MOODY'S RATINGS

Infrastructure and Project Finance

CREDIT OPINION
9 July 2026

Update

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RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Stable

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

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Eversource Energy

Update following outlook change to Stable

Summary

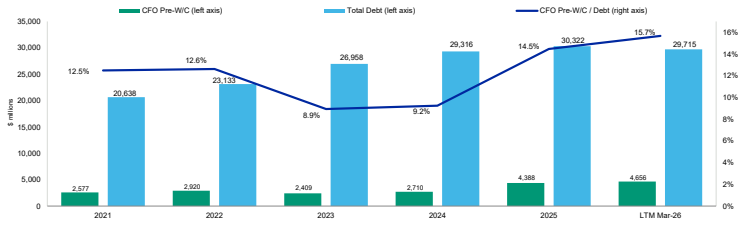
Eversource Energy's (Eversource, Baa2 stable) credit profile reflects the company's relatively low business risk operations, consisting of regulated electric and gas transmission and distribution utilities in the greater New England region. Eversource will also have greater financial flexibility following the 30 June 2026 sale of its Aquarion water business and the potential to recover about $944 million of costs associated with storms, announced by the Connecticut Public Utility Regulatory Authority on 29 June 2026.

The combination of these two events will help Eversource to repay debt and reduce our adjusted debt calculations, which exclude non-recourse securitization debt from credit considerations. As a result, the company will be better positioned to maintain an improved financial profile, including a ratio of cash flow from operations before changes in working capital (CFO pre-WC) to debt of around 13%.

Recent developments

On 6 July 2026, we changed Eversource's outlook to stable from negative, reflecting the prospects for deleveraging and enhanced ability to sustain a stronger financial profile, including a ratio of CFO pre-WC to debt in excess of 13% on a consistent basis. We also changed the outlook of NSTAR Electric Company (A2 stable) to stable from negative, given the more stable credit profile of the holding company and likelihood that it will produce CFO pre-WC to debt over 19% on a consistent basis.

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



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

Credit strengths

» Business risk consists of low-risk regulated T&D utilities

» Supportive regulatory environments oversee about 70% of consolidated operations

» Improved cost recovery has resulted in CFO pre-WC to debt ratios in excess of 14% in 2025

» Greater financial flexibility over the next 12-18 months

Credit challenges

» Financial profile likely to decline from 2025 levels

» Contingent liability exposure associated with the construction execution of the Revolution Wind project

» Very challenging Connecticut regulatory environment for its largest subsidiary, Connecticut Light & Power Company (Baa1 stable)

Rating outlook

Eversource's stable outlook reflects improved financial performance and financial flexibility over the next 12-18 months. While the company still faces some overhang of uncertainty from FERC-related customer refunds and the completion of the Revolution Wind offshore wind project, we presume that these are temporary headwinds and that a more stable and predictable financial profile will ensue, including CFO pre-WC to debt metrics in excess of 13% on a run-rate basis.

Factors that could lead to upgrade

Eversource could be upgraded if regulatory support materially improves, particularly in Connecticut, and its financial profile strengthens, including CFO pre-WC to debt of at least 16%.

Factors that could lead to downgrade

Eversource could be downgraded if faced with material, additional obligations related to Revolution Wind or if its financial metrics are not expected to be sustainably improved, including a ratio of CFO pre-WC to debt above 13%.

Key indicators

Exhibit 2

Eversource Energy

	2021	2022	2023	2024	2025	LTM Mar-26
CFO Pre-W/C + Interest / Interest	5.2x	5.2x	3.8x	3.3x	4.3x	4.4x
CFO Pre-W/C / Debt	12.5%	12.6%	8.9%	9.2%	14.5%	15.7%
CFO Pre-W/C – Dividends / Debt	8.6%	8.9%	5.5%	5.8%	10.9%	11.9%
Debt / Capitalization	51.7%	52.9%	58.0%	58.9%	58.1%	56.2%

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

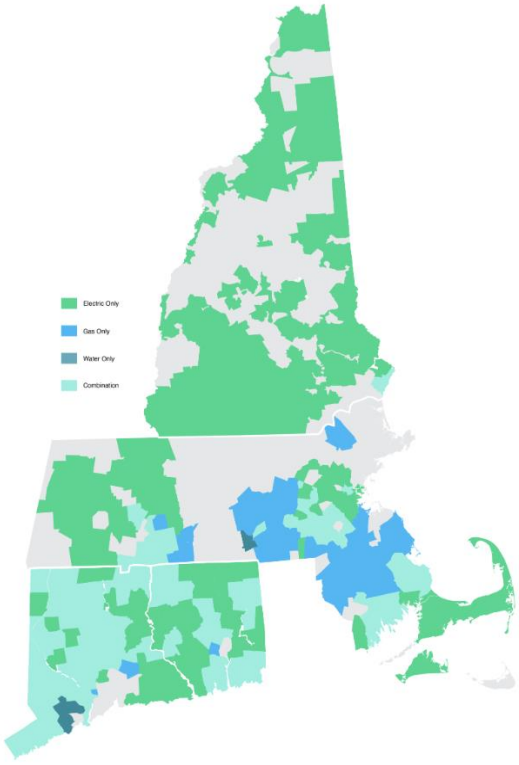
Profile

Headquartered in Hartford, CT and Boston, MA, Eversource Energy is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.4 million customers. Eversource has a total estimated rate base of about $34 billion.

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, Baa1 stable), NSTAR Electric Company (A2 stable), and Public Service Company of New Hampshire (PSNH, A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas. The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses.

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

Exhibit 3
Eversource Energy's service territories



Source: Company filings

Eversource consolidates its regulated subsidiaries' ownership interests in decommissioned nuclear entities, including Connecticut Yankee Atomic Power Company (63%) and Yankee Atomic Electric Company (52.5%), while its 24% interest in Maine Yankee Atomic Power Company is accounted for under the equity method. The company's remaining non-regulated operations consist of small subsidiaries, including Rocky River Realty, HWP Company, and NU Enterprises, the latter of which provides operations and maintenance services to Northeast Generation Services.

Detailed credit considerations

Enhanced financial flexibility following asset sale and regulatory cost review

On 30 June, Eversource announced the completion of the sale of its water business, netting proceeds of approximately $1.7 billion, which will be used to retire Eversource debt. While this will result in a reduction of roughly $70 million of annual operating income, it also offloads about $800 million of asset-level debt and provides proceeds that the company can utilize to reduce long-term parent-level debt and outstanding commercial paper.

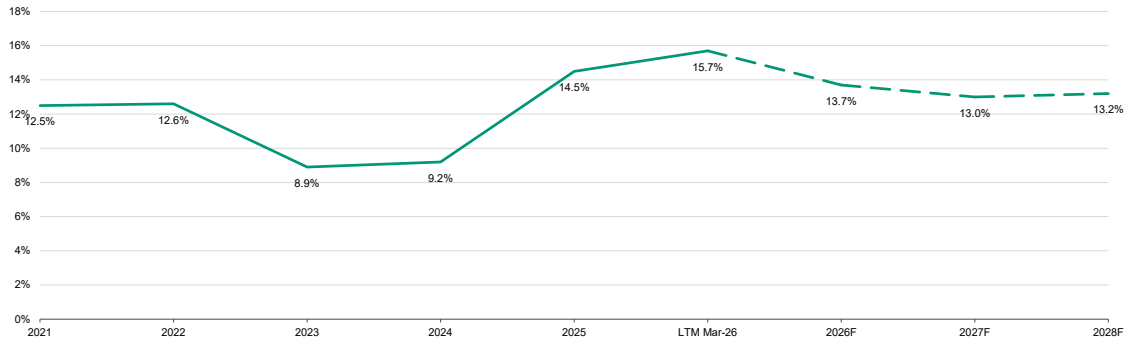
In addition, on 29 June, the Connecticut Public Utility Regulatory Authority issued a draft decision regarding the future recovery of The Connecticut Light and Power Company's (CL&P, Baa1 stable) storm costs, stating that the company prudently incurred about $944 million in its prestaging and response costs for catastrophic storms in 2018-2023. While not a final order, we believe that the proposal will pave the way for full recovery of these costs, including roughly $742 million likely to come through securitization proceeds in 2027.

Financial profile is poised for a sustained improvement, even amid some headwinds

The combination of the Aquarion sale and expected storm cost securitization will help Eversource to repay debt and reduce our adjusted debt calculations, which exclude non-recourse securitization debt from credit considerations. As a result, the company will be better positioned to maintain an improved financial profile, including a ratio of cash flow from operations before changes in working capital (CFO pre-WC) to debt of 13%.

Exhibit 4

FERC-Ordered Transmission Refunds will Pressure CFO pre-WC to Debt in 2027



Source: MFM and Moody's projections.

Furthermore, CL&P has provided a notice of its intent to file a request for a general rate increase in July 2026. The company has flagged that the request could be around a $500 million annual increase, reflecting the higher operating costs and capital invested since its last rate order in 2018. This will help the company to have much improved cost recovery in the state, to help support the company's financial profile.

That said, the company faces significant customer refunds through its federally regulated transmission business in 2027, resulting from a March 2026 FERC order that reset its base ROE to 9.57% from 10.57%. The company has estimated a range of reasonably possible pre-tax losses of $60.4 million to $932 million, based on the ultimate determination of the period in which refunds are applicable.

We expect the outcome to be a material drag on 2027 metrics (not reflected in the exhibit above, due to uncertainty of outcome), but also view the nature of these refunds are one-time outflows, as opposed to an ongoing impairment to operating cash flow. Moreover, the decline will be somewhat offset by more enduring cash inflows from CL&P's rate request and management has publicly committed to a more balanced financing strategy – including higher equity content for items like these refunds – to achieve credit thresholds.

Regulatory support is generally positive, although Connecticut has been challenging in the past

Eversource's utilities have a good degree of supportive cost recovery features including multi-year rate plans, including performance-based rates (PBR) frameworks, that allow for some form of annual operating and capital allowances in rates. This is more supportive than traditional, historical-based cost recovery that typically lags the current financial realities that a given utility company is facing. Furthermore, decoupling mechanisms protect the company's margins from year-over-year swings in customer use, since they utilize an annual true-up mechanism to account for usage patterns and maintain average gross profits.

Connecticut has had several instances of rendering unpredictable and negative orders in the past five years. But, the most recent instances of PURA determinations have been constructive, including the approval of the Aquarion sale and the draft prudency decision for $944 million of historical storm cost recovery. PURA did not allow CL&P to recover historical carrying costs associated with these events, which is negative from a financial perspective, but we view the rationale as generally well-reasoned and not punitive, since the costs have not yet been officially deemed prudent.

For more detailed views on Eversource's Connecticut, Massachusetts, New Hampshire and Federal regulation, please see the respective utility credit opinions for CL&P, NSTAR Electric and Public Service Company of New Hampshire (A3 stable) on Moodys.com.

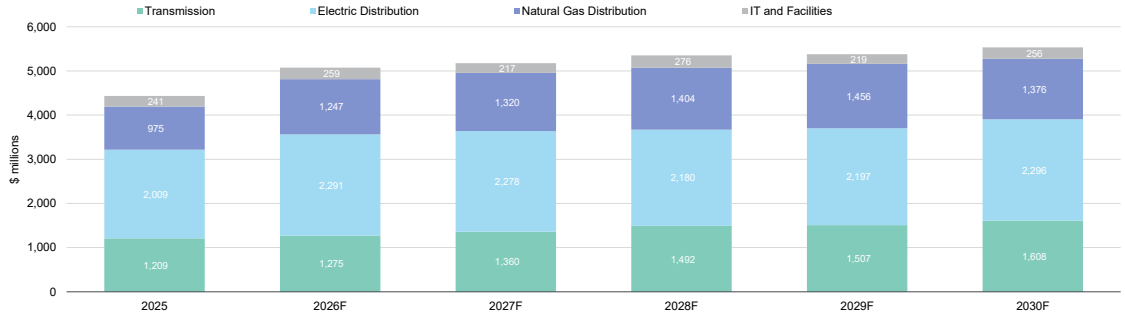
Capital spending continues to climb

Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from an estimated $34 billion at the end of 2025 to approximately $49 billion in 2030 through investments of approximately $26.5 billion (excluding Aquarion-related investment) during the 2026-2030 period.

The largest segment of capital spending is electric distribution operations, including approximately $11 billion for system hardening and resiliency upgrades, while nearly $7 billion will be spent at natural gas distribution companies for pipeline replacements and some expansion.

The group also plans to spend about $7 billion in electric transmission assets, which is under the purview of the highly credit supportive FERC regulatory framework and constitutes the fastest growing asset segment. Management projects that this segment alone will grow rate base from about $11.6 billion in 2025 to over $15.7 billion in 2030, a compound annual growth rate of about 6%, most of which will happen at NSTAR Electric.

Exhibit 5
Projected annual capital expenditures*

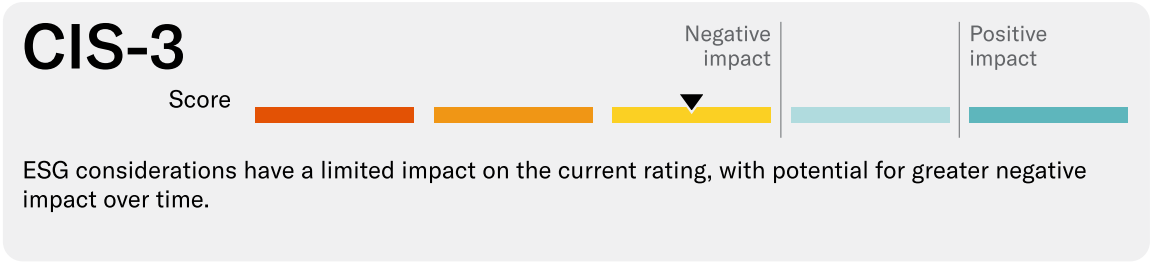


*Excludes capital expenditures of wind projects and Aquarion investments of $1.3 billion.
Source: Company filings

ESG considerations

Eversource Energy's ESG credit impact score is CIS-3

Exhibit 6
ESG credit impact score



Source: Moody's Ratings

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

with a weak financial profile and contingent liability exposure to offshore wind construction could also weaken the company's credit profile.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Eversource's **E-4** issuer profile score is driven by its geographical concentration in the Northeast US, which exposes the company to material and extreme weather events such as storms. This creates risks of physical damage to infrastructure assets and associated costs which is somewhat mitigated by supportive regulatory frameworks, although there can be lag in cost recovery for these events. The company also has relatively low carbon transition risk as a predominantly transmission and distribution electric utility holding company.

Social

Eversource's **S-3** issuer profile score reflects the fundamental risk for regulated utility holding companies where demographic and societal trends could include social pressures or public concern around affordability, reputational or environmental issues. In turn, these pressures could result in adverse political intervention into utility operations or regulatory changes. This risk has most recently manifested itself in the Connecticut regulatory environment over the last few years.

Governance

Eversource's **G-3** issuer profile driven by its contingent liability exposure related to offshore wind project construction while the company's financial profile remains weak.

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

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by upstreamed dividends from its diverse group of regulated utilities as well as external availability on its revolving credit facility. At 31 March 2026, Eversource had a consolidated cash balance of $270 million.

To supplement internal cash flow generation, Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2030. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, AWC-CT has a borrowing sublimit of $100 million, and PSNH, Yankee Gas, NSTAR Gas and EGMA all have borrowing sublimits of $300 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 70% for Eversource and 65% for Eversource's subsidiaries. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2026.

Eversource uses the $2.0 billion credit facility to backstop its same sized commercial paper program. The company has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 31 March 2026, Eversource had commercial paper outstanding of almost $533 million, leaving $1.47 billion of available borrowing capacity.

The group's next upcoming debt maturities include $300 million of senior unsecured notes at Eversource in August 2026, $350 million in January 2027, $650 million in March 2027, $600 million in July 2027; $500 million of senior secured bonds at CL&P in March 2027, $700 million of debentures at NSTAR in May 2027, $90 million of senior secured bonds at YGS in August 2026 and $75 million in September 2027.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing Eversource Energy.

Exhibit 8

Methodology scorecard factors

Eversource Energy

Regulated Electric and Gas Utilities Industry	Current LTM Mar-26		Moody's 12-18 Month Forward View	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.0x	Baa	4x - 4.2x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	11.9%	Baa	13% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	8.4%	Baa	9% - 10%	Baa
d) Debt / Capitalization (3 Year Avg)	57.9%	Baa	56% - 58%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned		Baa2		Baa2

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

Appendix

Exhibit 9

Peer comparison

Eversource Energy

	Eversource Energy Baa2 Stable			NextEra Energy, Inc. Baa1 Stable			American Electric Power Company, Inc. Baa2 Stable			CMS Energy Corporation Baa2 Stable			Public Service Enterprise Group Incorporated Baa2 Stable		
(In $ millions)	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26
Revenue	11,901	13,547	13,933	24,753	27,412	27,866	19,721	21,876	22,433	7,515	8,539	8,822	10,290	12,168	12,794
CFO Pre-W/C	2,710	4,388	4,656	12,269	13,169	13,577	6,059	6,566	6,971	2,355	2,311	2,339	3,502	3,842	4,094
Total Debt	29,316	30,322	29,715	80,598	90,844	97,152	45,258	47,372	49,485	15,802	17,631	17,811	23,256	24,411	24,592
CFO Pre-W/C + Interest / Interest	3.3x	4.3x	4.4x	5.9x	3.7x	4.1x	4.1x	4.2x	4.3x	4.5x	4.2x	4.2x	4.8x	4.6x	4.8x
CFO Pre-W/C / Debt	9.2%	14.5%	15.7%	15.2%	14.5%	14.0%	13.4%	13.9%	14.1%	14.9%	13.1%	13.1%	15.1%	15.7%	16.6%
CFO Pre-W/C – Dividends / Debt	5.8%	10.9%	11.9%	9.8%	8.9%	8.6%	9.1%	9.1%	9.4%	10.6%	8.8%	8.8%	9.9%	10.6%	11.4%
Debt / Capitalization	58.9%	58.1%	56.2%	51.8%	51.8%	52.8%	54.5%	51.0%	51.6%	55.7%	55.1%	54.7%	49.9%	49.5%	49.1%

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

Exhibit 10

Moody's–adjusted cash flow metrics

Eversource Energy

(in $ millions)	2021	2022	2023	2024	2025	LTM Mar-26
FFO	**2,891.3**	**3,124.9**	**2,560.8**	**3,629.3**	**4,374.6**	**4,601.2**
+/- Other	(314.2)	(205.3)	(151.5)	(919.4)	13.1	54.9
CFO Pre-WC	**2,577.1**	**2,919.6**	**2,409.2**	**2,710.0**	**4,387.6**	**4,656.1**
+/- ΔWC	(271.6)	(120.2)	(441.9)	(310.5)	(55.0)	(31.9)
CFO	**2,305.4**	**2,799.4**	**1,967.4**	**2,399.5**	**4,332.7**	**4,624.2**
- Div	809.2	863.8	922.8	1,005.2	1,096.8	1,124.4
- Capex	3,431.6	3,759.3	4,665.7	4,729.2	4,387.2	4,389.2
FCF	**(1,935.3)**	**(1,823.7)**	**(3,621.1)**	**(3,335.0)**	**(1,151.4)**	**(889.4)**
(CFO Pre-W/C) / Debt	12.5%	12.6%	8.9%	9.2%	14.5%	15.7%
(CFO Pre-W/C - Dividends) / Debt	8.6%	8.9%	5.5%	5.8%	10.9%	11.9%
FFO / Debt	14.0%	13.5%	9.5%	12.4%	14.4%	15.5%
RCF / Debt	10.1%	9.8%	6.1%	9.0%	10.8%	11.7%
Revenue	9,863.1	12,289.3	11,910.7	11,900.8	13,547.2	13,933.3
Interest Expense	616.6	692.1	861.3	1,181.8	1,313.1	1,369.7
Net Income	1,153.4	1,211.9	1,153.8	1,270.1	1,750.2	1,804.0
Total Assets	48,492.1	53,230.9	55,612.2	59,530.1	63,722.6	64,643.5
Total Liabilities	33,814.5	37,680.0	41,360.6	44,463.8	47,498.2	47,335.4
Total Equity	14,677.6	15,550.9	14,251.7	15,066.3	16,224.4	17,308.1

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

Ratings

Exhibit 11

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
NSTAR ELECTRIC COMPANY	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured	A2
Pref. Stock	Baa1
Commercial Paper	P-1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
Pref. Stock	Baa3
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A2
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Ratings

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REPORT NUMBER 1490637

MOODY'S
RATINGS

Rating Action: Moody's Ratings changes Eversource and NSTAR Electric outlooks to stable; affirms ratings

06 Jul 2026

New York, July 06, 2026 -- Moody's Ratings (Moody's) today changed the outlooks of Eversource Energy (Eversource) and NSTAR Electric Company (NSTAR) to stable from negative, reflecting prospects for material deleveraging and a sustained financial improvement. At the same time, we affirmed Eversource's ratings, including its Baa2 senior unsecured and Issuer Rating and P-2 short-term rating for commercial paper.

We also affirmed the ratings of NSTAR including its A2 senior unsecured and Issuer Rating and P-1 short-term rating for commercial paper.

A complete list of rating actions is included at the end of this press release.

RATINGS RATIONALE

"Eversource will reduce debt and improve financial flexibility over the next 12-18 months, given the $2.4 billion sale of Aquarion Water Company and the prospect of recovering an additional $944 million of storm costs identified by Connecticut regulators," said Ryan Wobbrock, Senior Vice President.

On 30 June, Eversource announced the completion of the sale of its water business, netting proceeds of approximately $1.7 billion, which will be used to retire Eversource debt. While this will result in a reduction of roughly $70 million of annual operating income, it also offloads about $800 million of asset-level debt and provides proceeds that the company can utilize to reduce long-term parent-level debt and outstanding commercial paper. The transaction also reduces Eversource's exposure to Connecticut, which has been a very challenging regulatory environment over the past five years.

In addition, on 29 June, the Connecticut Public Utility Regulatory Authority issued a draft decision regarding the future recovery of The Connecticut Light and Power Company's (CL&P, Baa1 stable) storm costs, stating that the company prudently incurred about $944 million in its prestaging and response costs for catastrophic storms in 2018-2023. While not a final order, we believe that the proposal will pave the way for full recovery of these costs, including roughly $742 million likely to come through securitization proceeds in 2027.

The combination of the two events will help Eversource to repay debt and reduce our adjusted debt calculations, which exclude non-recourse securitization debt from credit considerations. As a result, the company will be better positioned to maintain an improved financial profile, including a ratio of cash flow from operations before changes in working capital (CFO pre-WC) to debt of 13%.

While the company faces significant customer refunds through its federally regulated transmission business in 2027, we view these as one-time outflows that will be somewhat offset by more enduring cash inflows from CL&P's upcoming general rate filing. Furthermore, management has publicly committed to a more balanced financing strategy – including higher equity content for items like these refunds – to achieve credit thresholds.

NSTAR Electric

The stable outlook at Eversource also reduces credit pressure at NSTAR Electric. This reflects NSTAR Electric's close linkage to Eversource, given its limited ring-fencing protections and its material contribution to consolidated cash flow and dividend support for parent-level debt service.

Moreover, we expect that NSTAR Electric will continue to produce CFO pre-WC to debt ratios in excess of 19% over the next 12-18 months, despite elevated capital expenditures, thanks to the favorable formulaic type performance-based rate framework in Massachusetts.

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

Factors that could change the ratings up

Eversource could be upgraded if the company maintains a low business risk profile and is able to generate consistent ratio of CFO pre-WC to debt levels of at least 16%.

An upgrade of NSTAR Electric would likely require that Eversource be upgraded; the regulatory environments in which the utility subsidiary operates remain credit supportive, and its key financial metrics improve such that its CFO pre-W/C to debt ratio is sustained above 22%.

Factors that could change the ratings down

Eversource could be downgraded if resulting de-leveraging or future cash flow production were to be insufficient to generate a ratio of CFO pre-WC to debt of at least 13% on a sustainable basis.

NSTAR Electric could be downgraded if Eversource is downgraded, if there is a deterioration in the credit supportiveness of the Massachusetts or FERC regulatory environments including material delays in the recovery of costs and investments, resulting in a ratio of CFO pre-W/C to debt below 19%.

LIST OF AFFECTED RATINGS

Issuer: Eversource Energy

..Affirmations:

.... LT Issuer Rating, Affirmed Baa2

.... Junior Subordinated, Affirmed Baa3

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

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

.... Commercial Paper, Affirmed P-2

.... Senior Unsecured, Affirmed Baa2

..Outlook Actions:

....Outlook, Changed To Stable From Negative

Issuer: NSTAR Electric Company

..Affirmations:

.... Commercial Paper, Affirmed P-1

.... LT Issuer Rating, Affirmed A2

.... Preferred Stock, Affirmed Baa1

.... Senior Unsecured, Affirmed A2

..Outlook Actions:

....Outlook, Changed To Stable From Negative

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

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

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MOODY'S
RATINGS

Rating Action: Moody's changes outlooks of Eversource Energy and NSTAR Electric to negative; affirms ratings

09 Jan 2024

Approximately $19.4 billion of rated debt affected

New York, January 09, 2024 -- Moody's Investors Service (Moody's) changed the outlooks of Eversource Energy (Eversource) and NSTAR Electric Company (NSTAR Electric) to negative from stable. At the same time, Moody's affirmed Eversource's ratings, including its Baa2 long-term Issuer Rating and senior unsecured ratings, as well as NSTAR Electric's ratings, including its A2 long-term Issuer Rating and senior unsecured ratings. Moody's also affirmed Eversource and NSTAR Electric's short-term commercial paper ratings at P-2 and P-1, respectively. A complete list of rating actions is included towards the end of this press release.

RATINGS RATIONALE

"Eversource's negative outlook reflects continued uncertainty as to the timing of company's pending offshore wind project sale, whether it will be executed in part or as a whole, the ultimate valuation to be received and the extent of additional balance sheet strengthening actions needed given the latest impairment," said Jeff Cassella, VP-Senior Credit Officer. "The change in subsidiary NSTAR Electric's outlook to negative reflects the weak credit profile of Eversource, and the potential that the parent will need to rely on NSTAR Electric more to support parent debt and dividend obligation," added Cassella.

For the last 18 months, Eversource has been in the process of selling its existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. The company expects to announce details of this transaction in the first quarter of this year. However, the timing and final valuation of the sale of all three projects remain in doubt after Eversource announced, yesterday, an after-tax impairment charge in the range of $1.4 - $1.6 billion, to be recorded in the fourth quarter of 2023. This is the second impairment charge after Eversource took an initial pre-tax charge of $401 million in the second quarter of 2023.

Eversource indicated that higher project costs and supply chain disruptions have caused the majority of the impairment. The New York State Public Service Commission's denial, last October, of a price increase for the Sunrise Wind project resulted in an additional $450 million after-tax impairment to the offshore wind project's investment value. Moreover, Eversource could also be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if the company is no longer a part owner.

The latest adverse developments follow Eversource's May 2022 announcement that it had begun a strategic review of its entire offshore wind investment portfolio, which included its 50/50 joint venture partnership with Orsted. At that time, Eversource indicated that it intended to use the proceeds from any offshore wind asset sale, as well as new equity issued through its $1.2 billion at-the-market program over the next few years, to repay debt and finance future capital investments at its regulated utilities. The challenges it has experienced in exiting its offshore wind investments has called this initial debt paydown and financing plan into question.

The latest impairment charge comes at a time when Eversource's financial profile has already been weak for the Baa2 rating. The company's financial metrics have been adversely affected by increased debt to

finance offshore wind project development costs. Furthermore, Eversource's utilities have also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at its largest subsidiary, The Connecticut Light and Power Company (CL&P, A3 stable).

For the 12-months ended 30 September 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 10%, pro forma for certain regulatory items that are expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating.

The protracted offshore wind asset sale continues to delay the company's transition in returning to its previous lower-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. With the ongoing delays, impairments and related uncertainty, it will become increasingly challenging for Eversource to improve its financial profile such that it is able to generate a ratio of CFO pre-W/C to debt of at least 13% in 2024.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales, new equity issuances, and any other balance sheet strengthening actions management decides to take. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Eversource's credit rating could be negatively impacted if it does not fully exit the offshore wind business thereby maintaining a higher business risk profile because of continued execution and construction risk associated with these projects.

NSTAR Electric's A2 rating reflect its low-risk business profile as a regulated electric transmission and distribution (T&D) utility and the credit supportive regulatory jurisdictions in which it operates under the purview of both the Massachusetts Department of Public Utilities (MDPU) and the Federal Electric Regulatory Commission (FERC). Both regulatory frameworks have provided generally timely cost and investment recovery mechanisms and above average allowed returns that typically have historically allowed NSTAR Electric to exhibit a relatively high degree of cash flow stability and predictability.

The company exhibits a stable financial profile, including a ratio of CFO pre-W/C to debt of 20.3% for the 12-months ended 30 September 2023. Over the last few years, financial performance has been adversely affected by the delayed recovery of deferred costs related to storms and increased debt issuance to fund elevated capital investments.

We expect NSTAR Electric's financial metrics to continue to improve due to increased cash flow generation resulting from a credit supportive rate order received November 2022 such that it's ratio of CFO pre-W/C to debt is expected to be in the 21-23% range over the next two years, which could be above the threshold that we have indicated could result in an upgrade to A1. However, it may be challenging for NSTAR Electric to consistently maintain this ratio above 22% going forward, particularly if its service territory is seriously affected by an extreme weather event because of potential delays in the recovery of any costs that may be incurred.

The negative outlook reflects its ownership by a parent company with a weakened credit profile and much lower credit rating, and the potential that Eversource will need to incrementally rely on NSTAR Electric, its financially strongest subsidiary, more to support parent debt and dividend obligations as challenges related to the offshore wind asset sales continue.

RATING OUTLOOK

Eversource's negative outlook reflects the uncertain timing and ultimate structure of the sale of its 50% ownership interest in three offshore wind projects; the final valuation and the use of proceeds from the asset sales, as well as any planned new equity issuance over the next year, to pay down debt; the company's consistently weak financial metrics and increased uncertainty around the company's ability to improve its financial profile and consistently sustain a ratio of CFO pre-W/C to debt above 13%, while also managing

potential contingent liabilities associated with the offshore wind projects being sold.

NSTAR Electric's negative outlook reflects the weak credit profile of Eversource, the prospect that the parent company could be downgraded, and the potential that Eversource will need to incrementally rely on NSTAR Electric to support parent debt and dividend obligations.

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

Factors that could lead to an upgrade

Given the negative outlook, it is unlikely that Eversource will be upgraded in the near term. However, Eversource's outlook could be changed to stable if it completely exits the offshore wind business without additional delays or impairments; its regulatory environments, including Connecticut, are credit supportive; and the company's financial profile strengthens, such that its ratio of CFO pre-W/C will be sustained at or above 13%, while also managing any potential contingent liabilities associated with the offshore wind project sales.

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

Factors that could lead to a downgrade

Eversource could be downgraded if the company does not lower its business risk profile by divesting all of its offshore wind business without additional delays or impairments or consolidated financial metrics do not improve from currently weak levels, including a ratio of CFO pre-W/C to debt that remains below 13%. Eversource's rating could also be downgraded if either of its largest subsidiaries, notably CL&P or NSTAR Electric, are downgraded. A downgrade of Eversource's senior unsecured rating to Baa3 would also cause its short-term commercial paper rating to be downgraded to P-3 from P-2.

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

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

Headquartered in Boston, MA, NSTAR Electric is Eversource's second largest subsidiary, after The Connecticut Light & Power Company (A3 stable). NSTAR Electric is a regulated electric transmission and distribution utility company serving approximately 1.47 million customers in western MA and eastern MA including the City of Boston. NSTAR Electric's distribution and solar generation (70 MW) operations are regulated by the Massachusetts Department of Public Utilities (MDPU), while the transmission business is under the purview of FERC.

LIST OF AFFECTED RATINGS

..Issuer: Eversource Energy

Affirmations:

.... Issuer Rating, Affirmed Baa2

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

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

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

....Commercial Paper, Affirmed P-2

Outlook Actions:

....Outlook, Changed To Negative From Stable

..Issuer: NSTAR Electric Company

Affirmations:

.... Issuer Rating, Affirmed A2

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

....Senior Unsecured Shelf, Affirmed (P)A2

....Pref. Stock, Affirmed Baa1

....Commercial Paper, Affirmed P-1

Outlook Actions:

....Outlook, Changed To Negative From Stable

..Issuer: Western Massachusetts Electric Company

Affirmations:

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

..Issuer: Connecticut Development Authority

Affirmations:

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

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

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MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Baa3 rating to Eversource's junior subordinated notes

23 Feb 2026

New York, February 23, 2026 -- Moody's Ratings (Moody's) today assigned Baa3 ratings to two tranches of Eversource Energy's (Eversource) Junior Subordinated Notes (JSNs) due 2056. The rating outlook is negative.

RATINGS RATIONALE

The Baa3 rating assigned to Eversource's JSNs reflects the security's relative position in Eversource's capital structure compared to the company's senior unsecured debt. The one-notch rating differential between the JSNs and Eversource's Baa2 senior unsecured rating is consistent with our methodology guidance for notching corporate instrument ratings based on differences in security and priority of claim.

The JSNs contain equity-like features, including a long-dated maturity (2056) and options to defer coupon payments. As a result, these securities receive partial equity treatment in our calculation of debt coverage and financial leverage ratios. The JSNs will receive basket "M" treatment (i.e., 50% equity and 50% debt) for the purpose of adjusting financial statements. Please refer to our cross-sector rating methodology "Hybrid Equity Credit" (February 2024) for further details.

Eversource's other ratings, including its Baa2 senior unsecured rating, and negative outlook remain unchanged. Eversource's credit profile reflects its generally low-risk operations, which include a diverse group of electric and gas transmission and distribution utilities. The rating also reflects state regulation that can be challenging at times (particularly in Connecticut) but also that a sizeable portion of its rate base that is regulated by the Federal Energy Regulatory Commission, which offers some of the best cost recovery provisions and allowed returns in the country.

The company's cash flow from operations before changes in working capital (CFO pre-WC) to debt ratio improved significantly in 2025, to 14.5%, due – in part - to cost recovery that improved from significant under-recoveries in 2023. The company still has roughly $1.2 billion of unrecovered costs related to Connecticut storms, dating back to events that occurred nearly a decade ago.

Outlook

Eversource's negative outlook reflects continued uncertainty around the company's ability to consistently sustain a ratio of CFO pre-WC to debt above 13%, while also managing its exposure to potential contingent liabilities associated with the Revolution Wind project.

A comprehensive review of all credit ratings for the respective issuer(s) has been conducted during a rating committee.

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

Factors that could lead to an upgrade

Given the negative outlook, it is unlikely that Eversource will be upgraded in the near term. However, Eversource's outlook could be changed to stable if it's financial profile is strengthened, such that its ratio of CFO pre-WC will be sustainably above 13%, while also demonstrating its ability to manage any potential contingent liabilities associated with the Revolution Wind project.

Factors that could lead to a downgrade

Eversource could be downgraded if faced with material, additional obligations related to Revolution Wind or if its financial metrics are not expected to be sustainably improved, including a ratio of CFO pre-WC to debt above 13%. A downgrade of Eversource's senior unsecured rating to Baa3 would also cause its short-term commercial paper rating to be downgraded to P-3 from P-2.

LIST OF AFFECTED RATINGS

Issuer: Eversource Energy

..Assignments:

.... Junior Subordinated, Assigned Baa3

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

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MOODY'S RATINGS

Infrastructure and Project Finance

ISSUER COMMENT
27 August 2025

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Eversource Energy

Stop-work order on Revolution Wind project is credit negative

On 22 August, the US Bureau of Ocean Energy Management (BOEM) issued a stop-work order on the 704 MW Revolution Wind offshore wind project. The project is jointly owned by Orsted A/S (Baa2 stable) and Global Infrastructure Partners LP (GIP), each holding a 50% stake. Orsted originally partnered with Eversource Energy (Baa2 negative), which sold its 50% interest in both the Revolution Wind and South Fork Wind projects to GIP on 30 September 2024.

The injunction is credit negative for Eversource because the company remains responsible for 50% of the construction costs in excess of a $240 million cap, in accordance with the terms of its sale agreement with GIP. If the Revolution Wind project is ultimately canceled, Eversource will have repayment exposure related to the sale of its ownership stake to GIP. Specifically, Eversource could be required to make GIP whole for the Revolution Wind portion of the $745 million adjusted purchase price, GIP's incurred construction costs plus a 6.5% internal rate of return.

We highlighted similar concerns with this project and others in development in a report earlier this year following President Trump's executive order on 20 January, which temporarily suspended approvals and renewals of offshore wind energy leases. For now, we continue to incorporate a view that the stop-work order will eventually be lifted and that the Revolution Wind project will reach completion.

Orsted, which is leading construction of the offshore wind farm, has stated that it is "evaluating all options to resolve the matter expeditiously" in response to the stop-work order. To date, approximately 80% of the project is complete, including the installation of 45 out of 65 turbines. The project's in-service date is targeted for the second half of 2026.

Eversource's negative rating outlook reflects ongoing uncertainty regarding the company's efforts to improve its financial profile to a level that is supportive of the current Baa2 rating. The execution of the sale of its Aquarion water utility subsidiary later this year, including the use of approximately $1.6 billion of net proceeds to pay down holdco debt; cash flow improvement at its utilities; and continued progress on the Revolution Wind offshore wind project such that Eversource's contingent exposure to cost overruns remains manageable are important variables that will determine the company's credit quality going forward.

For the 12-months ended 30 June 2025, Eversource's ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt was 12.7%, a notable improvement from 9.2% in 2024. Managing potential contingent liabilities associated with the Revolution Wind project will be important for Eversource to achieve and sustain a ratio of CFO pre-W/C to debt of at least 13%, which is the current threshold that could potentially lead to a downgrade.

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

Exhibit 1

Key Indicators

Eversource Energy

	2020	2021	2022	2023	2024	LTM Jun-25
CFO Pre-W/C + Interest / Interest	4.6x	5.2x	5.2x	3.8x	3.3x	4.0x
CFO Pre-W/C / Debt	10.5%	12.5%	12.6%	8.9%	9.2%	12.7%
CFO Pre-W/C – Dividends / Debt	6.7%	8.6%	8.9%	5.5%	5.8%	9.2%
Debt / Capitalization	52.1%	51.7%	52.9%	58.0%	58.9%	58.6%

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

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Infrastructure and Project Finance

CREDIT OPINION
27 June 2025

Update

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RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Negative

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

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Eversource Energy

Update after ratings affirmation

Summary

Eversource Energy's (Eversource, Baa2 negative) credit profile reflects the company's efforts to transition to its previous lower-risk business model as solely a holding company of a diverse group of regulated electric and gas transmission and distribution utilities in the greater New England region. Aside from the unsupportive Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base, including its largest subsidiary, Connecticut Light and Power Company (CL&P, Baa1 stable), the company's Massachusetts and New Hampshire utilities operate in generally credit supportive regulatory jurisdictions. Additionally, a relatively large portion of Eversource's rate base operates within the highly supportive FERC regulatory framework.

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

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

Recent developments

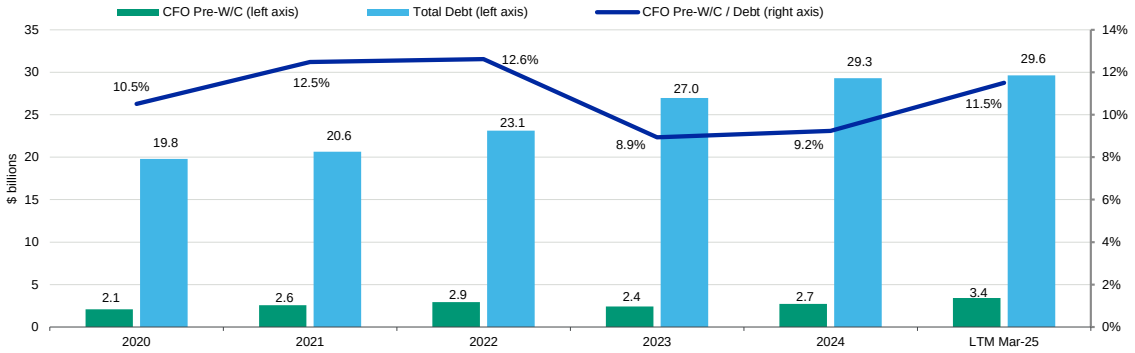
On 27 January 2025, Eversource agreed to sell its water distribution business, Aquarion Company—comprising five regulated water utilities—to the Aquarion Water Authority for about $2.4 billion in cash. This includes $1.6 billion for equity and $800 million to cover the utility's net debt. The largest of the water utilities, Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), accounts for roughly 95% of Aquarion Company. The sale is awaiting the Connecticut Public Utility Regulatory Agency's (PURA) approval and is anticipated to close by December 2025. Eversource intends to use the net proceeds to reduce its parent company debt.

On 6 May 2025, Unitil Corporation (Baa2 stable) announced an agreement to purchase Aquarion's Massachusetts and New Hampshire water distribution businesses for $100 million, including $30 million of assumed debt, from the Aquarion Water Authority. The businesses being sold represent Eversource's non-Connecticut water utilities, including Aquarion Water Company of Massachusetts Inc., Aquarion Water Company of New Hampshire Inc., and Abenaki Water Co. Inc., which together account for roughly 5% of Aquarion Company.

On 30 September 2024, Eversource announced the exit from its offshore wind business with the completion of the sale of its 50% interest in the South Fork Wind Project and Revolution Wind Project to Global Infrastructure Partners (GIP). Adjusted gross proceeds from the asset sales were $745 million, reduced by approximately $375 million compared to the company's previously estimated purchase price, and were used to pay down parent company debt. The purchase price is also subject to post-closing adjustments as a result of the final project economics of Revolution Wind that will be made following commercial operation. Among other things, Eversource will have responsibility for GIP's obligations for any additional costs in excess of the $240 million cap amount consistent with the existing joint venture terms.

On 9 July 2024, Eversource announced that it had completed the sale of its 50% ownership share in Sunrise Wind to Orsted A/S (Baa2 stable). Adjusted proceeds totaled $152 million, which was lower than the original purchase price due to lower capital spending. Eversource received $118 million at the close of the sale and used it to pay down parent company debt. The remaining $34 million will be paid after onshore construction is complete.

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



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Source: Moody's Financial Metrics™

Credit strengths

» Transition back to a low-risk regulated utility holding company with the sale of offshore wind assets

» Proceeds from pending water utility sale will be used to repay holdco debt

» Subsidiaries NSTAR and PSNH operate in credit supportive regulatory jurisdictions

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

Credit challenges

» Financial profile remains weak for current Baa2 rating

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» Substantial parent level debt which could be reduced with Aquarion water utility sale

» Contingent liability exposure associated with the construction execution of the Revolution Wind project

» Very challenging Connecticut regulatory environment for its largest subsidiary, CL&P

Rating outlook

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

Factors that could lead to upgrade

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

Factors that could lead to downgrade

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

Key indicators

Exhibit 2
Eversource Energy

	2020	2021	2022	2023	2024	LTM Mar-25
CFO Pre-W/C + Interest / Interest	4.6x	5.2x	5.2x	3.8x	3.3x	3.8x
CFO Pre-W/C / Debt	10.5%	12.5%	12.6%	8.9%	9.2%	11.5%
CFO Pre-W/C – Dividends / Debt	6.7%	8.6%	8.9%	5.5%	5.8%	8.0%
Debt / Capitalization	52.1%	51.7%	52.9%	58.0%	58.9%	58.8%

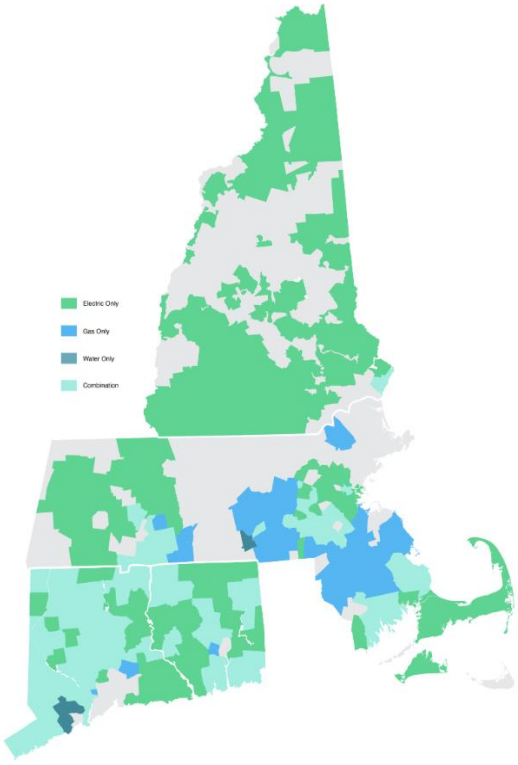
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Profile

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

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, Baa1 stable), NSTAR Electric Company (A2 negative), and Public Service Company of New Hampshire (PSNH, A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas. Eversource owns Aquarion Company, which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), Aquarion Water Company of Massachusetts (AWC-MA) and Aquarion Water Company of New Hampshire (AWC-NH). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses. Eversource is in the process of selling its Aquarion water utility business and the transaction is expected to close in the fourth quarter of 2025.

Exhibit 3
Eversource Energy's service territories



Source: Company filings

Eversource also consolidates the ownership interest held by its regulated subsidiaries in the decommissioned regional nuclear generation companies: Connecticut Yankee Atomic Power Company (CYAPC; 63% ownership) and Yankee Atomic Electric Company (YAEC; 52.5%) while the group's 24% interest in Maine Yankee Atomic Power Company (MYAPC) is recorded under the equity method. The group's remaining non-regulated businesses consist mainly of small subsidiaries including: The Rocky River Realty Company (a real estate company), the HWP Company (formerly the Holyoke Water Power Company), and NU Enterprises. The latter is the parent company of Northeast Generation Services Company (NGS) to which it renders operation and maintenance services.

Detailed credit considerations

Recovery in weak credit metrics dependent on improved cash flow, proceeds from the pending Aquarion sale and management's actions to reduce debt

Over the last few years, Eversource's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs. Furthermore, Eversource's utilities have also been impacted by severe storms and subsequent delays in cost recovery, particularly due to a distribution rate freeze at CL&P. For the 12-months ended 31 March 2025, Eversource's ratio of CFO pre-W/C to debt was 11.5%, up from 9.2% in 2024, but still below the 13% financial metric threshold that we have indicated could lead to a downgrade.

While Eversource fully divested its offshore wind assets in 2024, it still has exposure to contingent liabilities related to the construction of the Revolution Wind project. In addition, the company did not achieve the expected valuation on the assets as management originally expected. Eversource used proceeds from the offshore wind assets sale, as well as issuing roughly $1 billion of new equity in

2024 through its $1.2 billion ATM program to repay debt and for general corporate purposes. However, any further financial metric improvement will depend on the closing of the sale of Aquarion Company and using the proceeds to pay down debt, as well as any other balance sheet strengthening actions management decides to take. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Sale of offshore wind projects has reduced business risk by transitioning the company back to a regulated utility T&D holding company

During the last two years, Eversource entered into multiple transactions in which it sold its interest in a 50/50 joint venture (JV) partnership with Ørsted on the ownership of three wind projects and an unused offshore wind lease area. This was in response to Eversource's May 2022 announcement that it had begun a strategic review of its offshore wind investment portfolio. Eversource's exit of the offshore wind business is credit positive because it has reduced the company's business risk, which had been raised with the construction and execution of the offshore wind projects. The proceeds of the asset sales were also used to reduce debt.

On 30 September 2024, Eversource announced the completion of its exit from offshore wind with the sale of its 50% interest in the South Fork Wind Project and Revolution Wind Projection to GIP. Adjusted gross proceeds from the asset sales were $745 million, reduced by approximately $375 million compared to the company's previously estimated purchase price, and were used to pay down parent company debt. The purchase price is also subject to post-closing adjustments as a result of the final project economics of Revolution Wind that will be made following commercial operation. Among other things, Eversource will have responsibility for GIP's obligations for any additional costs in excess of the $240 million cap amount consistent with the existing joint venture terms.

In the third quarter of 2024, Eversource recorded a contingent liability of $365 million related to its share of probable and estimable cost overrun related to the project. Additional cost overruns, of which Eversource will have 50% share, will be a credit negative as it will further impede Eversource's ability to improve its financial profile at a level that is appropriate for the current rating. Revolution Wind is currently under construction and is expected to enter commercial operation in the second half of 2026.

On 9 July 2024, Eversource announced that it had completed the sale of its 50% ownership share in Sunrise Wind to Orsted A/S. Adjusted proceeds totaled $152 million, which was lower than the original purchase price due to lower capital spending. Eversource received $118 million at the close of the sale and used it to pay down parent company debt. The remaining $34 million will be paid after onshore construction is complete.

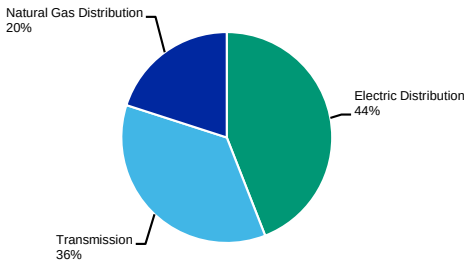
The 2024 offshore wind asset sales followed Eversource's September 2023 announcement that it completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S for $625 million all-cash. Eversource used approximately $530 million of the proceeds to make a tax equity investment in the South Fork Wind project. Eversource received half or roughly $265 million of its investment as a distribution from the project in October 2023. As of 31 March 2025, Eversource had $459 million of expected investment tax credits and other expected tax benefits from the South Fork Wind tax equity investment which will be used to lower the company's federal income tax payments over the next few years.

Diverse portfolio of low risk regulated electric, gas and water utilities

Eversource's electric distribution utilities account for about 44% of the group's rate base. CL&P is Eversource's largest electric T&D subsidiary, followed by NSTAR Electric and PSNH. Eversource's natural gas local distribution companies (LDCs) include Yankee Gas Services, EGMA and NSTAR Gas. The LDCs account for about 20% of consolidated rate base. The rate base detail excludes the rate base attributed to its water utility business within intermediate holding company, Aquarion Company, who's sale is pending.

Moreover, Eversource's substantial transmission business, which currently accounts for about 36% of the group's rate base, operates under the purview of the FERC, which we view as a highly credit supportive regulatory framework. Eversource's sizable exposure to FERC regulated, low risk transmission operations considering the group's substantial planned capital investments in transmission is credit positive.

Exhibit 4
Eversource Energy's portfolio based on 2024 year-end rate base



Source: Company filings

CL&P operates in a challenging Connecticut regulatory environment

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

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

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

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

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

In June 2023, Connecticut also enacted Public Act No. 23-102 (Substitute Senate Bill No. 7), which increased the regulatory authority of the PURA and could have additional credit negative implications for the state's utilities and increase regulatory lag for cost recovery. The legislation is not retroactive and did not result in immediate changes in rates but may impact future rate case proceedings. Some

of the final provisions include the selection of the PURA chair by the Governor; four-year rate case filing requirements; additional requirements needed to file rate case settlements; and the elimination of CL&P's capital tracker for new plant additions for rate case proceedings filed after July 2023.

NSTAR Electric and PSNH operate in credit supportive state regulatory jurisdictions

We view the Massachusetts and New Hampshire regulatory jurisdictions as credit supportive as the regulators in those states allow for relatively timely recovery of prudent operating costs and investments through the use of various revenue decoupling and other cost recovery mechanisms. For example, in Massachusetts, NSTAR Electric is authorized to use revenue decoupling. The decoupling mechanism reconciles the utility's distribution revenues, on an annual basis, to a baseline distribution service revenue level established by the Massachusetts Department of Public Utilities (MDPU). Decoupling insulates the utility's cash flow from fluctuations in its retail electric sales, thus adding a high level of stability and predictability, a credit positive.

CL&P and Yankee Gas also utilize a revenue decoupling mechanism in Connecticut. However, we view that state's regulatory environment as currently the most unsupportive in the US, particularly for CL&P as well as its affiliated water utility, WC-CT. Yankee Gas is currently in a rate case proceeding initiated in October 2024 with an expected outcome by October of this year.

NSTAR Electric utilizes cost recovery mechanisms that true up recovery of transmission, pension and other postretirement benefits costs, and the energy-related portion of bad debt expenses, on an annual basis. NSTAR Electric is also able to recoup the costs associated with the state's three-year energy efficiency program and the utility's purchased power costs are adjusted semiannually through the basic service charge. Furthermore, NSTAR Electric is able to recover restoration costs associated with major storms through a Storm Reserve Recovery Cost Adjustment rate mechanism, but these cost recoveries are subject to MDPU approval, and may be less timely than in other jurisdictions.

On 30 November 2022, the MDPU issued a final order on NSTAR Electric's rate case filed earlier in the year. The order continued the previously authorized performance based ratemaking (PBR) plan, which allows NSTAR Electric to implement annual rate changes based on an inflation adjusted formula to reflect planned capital investments made to upgrade its distribution networks as well as exogenous events, assuming the company meets pre-determined performance measures. The PBR revenue adjustments are based on an authorized return on equity (ROE) of 9.8% and an equity ratio of 53.21% through the five-year plan term that began on 1 January 2023. There is another possible five-year extension, if approved. The plan also contains an earnings sharing mechanism, or ESM, which requires that earnings above a 10.8% ROE be shared between customers (75%) and the company (25%).

The MDPU allowed NSTAR Electric to collect $196 million of storm costs related to past events over a five-year period, but the order also increases the company's annual storm fund contribution included in base rates to $31 million from $10 million for future storm cost recovery, a credit positive given the increase in extreme weather events. On 23 December 2024, the MDPU approved NSTAR Electric's annual PBR adjustment filing, which included a $55.8 million increase to base rates, effective 1 January 2025. The rate increase reflected a $35.3 million inflation-based adjustment and a $20.5 million K-bar adjustment for capital additions, which is based on the difference between the historical five-year average of total capital additions and the base capital revenue requirement. Refer to NSTAR Electric's credit opinion for further discussion of the Massachusetts regulatory framework.

PSNH's distribution rates allow the utility to recover its power costs through a periodically adjusted default service rate; costs related to system upgrades and transmission services through a transmission cost adjustment mechanism (TCAM); and costs related to energy efficiency programs and certain stranded costs through other cost recovery charges. PSNH is also allowed to implement interim rate increases during rate case proceedings, which helps reduce regulatory lag.

On 11 June 2024, PSNH filed with the NHPUC seeking a four-year performance based ratemaking (PBR) plan including an electric distribution revenue rate increase of $181.9 million during the 2025 - 2028 period. PSNH also requested a $76.7 million interim rate increase, of which $61.2 million was authorized by state regulators and implemented on 1 August 2024. In its PBR request, PSNH is also requesting approval of annual revenue increases of approximately $52 million, $29 million, and $32 million on 1 August 2026, 2027 and 2028, respectively. The rate request was based on an authorized ROE of 10.30% and equity layer of 53.85%. PSNH expects an order on its general rate case in late July, with new rates implemented on 1 August 2025.

In rebuttal testimony filed on 10 March 2025, PSNH revised its base rate increase request to approximately $119.4 million, which was a $62.5 million reduction from its original June 2024 base rate request, and largely reflected the removal of deferred storm costs that the company initially proposed to amortize in base rates. PSNH is proposing to recover these costs through a reconciling mechanism, pending approval, in a proceeding outside of the rate case. The company's total revenue request is $228.3 million, including the subsequent annual revenue changes associated with its proposed PBR plan.

At the request of an intervening party, the NH Department of Energy, 2024 gross plant additions of $197.41 million were removed from the rate case proceeding and revenue request. PSNH further revised its base rate increase request to approximately $102.8 million to reflect the removal of the 2024 plant additions as a result of this motion. Revenue related to recovery of the plant additions will be decided in a separate docket proceeding outside of the rate case. If PBR is approved as part of this rate case, then the 2024 plant additions would likely be included in a revenue step adjustment expected for 1 August 2025. If PSNH's PBR proposal is rejected, then approval for recovery of the 2024 plant additions would be decided by 1 November 2025, with a step up adjustment to rates implemented then. Refer to PSNH's credit opinion for further discussion of the New Hampshire regulatory framework.

Group's capital investment program remains elevated

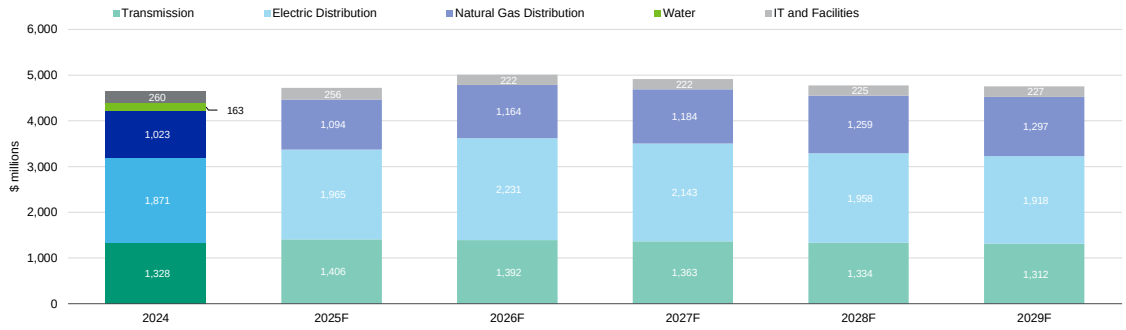
Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from about $30 billion at the end of 2024 to approximately $41.9 billion in 2029 through investments of approximately $24.2 billion during the 2025-2029 period, which includes approximately $17.0 billion in electric and natural gas distribution assets and about $6.8 billion in electric transmission assets. On average, Eversource and its utilities will recover a significant portion of their capital investments immediately through rate recovery mechanisms in the period of investment, a credit positive.

The planned capital investments in Eversource's electric distribution operations include approximately $10.2 billion, largely for system hardening and resiliency upgrades. The remaining $6.0 billion is planned for its natural gas distribution companies, in which LDCs continue pipeline replacements and natural gas expansion. Furthermore, over the same period, the company plans to spend approximately $1.2 billion on information technology and facilities upgrades.

The group also continues to invest heavily in its transmission business, which is under the purview of the highly credit supportive FERC regulatory framework, a credit positive. Eversource's electric utilities plan to invest about $6.8 billion in its transmission assets.

Eversource and its subsidiaries have exhibited a proven track record of successfully completing substantial projects on time and within budget in the past. Continued successful execution of these projects going forward along with financing in a balanced manner of debt and equity will be necessary to improve the group's financial profile.

Exhibit 5
Projected annual capital expenditures*



*Excludes capital expenditures of wind projects
Source: Company filings

Parent level debt is structurally subordinated to utility debt

Eversource's credit profile reflects the structural subordination of parent level debt relative to the indebtedness of its operating utilities. At the same time, Eversource's credit also incorporates the benefits associated with the regulatory and geographic diversification from owning several regulated electric, gas and water utilities within the greater New England region.

The majority of the group's consolidated rate base consists of operating utilities with strong credit quality. The substantial investments to grow its FERC regulated transmission rate base has strengthened the group's credit profile because of the supportive FERC regulatory framework.

As of 31 March 2025, Eversource's parent-level debt was about $8.5 billion and represented approximately 28% of the group's consolidated indebtedness. With its previous offshore wind investments largely funded by holding company debt, Eversource parent debt as a percentage of consolidated debt has increased over the years. We expect the percentage of parent debt to gradually decline through management's debt reduction efforts.

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

At year-end 2024, Eversource's transmission rate base accounted for approximately $10.8 billion (approximately $4.4 billion at CL&P, $4.4 billion at NSTAR Electric and $2.0 billion at PSNH) or roughly 36% of the group's total rate base. We view the FERC regulatory framework as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than most states. Eversource's transmission assets are authorized FERC ROEs ranging from 10.57% to 11.74%, including incentive adders. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

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

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

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

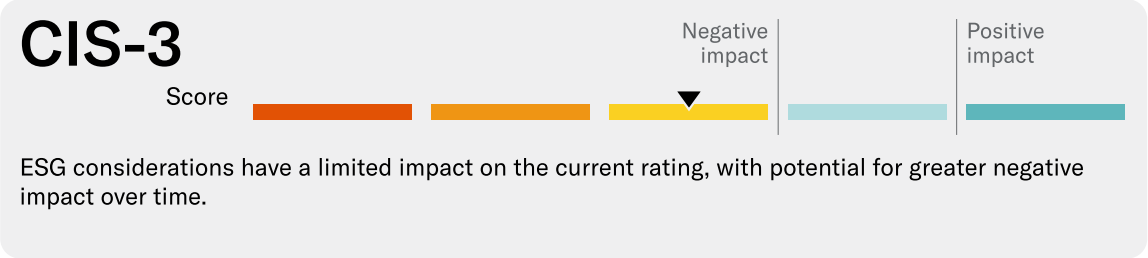
Eversource's operating utilities involved in the complaints have reserved approximately $39.1 million (pre-tax and excluding interest) for the second complaint for expected customer refunds as of 31 March 2025. Of this amount, $21.4 million is for CL&P, $14.6 million for NSTAR Electric, and $3.1 million for PSNH related to the second complaint's refund period of December 2012 through March 2014. Eversource's operating utilities have refunded approximately $38.9 million (pre-tax and excluding interest) associated with the first complaint (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH). No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be reduced from the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

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

ESG considerations

Eversource Energy's ESG credit impact score is CIS-3

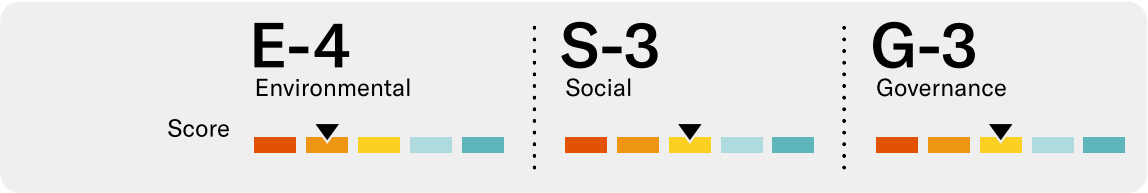
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

Eversource's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term. Increased governance risk associated with a weak financial profile and contingent liability exposure to offshore wind construction could also weaken the company's credit profile.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Eversource's **E-4** issuer profile score is driven by its geographical concentration in the Northeast US, which exposes the company to material and extreme weather events such as storms. This creates risks of physical damage to infrastructure assets and associated costs which is somewhat mitigated by supportive regulatory frameworks, although there can be lag in cost recovery for these events. The company also has relatively low carbon transition risk as a predominantly transmission and distribution electric utility holding company.

Social

Eversource's **S-3** issuer profile score reflects the fundamental risk for regulated utility holding companies where demographic and societal trends could include social pressures or public concern around affordability, reputational or environmental issues. In turn,

these pressures could result in adverse political intervention into utility operations or regulatory changes. This risk has most recently manifested itself in the Connecticut regulatory environment over the last few years.

Governance

Eversource's **G-3** issuer profile driven by its contingent liability exposure related to offshore wind project construction while the company's financial profile remains weak.

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

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by upstreamed dividends from its diverse group of regulated utilities as well as external availability on its revolving credit facility. At 31 March 2025, Eversource had a consolidated cash balance of $111 million.

Eversource's main source of cash flow generation is the dividend distributions from its subsidiaries which totaled about $1.3 billion in 2024, which was slightly more than Eversource's shareholder dividend distributions of $1 billion for the year. The dividend distributions by subsidiaries in 2024 included the following: CL&P ($334 million), NSTAR Electric ($644 million), PSNH ($62 million), and other of about $267 million. To supplement internal cash flow generation, Eversource used proceeds from short and long-term borrowings as well as new equity.

We expect that Eversource will continue to fund the group's planned capital investments, including the approximately $4.7 billion forecasted in 2025, with a mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility, long-term debt issuances as well as planned equity issuances.

Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2029. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, AWC-CT has a borrowing sublimit of $100 million, and PSNH, Yankee Gas, NSTAR Gas and EGMA all have borrowing sublimits of $300 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 70% for Eversource and 65% for Eversource's subsidiaries. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2025.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. The company has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 31 March 2025, approximately $618 million was available on the credit facility with approximately $1.4 billion of commercial paper outstanding. There were intercompany loans from Eversource of $114.5 million to PSNH.

NSTAR Electric has its own revolving credit facility as opposed to the rest of the Eversource family which are co-borrowers under the parent's joint credit facilities. NSTAR Electric has a $650 million senior unsecured revolver that expires in October 2029 that backstops the utility's $650 million commercial paper program. At 31 March 2025, NSTAR Electric had commercial paper outstanding of $108.5 million and no borrowings on its revolving credit facility. The company has typically used short-term borrowings to fund capital needs until longer term financing is arranged. Borrowings on the facility are not subject to a material adverse change clause, and NSTAR Electric has sufficient cushion on its only financial maintenance covenant of a maximum total consolidated debt to capitalization of 65%. NSTAR Electric does not have direct access to the separate $2 billion joint revolving credit facility that Eversource and its remaining operating subsidiaries utilize.

The group's next upcoming debt maturities include $300 million of senior unsecured notes at Eversource due in August 2025, $75 million of senior secured bonds at Yankee Gas due in September 2025, $250 million of debentures at NSTAR Electric due in November 2025 and $400 million of senior secured bonds at CL&P due in December 2025.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing Eversource Energy.

Exhibit 8

Methodology scorecard factors

Eversource Energy

Regulated Electric and Gas Utilities Industry Scorecard	Current LTM Mar-25		Moody's 12-18 month forward view	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	A	A	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.0x	Baa	3.8x - 4.2x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	10.5%	Ba	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	7.0%	Ba	9% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	57.1%	Baa	56% - 59%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned				Baa2

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

Appendix

Exhibit 9

Peer comparison

Eversource Energy

	Eversource Energy			NextEra Energy, Inc.			American Electric Power Company, Inc.			CMS Energy Corporation			Public Service Enterprise Group Incorporated		
	Baa2 Negative			Baa1 Stable			Baa2 Stable			Baa2 Stable			Baa2 Stable		
	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM
(in $ millions)	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25
Revenue	11,911	11,901	12,687	28,114	24,753	25,269	18,982	19,721	20,159	7,462	7,515	7,786	11,237	10,290	10,752
CFO Pre-W/C	2,409	2,710	3,410	11,439	12,269	12,591	4,846	6,059	6,144	2,091	2,355	2,376	3,176	3,502	3,611
Total Debt	26,958	29,316	29,636	72,206	80,599	86,694	43,500	45,257	46,426	14,890	15,802	16,207	20,911	23,256	23,947
CFO Pre-W/C + Interest / Interest	3.8x	3.3x	3.8x	4.2x	5.9x	4.2x	3.5x	4.1x	4.0x	4.5x	4.5x	4.5x	5.0x	4.8x	4.8x
CFO Pre-W/C / Debt	8.9%	9.2%	11.5%	15.8%	15.2%	14.5%	11.1%	13.4%	13.2%	14.0%	14.9%	14.7%	15.2%	15.1%	15.1%
CFO Pre-W/C – Dividends / Debt	5.5%	5.8%	8.0%	10.5%	9.8%	9.3%	7.1%	9.1%	8.9%	9.8%	10.6%	10.5%	9.7%	9.9%	10.0%
Debt / Capitalization	58.0%	58.9%	58.8%	50.5%	51.8%	53.4%	55.4%	54.5%	54.8%	56.1%	55.7%	55.8%	48.6%	49.9%	50.2%

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

Exhibit 10

Moody's–adjusted cash flow metrics

Eversource Energy

(in $ millions)	2020	2021	2022	2023	2024	LTM Mar-25
FFO	**2,596.3**	**2,891.3**	**3,124.9**	**2,560.8**	**3,629.3**	**4,012.8**
+/- Other	(516.4)	(314.2)	(205.3)	(151.5)	(919.4)	(602.5)
CFO Pre-WC	**2,079.9**	**2,577.1**	**2,919.6**	**2,409.2**	**2,710.0**	**3,410.2**
+/- ΔWC	(210.5)	(271.6)	(120.2)	(441.9)	(310.5)	(261.5)
CFO	**1,869.4**	**2,305.4**	**2,799.4**	**1,967.4**	**2,399.5**	**3,148.7**
- Div	748.4	809.2	863.8	922.8	1,005.2	1,030.7
- Capex	3,103.0	3,431.6	3,759.3	4,665.7	4,729.2	4,587.2
FCF	**(1,982.0)**	**(1,935.3)**	**(1,823.7)**	**(3,621.1)**	**(3,335.0)**	**(2,469.1)**
(CFO Pre-W/C) / Debt	10.5%	12.5%	12.6%	8.9%	9.2%	11.5%
(CFO Pre-W/C - Dividends) / Debt	6.7%	8.6%	8.9%	5.5%	5.8%	8.0%
FFO / Debt	13.1%	14.0%	13.5%	9.5%	12.4%	13.5%
RCF / Debt	9.3%	10.1%	9.8%	6.1%	9.0%	10.1%
Revenue	8,904.4	9,863.1	12,289.3	11,910.7	11,900.8	12,686.6
Interest Expense	583.1	616.6	692.1	861.3	1,181.8	1,231.9
Net Income	1,163.8	1,153.4	1,211.9	1,153.8	1,270.1	1,293.2
Total Assets	46,099.6	48,492.1	53,230.9	55,612.2	59,530.1	60,130.3
Total Liabilities	31,958.2	33,814.5	37,680.0	41,360.6	44,463.8	44,762.1
Total Equity	14,141.4	14,677.6	15,550.9	14,251.7	15,066.3	15,368.2

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

Ratings

Exhibit 11

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
AQUARION WATER COMPANY OF CONNECTICUT	
Outlook	Stable
Issuer Rating	Baa1
NSTAR ELECTRIC COMPANY	
Outlook	Negative
Issuer Rating	A2
Senior Unsecured	A2
Pref. Stock	Baa1
Commercial Paper	P-1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
Pref. Stock	Baa3
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A2
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Ratings

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MOODY'S RATINGS

Infrastructure and Project Finance

CREDIT OPINION
17 January 2025

Update

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RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Negative

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

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Eversource Energy

Update to credit analysis

Summary

Eversource Energy's (Eversource, Baa2 negative) credit profile reflects the company's transition, albeit delayed, to its previous lower-risk business model as solely a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region.

Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, Connecticut Light and Power Company (CL&P, A3 negative), the company's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC).

Over the last few years, the company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs, which it has since sold. Furthermore, Eversource's utilities have also been impacted by severe storms and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P. For the 12-months ended 30 September 2024, Eversource's ratio of CFO pre-W/C to debt was roughly 11%, pro forma for certain regulatory items that are expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating.

Eversource's credit quality also reflects structural subordination of the significant level of parent debt compared to the debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30% as of 30 September 2024.

While Eversource fully divested its offshore wind assets in 2024, it still has exposure to contingent liabilities related to the construction of the Revolution Wind project. In addition, the company did not achieve the expected valuation on the asset sales as management originally expected. Eversource has taken other actions to strengthen its balance sheet including issuing roughly $1 billion of new equity in 2024 through its $1.2 billion at-the-market (ATM) program to continue to improve its financial profile last year. Any further financial metric improvement will depend on new equity issuances, the timing and proceeds from the sale of Aquarion Company, and any other balance sheet strengthening actions management decides to take. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

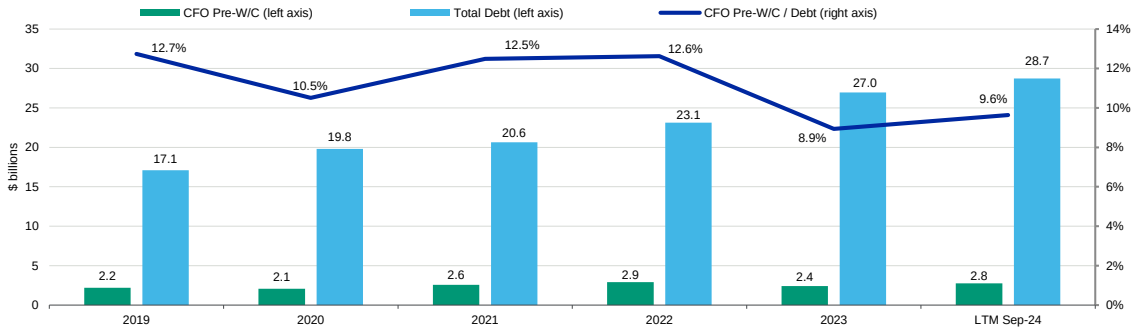
Recent developments

On 30 September 2024, Eversource announced the exit from its offshore wind business with the completion of the sale of its 50% interest in the South Fork Wind Project and Revolution

Wind Project to Global Infrastructure Partners (GIP). Adjusted gross proceeds from the asset sales were $745 million, reduced by approximately $375 million compared to the company's previously estimated purchase price, and were used to pay down parent company debt. The purchase price is also subject to post-closing adjustments as a result of the final project economics of Revolution Wind that will be made following commercial operation. Among other things, Eversource will have responsibility for GIP's obligations for any additional costs in excess of the $240 million cap amount consistent with the existing joint venture terms.

On 9 July 2024, Eversource announced that it had completed the sale of its 50% ownership share in Sunrise Wind to Orsted A/S (Baa1 negative). Adjusted proceeds totaled $152 million, which was lower than the original purchase price due to lower capital spending. Eversource received $118 million at the close of the sale and used it to pay down parent company debt. The remaining $34 million will be paid after onshore construction is complete.

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



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

Credit strengths

» Transition back to a low-risk regulated utility holding company with the sale of offshore wind assets

» Proceeds from wind asset sales and new equity issuances have been used to reduce debt

» Utilities mostly operate in credit supportive regulatory jurisdictions

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

Credit challenges

» Contingent liability exposure associated with the construction execution of the Revolution Wind project

» Financial profile remains weak for current Baa2 rating

» Challenging Connecticut regulatory environment for its largest subsidiary, CL&P

» Substantial parent level debt which, if materially higher, could increase structural subordination notching within the corporate family

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

Rating outlook

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

Factors that could lead to upgrade

Given the negative outlook, it is unlikely that Eversource will be upgraded in the near term. However, Eversource's outlook could be changed to stable if its regulatory environments, including Connecticut, are credit supportive; and the company's financial profile strengthens, such that its ratio of CFO pre-W/C will be sustained at or above 13%, while also demonstrating its ability to manage any potential contingent liabilities associated with the Revolution Wind project.

Factors that could lead to downgrade

Eversource could be downgraded if the company's financial metrics do not improve from currently weak levels, including a ratio of CFO pre-W/C to debt that remains below 13%. Eversource's rating could also be downgraded if either of its largest subsidiaries, notably CL&P or NSTAR Electric, are downgraded. A downgrade of Eversource's senior unsecured rating to Baa3 would also cause its short-term commercial paper rating to be downgraded to P-3 from P-2.

Key indicators

Exhibit 2

Eversource Energy

	2019	2020	2021	2022	2023	LTM Sep-24
CFO Pre-W/C + Interest / Interest	4.8x	4.6x	5.2x	5.2x	3.8x	3.6x
CFO Pre-W/C / Debt	12.7%	10.5%	12.5%	12.6%	8.9%	9.6%
CFO Pre-W/C – Dividends / Debt	8.8%	6.7%	8.6%	8.9%	5.5%	6.2%
Debt / Capitalization	51.0%	52.1%	51.7%	52.9%	58.0%	58.4%

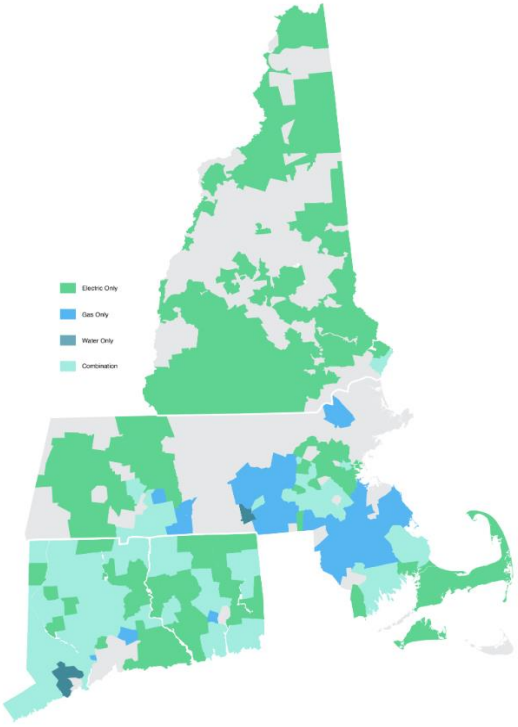
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology
LTM = Last 12 months.
Source: Moody's Financial Metrics™

Profile

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

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, A3 negative), NSTAR Electric Company (A2 negative), and Public Service Company of New Hampshire (PSNH, A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA) and NSTAR Gas. Eversource owns Aquarion Company, which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, Baa1 stable), Aquarion Water Company of Massachusetts (AWC-MA) and Aquarion Water Company of New Hampshire (AWC-NH). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses.

Exhibit 3
Eversource Energy's service territories



Source: Company filings

Eversource also consolidates the ownership interest held by its regulated subsidiaries in the decommissioned regional nuclear generation companies: Connecticut Yankee Atomic Power Company (CYAPC; 63% ownership) and Yankee Atomic Electric Company (YAEC; 52.5%) while the group's 24% interest in Maine Yankee Atomic Power Company (MYAPC) is recorded under the equity method. The group's remaining non-regulated businesses consist mainly of small subsidiaries including: The Rocky River Realty Company (a real estate company), the HWP Company (formerly the Holyoke Water Power Company), and NU Enterprises. The latter is the parent company of Northeast Generation Services Company (NGS) to which it renders operation and maintenance services.

Detailed credit considerations

Sale of offshore wind projects has reduced business risk by transitioning the company back to a regulated utility T&D holding company

During the last two years, Eversource entered into multiple transactions in which it sold its interest in a 50/50 joint venture (JV) partnership with Ørsted on the ownership of three wind projects and an unused offshore wind lease area. This was in response to Eversource's May 2022 announcement that it had begun a strategic review of its offshore wind investment portfolio. Eversource's exit of the offshore wind business is credit positive because it has reduced the company's business risk, which had been raised by the higher-risk associated with the construction and execution of the offshore wind projects. The proceeds of the asset sales were also used to reduce debt.

On 30 September 2024, Eversource announced the exit from its offshore wind business with the completion of the sale of its 50% interest in the South Fork Wind Project and Revolution Wind Projection to GIP. Adjusted gross proceeds from the asset sales were $745 million, reduced by approximately $375 million compared to the company's previously estimated purchase price, and were used to pay

down parent company debt. The purchase price is also subject to post-closing adjustments as a result of the final project economics of Revolution Wind that will be made following commercial operation. Among other things, Eversource will have responsibility for GIP's obligations for any additional costs in excess of the $240 million cap amount consistent with the existing joint venture terms. Revolution Wind is currently under construction and is expected to enter commercial operation in 2026.

On 9 July 2024, Eversource announced that it had completed the sale of its 50% ownership share in Sunrise Wind to Orsted A/S. Adjusted proceeds totaled $152 million, which was lower than the original purchase price due to lower capital spending. Eversource received $118 million at the close of the sale and used it to pay down parent company debt. The remaining $34 million will be paid after onshore construction is complete.

The 2024 offshore wind asset sales followed Eversource's September 2023 announcement that it completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S for $625 million all-cash. Eversource used approximately $530 million of the proceeds to make a tax equity investment in the South Fork Wind project. Eversource received half or roughly $265 million of its investment as a distribution from the project in October 2023. As of 30 September 2024, Eversource had $459 million of expected investment tax credits and other expected tax benefits from the South Fork Wind tax equity investment which will be used to lower the company's federal income tax payments between 2024 through 2026.

Recovery in weak credit metrics dependent on improved cash flow and management's actions to continue to reduce debt

Over the last few years, Eversource's financial profile has been weak for its rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs. Furthermore, Eversource's utilities have also been impacted by severe storms and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P.

For the 12-months ended 30 September 2024, Eversource's ratio of CFO pre-W/C to debt was roughly 11%, pro forma for certain regulatory items that are expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating.

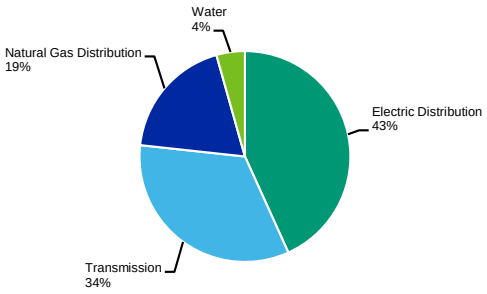
While Eversource fully divested its offshore wind assets in 2024, it still has exposure to contingent liabilities related to the construction of the Revolution Wind project. In addition, the company did not achieve the expected valuation on the assets as management originally expected. Eversource used proceeds from the offshore wind assets sale, as well as issuing roughly $1 billion of new equity in 2024 through its $1.2 billion ATM program to repay debt and for general corporate purposes. However, any further financial metric improvement will depend on new equity issuances, the timing and proceeds from the sale of Aquarion Company, and any other balance sheet strengthening actions management decides to take. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Diverse portfolio of low risk regulated electric, gas and water utilities

Eversource's electric distribution utilities account for about 43% of the group's rate base. CL&P is Eversource's largest electric T&D subsidiary, followed by NSTAR Electric and PSNH. Eversource's natural gas local distribution companies (LDCs) include Yankee Gas Services, EGMA and NSTAR Gas. The LDCs account for about 19% of consolidated rate base. Approximately 4% of the consolidated rate base is attributed to its water utility business within intermediate holding company, Aquarion Company, which is up for sale.

Moreover, Eversource's substantial transmission business, which currently accounts for about 35% of the group's rate base, operates under the purview of the FERC, which we view as a highly credit supportive regulatory framework. Eversource's sizable exposure to FERC regulated, low risk transmission operations considering the group's substantial planned capital investments in transmission is credit positive.

Exhibit 4
Eversource Energy's portfolio based on 2023 year-end rate base



Source: Company filings

Utilities operate in mostly credit supportive state and federal regulatory jurisdictions

We view the Massachusetts and New Hampshire regulatory jurisdictions as credit supportive as the regulators in those states allow for relatively timely recovery of prudent operating costs and investments through the use of various revenue decoupling and other cost recovery mechanisms. For example, in Massachusetts, NSTAR Electric is authorized to use revenue decoupling. The decoupling mechanism reconciles the utility's distribution revenues, on an annual basis, to a baseline distribution service revenue level established by the Massachusetts Department of Public Utilities (MDPU). Decoupling insulates the utility's cash flow from fluctuations in its retail electric sales, thus adding a high level of stability and predictability, a credit positive.

CL&P and Yankee Gas also utilize a revenue decoupling mechanism in Connecticut. However, we view that state's regulatory environment as more challenging, particularly for CL&P as well as its affiliated water utility, WC-CT. Yankee Gas is currently in a rate case proceeding initiated in October 2024 with an expected outcome by October of this year. Refer to the following section for further discussion on recent regulatory developments in Connecticut.

NSTAR Electric utilizes cost recovery mechanisms that true up recovery of transmission, pension and other postretirement benefits costs, and the energy-related portion of bad debt expenses, on an annual basis. NSTAR Electric is also able to recoup the costs associated with the state's three-year energy efficiency program and the utility's purchased power costs are adjusted semiannually through the basic service charge. Furthermore, NSTAR Electric is able to recover restoration costs associated with major storms through a Storm Reserve Recovery Cost Adjustment rate mechanism, but these cost recoveries are subject to MDPU approval, and may be less timely than in other jurisdictions.

On 30 November 2022, the MDPU issued a credit supportive decision on NSTAR Electric's rate case that was filed in January of last year. The final order authorized a $64.3 million electric distribution base rate revenue increase based on a 9.8% authorized return on equity (ROE), an equity ratio of 53.2%, and the continuation of the performance-based regulation (PBR) plan for the next five years. New rates became effective 1 January 2023. Under the PBR plan, NSTAR Electric is permitted to implement annual inflationary rate adjustments subject to a 5% cap, the first of which became effective 1 January 2024. The PBR plan also includes an earnings-sharing mechanism, which does not take effect until the company's earnings exceed a 10.8% ROE, whereby excess earnings are to be allocated 75% to customers and 25% to the company.

The MDPU allowed NSTAR Electric to collect $196 million of storm costs related to past events over a five-year period, but the order also increases the company's annual storm fund contribution included in base rates to $31 million from $10 million for future storm cost recovery, a credit positive given the increase in extreme weather events. On 23 December, the MDPU approved NSTAR Electric's annual PBR adjustment filing, which included a $55.9 million increase to base rates, effective 1 January 2025. Refer to NSTAR Electric's credit opinion for further discussion of the Massachusetts regulatory framework.

PSNH's distribution rates allow the utility to recover costs related to system upgrades and transmission services as well as costs related to energy efficiency programs and certain stranded costs on a timely basis. PSNH is also allowed to implement interim rate increases during rate case proceedings, which reduces regulatory lag.

On 11 June 2024, PSNH filed a new rate application with the New Hampshire Public Utilities Commission (NHPUC) requesting an increase in permanent base distribution rates of $181.9 million premised upon a 10.30% allowed ROE and 53.85% equity ratio. The rate increase request included $247 million in unrecovered storm costs to be recovered over a five-year period. As part of the application, PSNH proposed to implement a PBR plan that would adjust rates annually over a four-year term with a corresponding stay out provision. The plan includes a revenue-cap formula adjusted for inflation, a supplemental capital adjustment formula to support PSNH's planned capital infrastructure improvements, an exogenous events recovery mechanism, performance metrics and an earnings sharing mechanism, among other items. A decision by the NHPUC on permanent rates is expected by 1 August 2025. On 31 July 2024, the NHPUC approved a settlement agreement to implement an interim distribution rate increase of $61.2 million effective 1 August 2024.

CL&P operates within a challenging Connecticut regulatory environment

The Connecticut regulatory regime has become more challenging following regulatory actions over the last few years. The regulatory environment has become less consistent and predictable, which has been evidenced by several PURA decisions including affiliate AWC-CT's rate case order in 2023. For further discussion of PURA's recent regulatory decisions and the impact on the state's regulatory environment see Deterioration in Connecticut regulatory support pressures metrics and credit quality.

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

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

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

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

In March 2024, CL&P filed a request for prudence review of approximately $634 million of catastrophic storm costs for 24 weather events that occurred between 2018 and 2021. In addition, in December 2024, CL&P filed a request for prudence review of an additional approximately $173 million of catastrophic storm costs for nine weather events that occurred between 2022 and early 2023. PURA will determine how much of these costs will be recovered by CL&P. But the timing of when the utility will be able to recover these costs will not be established until it files a formal rate case proceeding following PURA's completion of its prudence review in the summer of 2025. Therefore, recovery of these costs will likely not begin until 2026. The lengthy process to determine the amount of and begin recovery results in substantial regulatory lag, which weakens CL&P's financial profile. Any remaining storm cost balance in excess of the combined $806 million included in the prudence review will be addressed in future rate case proceedings.

Group's capital investment program remains elevated

Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from about $27 billion at the end of 2023 to approximately $39.6 billion in 2028 through investments of approximately $23.1 billion during the 2024-2028 period, which includes approximately $15.1 billion in electric and natural gas distribution assets and about $5.8 billion in electric transmission assets. On average, Eversource and its utilities will recover a significant portion of their capital investments immediately through rate recovery mechanisms in the period of investment, a credit positive.

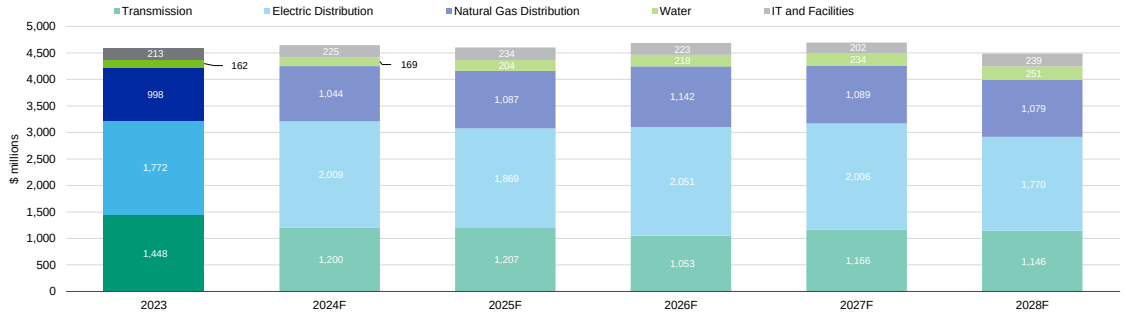
The planned capital investments in Eversource's electric distribution operations include approximately $9.7 billion, largely for system hardening and resiliency upgrades. The remaining $5.4 billion is planned for its natural gas distribution companies, in which LDCs continue pipeline replacements and natural gas expansion. Furthermore, over the same period, the company plans to spend approximately $1.1 billion on information technology and facilities upgrades and about $1 billion on its water utility business. However, if Eversource is able to execute a potential sale of Aquarion, the investment will likely be removed from its plans.

The group also continues to invest heavily in its transmission business, which is under the purview of the highly credit supportive FERC regulatory framework, a credit positive. Eversource's electric utilities plan to invest about $5.8 billion in its transmission assets.

Eversource and its subsidiaries have exhibited a proven track record of successfully completing substantial projects on time and within budget in the past. Continued successful execution of these projects going forward along with financing in a balanced manner of debt and equity will be necessary to improve the group's financial profile.

Exhibit 5

Projected annual capital expenditures*



*Excludes capital expenditures of wind projects

Source: Company filings

Parent level debt is structurally subordinated to utility debt

Eversource's credit profile reflects the structural subordination of parent level debt relative to the indebtedness of its operating utilities. At the same time, Eversource's credit also incorporates the benefits associated with the regulatory and geographic diversification from owning several regulated electric, gas and water utilities within the greater New England region.

The majority of the group's consolidated rate base consists of operating utilities with strong credit quality. The substantial investments to grow its FERC regulated transmission rate base has strengthened the group's credit profile because of the supportive FERC regulatory framework.

As of 30 September 2024, Eversource's parent-level debt was about $8.0 billion and represented approximately 30% of the group's consolidated indebtedness. With offshore wind investments largely funded by holding company debt, Eversource parent debt as a percentage of consolidated debt has increased over the years. We expect the percentage of parent debt to gradually decline through management's debt reduction efforts.

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

At year-end 2023, Eversource's transmission rate base accounted for approximately $9.8 billion (approximately $4.1 billion at CL&P, $3.9 billion at NSTAR Electric and $1.8 billion at PSNH) or roughly 35% of the group's total rate base. We view the FERC regulatory framework as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than most states. Eversource's transmission assets are authorized FERC ROEs ranging from 10.57% to 11.74%, including incentive adders. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

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

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

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

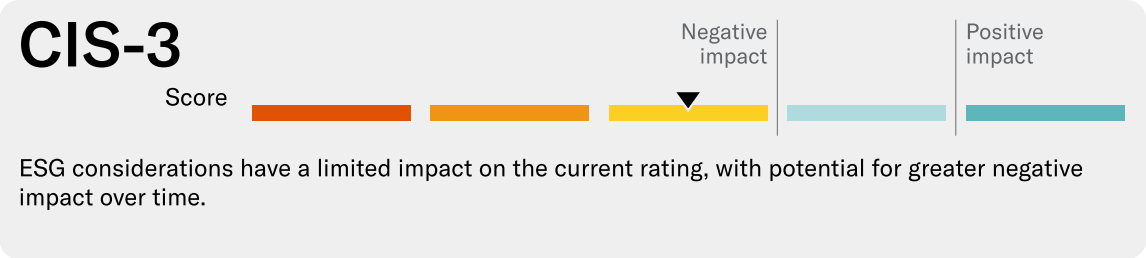
Eversource's operating utilities involved in the complaints have reserved approximately $39.1 million (pre-tax and excluding interest) for the second complaint for expected customer refunds as of 30 September 2024. Of this amount, $21.4 million is for CL&P, $14.6 million for NSTAR Electric, and $3.1 million for PSNH related to the second complaint's refund period of December 2012 through March 2014. Eversource's operating utilities have refunded approximately $38.9 million (pre-tax and excluding interest) associated with the first complaint (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH). No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be reduced from the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

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

ESG considerations

Eversource Energy's ESG credit impact score is CIS-3

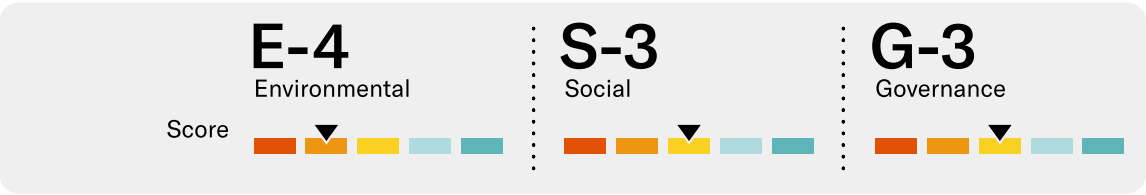
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

Eversource's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term. Increased governance risk associated with a weak financial profile and contingent liability exposure to offshore wind construction could also weaken the company's credit profile.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Eversource's **E-4** issuer profile score is driven by its geographical concentration in the Northeast US, which exposes the company to material and extreme weather events such as storms. This creates risks of physical damage to infrastructure assets and associated costs which is somewhat mitigated by supportive regulatory frameworks, although there can be lag in cost recovery for these events. The company also has relatively low carbon transition risk as a predominantly transmission and distribution electric utility holding company.

Social

Eversource's **S-3** issuer profile score reflects the fundamental risk for regulated utility holding companies where demographic and societal trends could include social pressures or public concern around affordability, reputational or environmental issues. In turn, these pressures could result in adverse political intervention into utility operations or regulatory changes. This risk has most recently manifested itself in the Connecticut regulatory environment over the last few years.

Governance

Eversource's **G-3** issuer profile driven by its contingent liability exposure related to offshore wind project construction while the company's financial profile remains weak.

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

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by upstreamed dividends from its diverse group of regulated utilities as well as external availability on its revolving credit facility. At 30 September 2024, Eversource had a consolidated cash balance of $98 million.

Eversource's main source of cash flow generation is the dividend distributions from its subsidiaries which totaled about $1 billion in 2023, which was slightly more than Eversource's shareholder dividend distributions of $919 million for the year. The dividend distributions by subsidiaries in 2023 included the following: CL&P ($330 million), NSTAR Electric ($327 million), PSNH ($112 million), YGS ($113 million), and NSTAR Gas ($43 million) and other of about $102 million. To supplement internal cash flow generation, Eversource used proceeds from short and long-term borrowings as well as new equity.

We expect that Eversource will continue to fund the group's planned capital investments, including the approximately $4.6 billion forecasted in 2025, with a mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility, long-term debt issuances as well as planned equity issuances.

Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2029. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, PSNH has a borrowing sublimit of $300 million, Yankee Gas has a borrowing sublimit of $300 million, and AWC-CT has a borrowing sublimit of $100 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 70% for Eversource and 65% for Eversource's subsidiaries. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 30 September 2024.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. The company has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 30 September 2024, approximately $1.7 billion was available on the credit facility with approximately $322 billion of commercial paper outstanding. There were intercompany loans from Eversource of $89.3 million to PSNH, and $135 million to CL&P.

NSTAR Electric has a $650 million senior unsecured committed revolving credit facility that expires in October 2029. The facility backstops NSTAR Electric's $650 million commercial paper program. At 30 September 2024, NSTAR Electric had commercial paper of $538 million outstanding and no borrowings on its revolving credit facility. The company has typically used short-term borrowings to fund capital needs until longer term financing is arranged. Borrowings on the facility are not subject to a material adverse change clause, and NSTAR Electric has sufficient cushion on its only financial maintenance covenant of a maximum total consolidated debt to capitalization of 65%. NSTAR Electric does not have access to the separate $2 billion joint revolving credit facility that Eversource and its remaining operating subsidiaries utilize.

The group's next upcoming debt maturities include $75 million of senior secured bonds at NSTAR Gas due in May 2025, $300 million of senior unsecured notes at Eversource due in August 2025, $75 million of senior secured bonds at Yankee Gas due in September 2025, $250 million of debentures at NSTAR Electric due in November 2025 and $400 million of senior secured bonds at CL&P due in December 2025.

Rating methodology and scorecard factors

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing Eversource Energy.

Exhibit 8

Methodology scorecard factors

Eversource Energy

Regulated Electric and Gas Utilities Industry Scorecard	Current LTM Sep-24		Moody's 12-18 month forward view	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.2x	Baa	4x - 4.4x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	10.4%	Ba	11% - 13%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	6.9%	Ba	8% - 10%	Baa
d) Debt / Capitalization (3 Year Avg)	55.8%	Baa	53% - 56%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned		Baa2		Baa2

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

Appendix

Exhibit 9

Peer comparison

Eversource Energy

	Eversource Energy Baa2 Negative			NextEra Energy, Inc. Baa1 Stable			American Electric Power Company, Inc. Baa2 Stable			CMS Energy Corporation Baa2 Stable			Public Service Enterprise Group Incorporated Baa2 Stable		
	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM
(in $ millions)	Dec-22	Dec-23	Sep-24	Dec-22	Dec-23	Sep-24	Dec-22	Dec-23	Sep-24	Dec-22	Dec-23	Sep-24	Dec-22	Dec-23	Sep-24
Revenue	12,289	11,911	11,624	20,956	28,114	26,244	19,640	18,982	19,602	8,596	7,462	7,476	9,800	11,237	10,430
CFO Pre-W/C	2,920	2,409	2,770	10,108	11,439	12,406	5,670	5,739	6,405	1,990	2,091	2,307	2,527	3,176	3,269
Total Debt	23,133	26,958	28,745	64,810	72,206	80,887	41,466	43,500	43,660	14,067	14,890	15,369	21,047	20,911	22,585
CFO Pre-W/C + Interest / Interest	5.2x	3.8x	3.6x	15.0x	4.2x	3.5x	5.0x	4.0x	4.3x	4.9x	4.5x	4.6x	4.9x	5.0x	4.7x
CFO Pre-W/C / Debt	12.6%	8.9%	9.6%	15.6%	15.8%	15.3%	13.7%	13.2%	14.7%	14.1%	14.0%	15.0%	12.0%	15.2%	14.5%
CFO Pre-W/C – Dividends / Debt	8.9%	5.5%	6.2%	10.3%	10.5%	10.0%	9.7%	9.1%	10.3%	10.1%	9.8%	10.6%	6.9%	9.7%	9.2%
Debt / Capitalization	52.9%	58.0%	58.4%	52.2%	50.5%	52.6%	55.3%	55.4%	53.8%	57.5%	56.1%	55.4%	52.0%	48.6%	49.2%

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

Exhibit 10

Moody's–adjusted cash flow metrics

Eversource Energy

(in $ millions)	2019	2020	2021	2022	2023	LTM Sep-24
FFO	**2,304.9**	**2,596.3**	**2,891.3**	**3,124.9**	**2,560.8**	**3,393.5**
+/- Other	(124.9)	(516.4)	(314.2)	(205.3)	(151.5)	(623.8)
CFO Pre-WC	**2,180.0**	**2,079.9**	**2,577.1**	**2,919.6**	**2,409.2**	**2,769.7**
+/- ΔWC	(119.7)	(210.5)	(271.6)	(120.2)	(441.9)	(602.1)
CFO	**2,060.4**	**1,869.4**	**2,305.4**	**2,799.4**	**1,967.4**	**2,167.6**
- Div	667.0	748.4	809.2	863.8	922.8	979.1
- Capex	2,923.8	3,103.0	3,431.6	3,759.3	4,665.7	4,683.7
FCF	**(1,530.5)**	**(1,982.0)**	**(1,935.3)**	**(1,823.7)**	**(3,621.1)**	**(3,495.2)**
(CFO Pre-W/C) / Debt	12.7%	10.5%	12.5%	12.6%	8.9%	9.6%
(CFO Pre-W/C - Dividends) / Debt	8.8%	6.7%	8.6%	8.9%	5.5%	6.2%
FFO / Debt	13.5%	13.1%	14.0%	13.5%	9.5%	11.8%
RCF / Debt	9.6%	9.3%	10.1%	9.8%	6.1%	8.4%
Revenue	8,526.5	8,904.4	9,863.1	12,289.3	11,910.7	11,623.6
Interest Expense	573.5	583.1	616.6	692.1	861.3	1,059.8
Net Income	1,067.4	1,163.8	1,153.4	1,211.9	1,153.8	1,111.7
Total Assets	41,123.9	46,099.6	48,492.1	53,230.9	55,612.2	58,573.3
Total Liabilities	28,466.3	31,958.2	33,814.5	37,680.0	41,360.6	43,451.1
Total Equity	12,657.6	14,141.4	14,677.6	15,550.9	14,251.7	15,122.2

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

Ratings

Exhibit 11

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
AQUARION WATER COMPANY OF CONNECTICUT	
Outlook	Stable
Issuer Rating	Baa1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Negative
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
NSTAR ELECTRIC COMPANY	
Outlook	Negative
Issuer Rating	A2
Senior Unsecured	A2
Pref. Stock	Baa1
Commercial Paper	P-1
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A2
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Ratings

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MOODY'S
RATINGS

Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Eversource Energy and NSTAR Electric Company

14 Jan 2025

New York, January 14, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Eversource Energy, NSTAR Electric Company and other ratings that are associated with these issuers.

The review was conducted through a rating committee held on 10 January 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Eversource Energy (Eversource) ratings, including its Baa2 Issuer rating and negative outlook, remain unchanged. The ratings reflect the company's transition, albeit delayed, to its previous lower-risk business model as solely a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. The negative outlook reflects the increased uncertainty around the company's ability to improve its financial profile, while also managing potential contingent liabilities associated with the Revolution Wind project.

Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, Connecticut Light and Power Company (A3 negative), the company's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC).

Over the last few years, the company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs. Furthermore,

Eversource's utilities have also been impacted by severe storms and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P. For the 12-months ended 30 September 2024, Eversource's ratio of CFO pre-W/C to debt was roughly 11%, pro forma for certain regulatory items that are expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating. Eversource's ratings also reflect structural subordination of the significant level of parent debt compared to the debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30% as of 30 September 2024.

NSTAR Electric Company's (NSTAR Electric) ratings, including its A2 Issuer rating and negative outlook, remain unchanged. The ratings reflect its low-risk business profile as a regulated electric transmission and distribution (T&D) utility and the credit supportive regulatory jurisdictions in which it operates under the purview of both the Massachusetts Department of Public Utilities and FERC. Both regulatory frameworks generally have timely cost and investment recovery mechanisms and above average allowed returns that typically have enabled NSTAR Electric to generate a relatively high degree of cash flow stability and predictability.

The company exhibits a stable financial profile, including a ratio of CFO pre-W/C to debt of 20.9% for the 12-months ended 30 September 2024, which is consistent with its average of 20.8% over the previous five years. We expect NSTAR Electric's financial metrics to remain stable including a ratio of CFO pre-W/C to debt in the 20-22% range over the next two years.

The negative outlook reflects its ownership by a parent company with a weakened credit profile and much lower credit rating, and the potential that Eversource will need to incrementally rely on NSTAR Electric, its financially strongest subsidiary, more to support parent debt and dividend obligations.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Regulated Electric and Gas Utilities published in August 2024. Please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

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MOODY'S

Rating Action: Moody's downgrades Eversource Energy to Baa2 and NSTAR Electric to A2; outlooks stable

27 Oct 2023

Approximately $18.6 billion of rated debt affected

New York, October 27, 2023 -- Moody's Investors Service (Moody's) downgraded Eversource Energy's (Eversource) ratings, including its long-term Issuer rating and senior unsecured rating to Baa2 from Baa1. Moody's also downgraded NSTAR Electric Company's (NSTAR Electric) ratings, including its long-term Issuer rating and senior unsecured rating to A2 from A1. At the same time, Moody's affirmed Eversource and NSTAR Electric's short-term commercial paper ratings at P-2 and P-1, respectively. The rating outlooks changed to stable from negative. A complete list of rating actions is included below.

RATINGS RATIONALE

"Eversource's rating downgrade reflects a financial profile that will remain weak and no longer supportive of the previous Baa1 rating," said Jeff Cassella, VP-Senior Credit Officer. "The downgrade also reflects heightened uncertainty as to whether the company's pending offshore wind project sale will be executed in part or as a whole and whether any additional balance sheet strengthening actions will be needed over the next year to offset the challenges associated with the transaction," added Cassella.

Eversource is in the advanced stages for the sale of the company's existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. The company expects to announce details of this transaction by the end of the year. However, the timely execution of the sale of all three projects may be in doubt after the New York Public Service Commission, on 12 October, unanimously rejected Eversource and partner Orsted A/S (Orsted, Baa1 negative) joint petition seeking an amendment to the Sunrise Wind project's offtake power purchase price.

Eversource has previously indicated that a denial of the price increase could result in an additional $450 million pre-tax impairment to offshore wind project's investment value, which looks increasingly likely. In addition, Eversource could now be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if it no longer remains a part owner. Moreover, Orsted has expressed doubt as to the viability of the project's construction without the price adjustment. At a minimum, the likely impairment will further reduce the valuation Eversource would receive if a sale is able to be executed.

These adverse developments follow Eversource's announcement, on 7 September, that it had successfully completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted for $625 million in an all-cash transaction. Eversource used approximately $530 million of the proceeds to make a tax equity investment in its currently 50%-owned South Fork Wind project, a 132 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by the end of this year. Eversource received half or roughly $265 million of its investment as a distribution from the project at the end of September. Eversource expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

As a result, Eversource's governance score was changed to Moderately Negative (G-3 Issuer Profile Score, or IPS) from Neutral-to-Low (G-2 IPS), driven by the financial risks associated with the offshore wind exit strategy and the

delays around the asset sale while the company's financial profile remains weak.

The pending wind project and unused lease area sale are a result of Eversource's May 2022 announcement that it had begun a strategic review of its entire offshore wind investment portfolio, which included its 50/50 joint venture partnership with Orsted. At that time, Eversource indicated that it intended to use the proceeds from any offshore wind asset sale, as well as new equity issued through its $1.2 billion at-the-market program over the next few years, to repay debt and finance future capital investments at its regulated utilities.

Over the last few years, Eversource's financial profile had been weak for the rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs while meaningful cash flow generation from the projects was several years away. Furthermore, Eversource's utilities had also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at its largest subsidiary, The Connecticut Light and Power Company (CL&P, A3 stable).

For the 12-months ended 30 June 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 12%, well below the newly established 13% financial metric threshold that we have indicated could lead to a downgrade from its current Baa2 rating. Pro forma for the deferred storm costs its utilities are expected to recover in the near term, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, leaving little to no cushion at its new Baa2 rating level.

The downgrade also reflects the company's delayed transition in returning to its previous lower-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. If this transition is ultimately successful once the pending sales are completed, we expec its financial profile to improve through 2024 such that Eversource is able to generate a ratio of CFO pre-W/C to debt o at least 13%.

Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, CL&P, the company's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC). At this time, we expect CL&P to continue to mitigate its distribution rate freeze through operating cost management as well increased cash flow generation from its sizable FERC regulated rate base and investments.

Eversource's Baa2 rating also reflects structural subordination of the significant level of parent debt compared to debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30% as of 30 June 2023.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Eversource's credit rating could be negatively impacted if it does not fully exit the offshore wind business thereby maintaining a higher business risk profile because of continued execution and construction risk associated with these projects. Additionally, the company's rating could be pressured if the sale does not lead to substantial debt reduction, such that credit metrics do not recover during 2024 as we currently expect.

The downgrade of subsidiary of NSTAR Electric's rating to A2 primarily reflects a financial profile, while currently improving, has become more commensurate with A2 rated electric T&D peers. The rating downgrade also considers NSTAR Electric's ownership by a lower rated parent company, and the potential that Eversource will need to incrementally rely on NSTAR Electric, its financially strongest subsidiary, more to support parent debt and dividend obligations, particularly given the distribution rate freeze at CL&P. Eversource's high debt load and the potential contingent liabilities that may arise with an executed sale of the offshore wind projects puts financial pressure on the entire corporate family.

NSTAR Electric's A2 rating and stable outlook reflect its low-risk business profile as a regulated electric T&D utility and the credit supportive regulatory jurisdictions in which it operates under the purview of both the Massachusetts Department of Public Utilities (MDPU) and the FERC. Both regulatory frameworks have provided generally timely cost and investment recovery mechanisms and above average allowed returns that typically have historically allowed NSTAR Electric to exhibit a relatively high degree of cash flow stability and predictability.

The rating also reflects an improving financial profile, including a ratio of CFO pre-W/C to debt of 21.3% for the 12-months ended 30 June 2023, an increase from 20.5% in 2020. Over the last few years, the company's financial performance has been adversely affected by the delayed recovery of deferred costs related to storms and increased debt issuance due to elevated capital investments.

We expect NSTAR Electric's financial metrics to continue to improve due to increased cash flow generation owing to a credit supportive rate order received last November such that it's ratio of CFO pre-W/C to debt is expected to remain roughly 21% in 2023 and be in the range of 22-23% over the next two years, which is above the threshold that we have indicated could result in an upgrade to A1. However, it may be challenging for NSTAR Electric to consistently maintain this ratio above 22% going forward, particularly if its service territory is impacted by an extreme weather event because of potential delays in recovery of any material costs that may be incurred. NSTAR Electric's rating is also constrained by a parent company with a weakened credit profile.

RATING OUTLOOK

Eversource's stable outlook reflects our expectation that the company will successfully execute the sale of the offshore wind projects in 2024, that any potential contingent liabilities associated with the sale will be manageable and that it will ultimately transition back to a predominantly low-risk regulated utility holding company. Furthermore, the outlook incorporates our expectation that Eversource will use proceeds from the offshore wind project sale, as well as new equity issuances, as appropriate, to reduce leverage and improve its financial profile, such that its ratio of CFO pre-W/C to debt will be consistently maintained above 13%.

NSTAR Electric's stable outlook reflects our expectation that the company will maintain a consistent financial profile including a ratio of CFO pre-W/C to debt sustained in the 21-22% range. The stable outlook also reflects our view that the FERC and Massachusetts regulatory frameworks will remain credit supportive including the use of timely cost and investment recovery mechanisms. The stable outlook also incorporates our view that NSTAR Electric will continue to maintain a strong liquidity profile.

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

Factors that could lead to an upgrade

Eversource could be upgraded if it completely exits the offshore wind business; its regulatory environments, including Connecticut, are credit supportive, and the company's financial profile strengthens, such that its ratio of CFO pre-W/C to debt increases to above 15% on a sustainable basis.

An upgrade of NSTAR Electric is unlikely over the near term given the recent downgrade of both it and its parent company's ratings. Longer term, an upgrade of NSTAR Electric would likely require that Eversource be upgraded, the regulatory environments in which the company operates remain credit supportive, and its key financial metrics improve such that its CFO pre-W/C to debt ratio is sustained above 22%.

Factors that could lead to a downgrade

Eversource could be downgraded if the company does not lower its business risk profile by divesting all of its offshore wind business or consolidated financial metrics do not improve from currently weak levels , including a ratio of CFO pre-W/C to debt that remains below 13%. Eversource's rating could also be downgraded if either of its largest subsidiaries, notably CL&P or NSTAR Electric, are downgraded.

NSTAR Electric could be downgraded if Eversource is downgraded, due to its ownership by a weaker parent. A downgrade could also be considered if there is a deterioration in the credit supportiveness of the Massachusetts or FERC regulatory environments including material delays in the recovery of costs and investments, challenging the utility's ability to sustain financial metrics appropriate for the current rating including a ratio of CFO pre-W/C to debt above 19%.

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

Headquartered in Boston, MA, NSTAR Electric is Eversource's second largest subsidiary, after The Connecticut Light & Power Company (A3 stable). NSTAR Electric is a regulated electric transmission and distribution utility company serving approximately 1.47 million customers in western MA and eastern MA including the City of Boston. NSTAR Electric's distribution and solar generation (70 MW) operations are regulated by the Massachusetts Department of Public Utilities (MDPU), while the transmission business is under the purview of FERC.

LIST OF AFFECTED RATINGS

..Issuer: Eversource Energy

Downgrades:

.... Issuer Rating, Downgraded to Baa2 from Baa1

....Senior Unsecured Regular Bond/Debenture, Downgraded to Baa2 from Baa1

....Senior Unsecured Shelf, Downgraded to (P)Baa2 from (P)Baa1

....Pref Shelf, Downgraded to (P)Ba1 from (P)Baa3

Affirmations:

....Senior Unsecured Commercial Paper, Affirmed P-2

Outlook Actions:

....Outlook, Changed To Stable From Negative

..Issuer: NSTAR Electric Company

Downgrades:

.... Issuer Rating, Downgraded to A2 from A1

....Pref. Stock, Downgraded to Baa1 from A3

....Senior Unsecured Regular Bond/Debenture, Downgraded to A2 from A1

....Senior Unsecured Shelf, Downgraded to (P)A2 from (P)A1

Affirmations:

....Commercial Paper, Affirmed P-1

Outlook Actions:

....Outlook, Changed To Stable From Negative

..Issuer: Western Massachusetts Electric Company

Downgrades:

....Senior Unsecured Regular Bond/Debenture, Downgraded to A2 from A1 (Assumed by NSTAR Electric Company)

..Issuer: Connecticut Development Authority

Downgrades:

....Backed Senior Unsecured Revenue Bonds, Downgraded to A2 from A1

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

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Eversource Energy

Offshore wind sale and potential Aquarion sale, along with new equity issuances, are credit positive

On 13 February, Eversource Energy (Baa2 negative) announced that it has agreed to sell its 50% ownership interest in offshore wind projects South Fork Wind and Revolution Wind to Global Infrastructure Partners (GIP) for cash proceeds of around $1.1 billion on the transaction's closing, expected in mid-2024. Eversource said it also plans to sell its water distribution business, Aquarion Company (Baa2 stable), which had a rate base of $1.3 billion as of 31 December.

Eversource intends to use proceeds from these sales and new equity issuances of up to $1.3 billion over the next several years to reduce parent debt and improve its consolidated financial profile, a credit positive. However, any improvement in the company's financial metrics will ultimately depend on the amounts, successful execution and timing of these transactions.

Eversource will retain certain contingent obligations associated with the offshore wind project sales, including for half of GIP's funding obligations up to around $240 million of incremental capital spending overruns related to the construction of Revolution Wind. Eversource will be responsible for any additional cost overruns above $240 million, consistent with the existing joint venture terms. Moreover, around the time of Revolution Wind's commercial operation (expected in late 2025) and that of South Fork Wind (expected by March), Eversource's financial exposure may be adjusted by the projects' economics to account for items such as federal tax credits and construction and operational delays, among others.

The agreement with GIP involves Eversource's 50% ownership interest in the 132 megawatt (MW) South Fork Wind project and the 704-MW Revolution Wind project. The proposed sale does not affect the 50% ownership interests of the projects' joint owner, Ørsted A/S (Baa1 negative). The agreement follows Eversource's 24 January announcement that it had agreed to sell its 50% interest in the 924 MW Sunrise Wind project to Orsted, contingent on the ongoing New York 4 solicitation for offshore wind capacity and a signed contract with the New York State Energy Research and Development Authority and other conditions. Eversource will retain its 50% ownership interest in Sunrise Wind if the project is not successful on its rebid.

On 9 January, we affirmed Eversource's Baa2 long-term issuer rating and senior unsecured ratings, and changed the outlook to negative from stable following the company's latest offshore wind asset impairment. The outlook change was prompted by continued uncertainty over the timing of the company's pending offshore wind project sales, whether they would

be executed in part or as a whole, the ultimate valuation and the extent of additional balance sheet strengthening actions.

For the 12 months that ended 30 September 2023, Eversource's ratio of cash flow from operations pre-changes in working capital (CFO pre-W/C) to debt was roughly 10% pro forma for certain regulatory items expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating. If the company can reduce parent debt using proceeds at or close to the levels indicated with the announcements of these transactions and new equity issuances, along with the improvement in cash flow generation, we expect it to be able to improve its financial metrics, including a ratio of CFO pre-W/C to debt of at least 13%.

On successful completion of the offshore wind project sales, Eversource will have completed its lengthy transition to its previous lower-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region.

Eversource acquired Aquarion in December 2017 for a purchase price of $1.675 billion, including the assumption of $795 million in debt. Headquartered in Bridgeport, CT, Aquarion is an intermediate holding company that owns five regulated water utilities, including Aquarion Water Company of Connecticut (A3 negative), which serves approximately 208,000 customers in 59 cities and towns mainly in areas of western Connecticut including the cities of Bridgeport and Stamford, and accounts for over 90% of Aquarion's financial results.

Headquartered in Hartford, Connecticut and Boston, Eversource is a public utility holding company of regulated electric and gas transmission and distribution, and water utilities in the New England region that serves approximately 4.4 million customers. Eversource has a total rate base of about $27 billion.

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INFRASTRUCTURE AND PROJECT FINANCE

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CREDIT OPINION
19 January 2024

Update

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RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Negative

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

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Eversource Energy

Update following outlook change to negative

Summary

Eversource Energy's (Eversource, Baa2 negative) credit profile reflects the company's delayed transition to its previous lower-risk business model as solely a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. With the ongoing delays, impairments and uncertainty related to the sale if its offshore wind assets, it will be increasingly difficult for Eversource to improve its financial profile such that it is able to generate a ratio of CFO pre-W/C to debt of at least 13% in 2024.

Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, Connecticut Light and Power Company (CL&P, A3 stable), the company's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC). At this time, we expect CL&P to continue to mitigate a distribution rate freeze through operating cost management as well increased cash flow generation from its sizable FERC regulated rate base and investments.

Eversource's credit quality also reflects structural subordination of the significant level of parent debt compared to the debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30% as of 30 September 2023.

The latest impairment charge related to its offshore wind assets comes at a time when Eversource's financial profile has already been weak for the Baa2 rating. The company's financial metrics have been adversely affected by increased debt to finance offshore wind project development costs. Furthermore, Eversource's utilities have also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P.

For the 12-months ended 30 September 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 10%, pro forma for certain regulatory items that are expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales, new equity issuances, and any other balance sheet strengthening actions management decides to take. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of

deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Eversource's credit rating could be negatively impacted if it does not fully exit the offshore wind business thereby maintaining a higher business risk profile because of continued execution and construction risk associated with these projects. Additionally, the company's rating could be pressured if the sale does not lead to substantial debt reduction, such that credit metrics do not recover during 2024 as we currently expect.

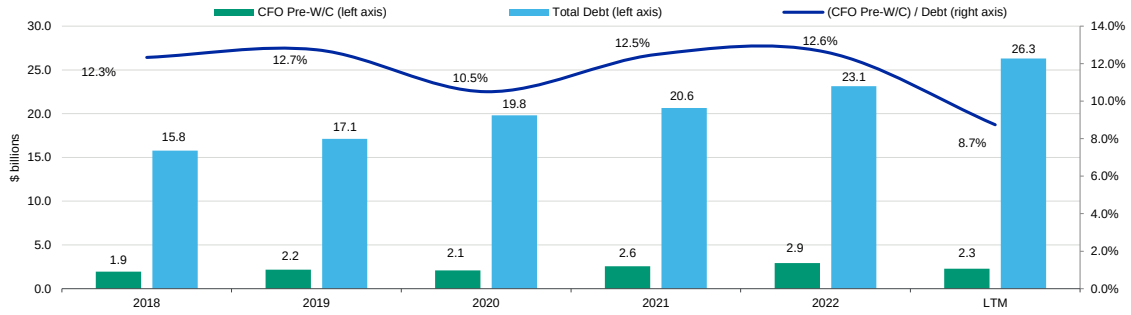
Recent developments

On 8 January, Eversource announced an after-tax impairment charge in the range of $1.4 - $1.6 billion related to its offshore wind assets, to be recorded in the fourth quarter of 2023. This is the second impairment charge after the company took an initial pre-tax charge of $401 million in the second quarter of 2023. For the last 18 months, Eversource has been in the process of selling its existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. The company expects to announce details of this transaction in the first quarter of this year.

On 7 September, Eversource announced that it had completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S (Baa1 negative) for $625 million all-cash. Eversource used approximately $530 million of the proceeds to make a tax equity investment in it's currently 50%-owned South Fork Wind project, a 130 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by early 2024. Eversource received half or roughly $265 million of its investment as a distribution from the project in October. The company expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

Exhibit 1

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



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
LTM = Last 12 months as of 30 September 2023.
Source: Moody's Financial Metrics™

Credit strengths

» Transitioning back to a low-risk regulated utility holding company

» Proceeds from offshore wind asset sales and planned new equity issuance will be used to reduce debt

» Utilities mostly operate in credit supportive regulatory jurisdictions

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

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

Credit challenges

» Valuation and execution of offshore wind projects sale continues to be challenging and could result in contingent liabilities

» Weak financial metrics for current Baa2 rating primarily due to increased leverage from funding offshore wind development

» More challenging Connecticut regulatory environment for its largest subsidiary, CL&P

» Substantial parent level debt which, if materially higher, could increase structural subordination notching within the corporate family

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

Rating outlook

Eversource's negative outlook reflects the uncertain timing and ultimate structure of the sale of its 50% ownership interest in three offshore wind projects; the final valuation and the use of proceeds from the asset sales, as well as any planned new equity issuance over the next year, to pay down debt; the company's consistently weak financial metrics and increased uncertainty around the company's ability to improve its financial profile and consistently sustain a ratio of CFO pre-W/C to debt above 13%, while also managing potential contingent liabilities associated with the offshore wind projects being sold.

Factors that could lead to an upgrade

Given the negative outlook, it is unlikely that Eversource will be upgraded in the near term. However, Eversource's outlook could be changed to stable if it completely exits the offshore wind business without additional delays or impairments; its regulatory environments, including Connecticut, are credit supportive; and the company's financial profile strengthens, such that its ratio of CFO pre-W/C will be sustained at or above 13%, while also managing any potential contingent liabilities associated with the offshore wind project sales.

Factors that could lead to a downgrade

Eversource could be downgraded if the company does not lower its business risk profile by divesting all of its offshore wind business without additional delays or impairments or consolidated financial metrics do not improve from currently weak levels, including a ratio of CFO pre-W/C to debt that remains below 13%. Eversource's rating could also be downgraded if either of its largest subsidiaries, notably CL&P or NSTAR Electric, are downgraded. A downgrade of Eversource's senior unsecured rating to Baa3 would also cause its short-term commercial paper rating to be downgraded to P-3 from P-2.

Key indicators

Exhibit 2
Eversource Energy

	2018	2019	2020	2021	2022	LTM
CFO Pre-W/C + Interest / Interest	4.5x	4.8x	4.6x	5.2x	5.2x	3.8x
CFO Pre-W/C / Debt	12.3%	12.7%	10.5%	12.5%	12.6%	8.7%
CFO Pre-W/C – Dividends / Debt	8.3%	8.8%	6.7%	8.6%	8.9%	5.3%
Debt / Capitalization	51.3%	51.0%	52.1%	51.7%	52.9%	55.6%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
LTM = Last 12 months as of 30 September 2023.
Source: Moody's Financial Metrics™

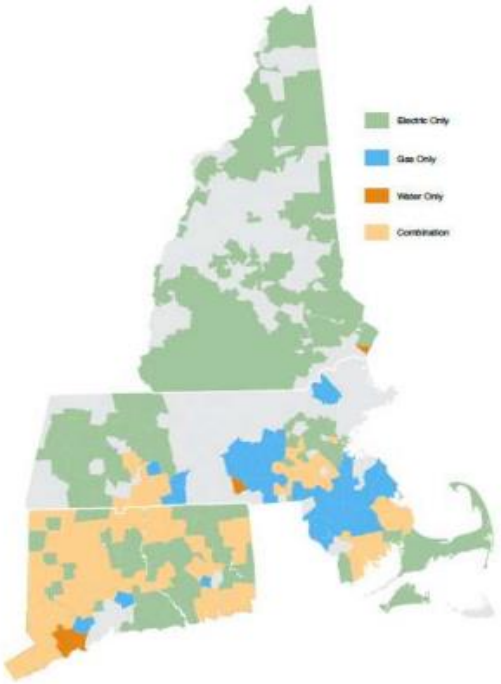
Profile

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

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, A3 stable), NSTAR Electric Company (A2 negative), and Public Service Company of New Hampshire (PSNH,

A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA, unrated) and NSTAR Gas (unrated). Eversource owns Aquarion Company (Aquarion, Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, A3 negative), Aquarion Water Company of Massachusetts (AWC-MA, unrated) and Aquarion Water Company of New Hampshire (AWC-NH, unrated). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses.

Exhibit 3
Eversource Energy's service territories



Source: Company filings

Eversource also consolidates the ownership interest held by its regulated subsidiaries in the decommissioned regional nuclear generation companies: Connecticut Yankee Atomic Power Company (CYAPC; 63% ownership) and Yankee Atomic Electric Company (YAEC; 52.5%) while the group's 24% interest in Maine Yankee Atomic Power Company (MYAPC) is recorded under the equity method. The group's remaining non-regulated businesses consist mainly of small subsidiaries including: The Rocky River Realty Company (a real estate company), the HWP Company (formerly the Holyoke Water Power Company), and NU Enterprises. The latter is the parent company of Northeast Generation Services Company (NGS) to which it renders operation and maintenance services.

Detailed credit considerations

Sale of offshore wind projects will reduce business risk but valuation and execution continue to be challenging

On 8 January, Eversource announced an after-tax impairment charge in the range of $1.4 - $1.6 billion, to be recorded in the fourth quarter of 2023. This is the second impairment charge after Eversource took an initial pre-tax charge of $401 million in the second quarter of 2023. For the last 18 months, Eversource has been in the process of selling its existing 50% interest in its three jointly owned

contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. The company expects to announce details of this transaction in the first quarter of this year.

Eversource indicated that higher project costs and supply chain disruptions have caused the majority of the impairment. The New York State Public Service Commission's denial, last October, of a price increase for the Sunrise Wind project resulted in an additional $450 million after-tax impairment to the offshore wind project's investment value. Moreover, Eversource could also be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if the company is no longer a part owner.

The latest adverse developments followed Eversource's announcement on 7 September 2023 that it completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S for $625 million all-cash.

Eversource used approximately $530 million of the proceeds to make a tax equity investment in Eversource's currently 50%-owned South Fork Wind project, a 130 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by early 2024. Eversource received half or roughly $265 million of its investment as a distribution from the project in October. The company expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

In May 2022, Eversource announced that it had begun a strategic review of its offshore wind investment portfolio, which includes a 50/50 joint venture (JV) partnership with Ørsted on the ownership of three wind projects and an unused offshore wind lease area. Eversource indicated that the strategic review could result in a sale of all or part of this portfolio, a credit positive because it would reduce the company's business risk, which had been raised by the higher-risk offshore wind projects, as well as reduce debt. Eversource intended to use proceeds from any offshore wind asset sale, as well as a planned $1.2 billion at-the-market (ATM) equity program to repay debt and finance future capital investments at its regulated utilities.

Exhibit 4
Off-shore wind projects that are being sold



Source: Company filings

Eversource has a 50% ownership interest in North East Offshore, which holds the Revolution Wind and Sunrise Wind projects. Eversource also has a 50% ownership interest in the South Fork Wind project, as well as a tax equity investment in the same project.

South Fork Wind is a 130 MW project providing power to New York (Long Island Power Authority or LIPA) and construction has been proceeding since receiving final approval of its construction and operations plan (COP) in January 2022. The company expects South Fork Wind's commercial operation to occur in early 2024.

The two other ongoing offshore wind projects include Revolution Wind, a 704 MW project providing power to Connecticut and Rhode Island, and Sunrise Wind, a 924 MW project providing power to New York (NYSERDA). The COP applications were filed with BOEM in 2020. On 31 October 2023, following BOEM's record of decision, the joint venture made its final investment decision on Revolution Wind to advance to full onshore and offshore construction and installation. On 20 November 2023, Revolution Wind received final approval of its COP from the BOEM. Limited onshore construction activities had begun in Q4 2023 however, the major construction is expected to be in 2024 with commercial operation in late 2025.

For Sunrise Wind, the final EIS was issued on 11 December 2023 announcing BOEM's completion of its environmental review and the COP is expected in the first quarter of 2024. On 12 October 2023, the New York State Public Service Commission denied Sunrise Wind's petition to amend its OREC contract to increase the contract price to cover increased costs and inflation. On 30 November 2023, NY initiated another request for proposal (RFP) to receive new bids regarding the state's offshore wind solicitation. The joint venture is considering whether to participate in the new RFP. If the bid is successful, Sunrise Wind would have 90 days to negotiate a new OREC agreement at the revised price. If Sunrise Wind's rebid is not successful then its existing OREC agreement would be terminated. As of now, the company expects commercial operation by late 2025, however, this date is subject to change depending on the RFP process. Once the joint venture has made its final investment decision, then major construction is expected to begin.

However, the joint venture has made its final investment decision, then major construction is expected to begin. Both projects have started limited onshore construction activities. Eversource expects Revolution Wind and Sunrise Wind to be in service in late 2025.

Exhibit 5

Eversource's offshore wind projects under strategic review

	South Fork Wind	Revolution Wind	Sunrise Wind
Size	130 MW	704 MW	924 MW
Construction Operation Plan Filing with BOEM	Final siting approvals received in January 2022, received BOEM's final approval of its COP on Jan. 18, 2022	Filed Mar. 2020; review schedule was received on April 30, 2021 as part of Notice of Intent; Rhode Island Energy Facilities Siting Board issued a Final Decision and Order approving the project and granting a license to construct and operate on July 8, 2022	Filed September 2020; Review schedule received August 31, 2021 as part of Notice of Intent; Final approvals expected in first quarter of 2024
State Permit	NY State Article VII Permit Approved Mar. 18, 2021	Filed December 2020, evidentiary hearings began on October 12, 2021, issued a final decision and order approving the revolution wind project and granting a license to construct and operate on July 8, 2022.Town of North Kingstown and the Quonset Development Corporation approved real estate PILOT terms and the personal property PILOT agreement necessary to construct the project.	Filed December 2020, settlement discussions began in September 2021, filed a Joint Proposal to the NYPSC in September 2022, NYSPC approved an order adopting a Joint Proposal and granted a Certificate of Environmental Compatibility & Public Need, filed Phase 1 EM&CP in November 2022, filed Phase 2 EM&CP in March 2023, NYSPC approved notice for authorization to proceed with construction for Phase 1.
Most Recent Commercial Ops Date	Early 2024 (Turbine installation in progress)	Late 2025	Late 2025
Price as of first day of commercial operation	~ $0.160/KWH for 90 MW ~ $0.086/KWH for 40 MW (avg. annual escalator: 2%)	$0.098425/KWH for RI for 400 MW (no escalator) $0.09843/KWH for CT for 200 MW (no escalator) $0.0995/KWH for CT for 104 MW (no escalator)	$0.11037/KWH (no escalator)
Term	20 years	20 years	25 years
Status of Contracts	130 MW for NY approved	400 MW for RI approved 304 MW for CT approved	Contract signed with NYSERDA in Oct. 2019; Contract is eligible for rebid in Q4 2023 NY RFP
Interconnection	East Hampton, NY (LI)	Davisville, RI	Brookhaven, NY (LI)

Source: Company filings

Offshore wind development is still a nascent industry in the United States. The joint venture's pursuit of offshore wind development had increased Eversource's construction and execution risk, which raised Eversource's overall business risk profile compared to its core focus as a regulated T&D utility holding company. At the same time, high interest rates and supply challenges have increased costs of offshore wind projects, in general, which has pressured returns and, ultimately, the viability of the projects. The construction risks were somewhat mitigated by Ørsted's involvement as the company is considered an industry leader in building and managing offshore wind globally, with a portfolio of offshore wind capacity totaling approximately 8.9 GW. As of 30 September 2023, Eversource's total equity investment balance in its offshore wind business was $2.6 billion.

Recovery in weak credit metrics dependent on debt reduction using proceeds from offshore wind asset sale and planned new equity issuance

Over the last few years, Eversource's financial profile has been weak for its rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs while meaningful cash flow generation from the projects was several years away. Furthermore, Eversource's utilities had also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at its largest subsidiary, CL&P.

For the 12-months ended 30 September 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 10%, pro forma for certain regulatory items that are expected to be recovered in the near term, well below the 13% financial metric threshold that we have indicated could lead to a downgrade from its Baa2 rating.

The protracted offshore wind asset sale continues to delay the company's transition in returning to its previous lower-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. With the ongoing delays, impairments and related uncertainty, it will become increasingly challenging for Eversource to improve its financial profile such that it is able to generate a ratio of CFO pre-W/C to debt of at least 13% in 2024.

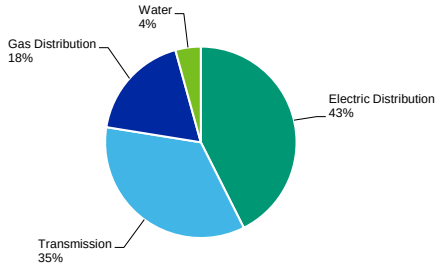
Eversource intends to use proceeds from the offshore wind assets sale, as well as a planned $1.2 billion equity at-the-market program, to repay debt and finance future capital investments at its regulated utilities. Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales, new equity issuances, and any other balance sheet strengthening actions management decides to take. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Diverse portfolio of low risk regulated electric, gas and water utilities

Eversource's electric distribution utilities account for about 43% of the group's rate base. CL&P is Eversource's largest electric T&D subsidiary, followed by NSTAR Electric and PSNH. Eversource's natural gas local distribution companies (LDCs) include Yankee Gas Services, EGMA and NSTAR Gas. The LDCs account for about 18% of consolidated rate base. Approximately 4% of the consolidated rate base is attributed to its water utility business within intermediate holding company, Aquarion Company.

Moreover, Eversource's substantial transmission business, which currently accounts for about 35% of the group's rate base, operates under the purview of the FERC, which we view as a highly credit supportive regulatory framework. Eversource's sizable exposure to FERC regulated, low risk transmission operations considering the group's substantial planned capital investments in transmission is credit positive.

Exhibit 6
Eversource Energy's portfolio based on 2022 year-end rate base



Source: Company filings

Utilities operate in mostly credit supportive state and federal regulatory jurisdictions

We view the Massachusetts and New Hampshire regulatory jurisdictions as credit supportive as the regulators in those states allow for relatively timely recovery of prudent operating costs and investments through the use of various revenue decoupling and other cost recovery mechanisms. For example, in Massachusetts, NSTAR Electric is authorized to use revenue decoupling. The decoupling mechanism reconciles the utility's distribution revenues, on an annual basis, to a baseline distribution service revenue level established by the Massachusetts Department of Public Utilities (MDPU). Decoupling insulates the utility's cash flow from fluctuations in its retail electric sales, thus adding a high level of stability and predictability, a credit positive.

CL&P and Yankee Gas also utilize a revenue decoupling mechanism in Connecticut. However, we view that state's regulatory environment as more challenging, particularly for CL&P as well as its affiliated water utility, WC-CT. Refer to the following section for further discussion on recent regulatory developments in Connecticut.

NSTAR Electric utilizes cost recovery mechanisms that true up recovery of transmission, pension and other postretirement benefits costs, and the energy-related portion of bad debt expenses, on an annual basis. NSTAR Electric is also able to recoup the costs associated with the state's three-year energy efficiency program and the utility's purchased power costs are adjusted semiannually through the basic service charge. Furthermore, NSTAR Electric is able to recover restoration costs associated with major storms through a Storm Reserve Recovery Cost Adjustment rate mechanism, but these cost recoveries are subject to MDPU approval, and may be less timely than in other jurisdictions.

On 30 November 2022, the MDPU issued a credit supportive decision on NSTAR Electric's rate case that was filed in January of last year. The final order authorized a $64.3 million electric distribution base rate revenue increase based on a 9.8% authorized return on equity (ROE), an equity ratio of 53.2%, and the continuation of the performance-based regulation (PBR) plan for the next five years. New rates became effective 1 January 2023. Under the PBR plan, NSTAR Electric is permitted to implement annual inflationary rate adjustments subject to a 5% cap, the first of which would become effective 1 January 2024. The PBR plan also includes an earnings-sharing mechanism, which does not take effect until the company's earnings exceed a 10.8% ROE, whereby excess earnings are to be allocated 75% to customers and 25% to the company. The MDPU allowed NSTAR Electric to collect $196 million of storm costs related to past events over a five-year period, but the order also increases the company's annual storm fund contribution included in base rates to $31 million from $10 million for future storm cost recovery, a credit positive given the increase in extreme weather events.

On 14 January 2022, NSTAR Electric filed an electric distribution rate increase application with the MDPU for approval of an $89.5 million increase in electric distribution base rates with new rates effective 1 January 2023. The rate filing used a test year that ended 31 December 2020, adjusted for known and measurable changes. NSTAR Electric revised its request multiple times with the last revision being $93.4 million requested in September 2022. The company also requested a renewal of the PBR plan for up to a 10-year term.

In addition, on 7 October 2022, the MDPU issued a separate order approving NSTAR Electric's continuing investments in grid modernization by establishing a $162.6 million budget over the four-year plan from 2022 through 2025. This was in response to NSTAR Electric's request for approval of $198.8 million of grid modernization investments over the four year period. On 30 November 2022, the MDPU approved NSTAR Electric's proposed Advanced Metering Infrastructure (AMI) investment and implementation plan including operating costs for the years 2022 - 2028. The MDPU established preauthorized total budget caps of $534.8 million for core AMI investments and corresponding operating costs and $133.1 million for supporting AMI investments and corresponding operating costs over the seven-year plan period. The recovery of these costs are addressed through a cost recovery mechanism within the company's PBR plan.

PSNH's distribution rates allow the utility to recover costs related to system upgrades and transmission services as well as costs related to energy efficiency programs and certain stranded costs on a timely basis. PSNH is also allowed to implement interim rate increases during rate case proceedings, which reduces regulatory lag.

On 15 December 2020, the New Hampshire Public Utilities Commission (NHPUC) approved a settlement agreement between PSNH and all parties in the utility's last rate case proceeding. The NHPUC approved a permanent rate increase of $45 million effective 1 January 2021, which included an interim rate increase previously implemented. PSNH was also allowed three step increases over 2021 and 2022 to reflect plant additions in 2019, 2020 and 2021. On 20 October 2022, the NHPUC approved the third step adjustment for 2021 plant in service and a revenue requirement increase of $8.9 million, with rates effective 1 November 2022. The December settlement agreement established an authorized regulatory ROE of 9.3% with a 54.4% equity ratio in PSNH's capital structure. The agreement also provided for a new tracker to recover regulatory assessments, vegetation management costs, property tax costs, and lost distribution revenue attributable to net metering. In addition, base distribution rates were adjusted to reflect the refund of excess deferred income tax from the changes to tax legislation in December 2017. This was PSNH's first rate case filing since 2010.

CL&P operates within a more challenging Connecticut regulatory environment

The Connecticut regulatory regime has become more challenging following regulatory actions over the last few years. The regulatory environment has become less consistent and predictable, which was evident most recently in the PURA's order on AWC-CT's rate case. On 15 March 2023, the PURA approved a final order rejecting AWC-CT's August 2022 rate application for a multiyear distribution rate increase. The decision resulted in a decrease of almost $2 million in AWC-CT's annual revenue requirement compared with the

utility's request to increase revenue by $49.9 million over the 2023-2025 period. See "Connecticut regulator rejects Aquarion Water's requested rate increase, a credit negative. "

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

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

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

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

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

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

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

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

On 22 December 2023, CL&P filed for prudency review of $634 million of deferred storm costs with PURA. The company indicated that the $634 million covers the incremental costs related to 24 catastrophic storm events and 8 pre-staging events that occurred from 2018 through 2021. CL&P does not expect to final approval on storm cost recovery until finalizing its next distribution rate case, which the company does not expect to file until late 2025. CL&P is seeking to begin recovering the storm costs through an interim rate increase of $50 million per year, beginning 1 January 2025, until new base rates are set. The prudency review is pending.

Group's capital investment program remains elevated

Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from about $24 billion at the end of 2021 to approximately $37.7 billion in 2027 through investments of approximately $21.5 billion during the 2023-2027 period, which includes approximately $14.1 billion in electric and natural gas distribution assets and about $5.3 billion in electric transmission assets. On average, Eversource and its utilities will recover a signifiant portion of their capital investments immediately through rate recovery mechanisms in the period of investment, a credit positive.

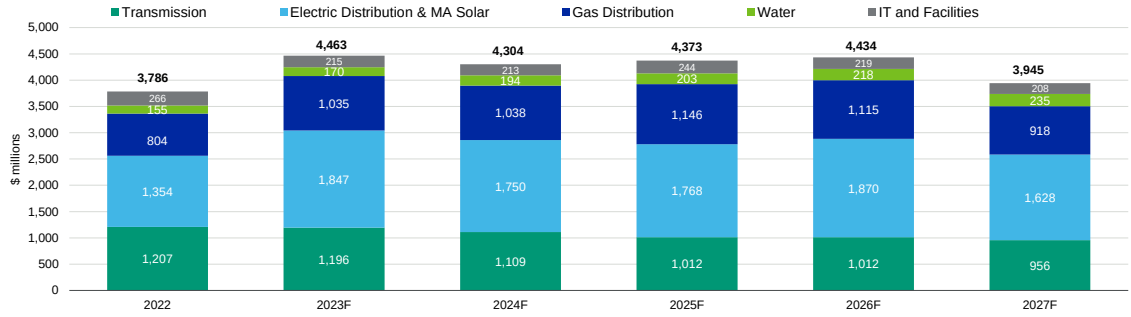
The planned capital investments in Eversource's electric distribution operations include approximately $8.9 billion, largely for system hardening and resiliency upgrades. The remaining $5.3 billion is planned for its natural gas distribution companies, in which LDCs continue pipeline replacements and natural gas expansion. Furthermore, over the same period, the company plans to spend about $1 billion on its water utility business and approximately $1.1 billion on information technology and facilities upgrades.

The group also continues to invest heavily in its transmission business, which is under the purview of the highly credit supportive FERC regulatory framework, a credit positive. Eversource's electric utilities plan to invest about $5.3 billion in its transmission assets.

Eversource and its subsidiaries have exhibited a proven track record of successfully completing substantial projects on time and within budget in the past. Continued successful execution of these projects going forward along with financing in a balanced manner of debt and equity will be necessary to improve the group's financial profile.

Exhibit 7

Projected annual capital expenditures*



Periods are fiscal year-end unless indicated.
*Excludes capital expenditures of wind projects
Source: Company filings

Parent level debt is structurally subordinated to utility debt

Eversource's credit profile reflects the structural subordination of parent level debt relative to the indebtedness of its operating utilities. At the same time, Eversource's credit also incorporates the benefits associated with the regulatory and geographic diversification from owning several regulated electric, gas and water utilities within the greater New England region.

The majority of the group's consolidated rate base consists of operating utilities with strong credit quality. The substantial investments to grow its FERC regulated transmission rate base has strengthened the group's credit profile because of the supportive FERC regulatory framework.

As of 30 September, Eversource's parent level debt of about $7.4 billion and Aquarion's intermediate holding company debt of $360 million represented approximately 30% of the group's consolidated indebtedness. With offshore wind investments largely funded by holding company debt, Eversource parent debt as a percentage of consolidated debt has increased over the years. We expect the percentage of parent debt to gradually decline through debt reduction using proceeds from Eversource's pending sale of its offshore wind assets and planned new equity issuance.

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

At year-end 2022, Eversource's transmission rate base accounted for approximately $9.2 billion (approximately $4.0 billion at CL&P, $3.7 billion at NSTAR Electric and $1.5 billion at PSNH) or roughly 35% of the group's total rate base. We view the FERC regulatory framework as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than most states. Eversource's transmission assets are authorized FERC ROEs ranging from 10.57% to 11.74%, including incentive adders. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

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

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

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

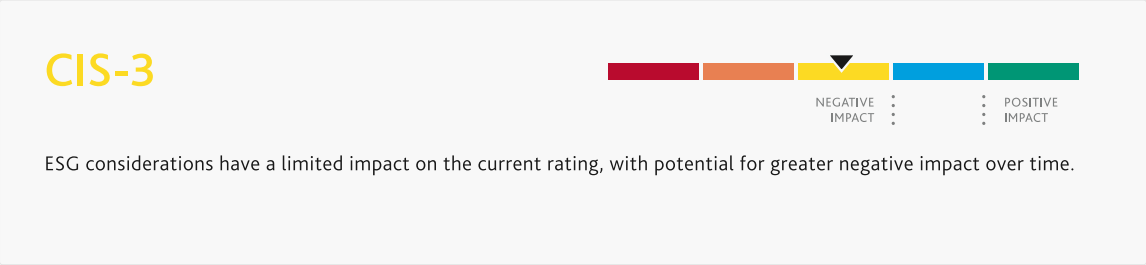
Eversource's operating utilities involved in the complaints have reserved approximately $39.1 million (pre-tax and excluding interest) for the second complaint for expected customer refunds as of 30 September 2023. Of this amount, $21.4 million is for CL&P, $14.6 million for NSTAR Electric, and $3.1 million for PSNH related to the second complaint's refund period of December 2012 through March 2014. Eversource's operating utilities have refunded approximately $38.9 million (pre-tax and excluding interest) associated with the first complaint (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH). No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be reduced from the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

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

ESG considerations

Eversource's ESG credit impact score is CIS-3 (Moderately Negative)

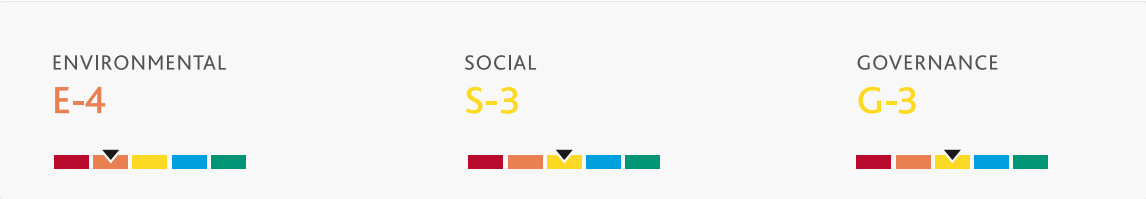
Exhibit 8
ESG credit impact score



Source: Moody's Investors Service

Eversource's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Physical climate risks and exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term. Increased governance risk particularly associated with the execution of the offshore wind asset sale could also weaken the company's credit profile.

Exhibit 9
ESG issuer profile scores



Source: Moody's Investors Service

Environmental

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

Social

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

Governance

Eversource's governance risk is moderately negative (**G-3** issuer profile) driven by the financial risks associated with the offshore wind exit strategy and the delays around the asset sale while the company's financial profile remains weak.

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

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by upstreamed dividends from its diverse group of regulated utilities as well as external availability on its revolving credit facility. At 30 September 2023, Eversource had a consolidated cash balance of $79 million.

Eversource's main source of cash flow generation is the dividend distributions from its subsidiaries which totaled about $900 million in 2022, which was slightly more than Eversource's shareholder dividend distributions of $860 million for the year. The dividend distributions by subsidiaries in 2022 included the following: CL&P ($292 million), NSTAR Electric ($288 million), PSNH ($104 million), YGS ($51 million), and NSTAR Gas ($50 million) and other of about $83 million. To supplement internal cash flow generation, Eversource used proceeds from short and long-term borrowings as well as new equity.

We expect that Eversource will continue to fund the group's planned capital investments, including the approximately $4.3 billion forecasted in 2024, with a mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility, long-term debt issuances as well as planned equity issuances.

Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2028. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, PSNH has a borrowing sublimit of $300 million and AWC-CT has a borrowing sublimit of $100 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 65%. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 30 September 2023.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. The company has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 30 September 2023, approximately $680 million was available on the credit facility with approximately $1.3 billion of commercial paper outstanding. There were intercompany loans from Eversource of $0.1 million to PSNH, and $213 million to CL&P.

NSTAR Electric has a $650 million senior unsecured committed revolving credit facility that expires in October 2028. The facility backstops NSTAR Electric's $650 million commercial paper program. At 30 September 2023, NSTAR Electric had commercial paper outstanding of $209 million and no borrowings on its revolving credit facility. The company has typically used short-term borrowings to fund capital needs until longer term financing is arranged. Borrowings on the facility are not subject to a material adverse change clause, and NSTAR Electric has sufficient cushion on its only financial maintenance covenant of a maximum total consolidated debt to capitalization of 65%. NSTAR Electric does not have access to the separate $2 billion joint revolving credit facility that Eversource and its remaining operating subsidiaries utilize.

The group's next upcoming debt maturities include $900 million of senior unsecured notes at Eversource due in June 2024, $360 million of senior unsecured notes at Aquarion Company due August 2024, $450 million of senior unsecured notes at Eversource due in October 2024, $100 million of secured bonds at Yankee Gas due in October 2024, $140 million of secured bonds at CL&P due in October 2024 as well as almost $1.4 billion in aggregate due in 2025 across the corporate family.

Rating methodology and scorecard factors

Exhibit 10

Methodology scorecard factors

Eversource Energy

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 9/30/2023		Moody's 12-18 Month Forward View As of 1/5/2024 [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.5x	A	4.2x - 4.6x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	10.5%	Ba	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	6.9%	Ba	9% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	53.9%	Baa	52% - 54%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		A3
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa2		Baa1
b) Actual Rating Assigned		Baa2		Baa2

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

Appendix

Exhibit 11

Cash Flow and Credit Metrics

Eversource Energy

CF Metrics (in $ millions)	2018	2019	2020	2021	2022	LTM
As Adjusted						
FFO	**2,035**	**2,305**	**2,596**	**2,891**	**3,125**	**2,476**
+/- Other	(89)	(125)	(516)	(314)	(205)	(177)
CFO Pre-WC	**1,947**	**2,180**	**2,080**	**2,577**	**2,920**	**2,299**
+/- ΔWC	(11)	(120)	(210)	(272)	(120)	(207)
CFO	**1,936**	**2,060**	**1,869**	**2,305**	**2,799**	**2,091**
- Div	644	667	748	809	864	909
- Capex	2,578	2,924	3,103	3,432	3,759	4,422
FCF	**(1,286)**	**(1,530)**	**(1,982)**	**(1,935)**	**(1,824)**	**(3,240)**
(CFO Pre-W/C) / Debt	12.3%	12.7%	10.5%	12.5%	12.6%	8.7%
(CFO Pre-W/C - Dividends) / Debt	8.3%	8.8%	6.7%	8.6%	8.9%	5.3%
FFO / Debt	12.9%	13.5%	13.1%	14.0%	13.5%	9.4%
RCF / Debt	8.8%	9.6%	9.3%	10.1%	9.8%	6.0%
Revenue	8,448	8,526	8,904	9,863	12,289	12,246
Interest Expense	552	574	583	617	692	816
Net Income	810	1,067	1,164	1,153	1,212	1,352
Total Assets	38,301	41,124	46,100	48,492	53,231	56,293
Total Liabilities	26,797	28,466	31,958	33,815	37,680	40,530
Total Equity	11,504	12,658	14,141	14,678	15,551	15,764

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
LTM = Last 12 months as of 30 September 2023.
Source: Moody's Financial Metrics™

Exhibit 12

Peer Comparison

Eversource Energy

	Eversource Energy Baa2 Negative			American Electric Power Company, Inc. Baa2 Stable			NextEra Energy, Inc. Baa1 Stable			CMS Energy Corporation Baa2 Stable			Public Service Enterprise Group Incorporated Baa2 Stable		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Sept-23	FYE Dec-21	FYE Dec-22	LTM Sept-23	FYE Dec-21	FYE Dec-22	LTM Sept-23	FYE Dec-21	FYE Dec-22	LTM Sept-23	FYE Dec-21	FYE Dec-22	LTM Sept-23
Revenue	9,863	12,289	12,246	16,792	19,640	19,286	17,069	20,956	27,401	7,329	8,596	7,790	9,722	9,800	11,771
CFO Pre-W/C	2,577	2,920	2,299	3,876	5,670	5,166	8,479	10,108	10,828	1,879	1,990	1,995	2,966	2,527	2,714
Total Debt	20,638	23,133	26,292	37,661	41,404	42,923	54,651	64,810	73,166	12,261	14,067	15,239	19,822	21,047	20,511
CFO Pre-W/C + Interest / Interest	5.2x	5.2x	3.8x	4.2x	5.0x	3.9x	7.1x	15.0x	7.0x	4.9x	4.9x	4.3x	5.7x	4.9x	4.5x
CFO Pre-W/C / Debt	12.5%	12.6%	8.7%	10.3%	13.7%	12.0%	15.5%	15.6%	14.8%	15.3%	14.1%	13.1%	15.0%	12.0%	13.2%
CFO Pre-W/C – Dividends / Debt	8.6%	8.9%	5.3%	6.2%	9.7%	8.0%	9.9%	10.3%	9.7%	11.0%	10.1%	9.2%	9.8%	6.9%	7.8%
Debt / Capitalization	51.7%	52.9%	55.6%	54.4%	55.6%	55.2%	49.9%	52.2%	52.2%	55.6%	57.5%	58.8%	49.6%	52.0%	48.7%

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

Ratings

Exhibit 13

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
AQUARION WATER COMPANY OF CONNECTICUT	
Outlook	Negative
Issuer Rating	A3
NSTAR ELECTRIC COMPANY	
Outlook	Negative
Issuer Rating	A2
Senior Unsecured	A2
Pref. Stock	Baa1
Commercial Paper	P-1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
AQUARION COMPANY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A2
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Investors Service

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REPORT NUMBER 1393757

MOODY'S
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INFRASTRUCTURE AND PROJECT FINANCE

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
8 November 2023

Update

Send Your Feedback

RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Stable

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

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Eversource Energy

Update following downgrade to Baa2

Summary

Eversource Energy's (Eversource, Baa2 stable) credit profile reflects the company's delayed transition in returning to its previous lower-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. If this transition is ultimately successful once the pending sales are completed, we expect its financial profile to improve through 2024 such that Eversource is able to generate a ratio of CFO pre-W/C to debt of at least 13%.

Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, Connecticut Light and Power Company (CL&P, A3 stable), the company's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC). At this time, we expect CL&P to continue to mitigate a distribution rate freeze through operating cost management as well increased cash flow generation from its sizable FERC regulated rate base and investments.

Eversource's credit quality also reflects structural subordination of the significant level of parent debt compared to debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30% as of 30 June 2023.

Over the last few years, Eversource's financial profile had been weak for the previous Baa1 rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs while meaningful cash flow generation from the projects was several years away. Furthermore, Eversource's utilities had also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P.

For the 12-months ended 30 June 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 12%, well below the newly established 13% financial metric threshold that we have indicated could lead to a downgrade from its current Baa2 rating. Pro forma for the deferred storm costs its utilities are expected to recover in the near term, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, leaving little to no cushion at its new Baa2 rating level.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the

eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Eversource's credit rating could be negatively impacted if it does not fully exit the offshore wind business thereby maintaining a higher business risk profile because of continued execution and construction risk associated with these projects. Additionally, the company's rating could be pressured if the sale does not lead to substantial debt reduction, such that credit metrics do not recover during 2024 as we currently expect.

Recent developments

On 7 September, Eversource announced that it had completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S (Baa1 negative) for $625 million all-cash. Eversource used approximately $530 million of the proceeds to make a tax equity investment in it's currently 50%-owned South Fork Wind project, a 130 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by early 2024. Eversource received half or roughly $265 million of its investment as a distribution from the project in October. The company expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

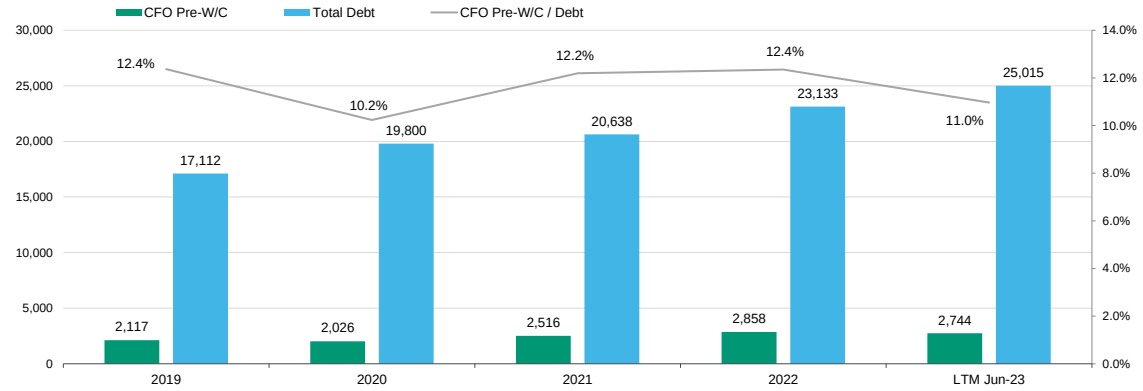
Eversource is in the advanced stages for the sale of the company's existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. The company expects to announce details of this transaction in the near term. However, the timely execution of the sale of all three projects may be in doubt after the New York Public Service Commission, on 12 October, unanimously rejected Eversource and partner Orsted's joint petition seeking an amendment to the Sunrise Wind project's offtake power purchase price.

Eversource has previously indicated that a denial of the price increase could result in an additional $450 million pre-tax impairment to the offshore wind project's investment value, which looks increasingly likely. In addition, Eversource could now be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if it no longer remains a part owner. Moreover, Orsted has expressed doubt as to the viability of the project's construction without the price adjustment. At a minimum, the likely impairment will further reduce the valuation Eversource will receive if a sale is able to be executed.

The pending wind project and unused lease area sale are a result of Eversource's May 2022 announcement that it had begun a strategic review of its entire offshore wind investment portfolio, which included its 50/50 joint venture partnership with Orsted. At that time, Eversource indicated that it intended to use the proceeds from any offshore wind asset sale, as well as new equity issued through its $1.2 billion at-the-market program over the next few years, to repay debt and finance future capital investments at its regulated utilities.

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

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



Source: Moody's Financial Metrics™

Credit strengths

» Transitioning back to a low-risk regulated utility holding company

» Proceeds from offshore wind asset sales and planned new equity issuance will be used to reduce debt

» Utilities mostly operate in credit supportive regulatory jurisdictions

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

Credit challenges

» Weak financial metrics for current Baa2 rating primarily due to increased leverage from funding offshore wind development which the company is in the process of exiting

» Valuation and execution of offshore wind projects sale may be challenging and could result in contingent liabilities

» More challenging Connecticut regulatory environment for its largest subsidiary, CL&P

» Substantial parent level debt which, if materially higher, could increase structural subordination notching within the corporate family

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

Rating outlook

Eversource's stable outlook reflects our expectation that the company will successfully execute the sale of the offshore wind projects in 2024, that any potential contingent liabilities associated with the sale will be manageable and that it will ultimately transition back to a predominantly low-risk regulated utility holding company. Furthermore, the outlook incorporates our expectation that Eversource will use proceeds from the offshore wind project sale, as well as new equity issuances, as appropriate, to reduce leverage and improve its financial profile, such that its ratio of CFO pre-W/C to debt will be consistently maintained above 13%.

Factors that could lead to an upgrade

Eversource could be upgraded if it completely exits the offshore wind business; its regulatory environments, including Connecticut, are credit supportive, and the company's financial profile strengthens, such that its ratio of CFO pre-W/C to debt increases to above 15% on a sustainable basis.

Factors that could lead to a downgrade

Eversource could be downgraded if the company does not lower its business risk profile by divesting all of its offshore wind business or consolidated financial metrics do not improve from currently weak levels, including a ratio of CFO pre-W/C to debt that remains below 13%. Eversource's rating could also be downgraded if either of its largest subsidiaries, CL&P or NSTAR Electric, are downgraded.

Key indicators

Exhibit 2
Eversource Energy [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Jun-23
CFO Pre-W/C + Interest / Interest	4.7x	4.5x	5.1x	5.1x	4.5x
CFO Pre-W/C / Debt	12.4%	10.2%	12.2%	12.4%	11.0%
CFO Pre-W/C – Dividends / Debt	8.5%	6.5%	8.3%	8.6%	7.4%
Debt / Capitalization	51.0%	52.1%	51.7%	52.9%	54.5%

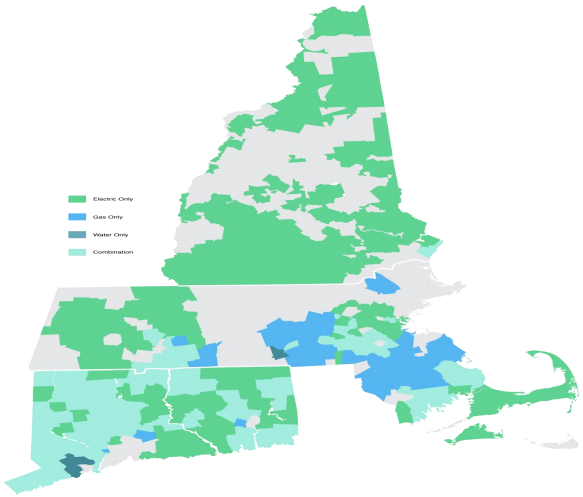
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Profile

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

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, A3 stable), NSTAR Electric Company (A2 stable), and Public Service Company of New Hampshire (PSNH, A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA, unrated) and NSTAR Gas (unrated). Eversource owns Aquarion Company (Aquarion, Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, A3 negative), Aquarion Water Company of Massachusetts (AWC-MA, unrated) and Aquarion Water Company of New Hampshire (AWC-NH, unrated). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses.

Exhibit 3
Eversource Energy's service territories



Source: Company Fillings

Eversource also consolidates the ownership interest held by its regulated subsidiaries in the decommissioned regional nuclear generation companies: Connecticut Yankee Atomic Power Company (CYAPC; 63% ownership) and Yankee Atomic Electric Company (YAEC; 52.5%) while the group's 24% interest in Maine Yankee Atomic Power Company (MYAPC) is recorded under the equity method. The group's remaining non-regulated businesses consist mainly of small subsidiaries including: The Rocky River Realty Company (a real estate company), the HWP Company (formerly the Holyoke Water Power Company), and NU Enterprises. The latter is the parent company of Northeast Generation Services Company (NGS) to which it renders operation and maintenance services.

Detailed credit considerations

Sale of offshore wind projects will reduce business risk but valuation and execution may be challenging

On 7 September, Eversource announced that it completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S for $625 million all-cash.

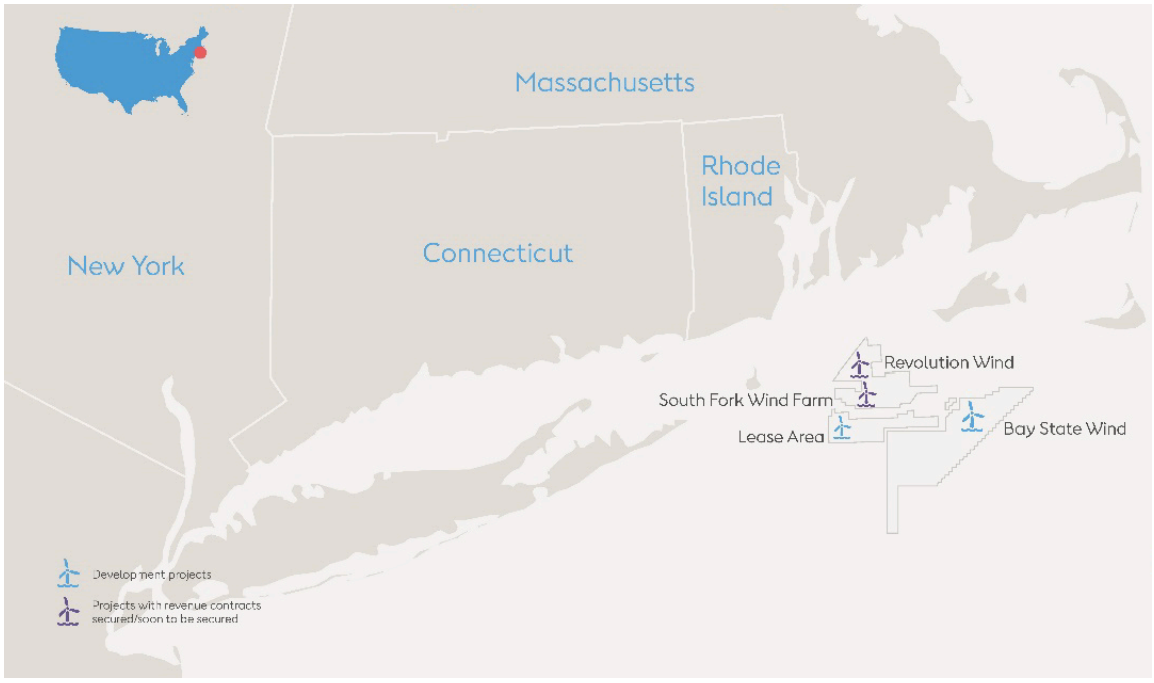
Eversource used approximately $530 million of the proceeds to make a tax equity investment in Eversource's currently 50%-owned South Fork Wind project, a 130 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by early 2024. Eversource received half or roughly $265 million of its investment as a distribution from the project in October. The company expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

Eversource is in the advanced stages for the sale of the company's existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. Eversource expects to announce details of this transaction in the near term. However, the execution of the sale of all three projects may be in doubt after the New York Public Service Commission, on 12 October, unanimously rejected Eversource and Orsted's joint petition seeking an amendment to the Sunrise Wind project's offtake power purchase price. Previously, Eversource indicated that denial of a price increase could result in an additional $450 million pre-tax impairment to offshore wind project's investment value. In addition, Eversource could be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if it no longer remains a part owner. Moreover, Orsted has expressed doubt as to the viability of the project's construction without the price adjustment. At a minimum, the likely impairment will further reduce the valuation Eversource will receive if a sale is able to be executed.

In May 2022, Eversource announced that it had begun a strategic review of its offshore wind investment portfolio, which includes a 50/50 joint venture (JV) partnership with Ørsted on the ownership of three wind projects and an unused offshore wind lease area. Eversource indicated that the strategic review could result in a sale of all or part of this portfolio, a credit positive because it would reduce the company's business risk, which had been raised by the higher-risk offshore wind projects, as well as reduce debt. Eversource intended to use proceeds from any offshore wind asset sale, as well as a planned $1.2 billion at-the-market (ATM) equity program over the next few years, to repay debt and finance future capital investments at its regulated utilities.

Exhibit 4

Off-shore wind projects under strategic review and lease area being sold



Source: Ørsted & Eversource Energy

Eversource has a 50% ownership interest in North East Offshore, which holds the Revolution Wind and South Fork Wind projects. Eversource also has a 50% ownership interest in Bay State Wind, which holds the Sunrise Wind project.

South Fork Wind is a 130 MW project providing power to New York (Long Island Power Authority or LIPA) and construction has been proceeding since receiving final approval of its construction and operations plan (COP) in January 2022. The company expects South Fork Wind's commercial operation to be in late 2023 or early 2024.

The two other ongoing offshore wind projects include Revolution Wind, a 704 MW project providing power to Connecticut and Rhode Island, and Sunrise Wind, a 924 MW project providing power to New York (NYSERDA). The COP applications were filed with BOEM in 2020. On 30 April 2021, Revolution Wind received a notice of intent (NOI) from the BOEM to prepare an environmental impact statement (EIS) for the review of the COP.

For Revolution Wind, a final EIS was issued in July 2023, and on 31 October 2023, the joint venture made its final investment decision to advance to full onshore and offshore construction and installation. The major construction is expected to begin in the fourth quarter of 2023 once all necessary federal, state and local approvals are received.

For Sunrise Wind, once all necessary federal, state and local approvals are received and the joint venture has made its final investment decision, then major construction is expected to begin. Both projects have started limited onshore construction activities. Eversource expects Revolution Wind and Sunrise Wind to be in service in late 2025.

Exhibit 5

Eversource's offshore wind projects under strategic review

	South Fork Wind	Revolution Wind	Sunrise Wind
Size	130 MW	704 MW	924 MW
Construction Operation Plan Filing with BOEM	Final siting approvals received in January 2022 Jan. 8, 2021; Received BOEM's final approval of its COP on Jan. 18, 2022	Filed Mar. 2020; review schedule was received on April 30, 2021 as part of Notice of Intent; Final approvals expected in fourth quarter of 2023	Filed September 2020; Review schedule received August 31, 2021 as part of Notice of Intent; Final approvals expected in first quarter of 2024
State Permit	NY State Article VII Permit Approved Mar. 18, 2021	Filed December 2020, evidentiary hearings began on October 12, 2021, issued a final decision and order approving the revolution wind project and granting a license to construct and operate on July 8, 2022.	Filed December 2020, settlement discussions began in September 2021, filed a Joint Proposal to the New York State Public Service Commission in September 2022
Most Recent Commercial Ops Date	Late 2023/Early 2024 (Under Construction)	Late 2025	Late 2025
Price as of first day of commercial operation	~ $0.160/KWH for 90 MW ~ $0.086/KWH for 40 MW (avg. annual escalator: 2%)	$0.098425/KWH for RI (no escalator) $0.09843/KWH for CT for 200 MW (no escalator) $0.0995/KWH for CT for 104 MW (no escalator)	$0.11037/KWH (no escalator)
Term	20 years	20 years	25 years
Status of Contracts	130 MW for NY	400 MW for RI approved 304 MW for CT approved	Contract signed with NYSERDA in Oct. 2019
Interconnection	East Hampton, NY (LI)	Davisville, RI	Brookhaven, NY (LI)

Source: Company presentations

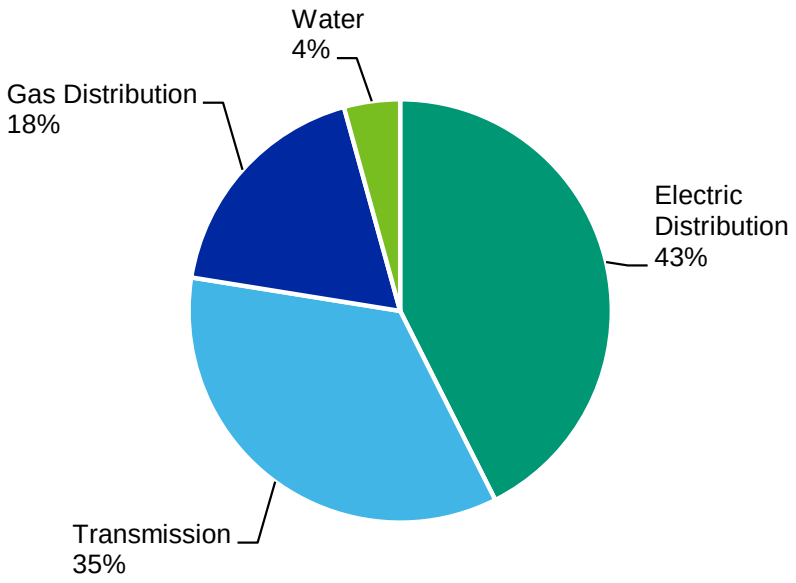
Offshore wind development is still a nascent industry in the United States. The joint venture's pursuit of offshore wind development has increased Eversource's construction and execution risk, which raised Eversource's overall business risk profile compared to its core focus as a regulated T&D utility holding company. At the same time, high interest rates and supply challenges have increased costs of offshore wind projects, in general, which has pressured returns and, ultimately, the viability of the projects. The construction risks are somewhat mitigated by Ørsted's involvement as the company is considered an industry leader in building and managing offshore wind globally, with a portfolio of offshore wind capacity totaling approximately 8.9 GW. As of 30 June 2023, Eversource's total equity investment balance in its offshore wind business was $2.1 billion.

Diverse portfolio of low risk regulated electric, gas and water utilities

Eversource's electric distribution utilities account for about 43% of the group's rate base. CL&P is Eversource's largest electric T&D subsidiary, followed by NSTAR Electric and PSNH. Eversource's natural gas local distribution companies (LDCs) include Yankee Gas Services, EGMA and NSTAR Gas. The LDCs account for about 18% of consolidated rate base. Approximately 4% of the consolidated rate base is attributed to its water utility business within intermediate holding company, Aquarion Company.

Moreover, Eversource's substantial transmission business, which currently accounts for about 35% of the group's rate base, operates under the purview of the FERC, which we view as a highly credit supportive regulatory framework. Eversource's sizable exposure to FERC regulated, low risk transmission operations considering the group's substantial planned capital investments in transmission is credit positive.

Exhibit 6
Eversource Energy's portfolio based on 2022 year-end rate base



Source: Eversource Energy

Utilities operate in mostly credit supportive state and federal regulatory jurisdictions

We view the Massachusetts and New Hampshire regulatory jurisdictions as credit supportive as the regulators in those states allow for relatively timely recovery of prudent operating costs and investments through the use of various revenue decoupling and other cost recovery mechanisms. For example, in Massachusetts, NSTAR Electric is authorized to use revenue decoupling. The decoupling mechanism reconciles the utility's distribution revenues, on an annual basis, to a baseline distribution service revenue level established by the Massachusetts Department of Public Utilities (MDPU). Decoupling insulates the utility's cash flow from fluctuations in its retail electric sales, thus adding a high level of stability and predictability, a credit positive.

CL&P and Yankee Gas also utilize a revenue decoupling mechanism in Connecticut. However, we view that state's regulatory environment as more challenging, particularly for CL&P as well as its affiliated water utility, WC-CT. Refer to the following section for further discussion on recent regulatory developments in Connecticut.

NSTAR Electric utilizes cost recovery mechanisms that true up recovery of transmission, pension and other postretirement benefits costs, and the energy-related portion of bad debt expenses, on an annual basis. NSTAR Electric is also able to recoup the costs associated with the state's three-year energy efficiency program and the utility's purchased power costs are adjusted semiannually through the basic service charge. Furthermore, NSTAR Electric is able to recover restoration costs associated with major storms through a Storm Reserve Recovery Cost Adjustment rate mechanism, but these cost recoveries are subject to MDPU approval, and may be less timely than in other jurisdictions.

On 30 November 2022, the MDPU issued a credit supportive decision on NSTAR Electric's rate case that was filed in January of last year. The final order authorized a $64.3 million electric distribution base rate revenue increase based on a 9.8% authorized return on equity (ROE), an equity ratio of 53.2%, and the continuation of the performance-based regulation (PBR) plan for the next five years.

New rates became effective 1 January 2023. Under the PBR plan, NSTAR Electric is permitted to implement annual inflationary rate adjustments subject to a 5% cap, the first of which would become effective 1 January 2024. The PBR plan also includes an earnings-sharing mechanism, which does not take effect until the company's earnings exceed a 10.8% ROE, whereby excess earnings are to be allocated 75% to customers and 25% to the company. The MDPU allowed NSTAR Electric to collect $196 million of storm costs related to past events over a five-year period, but the order also increases the company's annual storm fund contribution included in base rates to $31 million from $10 million for future storm cost recovery, a credit positive given the increase in extreme weather events.

On 14 January 2022, NSTAR Electric filed an electric distribution rate increase application with the MDPU for approval of an $89.5 million increase in electric distribution base rates with new rates effective 1 January 2023. The rate filing used a test year that ended 31 December 2020, adjusted for known and measurable changes. NSTAR Electric revised its request multiple times with the last revision being $93.4 million requested in September 2022. The company also requested a renewal of the PBR plan for up to a 10-year term.

In addition, on 7 October 2022, the MDPU issued a separate order approving NSTAR Electric's continuing investments in grid modernization by establishing a $162.6 million budget over the four-year plan from 2022 through 2025. This was in response to NSTAR Electric's request for approval of $198.8 million of grid modernization investments over the four year period. On 30 November 2022, the MDPU approved NSTAR Electric's proposed Advanced Metering Infrastructure (AMI) investment and implementation plan including operating costs for the years 2022 - 2028. The MDPU established preauthorized total budget caps of $534.8 million for core AMI investments and corresponding operating costs and $133.1 million for supporting AMI investments and corresponding operating costs over the seven-year plan period. The recovery of these costs are addressed through a cost recovery mechanism within the company's PBR plan.

PSNH's distribution rates allow the utility to recover costs related to system upgrades and transmission services as well as costs related to energy efficiency programs and certain stranded costs on a timely basis. PSNH is also allowed to implement interim rate increases during rate case proceedings, which reduces regulatory lag.

On 15 December 2020, the New Hampshire Public Utilities Commission (NHPUC) approved a settlement agreement between PSNH and all parties in the utility's last rate case proceeding. The NHPUC approved a permanent rate increase of $45 million effective 1 January 2021, which included an interim rate increase previously implemented. PSNH was also allowed three step increases over 2021 and 2022 to reflect plant additions in 2019, 2020 and 2021. On 20 October 2022, the NHPUC approved the third step adjustment for 2021 plant in service and a revenue requirement increase of $8.9 million, with rates effective 1 November 2022. The December settlement agreement established an authorized regulatory ROE of 9.3% with a 54.4% equity ratio in PSNH's capital structure. The agreement also provided for a new tracker to recover regulatory assessments, vegetation management costs, property tax costs, and lost distribution revenue attributable to net metering. In addition, base distribution rates were adjusted to reflect the refund of excess deferred income tax from the changes to tax legislation in December 2017. This was PSNH's first rate case filing since 2010.

CL&P operates within a more challenging Connecticut regulatory environment

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

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

In the settlement agreement, CL&P agreed to provide $65 million of customer credits distributed over December 2021 and January 2022. CL&P also agreed to provide $10 million to various customer assistance programs as directed by PURA prior to 30 April 2022,

including providing credits to existing hardship and non-hardship customers carrying arrearages and for other purposes. The approved settlement also provided for a distribution rate case stay out with no new rates in place until 1 January 2024 at the earliest.

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

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

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

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

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

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

Weak credit metrics expected to improve through debt reduction with proceeds from offshore wind asset sale and planned new equity issuance

Over the last few years, Eversource's financial profile had been weak for its previous Baa1 rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs while meaningful cash flow generation from the projects was several years away. Furthermore, Eversource's utilities had also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at its largest subsidiary, CL&P.

For the 12-months ended 30 June 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 12%, well below the newly established 13% financial metric threshold that we have indicated could lead to a downgrade from its current Baa2 rating. Pro forma for the deferred storm costs its utilities are expected to recover in the near term, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, leaving little to no cushion at its new Baa2 rating level.

Eversource intends to use proceeds from the offshore wind assets sale, as well as a planned $1.2 billion equity issuance over the next few years, to repay debt and finance future capital investments at its regulated utilities. We expect the company's financial profile to improve through 2024 such that Eversource is able to generate a ratio of CFO pre-W/C to debt of at least 13%. Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow

from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Group's capital investment program remains elevated

Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from about $24 billion at the end of 2021 to approximately $37.7 billion in 2027 through investments of approximately $21.5 billion during the 2023-2027 period, which includes approximately $14.1 billion in electric and natural gas distribution assets and about $5.3 billion in electric transmission assets. On average, Eversource and its utilities will recover a signifiant portion of their capital investments immediately through rate recovery mechanisms in the period of investment, a credit positive.

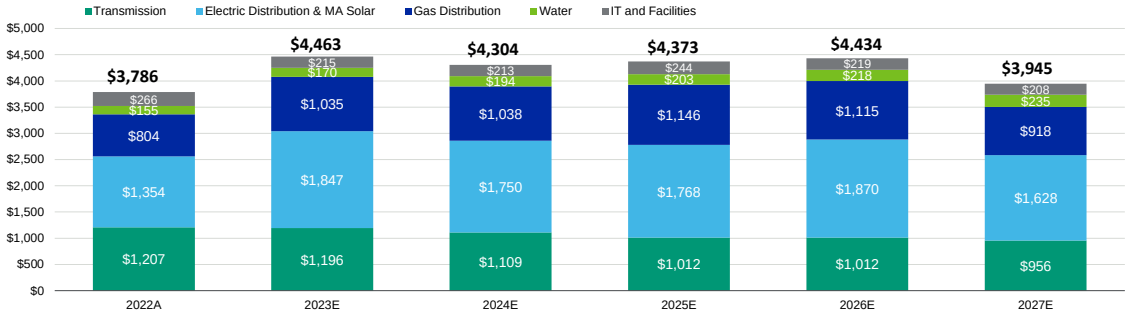
The planned capital investments in Eversource's electric distribution operations include approximately $8.9 billion, largely for system hardening and resiliency upgrades. The remaining $5.3 billion is planned for its natural gas distribution companies, in which LDCs continue pipeline replacements and natural gas expansion. Furthermore, over the same period, the company plans to spend about $1 billion on its water utility business and approximately $1.1 billion on information technology and facilities upgrades.

The group also continues to invest heavily in its transmission business, which is under the purview of the highly credit supportive FERC regulatory framework, a credit positive. Eversource's electric utilities plan to invest about $5.3 billion in its transmission assets.

Eversource and its subsidiaries have exhibited a proven track record of successfully completing substantial projects on time and within budget in the past. Continued successful execution of these projects going forward along with financing in a balanced manner of debt and equity will be necessary to improve the group's financial profile.

Exhibit 7

Projected annual capital expenditures ($ MM) [1]



[1] Excludes capital expenditures of wind projects

Source: Company presentations

Parent level debt is structurally subordinated to utility debt

Eversource's credit profile reflects the structural subordination of parent level debt relative to the indebtedness of its operating utilities. At the same time, Eversource's credit also incorporates the benefits associated with the regulatory and geographic diversification from owning several regulated electric, gas and water utilities within the greater New England region.

The majority of the group's consolidated rate base consists of operating utilities with strong credit quality. The substantial investments to grow its FERC regulated transmission rate base has strengthened the group's credit profile because of the supportive FERC regulatory framework.

As of 30 June, Eversource's parent level debt of about $7.1 billion and Aquarion's intermediate holding company debt of $360 million represented approximately 30% of the group's consolidated indebtedness. With offshore wind investments largely funded by holding company debt, Eversource parent debt as a percentage of consolidated debt has increased over the years. We expect the percentage of parent debt to gradually decline through debt reduction using proceeds from Eversource's pending sale of its offshore wind assets and planned new equity issuance.

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

At year-end 2022, Eversource's transmission rate base accounted for approximately $9.2 billion (approximately $4.0 billion at CL&P, $3.7 billion at NSTAR Electric and $1.5 billion at PSNH) or roughly 35% of the group's total rate base. We view the FERC regulatory framework as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than most states. Eversource's transmission assets are authorized FERC ROEs ranging from 10.57% to 11.74%, including incentive adders. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

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

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

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

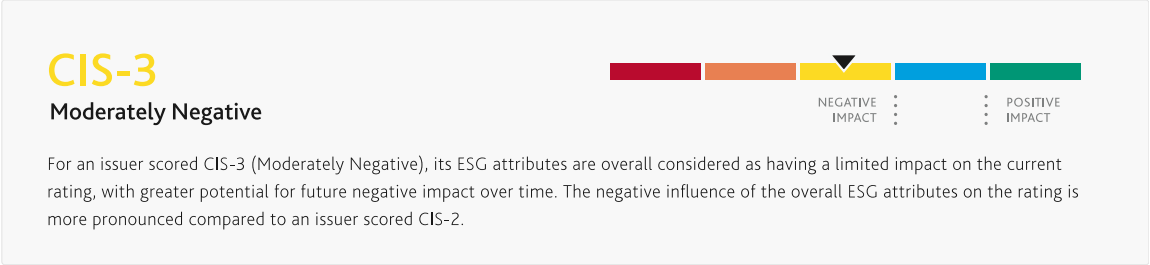
Eversource's operating utilities involved in the complaints have reserved approximately $39.1 million (pre-tax and excluding interest) for the second complaint for expected customer refunds as of 30 June 2023. Of this amount, $21.4 million is for CL&P, $14.6 million for NSTAR Electric, and $3.1 million for PSNH related to the second complaint's refund period of December 2012 through March 2014. Eversource's operating utilities have refunded approximately $38.9 million (pre-tax and excluding interest) associated with the first complaint (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH). No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be reduced from the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

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

ESG considerations

Eversource's ESG Credit Impact Score is CIS-3 (Moderately Negative)

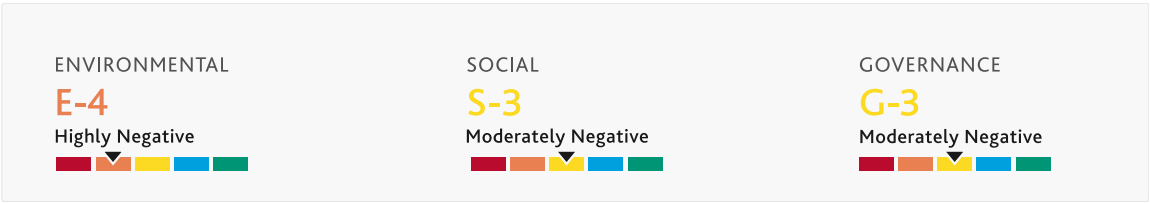
Exhibit 8
ESG Credit Impact Score



Source: Moody's Investors Service

Eversource's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with greater potential for future negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term. Increased governance risk, particularly associated with the execution of the offshore wind asset sale, could also weaken the company's credit profile.

Exhibit 9
ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

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

Social

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

Governance

Eversource's governance risk is moderately negative (**G-3** issuer profile) driven by the financial risks associated with the offshore wind exit strategy and the delays around the asset sale while the company's financial profile remains weak.

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

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by upstreamed dividends from its diversified group of regulated utilities as well as external availability on its revolving credit facility. At 30 June 2023, Eversource had a consolidated cash balance of $42 million.

Eversource's main source of cash flow generation is the dividend distributions from its subsidiaries which totaled about $900 million in 2022, which was slightly more than Eversource's shareholder dividend distributions of $860 million for the year. The dividend distributions by subsidiaries in 2022 included the following: CL&P ($292 million), NSTAR Electric ($288 million), PSNH ($104 million), YGS ($51 million), and NSTAR Gas ($50 million) and other of about $83 million. To supplement internal cash flow generation, Eversource used proceeds from short and long-term borrowings as well as new equity.

We expect that Eversource will continue to fund the group's planned capital investments, including the approximately $4.3 billion forecasted in 2024, with a mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility, long-term debt issuances as well as planned equity issuances.

Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2028. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, PSNH has a borrowing sublimit of $300 million and AWC-CT has a borrowing sublimit of $100 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 65%. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 30 June 2023.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. The company has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 30 June 2023, approximately $1.5 billion was available on the credit facility with approximately $529 million of commercial paper outstanding. There were intercompany loans from Eversource of $226.3 million to PSNH, and $449 million to CL&P.

NSTAR Electric has a $650 million senior unsecured committed revolving credit facility that expires in October 2028. The facility backstops NSTAR Electric's $650 million commercial paper program. At 30 June 2023, NSTAR Electric had commercial paper outstanding of $324 million and no borrowings on its revolving credit facility. The company has typically used short-term borrowings to fund capital needs until longer term financing is arranged. Borrowings on the facility are not subject to a material adverse change clause, and NSTAR Electric has sufficient cushion on its only financial maintenance covenant of a maximum total consolidated debt to capitalization of 65%. NSTAR Electric does not have access to the separate $2 billion joint revolving credit facility that Eversource and its remaining operating subsidiaries utilize.

The group's next upcoming debt maturities include $400 million of senior notes at Eversource due in December 2023, $325 million of first mortgage bonds at PSNH due November 2023, $80 million of senior notes at NSTAR Electric due November 2023, and as well as almost $2 billion in aggregate due in 2024 across the corporate family.

Rating Methodology and Scorecard Factors

Exhibit 10
Methodology Scorecard Factors
Eversource Energy

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 3/31/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	4.3x - 4.7x	A
b) CFO pre-WC / Debt (3 Year Avg)	11.2%	Baa	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	7.4%	Baa	9% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	52.6%	Baa	52% - 54%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 6/30/2023(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Appendix

Exhibit 11

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Jun-23
As Adjusted					
FFO	**2,241**	**2,543**	**2,830**	**3,063**	**2,835**
+/- Other	-125	-516	-314	-205	-91
CFO Pre-WC	**2,117**	**2,026**	**2,516**	**2,858**	**2,744**
+/- ΔWC	-56	-157	-211	-58	-212
CFO	**2,060**	**1,869**	**2,305**	**2,799**	**2,531**
- Div	667	748	809	864	895
- Capex	2,924	3,103	3,432	3,759	4,255
FCF	**-1,530**	**-1,982**	**-1,935**	**-1,824**	**-2,618**
(CFO Pre-W/C) / Debt	12.4%	10.2%	12.2%	12.4%	11.0%
(CFO Pre-W/C - Dividends) / Debt	8.5%	6.5%	8.3%	8.6%	7.4%
FFO / Debt	13.1%	12.8%	13.7%	13.2%	11.3%
RCF / Debt	9.2%	9.1%	9.8%	9.5%	7.8%
Revenue	8,526	8,904	9,863	12,289	12,670
Interest Expense	574	583	617	692	776
Net Income	1,067	1,164	1,153	1,212	1,338
Total Assets	41,124	46,100	48,492	53,231	54,540
Total Liabilities	28,466	31,958	33,815	37,680	38,908
Total Equity	12,658	14,141	14,678	15,551	15,632

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

Exhibit 12

Peer Comparison Table [1]

	Eversource Energy Baa2 (Stable)			American Electric Power Company, Inc. Baa2 (Stable)			NextEra Energy, Inc. (P)Baa1 (Stable)			CMS Energy Corporation Baa2 (Stable)			Public Service Enterprise Group Incorporated Baa2 (Stable)		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23
Revenue	9,863	12,289	12,614	16,792	19,640	19,738	17,069	20,956	24,782	7,329	8,596	8,506	9,722	9,800	11,242
CFO Pre-W/C	2,516	2,858	2,704	3,876	5,670	5,184	8,479	10,108	9,824	1,879	1,990	1,932	2,845	2,398	2,589
Total Debt	20,638	23,133	23,998	37,661	41,404	43,257	54,651	64,810	70,485	12,261	14,067	14,253	19,822	21,047	20,992
CFO Pre-W/C + Interest / Interest	5.1x	5.1x	4.7x	4.2x	5.0x	4.4x	7.1x	15.0x	6.2x	4.9x	4.9x	4.6x	5.5x	4.7x	4.7x
CFO Pre-W/C / Debt	12.2%	12.4%	11.3%	10.3%	13.7%	12.0%	15.5%	15.6%	13.9%	15.3%	14.1%	13.6%	14.4%	11.4%	12.3%
CFO Pre-W/C – Dividends / Debt	8.3%	8.6%	7.6%	6.2%	9.7%	8.1%	9.9%	10.3%	9.0%	11.0%	10.1%	9.5%	9.2%	6.3%	7.1%
Debt / Capitalization	51.7%	52.9%	53.3%	54.4%	55.6%	56.4%	49.9%	52.2%	52.7%	55.6%	57.5%	57.6%	49.6%	52.0%	50.2%

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

Ratings

Exhibit 13

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
AQUARION WATER COMPANY OF CONNECTICUT	
Outlook	Negative
Issuer Rating	A3
NSTAR ELECTRIC COMPANY	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured	A2
Pref. Stock	Baa1
Commercial Paper	P-1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
AQUARION COMPANY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A2
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Investors Service

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REPORT NUMBER 1383812

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INVESTORS SERVICE

CREDIT OPINION
6 June 2023

Update

Send Your Feedback

RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Negative

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

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Eversource Energy

Update to credit analysis

Summary

Eversource Energy's (Eversource, Baa1 negative) credit profile reflects the company's pending transition aimed at returning to its previous low-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. The credit also reflects its historically weak financial profile. Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, Connecticut Light & Power Company (CL&P, A3 stable), Eversource's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC). Eversource's credit quality also reflects structural subordination of the significant level of parent debt compared to debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30%.

Over the last few years, Eversource's financial metrics have been adversely affected by increased debt to finance offshore wind project development, which the company is now in the process of exiting. The company's utilities have also been impacted by severe storms and subsequent delays in cost recovery particularly due to CL&P's distribution rate freeze through 2023. For the 12-months ended 31 March 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 11.3%, well below the 15% financial metric threshold that we have indicated could lead to a downgrade. Pro forma for deferred storm costs and other one-time items, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, still weak for the current rating.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the pending offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric Company (A1 negative). after its supportive rate case outcome last year; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain. Excluding any impact from proceeds related to the offshore wind asset sales, we expect Eversource to generate a ratio of CFO pre-W/C to debt of about 13-14% in 2023. The company's credit profile could be negatively impacted if the outcome of the offshore wind strategic review does not lead to substantial debt reduction, such that we would expect metrics to remain weak in 2024 and perhaps thereafter as well.

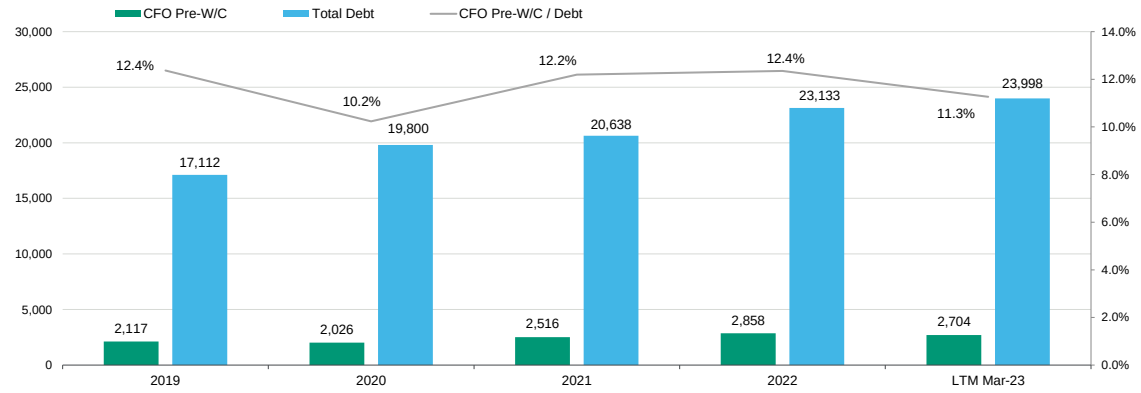
Recent developments

On 25 May, Eversource announced that it has entered into an agreement to sell its 50% ownership interest in the currently uncommitted lease area of approximately 175,000 developable acres located 25 miles off the south coast of Massachusetts to Ørsted A/S (Baa1 stable) for $625 million in an all-cash transaction. Ørsted currently owns the other 50% share of the uncommitted lease area. Eversource expects the transaction to close by the end of the third quarter of 2023, subject to regulatory approvals.

Eversource also entered into a binding letter of intent with Ørsted to use a portion of the proceeds from the lease area sale to provide tax equity for the South Fork Wind project, currently jointly owned and developed by Eversource and Orsted, through a new tax equity ownership interest. Eversource will recover this investment primarily in the form of investment tax credits that will be received around the time of the project's commercial operation date, which is expected in late 2023.

Furthermore, Eversource announced that the company is continuing to pursue the sale of its existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. Eversource expects to announce the results of this sale process by the end of June.

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



Source: Moody's Financial Metrics™

Credit strengths

» Transitioning back to a solely low-risk regulated utility holding company

» Proceeds from offshore wind asset sales and planned new equity issuance will be used to reduce debt

» Utilities mostly operate in credit supportive regulatory jurisdictions

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

Credit challenges

» Consistently weak financial metrics for current rating primarily due to increased leverage from funding offshore wind development which they are in the process of exiting

» More challenging Connecticut regulatory environment for its largest subsidiary, CL&P

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

» Substantial parent level debt which, if materially increased, could increase structural subordination notching within the corporate family

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

Rating outlook

Eversource's negative outlook reflects the company's consistently weak financial metrics, and the uncertain timing and execution of its intent to 1) fully divest its offshore wind ownership interest, 2) use proceeds from the asset sales and planned new equity issuance over the next year to pay down debt and 3) uncertainty around the company's ability to improve its financial profile enough to consistently sustain a CFO pre-W/C to debt ratio above 15%.

Factors that could lead to an upgrade

Given the negative outlook, it is unlikely that Eversource will be upgraded in the near term. However, Eversource's outlook could be changed to stable if the company executes the sale of all of its offshore wind assets, uses proceeds from the asset sale and new equity issuance to reduce leverage, and improves its financial profile enough such that we expect its ratio of CFO pre-W/C to debt will be sustained at or above 15%.

Factors that could lead to a downgrade

Eversource could be downgraded if the company does not lower its business risk profile by divesting all of its offshore wind business or consolidated financial metrics remain weak for the current rating, including a ratio of CFO pre-W/C to debt that we expect to remain below 15%. Eversource's rating could also be downgraded if either of its largest subsidiaries, notably CL&P or NSTAR Electric, were to be downgraded.

Key indicators

Exhibit 2
Eversource Energy [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
CFO Pre-W/C + Interest / Interest	4.7x	4.5x	5.1x	5.1x	4.7x
CFO Pre-W/C / Debt	12.4%	10.2%	12.2%	12.4%	11.3%
CFO Pre-W/C – Dividends / Debt	8.5%	6.5%	8.3%	8.6%	7.6%
Debt / Capitalization	51.0%	52.1%	51.7%	52.9%	53.3%

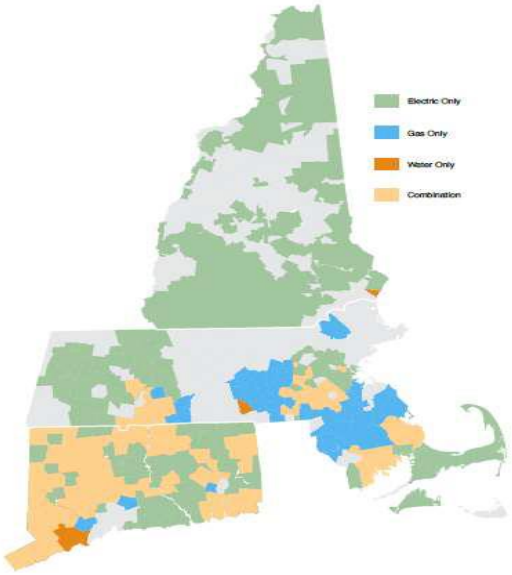
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Profile

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

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, A3 stable), NSTAR Electric Company (A1 negative), and Public Service Company of New Hampshire (PSNH, A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA, unrated) and NSTAR Gas (unrated). Eversource owns Aquarion Company (Aquarion, Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, A3 negative), Aquarion Water Company of Massachusetts (AWC-MA, unrated) and Aquarion Water Company of New Hampshire (AWC-NH, unrated). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses.

Exhibit 3
Eversource Energy's service territories



Source: Company Fillings

Eversource also consolidates the ownership interest held by its regulated subsidiaries in the decommissioned regional nuclear generation companies: Connecticut Yankee Atomic Power Company (CYAPC; 63% ownership) and Yankee Atomic Electric Company (YAEC; 52.5%) while the group's 24% interest in Maine Yankee Atomic Power Company (MYAPC) is recorded under the equity method. The group's remaining non-regulated businesses consist mainly of small subsidiaries including: The Rocky River Realty Company (a real estate company), the HWP Company (formerly the Holyoke Water Power Company), and NU Enterprises. The latter is the parent company of Northeast Generation Services Company (NGS) to which it renders operation and maintenance services.

Detailed credit considerations

Sale of offshore wind projects and lease area will reduce business risk

On 25 May, Eversource announced that it will sell its 50% ownership interest in a 175,000 acre uncommitted offshore wind project lease area, located 25 miles off the south coast of Massachusetts, to Ørsted A/S (Baa1 stable) for $625 million in an all-cash transaction. Ørsted currently owns the other 50% share. Eversource expects the transaction to close by the end of the third quarter of 2023, subject to regulatory approvals.

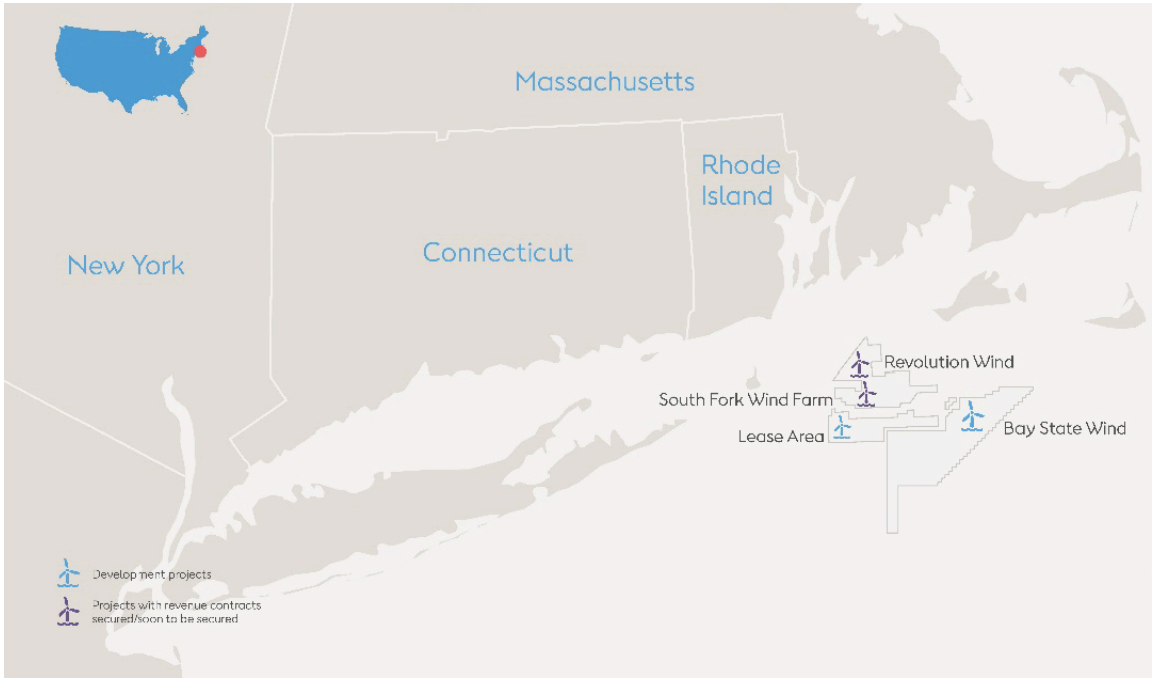
Eversource also entered into a binding letter of intent with Ørsted to use a portion of the proceeds from the lease area sale to provide tax equity for the South Fork Wind project, currently jointly owned and developed by Eversource and Orsted, through a new tax equity ownership interest. Eversource will recover this investment primarily in the form of investment tax credits that will be received around the time of the project's commercial operation date, which is expected in late 2023.

Furthermore, Eversource announced that the company is continuing to pursue the sale of its existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. Eversource expects to announce the results of this sale process by the end of June.

In May 2022, Eversource announced that it had begun a strategic review of its offshore wind investment portfolio, which includes a 50/50 joint venture (JV) partnership with Ørsted on the ownership of three wind projects and an unused offshore wind lease area. Eversource indicated that the strategic review could result in a sale of all or part of this portfolio, a credit positive because it would

reduce the company's business risk, which had been raised by the higher-risk offshore wind projects, as well as reduce debt. Eversource intends to use proceeds from any offshore wind asset sale, as well as a planned $1.2 billion at-the-market (ATM) equity program over the next few years, to repay debt and finance future capital investments at its regulated utilities. For further discussion regarding the credit impact of Eversource's announcement refer to Offshore wind strategic review and commitment to issue new equity are credit positive.

Exhibit 4
Off-shore wind projects under strategic review and lease area being sold



Source: Ørsted & Eversource Energy

Eversource has a 50% ownership interest in North East Offshore, which holds the Revolution Wind and South Fork Wind projects, as well as a 257 square-mile ocean lease off the coasts of Massachusetts and Rhode Island. Eversource also has a 50% ownership interest in Bay State Wind, which holds the Sunrise Wind project. Bay State Wind's separate 300-square-mile ocean lease is located approximately 25 miles south of the coast of Massachusetts adjacent to the North East Offshore area. In total, the Bay State Wind and the North East Offshore ocean lease sites, currently jointly-owned by Eversource and Ørsted, could eventually include at least 4,000 MW of renewable offshore wind energy.

South Fork Wind is a 130 MW project providing power to New York (Long Island Power Authority or LIPA) and construction has been proceeding since receiving final approval of its construction and operations plan (COP) in January 2022. The company expects South Fork Wind's commercial operation to be in late 2023.

The two other ongoing offshore wind projects include Revolution Wind, a 704 MW project providing power to Connecticut and Rhode Island, and Sunrise Wind, a 924 MW project providing power to New York (NYSERDA). The COP applications were filed with BOEM in 2020. On 30 April 2021, Revolution Wind received a notice of intent (NOI) from the BOEM to prepare an environmental impact statement (EIS) for the review of the COP. For Revolution Wind, a final EIS is expected in the second quarter of 2023, the record of decision in the third quarter of 2023, and final approval is expected in the fourth quarter of 2023. For Sunrise Wind, a final EIS and record of decision are expected in the third quarter of 2023, and final approval is expected in the fourth quarter of 2023. As a result,

construction is expected to begin on both projects in the second half of 2023 once all necessary federal, state and local approvals are received. As of 31 March 2023, Eversource expects Revolution Wind to be in service in 2025 and Sunrise Wind to be in service in late 2025.

Exhibit 5

Eversource's offshore wind projects under strategic review

	South Fork Wind	Revolution Wind	Sunrise Wind
Size	130 MW	704 MW	924 MW
Construction Operation Plan Filing with BOEM	Final siting approvals received in January 2022 Jan. 8, 2021; Received BOEM's final approval of its COP on Jan. 18, 2022	Filed Mar. 2020; review schedule was received on April 30, 2021 as part of Notice of Intent; Final approvals expected in fourth quarter of 2023	Filed September 2020; Review schedule received August 31, 2021 as part of Notice of Intent; Final approvals expected in fourth quarter of 2023
State Permit	NY State Article VII Permit Approved Mar. 18, 2021	Filed December 2020, evidentiary hearings began on October 12, 2021, issued a final decision and order approving the revolution wind project and granting a license to construct and operate on July 8, 2022.	Filed December 2020, settlement discussions began in September 2021, filed a Joint Proposal to the New York State Public Service Commission in September 2022
Most Recent Commercial Ops Date	Late 2023 (Under Construction)	In 2025	Late 2025
Price as of first day of commercial operation	~ $0.160/KWH for 90 MW ~ $0.086/KWH for 40 MW (avg. annual escalator: 2%)	$0.098425/KWH for RI (no escalator) $0.09843/KWH for CT for 200 MW (no escalator) $0.0995/KWH for CT for 104 MW (no escalator)	$0.11037/KWH (no escalator)
Term	20 years	20 years	25 years
Status of Contracts	130 MW for NY	400 MW for RI approved 304 MW for CT approved	Contract signed with NYSERDA in Oct. 2019
Interconnection	East Hampton, NY (LI)	Davisville, RI	Brookhaven, NY (LI)

Source: Company presentations

Offshore wind development is still a nascent industry in the United States. The joint venture's pursuit of offshore wind development increases Eversource's construction and execution risk, which raised Eversource's overall business risk profile compared to its core focus as a regulated T&D utility holding company. The construction risks are somewhat mitigated by Ørsted's involvement as the company is considered an industry leader in building and managing offshore wind globally, with a portfolio of offshore wind capacity totaling approximately 8.9 GW.

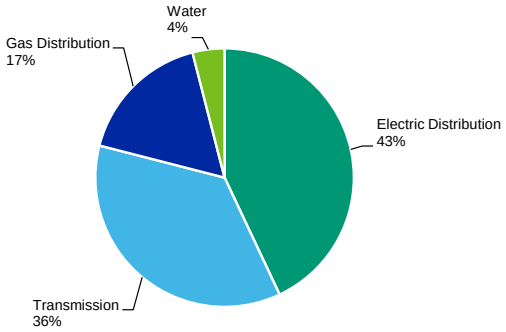
As of 31 March 2023, Eversource's total equity investment balance in its offshore wind business was $2.16 billion. Over the long-term, the offshore wind projects are expected to generate stable cash flows through long-term power purchase agreements with high credit quality utilities. However, we do not expect meaningful cash flow generation from the projects until most or all of them are in-service, which is not expected until 2025.

Diverse portfolio of low risk regulated electric, gas and water utilities

Eversource's electric distribution utilities account for about 43% of the group's rate base. CL&P is Eversource's largest electric T&D subsidiary, followed by NSTAR Electric and PSNH. Eversource's natural gas local distribution companies (LDCs) include Yankee Gas Services, EGMA and NSTAR Gas. The LDCs account for about 17% of consolidated rate base. Approximately 4% of the consolidated rate base is attributed to its water utility business within intermediate holding company, Aquarion Company.

Moreover, Eversource's substantial transmission business, which currently accounts for about 36% of the group's rate base, operates under the purview of the FERC, which we view as a highly credit supportive regulatory framework. Eversource's sizable exposure to FERC regulated, low risk transmission operations considering the group's substantial planned capital investments in transmission is credit positive.

Exhibit 6
Eversource Energy's portfolio based on 2022 year-end rate base



Source: Eversource Energy

Utilities operate in mostly credit supportive state and federal regulatory jurisdictions

We view the Massachusetts and New Hampshire regulatory jurisdictions as credit supportive as the regulators in those states allow for relatively timely recovery of prudent operating costs and investments through the use of various revenue decoupling and other cost recovery mechanisms. For example, in Massachusetts, NSTAR Electric is authorized to use revenue decoupling. The decoupling mechanism reconciles the utility's distribution revenues, on an annual basis, to a baseline distribution service revenue level established by the Massachusetts Department of Public Utilities (MDPU). Decoupling insulates the utility's cash flow from fluctuations in its retail electric sales, thus adding a high level of stability and predictability, a credit positive.

CL&P and Yankee Gas also utilize a revenue decoupling mechanism in Connecticut. However, we view that state's regulatory environment as more challenging, particularly for CL&P as well as its affiliated water utility, WC-CT. Refer to the following section for further discussion on recent regulatory developments in Connecticut.

NSTAR Electric utilizes cost recovery mechanisms that true up recovery of transmission, pension and other postretirement benefits costs, and the energy-related portion of bad debt expenses, on an annual basis. NSTAR Electric is also able to recoup the costs associated with the state's three-year energy efficiency program and the utility's purchased power costs are adjusted semiannually through the basic service charge. Furthermore, NSTAR Electric is able to recover restoration costs associated with major storms through a Storm Reserve Recovery Cost Adjustment rate mechanism, but these cost recoveries are subject to MDPU approval, and may be less timely than in other jurisdictions.

On 30 November 2022, the MDPU issued a credit supportive decision on NSTAR Electric's rate case that was filed in January of last year. The final order authorized a $64.3 million electric distribution base rate revenue increase based on a 9.8% authorized return on equity (ROE), an equity ratio of 53.2%, and the continuation of the performance-based regulation (PBR) plan for the next five years. New rates became effective 1 January 2023. Under the PBR plan, NSTAR Electric is permitted to implement annual inflationary rate adjustments subject to a 5% cap, the first of which would become effective 1 January 2024. The PBR plan also includes an earnings-sharing mechanism, which does not take effect until the company's earnings exceed a 10.8% ROE, whereby excess earnings are to be allocated 75% to customers and 25% to the company. The MDPU allowed NSTAR Electric to collect $196 million of storm costs related to past events over a five-year period, but the order also increases the company's annual storm fund contribution included in base rates to $31 million from $10 million for future storm cost recovery, a credit positive given the increase in extreme weather events.

On 14 January 2022, NSTAR Electric filed an initial rate case application with the MDPU for approval of an $89 million increase in electric distribution base rates with new rates effective 1 January 2023. The utility updated its requested increase to $88 million in April 2022. The company requested a renewal of the PBR plan that was originally authorized in its last rate case for up to a ten-year term.

In addition, on 7 October 2022, the MDPU issued a separate order approving NSTAR Electric's continuing investments in grid modernization by establishing a $162.6 million budget over the four-year plan from 2022 through 2025. This was in response to NSTAR Electric's request for approval of $198.8 million of grid modernization investments over the four year period. The company also proposed a $620 million advanced metering infrastructure (AMI) investment and implementation plan for 2022 through 2028. The recovery of these costs are addressed through a cost recovery mechanism within the company's PBR plan.

PSNH's distribution rates allow the utility to recover costs related to system upgrades and transmission services as well as costs related to energy efficiency programs and certain stranded costs on a timely basis. PSNH is also allowed to implement interim rate increases during rate case proceedings, which reduces regulatory lag.

On 15 December 2020, the New Hampshire Public Utilities Commission (NHPUC) approved a settlement agreement between PSNH and all parties in the utility's last rate case proceeding. The NHPUC approved a permanent rate increase of $45 million effective 1 January 2021, which included an interim rate increase previously implemented. PSNH was also allowed three step increases over 2021 and 2022 to reflect plant additions in 2019, 2020 and 2021. On 20 October 2022, the NHPUC approved the third step adjustment for 2021 plant in service and a revenue requirement increase of $8.9 million, with rates effective 1 November 2022. The December settlement agreement established an authorized regulatory ROE of 9.3% with a 54.4% equity ratio in PSNH's capital structure. The agreement also provided for a new tracker to recover regulatory assessments, vegetation management costs, property tax costs, and lost distribution revenue attributable to net metering. In addition, base distribution rates were adjusted to reflect the refund of excess deferred income tax from the changes to tax legislation in December 2017. This was PSNH's first rate case filing since 2010. In its May 2019 filing, the company had requested a rate increase of $69.9 million including a temporary rate increase, which was premised on an ROE of 10.4% and an equity ratio of 54.85%.

CL&P operates within a more challenging Connecticut regulatory environment

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

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

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

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

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

Furthermore, in July 2021, after several proceedings, the PURA assessed a $28.6 million penalty, including a $28.4 million performance penalty and a $0.2 million fine for accident reporting. PURA directed the $28.4 million to be returned to customers beginning

on 1 September 2021 over a one-year period. The $28.4 million is the maximum statutory penalty amount under the applicable Connecticut law in effect at the time of tropical storm Isaias, which was 2.5% of CL&P's annual distribution revenues.

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

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

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

Credit metrics expected to improve through debt reduction with proceeds from offshore wind asset sale and planned new equity issuance

Over the last few years, Eversource's financial metrics have been adversely affected by increased debt to finance offshore wind project development costs without any cash flow generation. The conpany's utilities have also been impacted by severe storms and subsequent delays in cost recovery particularly due to CL&P's distribution rate freeze. For the 12-months ended 31 March 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 11.3%, well below the 15% financial metric threshold that we have indicated could lead to a downgrade. Pro forma for deferred storm costs and other one-time items, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, still weak for the current rating.

Since the beginning of 2019, Eversource has issued almost $2 billion of new equity. Proceeds have been used to pay down debt, fund investments and partially finance the acquisition of Massachusetts gas assets (now known as EGMA) in 2020. The equity issuances were credit positive as they strengthened Eversource's consolidated balance sheet through debt repayment and the avoidance of new debt. Eversource intends to use proceeds from any offshore wind asset sale, as well as a planned $1.2 billion equity issuance over the next few years, to repay debt and finance future capital investments at its regulated utilities.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the pending offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric, after its supportive rate case outcome last year; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain. Excluding any impact from proceeds related to the offshore wind asset sales, we expect Eversource to generate a ratio of CFO pre-W/C to debt of about 13-14% in 2023. The company's credit profile could be negatively impacted if the outcome of the offshore wind strategic review does not lead to substantial debt reduction, such that we would expect metrics to remain weak in 2024 and perhaps thereafter as well.

Group's capital investment program remains elevated

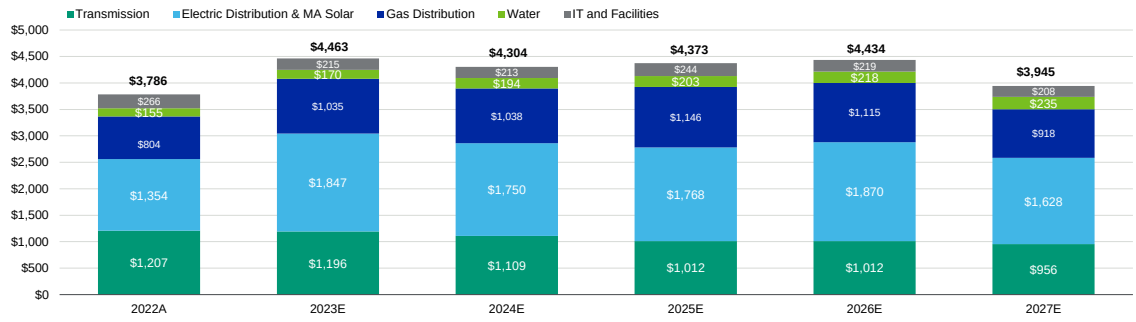
Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from about $24 billion at the end of 2021 to approximately $37.7 billion in 2027 through investments of approximately $21.5 billion during the 2023-2027 period, which includes approximately $14.1 billion in electric and natural gas distribution assets and about $5.3 billion in electric transmission assets. On average, Eversource and its utilities will recover a signifiant portion of their capital investments immediately through rate recovery mechanisms in the period of investment, a credit positive.

The planned capital investments in Eversource's electric distribution operations include approximately $8.9 billion, largely for system hardening and resiliency upgrades. The remaining $5.3 billion is planned for its natural gas distribution companies, in which LDCs continue pipeline replacements and natural gas expansion. Furthermore, over the same period, the company plans to spend about $1 billion on its water utility business and approximately $1.1 billion on information technology and facilities upgrades.

The group also continues to invest heavily in its transmission business, which is under the purview of the highly credit supportive FERC regulatory framework, a credit positive. Eversource's electric utilities plan to invest about $5.3 billion in its transmission assets.

Eversource and its subsidiaries have exhibited a proven track record of successfully completing substantial projects on time and within budget in the past. Continued successful execution of these projects going forward will be necessary to improve the group's financial profile.

Exhibit 7
Projected annual capital expenditures[1]
($ in millions)



[1] Excludes capital expenditures of wind projects
Source: Company presentations

Parent level debt is structurally subordinated to utility debt

Eversource's credit profile reflects the structural subordination of parent level debt relative to the indebtedness of its operating utilities. At the same time, Eversource's credit also incorporates the benefits associated with the regulatory and geographic diversification from owning several regulated electric, gas and water utilities within the greater New England region.

The majority of the group's consolidated rate base consists of operating utilities with strong credit quality. The substantial investments to grow its FERC regulated transmission rate base has strengthened the group's credit profile because of the supportive FERC regulatory framework.

Eversource's parent level debt of about $8.2 billion and Aquarion's intermediate holding company debt of $360 million represented approximately 30% of the group's consolidated indebtedness. With offshore wind investments largely funded by holding company debt, Eversource parent debt as a percentage of consolidated debt has increased over the years. We expect the percentage of parent debt to gradually decline through debt reduction using proceeds from Eversource's pending sale of its offshore wind assets and planned new equity issuance.

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

At year-end 2022, Eversource's transmission rate base accounted for approximately $9.4 billion (approximately $4.0 billion at CL&P, $3.7 billion at NSTAR Electric and $1.7 billion at PSNH) or roughly 36% of the group's total rate base. We view the FERC regulatory framework as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than most states. Eversource's transmission assets are authorized FERC ROEs ranging from 10.57% to 11.74%, including incentive adders. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

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

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

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

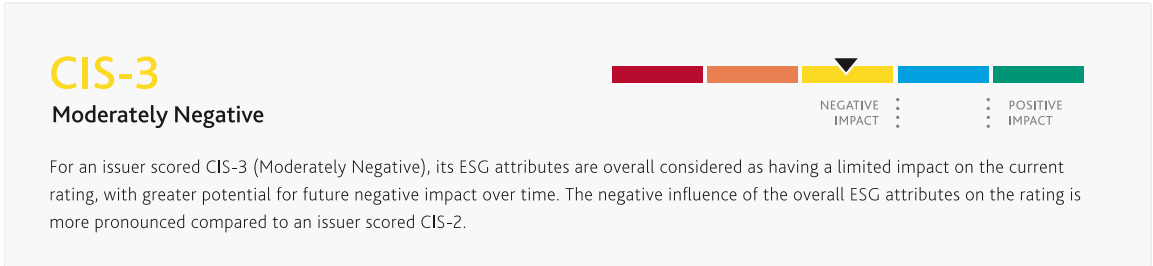
Eversource's operating utilities involved in the complaints have reserved approximately $39.1 million (pre-tax and excluding interest) for the second complaint for expected customer refunds as of 31 March 2023. Of this amount, $21.4 million is for CL&P, $14.6 million for NSTAR Electric, and $3.1 million for PSNH related to the second complaint's refund period of December 2012 through March 2014. Eversource's operating utilities have refunded approximately $38.9 million (pre-tax and excluding interest) associated with the first complaint (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH). No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be reduced from the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

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

ESG considerations

Eversource's ESG Credit Impact Score is CIS-3 (Moderately Negative)

Exhibit 8
ESG Credit Impact Score



Source: Moody's Investors Service

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

Exhibit 9
ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

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

Social

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

Governance

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

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

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by the upstreamed dividends from its diversified group of regulated utilities as well as external availability on its revolving credit facility. At 31 March 2023, Eversource had a consolidated cash balance of $36 million.

Eversource's main source of cash flow generation is the dividend distributions from its subsidiaries which totaled about $900 million in 2022, which was slightlty more than Eversource's shareholder dividend distributions of $860 million for the year. The dividend distributions by subsidiaries in 2022 included the following: CL&P ($292 million), NSTAR Electric ($288 million), PSNH ($104 million), YGS ($51 million), and NSTAR Gas ($50 million) and other of about $83 million. To supplement internal cash flow generation, Eversource used proceeds from short and long-term borrowings as well as new equity.

We expect that Eversource will continue to fund the group's planned capital investments, including the approximately $4.5 billion forecasted in 2023, with a mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility, long-term debt issuances as well as planned equity issuances.

Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2027. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, PSNH has a borrowing sublimit of $300 million and AWC-CT has a borrowing sublimit of $100 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 65%. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2023.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. Eversource has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 31 March 2023, approximately $952 million was available on the credit facility with approximately $1.048 billion of commercial paper outstanding. There were intercompany loans from Eversource of $121.1 million to PSNH, and $318 million to CL&P.

NSTAR Electric has a $650 million senior unsecured committed revolving credit facility that expires in October 2027. The revolver backstops NSTAR Electric's $650 million commercial paper program. At 31 March 2023, NSTAR Electric had commercial paper outstanding of $147 million and no borrowings on its revolving credit facility. The company has typically used short-term borrowings to fund capital needs until longer term financing is arranged. Borrowings on the facility are not subject to a material adverse change clause, and NSTAR Electric has sufficient cushion on its only financial maintenance covenant of a maximum total consolidated debt to capitalization of 65%. NSTAR Electric does not have access to the separate $2 billion joint revolving credit facility that Eversource and its remaining operating subsidiaries utilize.

The group's next upcoming debt maturities include $350 million of notes at Eversource due in August 2023, $325 million of notes at PSNH due November 2023, $80 million of notes at NSTAR Electric due November 2023, and $400 million of notes at Eversource due December 2023 as well as almost $2 billion in aggregate due in 2024 across the corporate family.

Rating methodology and scorecard factors

Exhibit 10
Methodology Scorecard Factors
Eversource Energy

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 3/31/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	4.5x - 5x	A
b) CFO pre-WC / Debt (3 Year Avg)	11.2%	Baa	13% - 15%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	7.4%	Baa	9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	52.6%	Baa	50% - 54%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

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

Appendix

Exhibit 11

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
As Adjusted					
FFO	**2,241**	**2,543**	**2,830**	**3,063**	**2,961**
+/- Other	-125	-516	-314	-205	-256
CFO Pre-WC	**2,117**	**2,026**	**2,516**	**2,858**	**2,704**
+/- ΔWC	-56	-157	-211	-58	-207
CFO	**2,060**	**1,869**	**2,305**	**2,799**	**2,497**
- Div	667	748	809	864	879
- Capex	2,924	3,103	3,432	3,759	3,972
FCF	**-1,530**	**-1,982**	**-1,935**	**-1,824**	**-2,355**
(CFO Pre-W/C) / Debt	12.4%	10.2%	12.2%	12.4%	11.3%
(CFO Pre-W/C - Dividends) / Debt	8.5%	6.5%	8.3%	8.6%	7.6%
FFO / Debt	13.1%	12.8%	13.7%	13.2%	12.3%
RCF / Debt	9.2%	9.1%	9.8%	9.5%	8.7%
Revenue	8,526	8,904	9,863	12,289	12,614
Interest Expense	574	583	617	692	731
Net Income	1,067	1,164	1,153	1,212	1,278
Total Assets	41,124	46,100	48,492	53,231	54,105
Total Liabilities	28,466	31,958	33,815	37,680	38,278
Total Equity	12,658	14,141	14,678	15,551	15,827

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

Exhibit 12

Peer Comparison Table [1]

	Eversource Energy			American Electric Power Company, Inc.			NextEra Energy, Inc.			CMS Energy Corporation			Public Service Enterprise Group Incorporated		
	Baa1 (Negative)			Baa2 (Stable)			Baa1 (Stable)			Baa2 (Stable)			Baa2 (Stable)		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23
Revenue	9,863	12,289	12,614	16,792	19,640	19,738	17,069	20,956	24,782	7,329	8,596	8,506	9,722	9,800	11,242
CFO Pre-W/C	2,516	2,858	2,704	3,876	5,670	5,184	8,479	10,108	9,824	1,879	1,990	1,932	2,845	2,398	2,589
Total Debt	20,638	23,133	23,998	37,661	41,404	43,257	54,651	64,810	70,485	12,261	14,067	14,253	19,822	21,047	20,992
CFO Pre-W/C + Interest / Interest	5.1x	5.1x	4.7x	4.2x	5.0x	4.4x	7.1x	15.0x	6.2x	4.9x	4.9x	4.6x	5.5x	4.7x	4.7x
CFO Pre-W/C / Debt	12.2%	12.4%	11.3%	10.3%	13.7%	12.0%	15.5%	15.6%	13.9%	15.3%	14.1%	13.6%	14.4%	11.4%	12.3%
CFO Pre-W/C – Dividends / Debt	8.3%	8.6%	7.6%	6.2%	9.7%	8.1%	9.9%	10.3%	9.0%	11.0%	10.1%	9.5%	9.2%	6.3%	7.1%
Debt / Capitalization	51.7%	52.9%	53.3%	54.4%	55.6%	56.4%	49.9%	52.2%	52.7%	55.6%	57.5%	57.6%	49.6%	52.0%	50.2%

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

Ratings

Exhibit 13

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa1
Senior Unsecured	Baa1
Pref. Shelf	(P)Baa3
Commercial Paper	P-2
AQUARION WATER COMPANY OF CONNECTICUT	
Outlook	Negative
Issuer Rating	A3
NSTAR ELECTRIC COMPANY	
Outlook	Negative
Issuer Rating	A1
Senior Unsecured	A1
Pref. Stock	A3
Commercial Paper	P-1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
AQUARION COMPANY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A1
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Investors Service

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