies and reductions to O&M expense. FERC-regulated transmission investments that receive timely cost recovery and above-average returns provide strong and stable cash flows.

2021 Settlement Agreement: Fitch considers CL&P's 2021 settlement agreement authorizing a capital structure with 53% common equity and ROE of 9.25% to be balanced and provide some level of stability. On Oct. 27, 2021, PURA approved a settlement agreement between CL&P and other parties related to poor storm performance and PURA's interim rate reduction docket.

CL&P agreed to provide a total of $75 million of customer credits and assistance. In exchange, PURA's interim rate reduction docket was resolved without findings; neither the 90-basis point ROE reduction introduced in PURA's storm-related decision nor the 45-basis point ROE reduction included in its interim rate reduction decision will be implemented. CL&P also agreed to freeze its current base distribution rates until no earlier than Jan. 1, 2024.

Transmission Base Supports the Business Profile: CL&P's regulated electric transmission and distribution (T&D) operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates the impact of weather and usage patterns, providing better predictability to earnings and cash flow. Oversight by the FERC provides CL&P's growing electric transmission business beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

Large Capex Plan: Capex is expected to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total nearly $1.3 billion over 2023-2026.

Improvements to CL&P's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

Parent/Subsidiary Linkage: There is parent subsidiary linkage between Eversource (BBB+/Stable) and its rated subsidiaries, including CL&P. Fitch determines Eversource's standalone credit profile (SCP) based upon consolidated metrics. Fitch considers CL&P to have a stronger SCP than Eversource. The linkage follows a weak parent/strong subsidiary approach. Emphasis is placed on CL&P's status as a regulated entity.

Legal ring fencing is considered "porous" given the general protections afforded by economic regulation. Access & control factor is also evaluated as "porous." Eversource centrally manages the treasury function for its utilities and is the sole source of equity; however, CL&P issues its own long-term debt. Due to the aforementioned linkage considerations, Fitch would allow CL&P's Long-Term IDR to be up to two notches higher than Eversource's Long-Term IDR.

## DERIVATION SUMMARY

CL&P compares adequately with peers at the 'A-' Long-Term IDR level. CL&P, The United Illuminating Company (UI; A-/Stable), Public Service Company of New Hampshire (PSNH; A-/Stable) and Central Maine Power Company (CMP; BBB+/Stable) are low-risk T&D utilities that operate in New England. Fitch considers the regulatory environment in Connecticut and Maine to be somewhat more restrictive, with lower authorized ROEs; the regulatory environment in New Hampshire is relatively balanced. CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows.

CL&P, UI and CMP all benefit from revenue decoupling. In terms of EBITDA, CL&P is roughly 4.0x larger than UI and PSNH, and approximately 2.5x larger than CMP, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around 4.0x through 2025 for CL&P, 3.5x for UI, 3.8x-4.2x for PSNH and 4.1x for CMP.

## KEY ASSUMPTIONS

Fitch's Key Assumptions Within Its Rating Case for the Issuer Include:

--CL&P's transmission capex totaling $1.3 billion over 2023-2026;

--O&M expense remaining relatively flat;

--Normal weather.

## RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--FFO leverage expected to remain less than 3.5x on a sustained basis.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--FFO leverage expected to exceed 4.5x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

## BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Non-Financial Corporate issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

## LIQUIDITY AND DEBT STRUCTURE

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate.

Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1,048 million of CP borrowings outstanding at March 31, 2023, leaving $952.0 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 15,

2027. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of March 31, 2023.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on Oct. 15, 2027. As of March 31, 2023, there were $147.5 million of CP borrowings outstanding, leaving $502.5 of available borrowing capacity.

Eversource and its utility subsidiaries require modest cash on hand and had $36.0 million of unrestricted cash as of March 31, 2023.

Long-term debt maturities over the next five years are manageable. CL&P has $140 million of 7.875% FMBs due Oct. 1, 2024 and $400 million of 0.75% FMBs due Dec. 1, 2025.

## ISSUER PROFILE

CL&P is a regulated electric T&D utility that serves approximately 1.28 million customers in 149 cities and towns in Connecticut.

## DATE OF RELEVANT COMMITTEE

08 April 2022

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

## RATING ACTIONS

| ENTITY / DEBT | RATING | | |
|---|---|---|---|
| The Connecticut Light and Power Company | | | |
| senior secured | LT | A+ | New Rating |

VIEW ADDITIONAL RATING DETAILS

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## APPLICABLE CRITERIA

Corporate Hybrids Treatment and Notching Criteria (pub. 12 Nov 2020)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 09 Apr 2021) (including rating assumption sensitivity)

Corporate Rating Criteria - Effective from 15 October 2021 to 28 October 2022 (pub. 15 Oct 2021) (including rating assumption sensitivity)

Parent and Subsidiary Linkage Rating Criteria - Effective from 1 December 2021 to 16 June 2023 (pub. 01 Dec 2021)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.0.2 (1)

## ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

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| | |
|---|---|
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03 JAN 2023

# Fitch Rates Connecticut Light & Power's FRMBs 'A+'

Fitch Ratings - New York - 03 Jan 2023: Fitch Ratings has assigned an 'A+' rating to The Connecticut Light and Power Company's (CL&P) first and refunding mortgage bond (FRMB) issuance. The FRMBs will rank pari passu with CL&P's existing and future FRMBs.

Net proceeds will be used to repay at maturity the outstanding 2.50% First and Refunding Mortgage Bonds, 2013 Series A, due 2023 ($400 million aggregate principal amount maturing on Jan. 15, 2023), repay short-term debt and fund capital expenditures and working capital.

CL&P's Long-Term Issuer Default Rating (IDR) is 'A-'/Stable.

## Key Rating Drivers

Somewhat Challenging Regulatory Environment: Fitch considers the regulatory environment for electric utilities in Connecticut to be somewhat challenging. Recent actions by the Public Utilities Regulatory Authority (PURA) to impose additional penalties related to storm performance have resulted in a less-constructive regulatory environment, reversing improvement that had occurred over the past decade. ROEs tend to be below the industry average and periodically include performance penalties.

Balanced Settlement Agreement: Fitch considers CL&P's 2021 settlement agreement to be balanced and provide some level of stability to a regulatory environment that had started to become more challenging. On Oct. 27, 2021, PURA approved a settlement agreement between CL&P and other parties related to poor storm performance and PURA's interim rate reduction docket. CL&P agreed to provide a total of $75 million of customer credits and assistance. In exchange, PURA's interim rate reduction docket was resolved without findings; neither the 90-basis point ROE reduction introduced in PURA's storm-related decision nor the 45-basis point ROE reduction included in its interim rate reduction decision will be implemented. CL&P also agreed to freeze its current base distribution rates until no earlier than Jan. 1, 2024.

Generally Low-Risk Business Profile: CL&P's regulated electric transmission and distribution (T&D) operations have a relatively low-risk business profile. The utility has no commodity exposure, and full revenue decoupling mitigates the impact of weather and usage patterns, providing better predictability to earnings and cash flow. Oversight by the FERC provides CL&P's growing electric transmission business beneficial exposure to one of the more constructive regulatory jurisdictions, due to timely cost recovery and formulaic rates of return. CL&P's FERC-regulated electric transmission operations account for more than 40% of the utility's rate base, helping to counterbalance the state of Connecticut's more challenging regulatory environment.

Large Capex Plan: Capex is expected to remain elevated through the forecast plan, due in large part to

significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total nearly $1.3 billion over 2022-2026. Improvements to CL&P's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

Adequate Financial Profile: Financial metrics remain adequate for the ratings, aided by cost-saving efficiencies and reductions to O&M expense. FERC-regulated transmission investments that receive timely cost recovery and above-average returns provide strong and stable cash flows. Fitch expects CL&P's FFO leverage to average around 3.5x through 2025.

## Derivation Summary

CL&P compares adequately with peers at its 'A-' Long-Term IDR. CL&P, The United Illuminating Company (UI; A-/Stable), Public Service Company of New Hampshire (PSNH; A-/Stable) and Central Maine Power Company (CMP; BBB+/Stable) are low risk T&D utilities that operate in New England. Fitch considers the regulatory environment in Connecticut and Maine to be somewhat more restrictive, with lower authorized ROEs; the regulatory environment in New Hampshire is relatively balanced. CL&P, UI and PSNH are comparable with their mix of state-regulated utility operations and FERC-regulated electric transmission assets, which are relatively low risk and provide stable and predictable cash flows.

CL&P, UI and CMP all benefit from revenue decoupling. In terms of EBITDA, CL&P is roughly 4.0x larger than UI and PSNH, and approximately 2.5x larger than CMP, providing CL&P with some benefit due to scale. Fitch expects FFO leverage to average around 3.5x through 2025 for CL&P, 3.2x-3.6x for UI, 3.8x-4.2x for PSNH and 3.2x-3.8x for CMP.

## Key Assumptions

Fitch's Key Assumptions Within Its Rating Case for the Issuer Include:

--CL&P's transmission capex totaling $1.25 billion over 2022-2026;

--O&M expense remaining relatively flat;

--Normal weather.

## RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--FFO leverage expected to remain less than 3.5x on a sustained basis.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--FFO leverage expected to exceed 4.5x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

## Best/Worst Case Rating Scenario

International scale credit ratings of Non-Financial Corporate issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

## Liquidity and Debt Structure

Adequate Liquidity: Fitch considers the liquidity for Eversource and each of its regulated utility subsidiaries to be adequate.

Eversource has a $2.0 billion CP program the company uses to provide its subsidiaries with intercompany loans. Eversource had $401.5 million of CP borrowings outstanding as of Sept. 30, 2022, leaving $1.598 billion of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (not rated), and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 15, 2027. Under the RCF, there is a $600 million borrowing sublimit for CL&P, a $300 million sublimit for each of PSNH, NSTAR Gas, Yankee Gas and Eversource Gas, and a $100 million sublimit for Aquarion. The $2.0 billion RCF serves to backstop Eversource's CP program.

Eversource and its utility subsidiaries require modest cash on hand and had $45.7 million of unrestricted cash as of Sept. 30, 2022.

Long-term debt maturities over the next five years are manageable. CL&P has $400 million of 2.5% first mortgage bonds (FMBs) due Jan. 15, 2023; $140 million of 7.875% FMBs due Oct. 1, 2024; and $400 million of 0.75% FMBs due Dec. 1, 2025.

## Issuer Profile

CL&P is a regulated electric T&D utility that serves approximately 1.27 million customers in 149 cities and towns in Connecticut.

## Date of Relevant Committee

08 April 2022

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

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## Rating Actions

| ENTITY/DEBT | RATING | RECOVERY | PRIOR |
|---|---|---|---|
| The Connecticut Light and Power Company | | | |

| ENTITY/DEBT | RATING | | RECOVERY | PRIOR |
|---|---|---|---|---|
| • senior secured | LT | A+ | New Rating | |

| RATINGS KEY | OUTLOOK | WATCH |
|---|---|---|
| POSITIVE | ⊕ | ◈ |
| NEGATIVE | ⊖ | ◈ |
| EVOLVING | ◈ | ◆ |
| STABLE | ■ | |

## Applicable Criteria

Corporate Hybrids Treatment and Notching Criteria (pub.12 Nov 2020)

Corporate Rating Criteria - Effective from 15 October 2021 to 28 October 2022 (pub.15 Oct 2021) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub.09 Apr 2021) (including rating assumption sensitivity)

Parent and Subsidiary Linkage Rating Criteria (pub.01 Dec 2021)

## Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.0.2 (1)

## Additional Disclosures

Solicitation Status

## Endorsement Status

The Connecticut Light and Power Company EU Endorsed, UK Endorsed

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