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FitchRatings

Corporates
Electric-Corporate
United States

Eversource Energy

Eversource Energy's (ES) Long-Term Issuer Default Rating (IDR) and Outlook reflect the company's completed sale of Aquarion Water on June 30, 2026, for $2.4 billion, with net proceeds expected to reduce holding company leverage. The Stable Outlook also reflects the greater likelihood that Revolution Wind will reach commercial operation by YE 2026, after first power was delivered in March 2026.

Fitch forecasts ES's FFO leverage to remain elevated at about 6.0x in 2026, despite the Aquarion sale, partly due to roughly $880 million in refunds from the FERC base ROE reduction. Leverage is forecast to improve to about 5.5x in 2027, supported by expected new base rates at operating utilities and the securitization of approved storm costs of approximately $668 million.

Key Rating Drivers

Revolution Wind Project Update: The operating environment for U.S. offshore wind projects remains uncertain in Fitch's view. The current U.S. Administration had issued stop-work order on multiple occasions to halt the progress on Revolution but was overturned with a favorable preliminary injunction by a federal judge on each occasion. This allowed ES to continue construction and minimizes cost overruns and liabilities incurred associated with the project.

As of Jun 30, 2026, the project is over 90% completed and achieved first power in March 2026. Revolution is actively exporting over 300MW of electricity to the New England grid. Orsted A/S (BBB/Stable), one of the project owners, has reiterated Revolution, which remains on track for completion and commercial operation by YE 2026. Fitch believes there is visibility to project completion without further delays and cost overruns.

Aquarion Update: On March 25, 2026, PURA approved the sale of Aquarion Water Company. The transaction was closed on June 30, 2026, for a total sale price of $2.4 billion with net proceeds of about $1.7 billion after settling about $650 million of Aquarion's debt. Fitch views this positively as the completion of the transaction allows ES to use sale proceeds to reduce holding company leverage.

FERC Base ROE Reduction: On March 19, 2026, The Federal Energy Regulatory Commission (FERC) reduced the New England transmission base ROE to 9.57% from 10.57% and ordered retroactive refunds, later extending the final refund completion deadline to May 20, 2027. The order determined that the regional transmission owners' equity returns dating back to 2011 were unjust and unreasonable, leading FERC to reduce the base ROE and impose a one-time rate refund. Fitch expects ES to refund about $880 million to customers across 2026 and 2027, which will pressure FFO leverage.

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

Adequate Credit Metrics: ES's FFO leverage for fiscal 2025 was about 5.2x. Fitch expects ES' FFO leverage to temporarily weaken in 2026 primary due to the one-time $880 million refund, associated with the FERC base ROE reduction, to customers over 2026 and 2027. This is partly offset by the closing of the Aquarion sale and expected proceeds from storm cost securitization in Connecticut. Fitch projects ES's FFO leverage to average 5.5x through 2027, below its downgrade sensitivity of 6.0x.

Ratings

Long-Term IDR	BBB
Short-Term IDR	F3
Senior Unsecured Debt - Long-Term Rating	BBB
Senior Unsecured Debt - Short-Term Rating	F3
Outlook	
Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3
2035 Climate Vulnerability Signal	40
Transition (Climate.VSt)	25
Physical (Climate.VSp)	33

Applicable Criteria

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

Related Research

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

Analysts

Andrew Ng
+1 647 693 6310
andrew.ng@fitchratings.com

Shalini Mahajan, CFA
+1 212 908 0351
shalini.mahajan@fitchratings.com

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Large Utility Capex Plan: ES has a large capex program, about $21 billion between 2026 to 2029, almost 3x depreciation expense, across electric transmission and distribution and gas distribution. This utility capex is a relatively low-risk growth plan, including about $9 billion in electric distribution, $5.6 billion in FERC regulated electric transmission and $5.4 billion in natural gas distribution. More than 80% of ES's planned utility capex will be recovered with minimal lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: ES operates utilities in three states and invests heavily in FERC-regulated projects. FERC, Connecticut, Massachusetts and New Hampshire represent 35%, 28%, 30% and 7% of ES's consolidated rate base, respectively. Fitch views FERC as one of the most constructive U.S. regulators due to timely cost recovery and formulaic rates of return. Connecticut's electric regulatory environment is more challenging. Fitch views PURA's recent actions to implement performance-based regulation, enactment of Senate Bill 7 in 2023 and authorized ROEs below the national average as less constructive.

Rating Sensitivities

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

- Unexpected additional Revolution incurred liabilities that are not funded in a credit-supportive manner;
- Failure to issue equity over 2026 and 2027 as planned to support deleveraging plan;
- Adverse regulatory actions or other events that result in downgrades to ES's utility subsidiaries;
- FFO leverage exceeds 6.0x on a sustained basis.

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

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

Issuer Profile

ES is a holding company that owns six regulated utilities serving about 4.4 million electric transmission and distribution (T&D) and natural gas distribution customers in Massachusetts, Connecticut and New Hampshire.

Financial Summary

(USD Mil.)	2022	2023	2024	2025	2026F	2027F
Capex	-3,442	-4,653	-4,776	-4,584	—	—
EBITDA	3,754	3,134	4,415	5,325	5,286	6,263
CFO (Fitch-defined)	2,342	1,834	2,398	4,479	3,368	4,085
Capital intensity (capex/revenue) (%)	28.1	39.3	40.3	34.0	—	—
Debt	22,684	26,570	29,019	30,048	29,133	31,133
FFO interest coverage (x)	4.7	4.4	4.3	4.7	3.8	4.1
FFO leverage (x)	7.4	7.7	6.4	5.2	6.1	5.5
EBITDA leverage (x)	6.0	8.5	6.6	5.6	5.6	5.0

Source: Fitch Ratings, Fitch Solutions

Corporate Rating Tool Inputs and Scores

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

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

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- The SCP is 'bbb'.

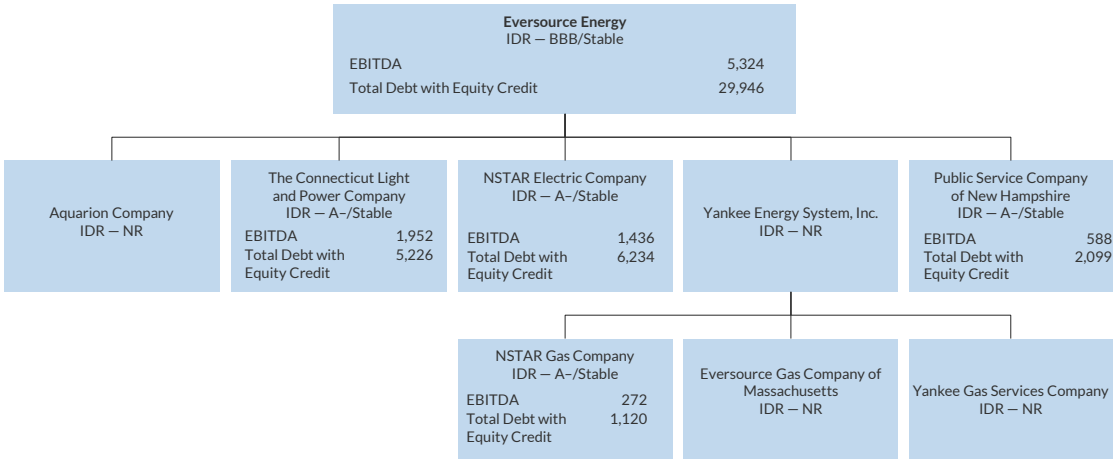
To derive the Long-Term IDR:

- Application of Fitch's Parent Subsidiary Linkage Rating Criteria results in a(n) consolidated approach.

Simplified Group Structure Diagram

Organizational Structure — Eversource Energy

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



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

Optional section 'Simplified Group Structure Diagram Source' has been hidden. It can be displayed and enabled for authoring by re-enabling it via the side-bar.

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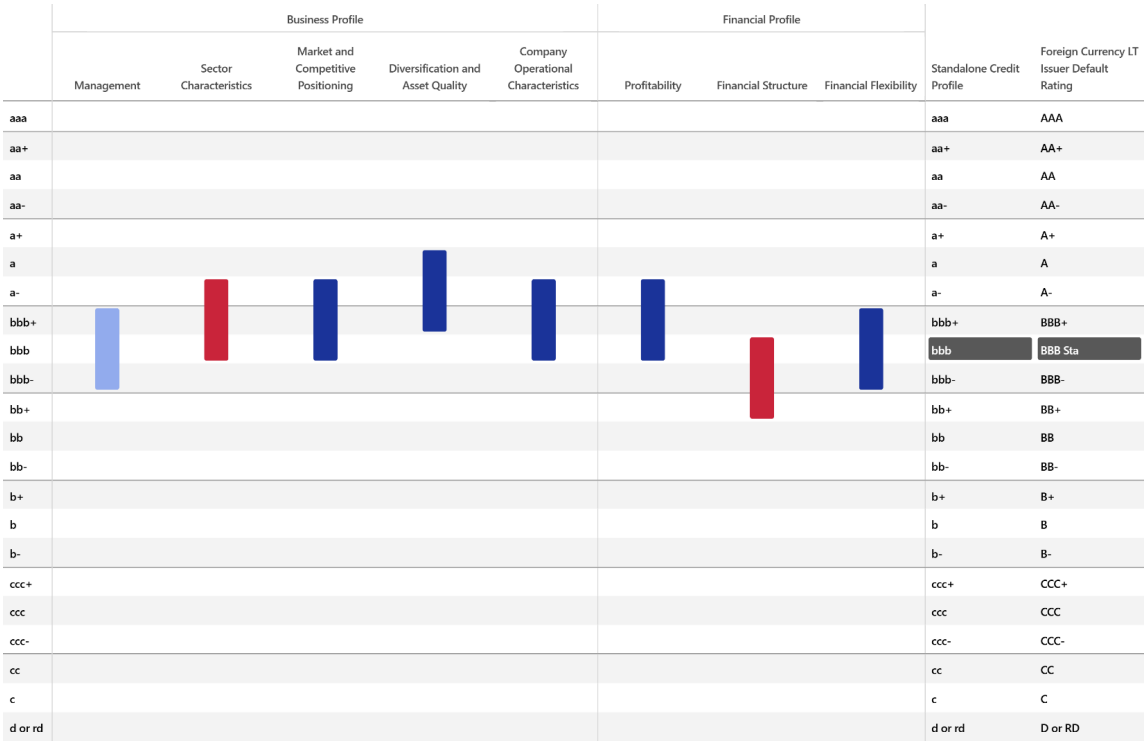
Ratings Navigator

North American Utilities



Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	aa-	0
Other risk elements	Not applied	0
Calibration	Not applied	0
Standalone Credit Profile		**bbb**
Parent subsidiary linkage	Consolidated	BBB
Government related entities	Not applied	–
Other criteria considerations	Not applied	0
Country Ceiling considerations	Not applied	0

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

Factor/Subfactor	Score/Outlook/Importance	Description
Sector characteristics	bbb+/stable/higher	
Regulatory environment	bbb+/moderate	Generally transparent and predictable regulation with limited political interference.
Mechanisms supportive of creditworthiness	n.a./n.a.	Subfactor not relevant to the issuer.
Cost and investment recovery	bbb+/moderate	Moderate lag to recover capital and operating costs.
Trend in authorized roes	bbb+/moderate	Average authorized ROE.
Market structure	a/moderate	Well-established market structure with complete transparency in price-setting mechanisms.

Factor/Subfactor	Score/Outlook/Importance	Description
Market and competitive positioning	bbb+/stable/moderate	
Underlying supply mix	bbb+/moderate	Low variable costs and moderate flexibility of supply.
Consumption growth potential	bbb/moderate	Customer and usage growth in line with industry averages.
Supply demand dynamics	bbb+/moderate	Moderately favorable outlook for prices/rates.

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

Factor/Subfactor	Score/Outlook/Importance	Description
Company operational characteristics	bbb+/stable/moderate	
Operational reliability	bbb+/moderate	Reliability and cost of operations at par with industry averages.
Capex intensity	bbb+/moderate	Moderate reinvestments requirements in established technologies.
Cost competitiveness	a/moderate	Complete pass-through of commodity costs.
Exposure to weather risk	bbb+/moderate	Resilient asset base, manageable exposure to wildfire, hurricane or other weather-related natural disasters supported by effective legal/regulatory constructs.
Environmental exposure	bbb+/moderate	Limited or manageable exposure to environmental regulations.

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

Factor/Subfactor	Score/Outlook/Importance	Description
Financial structure	bbb-/stable/higher	
EBITDA leverage (x)	bb-/lower	4.75
FFO leverage (x)	bbb-/higher	5.0

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Factor/Subfactor	Score/Outlook/Importance	Description
Financial flexibility	bbb/stable/moderate	
Financial access	a/moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'a' and above, or International financial markets with (primarily) FMD of 'a' and above. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle.
Liquidity	bbb+/moderate	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
FFO interest coverage (x)	bbb-/higher	4.5

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

Fitch's Key Rating-Case Assumptions

- Revolution Wind project will be completed and COD by end of 2026 with no additional cost overruns and liabilities incurred by ES;
- Equity issuance in line with the company's guidance;
- Consolidated core business capex and rate base growth in line with the company's guidance;
- O&M expenses are relatively stable;
- Storm cost recovery as approved and approval of outstanding deferred balances;
- Revenue increases in line with approved rate cases at the subsidiaries level;
- No adverse regulatory outcomes;
- Continued credit-supportive economic regulation in Massachusetts and at FERC

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Liquidity and Debt Structure

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

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

NSTAR Electric Company (NEC; A-/Stable) maintains its own $650 million CP program, backstopped by an equal-sized RCF. NEC's $650 million RCF is separate from the shared RCF of parent ES and the other utilities, but also terminates on Oct. 11, 2030. As of June 30, 2026, there was $63 million of CP outstanding, leaving $587 million available borrowing capacity. ES and its utility subsidiaries require modest cash on hand and had approximately $1.82 billion of unrestricted cash as of June 30, 2026.

Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	Dec. 31, 2024	Dec. 31, 2025
Total cash and cash equivalents	27	135
Short-term investments	—	—
Less not readily available cash and cash equivalents	—	—
Fitch-defined readily available cash and cash equivalents	**27**	**135**
Availability under committed lines of credit	607	1,125
Total liquidity	634	1,260
LTM EBITDA after associates and minorities	4,415	5,325
LTM FCF	-3,379	-1,198

Source: Fitch Ratings, Fitch Solutions, Eversource Energy

Scheduled Debt Maturities

(USD Mil.)	Dec. 31, 2025
2026	2,916
2027	2,890
2028	2,279
2029	2,301
2030	2,904
Thereafter	16,759
Total	**30,048**

Source: Fitch Ratings, Fitch Solutions, Eversource Energy

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Financial Data

(USD Mil.)	2022	2023	2024	2025	2026F	2027F
Summary income statement						
Gross revenue	12,229	11,852	11,843	13,491	14,073	15,758
Revenue growth (%)	24.8	-3.1	-0.1	13.9	4.3	12.0
EBITDA before income from associates	3,754	3,134	4,415	5,325	5,286	6,263
EBITDA margin (%)	30.7	26.4	37.3	39.5	37.6	39.7
EBITDA after associates and minorities	3,754	3,134	4,415	5,325	5,225	6,183
EBIT	2,162	2,366	2,689	2,973	3,224	3,064
EBIT margin (%)	17.7	20.0	22.7	22.0	22.9	19.4
Gross interest expense	-664	-867	-1,159	-1,225	-1,236	-1,352
Pretax income including associate income/loss	1,866	-275	1,244	1,840	2,234	1,951
Summary balance sheet						
Readily available cash and equivalents	375	54	27	135	35	39
Debt	22,684	26,570	29,019	30,048	29,133	31,133
Net debt	22,309	26,516	28,993	29,913	29,098	31,094
Summary cash flow statement						
EBITDA	3,754	3,134	4,415	5,325	5,286	6,263
Cash interest paid	-636	-783	-1,062	-1,231	-1,236	-1,352
Cash tax	-78	-39	70	48	-39	-107
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	-61	-80
Other items before FFO	-620	368	74	386	-401	-463
FFO	2,462	2,766	3,627	4,521	3,541	4,253
FFO margin (%)	20.1	23.3	30.6	33.5	25.2	27.0
Change in working capital	-120	-932	-1,230	-42	-173	-168
CFO (Fitch-defined)	2,342	1,834	2,398	4,479	3,368	4,085
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-3,442	-4,653	-4,776	-4,584	—	—
Capital intensity (capex/revenue) (%)	28.1	39.3	40.3	34.0	—	—
Common dividends	-860	-919	-1,001	-1,093	—	—
FCF	-1,960	-3,738	-3,379	-1,198	—	—
FCF margin (%)	-16.0	-31.5	-28.5	-8.9	—	—
Net acquisitions and divestitures	—	—	—	—	—	—
Other investing and financing cash flow items	-678	-498	-58	-140	—	—
Net debt proceeds	2,749	3,842	2,413	981	-165	2,000
Net equity proceeds	197	—	989	465	300	200
Total change in cash	308	-393	-35	109	-100	4
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-4,302	-5,572	-5,777	-5,677	-3,873	-6,286
FCF after acquisitions and divestitures	-1,960	-3,738	-3,379	-1,198	-505	-2,201
FCF margin after net acquisitions (%)	-16.0	-31.5	-28.5	-8.9	-3.6	-14.0
Gross leverage ratios (x)						
EBITDA leverage	6.0	8.5	6.6	5.6	5.6	5.0
FFO leverage	7.4	7.7	6.4	5.2	6.1	5.5
(CFO-capex)/debt (%)	-4.8	-10.6	-8.2	-0.4	-5.8	-3.1
Net leverage ratios (x)						
EBITDA net leverage	5.9	8.5	6.6	5.6	5.6	5.0
FFO net leverage	7.3	7.7	6.4	5.2	6.1	5.5
(CFO-capex)/net debt (%)	-4.9	-10.6	-8.2	-0.4	-5.8	-3.1

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(USD Mil.)	2022	2023	2024	2025	2026F	2027F
Coverage ratios (x)						
EBITDA interest coverage	5.9	4.0	4.2	4.3	4.2	4.6
FFO interest coverage	4.7	4.4	4.3	4.7	3.8	4.1
FFO fixed-charge coverage	4.7	4.4	4.3	4.7	3.8	4.1

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

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

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Fitch Adjusted Financials

(USD Mil., as of Dec. 31, 2025)	Notes and formulas	Standardized values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		13,547	—	—	-56	13,491
EBITDA	(a)	5,393	—	-12	-56	5,325
Depreciation and amortization		-2,404	—	10	43	-2,352
EBIT		2,989	—	-3	-13	2,973
Balance sheet summary						
Debt	(b)	30,270	102	—	-324	30,048
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		30,270	102	—	-324	30,048
Readily available cash and equivalents	(c)	135	—	—	—	135
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	5,393	—	-12	-56	5,325
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—	—
Interest paid	(e)	-1,183	—	3	-51	-1,231
Interest received	(f)	126	—	—	-126	—
Preferred dividends paid	(g)	-8	—	—	—	-8
Cash tax paid		48	—	—	—	48
Other items before FFO		-216	—	—	602	386
FFO	(h)	4,161	—	-10	369	4,521
Change in working capital		-55	—	—	13	-42
CFO	(i)	4,106	—	-10	382	4,479
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-4,159	—	—	-426	-4,584
Common dividends paid		-1,093	—	—	—	-1,093
FCF		-1,146	—	-10	-43	-1,198
Gross leverage (x)						
EBITDA leverage	b / (a+d)	5.6	—	—	—	5.6
FFO leverage	b / (h-e-f-g)	5.8	—	—	—	5.2
(CFO-capex)/debt (%)	(i+j) / b	-0.2	—	—	—	-0.4
Net leverage (x)						
EBITDA net leverage	(b-c) / (a+d)	5.6	—	—	—	5.6
FFO net leverage	(b-c) / (h-e-f-g)	5.8	—	—	—	5.2
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-0.2	—	—	—	-0.4
Coverage (x)						
EBITDA interest coverage	(a+d) / (-e)	4.6	—	—	—	4.3
FFO interest coverage	(h-e-f-g) / (-e-g)	4.4	—	—	—	4.7

Notes: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardized values column excludes lease liabilities of USD129.1 million. CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions, Eversource Energy

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Peer Analysis

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

Eversource has been more levered in the past few years compared to its peers, with FFO leverage of over 7.0x. Fitch expects FFO leverage to improve and average about 5.6x through 2027 after the Aquarion sale closes and recovery of storm recovery cost through rates and securitization. Similar to ES, Emera's leverage has been high over the past few years, with FFO leverage average of approximately 7.0x. Fitch forecast Emera's FFO leverage to improve and average about 5.7x through 2027 following the execution of the company's deleveraging plan. Fitch expects AEP's FFO leverage to average at approximately 5.5x over the forecast period.

Navigator Peer Comparison

Issuer		Business profile (Score/Relative Importance)					Financial profile (Score/Relative Importance)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility
Eversource Energy	BBB/Stable	bbb	bbb+	bbb+	a-	bbb+	bbb+	bbb-	bbb
Emera Incorporated	BBB/Stable	bbb	a	a-	a-	bbb+	bbb+	bb+	bbb
American Electric Power Company, Inc.	BBB/Stable	bbb	bbb+	bbb	a-	bbb+	bbb	bbb-	bbb

Relative importance: Higher Moderate Lower

Source: Fitch Ratings

Issuer		Business profile (Score/Outlook)					Financial profile (Score/Outlook)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility
Eversource Energy	BBB/Stable	bbb	bbb+	bbb+	a-	bbb+	bbb+	bbb-	bbb
Emera Incorporated	BBB/Stable	bbb	a	a-	a-	bbb+	bbb+	bb+	bbb
American Electric Power Company, Inc.	BBB/Stable	bbb	bbb+	bbb	a-	bbb+	bbb	bbb-	bbb

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

Source: Fitch Ratings

Post-Factor Assessment Analytical Adjustments and Overlays

Issuer			Analytical Adjustment			Governance	Operating Environment	Qualitative Overlay		
Name	IDR/Outlook	Factor Assessment Outcome	Additional Sector	Weakest Link	B+ to CC	Rating impact	Rating impact	Other Risk Elements	Calibration	Final SCP
Eversource Energy	BBB/Stable	bbb	-	-	-	-	-	-	-	bbb
Emera Incorporated	BBB/Stable	bbb	-	-	-	-	-	-	-	bbb
American Electric Power Company, Inc.	BBB/Stable	bbb	-	-	-	-	-	-	-	bbb

SCP - Standalone Credit Profile
Source: Fitch Ratings

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Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	FFO (USD Mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
Eversource Energy	BBB						
	BBB	2025	13,491	4,521	4.7	5.2	5.6
	BBB	2024	11,843	3,627	4.3	6.4	6.6
	BBB+	2023	11,852	2,766	4.4	7.7	8.5
Emera Incorporated	BBB						
	BBB	2025	6,403	1,714	3.1	6.2	6.4
	BBB	2024	5,010	1,367	2.8	6.7	8.6
	BBB	2023	5,718	1,387	2.8	7.1	6.6
American Electric Power Company, Inc.	BBB						
	BBB	2025	21,803	6,450	4.2	5.4	5.3
	BBB	2024	19,592	6,016	4.1	5.5	5.9
	BBB	2023	18,858	4,666	3.6	6.6	6.5

Source: Fitch Ratings, Fitch Solutions

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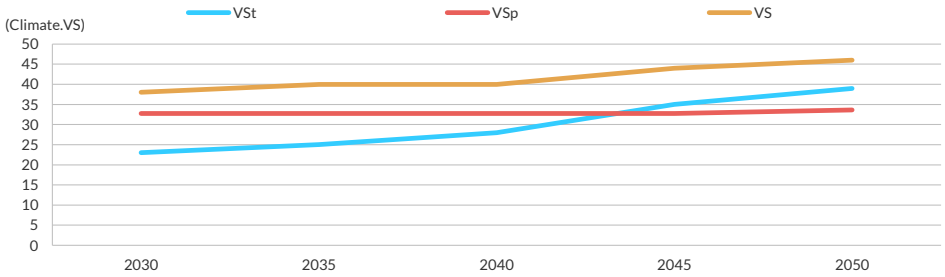
Climate Vulnerability Considerations

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

The Climate.VS for 2035 is 40 out of 100. This reflects a VSp of 33 and a VSt of 25.

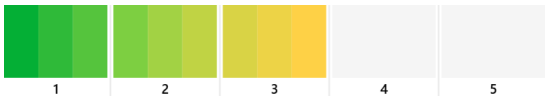
Climate Vulnerability Signals



Source: Fitch Ratings

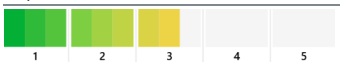
ESG Considerations

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



Environmental Relevance Scores

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



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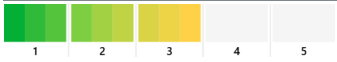
Social Relevance Scores

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



Governance Relevance Scores

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



ESG Scoring

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

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

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

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

Credit-Relevant ESG Scale

5 Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.

4 Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.

3 Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.

2 Irrelevant to the entity rating but relevant to the sector.

1 Irrelevant to the entity rating and irrelevant to the sector.

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

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RATING ACTION COMMENTARY

Fitch Revises Eversource Energy's Subs' Outlooks to Stable; Affirms Ratings

Fri 14 Aug, 2026 - 1:44 PM ET

Fitch Ratings - Toronto - 14 Aug 2026: Fitch Ratings has affirmed the ratings of Eversource Energy (ES) and its subsidiaries and revised their Rating Outlooks to Stable from Negative. The Stable Outlook reflects ES's completed sale of Aquarion Water on June 30, 2026 for $2.4 billion, with net proceeds expected to reduce holding company leverage. The Stable Outlook also reflects greater likelihood that Revolution Wind will reach commercial operation by YE 2026 after first power was delivered in March 2026.

Fitch forecasts ES's FFO leverage to remain elevated at about 6.0x in 2026, despite the Aquarion sale, partly due to roughly $880 million in refunds from the FERC base ROE reduction. Leverage is forecast to improve to about 5.5x in 2027, supported by expected new base rates at operating utilities and securitization of approved storm costs of about $668 million.

The Stable Outlook for ES's subsidiaries reflect application of Fitch's Parent-Subsidiary Linkage (PSL) criteria.

KEY RATING DRIVERS

Eversource Energy

Revolution Wind Project Update: The operating environment for U.S. offshore wind projects remains uncertain in Fitch's view. The current U.S. Administration had issued stop-work order on multiple occasions to halt the progress on Revolution but was overturned with a favorable preliminary injunction by a federal judge on each occasion. This allowed ES to continue construction and minimizes cost overruns and liabilities incurred associated with the project.

As of Jun 30, 2026, the project is over 90% completed and achieved first power in March 2026. Revolution is actively exporting over 300MW of electricity to the New England grid. Orsted A/S (BBB/Stable), one of the project owners, has reiterated Revolution, which remains on track for completion and commercial operation by YE 2026. Fitch believes there is visibility to project completion without further delays and cost overruns.

Aquarion Update: On March 25, 2026, PURA approved the sale of Aquarion Water Company. The transaction was closed on June 30, 2026, for a total sale price of $2.4 billion with net proceeds of about $1.7 billion after settling about $650 million of Aquarion's debt. Fitch views this positively as the completion of the transaction allows ES to use sale proceeds to reduce holding company leverage.

FERC Base ROE Reduction: On March 19, 2026, The Federal Energy Regulatory Commission (FERC) reduced the New England transmission base ROE to 9.57% from 10.57% and ordered retroactive refunds, later extending the final refund completion deadline to May 20, 2027. The order determined that the regional transmission owners' equity returns dating back to 2011 were unjust and unreasonable, leading FERC to reduce the base ROE and impose a one-time rate refund. Fitch expects ES to refund about $880 million to customers across 2026 and 2027, which will pressure FFO leverage.

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

Adequate Credit Metrics: ES's FFO leverage for fiscal 2025 was about 5.2x. Fitch expects ES' FFO leverage to temporarily weaken in 2026 primary due to the one-time $880 million refund, associated with the FERC base ROE reduction, to customers over 2026 and 2027. This is partly offset by the closing of the Aquarion sale and expected proceeds from storm cost securitization in Connecticut. Fitch projects ES's FFO leverage to average 5.5x through 2027, below its downgrade sensitivity of 6.0x.

Large Utility Capex Plan: ES has a large capex program, about $21 billion between 2026 to 2029, almost 3x depreciation expense, across electric transmission and distribution and gas distribution. This utility capex is a relatively low-risk growth plan, including about $9 billion in electric distribution, $5.6 billion in FERC regulated electric transmission and $5.4 billion in natural gas distribution. More than 80% of ES's planned utility capex will be recovered

with minimal lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: ES operates utilities in three states and invests heavily in FERC-regulated projects. FERC, Connecticut, Massachusetts and New Hampshire represent 35%, 28%, 29% and 7% of ES's consolidated rate base, respectively. Fitch views FERC as one of the most constructive U.S. regulators due to timely cost recovery and formulaic rates of return. Connecticut's electric regulatory environment is more challenging. Fitch views PURA's recent actions to implement performance-based regulation, enactment of Senate Bill 7 in 2023 and authorized ROEs below the national average as less constructive.

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

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

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

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

Regulatory Challenges: Connecticut's regulatory environment has been challenging in recent years, with rate orders that have been unsupportive of utility credit quality, including rate decreases for peer utilities and below-average ROEs. Senate Bill 7, enacted in June 2023, further weakens cash flow predictability by restricting cost recovery mechanisms, requiring consideration of macroeconomic conditions in ROE decisions, mandatory base

rate reviews every four years, and performance-based limits on management compensation if customer bills rise beyond certain level. Fitch could take negative rating actions if the final regulatory framework becomes materially more punitive.

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

Storm Costs Securitization Approved: On July 29, 2026, PURA approved about $868 million of prudently incurred storm restoration costs for CL&P, down from the proposed $942 million. Of the $74 million difference, $64 million was deferred for future recovery and is under review by PURA. Commissioners also denied recovery of about $397 million of retroactive interest charges. The net recoverable amount through securitization is about $667.9 million, after credits from storm recovery reserves and prior RAM recoveries. Fitch views the decision as balanced, as it allows recovery of most storm costs and may signal improving regulatory conditions in Connecticut.

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

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

Capex Plan Moderating: Fitch expects capex to modestly decrease through the forecast plan. CL&P continues to make significant investments in FERC-regulated regional

transmission projects. Management forecasts transmission capex to account for approximately 40% of the total projected spend over 2026-2029. Fitch expects capex to be funded in a consistent manner with the existing capital structure.

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

NSTAR Electric Company (NEC)

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

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

Large Capex: Fitch expects capex to remain elevated throughout the forecast plan, largely due to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total about $3.3 billion over 2026-2029. Investments into NEC's distribution system to support the state's clean energy goals will also contribute to capex in the near term. Fitch expects capex to be funded consistent with the existing capital structure. Investments beyond core distribution capex are being recovered through various trackers, including advanced metering, grid modernization and solar tracker.

Adequate Financial Metrics: NEC's FFO leverage for 2025 was 4.3x, consistent with Fitch's expectation. The results were driven by deferred storm cost recovery and a $56 million base distribution rate increase in 2025 under the PBR framework. Fitch expects NEC's FFO leverage average about 4.3x through 2027. Ongoing investments in FERC-regulated transmission with timely cost recovery and above-average returns along with annual distribution rate increases under PBR should help maintain financial strength.

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

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

Public Service Company of New Hampshire (PSNH)

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

PSNH's capex became more focused on transmission assets following the 2018 sale of the utility's generation facilities. Management expects to spend approximately $830 million on transmission capex from 2026 to 2029, and FERC regulated transmission has increased to over 50% of PSNH's rate base, a credit positive. FERC-regulated transmission projects receive timely recovery of their costs, formulaic rates and attractive ROE, which should enable PSNH to maintain its solid financial profile.

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

Adequate Financial Metrics: PSNH's 2025 FFO leverage was 3.8x, reflecting new distribution base rate increases. Over the forecast period, Fitch expects PSNH's FFO leverage to average about 4.3x through 2027, reflecting the annual formula rate increases and recovery of FERC-regulated investments.

Securitization Legislation Enact into Law: In 2026, New Hampshire enacted house bill (HB) 1539 into law, authorizing electric utilities to issue securitization bonds to recover storm-related costs and support infrastructure resilience. The law empowers the NHPUC to issue orders approving the use of rate recovery bonds backed by dedicated utility charges. HB1539 was signed into law on April 15, 2026, marking New Hampshire's adoption of a new utility securitization mechanism specifically targeted at storm cost recovery. Fitch views this positively as this allows PSNH to securitize and recover about $400 million of deferred storm costs, expect in 2028.

New Hampshire Regulatory Environment: Fitch views the NHPUC as balanced. Although authorized ROEs are below the industry average, the transmission cost adjustment mechanism and lost revenue adjustment mechanism support cash flow stability. In 2018, the NHPUC allowed PSNH to issue rate reduction bonds to recover stranded costs from the state-mandated sale of its thermal and hydroelectric generation facilities. The utility also recovered deferred storm costs. The state passed HB1539 to allow new utility securitization for storm cost recovery. PSNH's decision also allows formula-based rate increases from 2026 to 2028, further improving cash flow visibility.

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

NSTAR Gas Company (NGC)

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

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

2026 Rate Case Settlement: In October 2025, the DPU authorized a $117 million rate increase, including about $10 million from annual PBR rate increases and $107 million of rolling in of costs from the GSEP investments. However, the DPU denied about $45 million recovery of non-GSEP capital-related investments.

Subsequently, in January 2026, NGC reached a settlement that allowed for the recovery of $45 million of non-GSEP related investments. The settlement also required NGC to provide a one-time customer credit of about $12.2 million over a 10-month period as performance penalty. Overall, Fitch views the outcome as balanced decision, allowing utilities timely recovery of capital investment.

Adequate Financial Metrics: NGC's FFO leverage for 2025 was 3.9x, consistent with Fitch's expectation. Over the outlook period, Fitch expects NGC's FFO leverage to remain within Fitch's negative rating sensitivity threshold and average about 4.0x through 2027. DPU preapproval and cost recovery mechanisms mitigate the risk associated with NGC's accelerated pipe replacement program and higher leverage.

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

PEER ANALYSIS

Eversource Company

Eversource compares adequately with other 'BBB' rated utility parent companies Emera Incorporated (BBB/Stable) and American Electric Power Company, Inc. (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations compared with approximately 90%-95% for AEP and Emera. AEP has a more geographically diverse asset

mix with operations in 11 states, compared to Eversource's three state jurisdictions. Emera, which operates primarily in Florida, also operates in Canada and Caribbean region.

Eversource has been more levered in the past few years compared to its peers, with FFO leverage of over 7.0x. Fitch expects FFO leverage to improve and average about 5.6x through 2027 after the Aquarion sale closes and recovery of storm recovery cost through rates and securitization. Similar to ES, Emera's leverage has been high over the past few years, with FFO leverage average around 7.0x. Fitch forecast Emera's FFO leverage to improve and average about 5.7x through 2027 following the execution of the company's deleveraging plan. Fitch expects AEP's FFO leverage to average around 5.5x over the forecast period.

RATING SENSITIVITIES

Eversource Energy

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

--Unexpected additional Revolution incurred liabilities that are not funded in a credit-supportive manner;

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

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

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

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

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

The Connecticut Light and Power Company

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

--A downgrade to parent ES's Long-Term IDR;

--FFO leverage exceeds 4.3x on a sustained basis;

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

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

--An upgrade to parent ES's Long-Term IDR and FFO leverage less than 3.5x on a sustained basis;

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

NSTAR Electric Company

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

--A downgrade to parent ES's Long-Term IDR;

--FFO leverage exceeds 4.5x on a sustained basis.

--Adverse regulatory outcomes.

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

--An upgrade to parent ES's Long-Term IDR and FFO leverage less than 4.0x on a sustained basis.

Public Service Company of New Hampshire

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

--A downgrade to parent ES's Long-Term IDR;

--FFO leverage exceeds 4.5x on a sustained basis;

--Adverse regulatory outcomes.

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

--An upgrade to parent ES's Long-Term IDR and FFO leverage less than 3.5x on a sustained basis.

NSTAR Gas Company

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

--A downgrade to parent ES's Long-Term IDR

--FFO leverage exceeds 4.5x on a sustained basis;

--Adverse regulatory outcomes.

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

-- An upgrade to parent ES's Long-Term IDR and FFO leverage less than 4.0x on a sustained basis.

LIQUIDITY AND DEBT STRUCTURE

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

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

NEC maintains its own $650 million CP program backstopped by an equal-sized RCF. NEC's $650 million RCF is separate from the shared RCF of parent ES and the other utilities but also terminates on Oct. 11, 2030. As of June 30, 2026, there was $63 million CP

outstanding, leaving $587 million available borrowing capacity. ES and its utility subsidiaries require modest cash on hand and had about $1.82 billion of unrestricted cash as of June. 30, 2026.

Corporate Rating Tool Inputs and Scores

Eversource Energy

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

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('bbb+', Higher), market and competitive positioning ('bbb+', Moderate), diversification and asset quality ('a-', Moderate), company operational characteristics ('bbb+', Moderate), profitability ('bbb+', Moderate), financial structure ('bbb-', Higher), and financial flexibility ('bbb', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'bbb'.

To derive the Long-Term IDR:

Application of Fitch's Parent Subsidiary Linkage Rating Criteria results in a(n) consolidated approach.

The Connecticut Light and Power Company

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

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('a-', Higher), market and competitive positioning ('bbb', Moderate), diversification and asset quality ('bbb+', Moderate), company operational

characteristics ('a-', Moderate), profitability ('bbb+', Moderate), financial structure ('a', Higher), and financial flexibility ('a', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'a-'.

To derive the Long-Term IDR:

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

NSTAR Electric Company

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

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('a', Higher), market and competitive positioning ('bbb+', Moderate), diversification and asset quality ('bbb+', Moderate), company operational characteristics ('a-', Moderate), profitability ('bbb+', Moderate), financial structure ('a-', Higher), and financial flexibility ('a', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'a-'.

To derive the Long-Term IDR:

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

Public Service Company of New Hampshire

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

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('a-', Higher), market and competitive positioning ('bbb', Moderate), diversification and asset quality ('bbb+', Moderate), company operational characteristics ('bbb+', Moderate), profitability ('bbb+', Moderate), financial structure ('a-', Higher), and financial flexibility ('a', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'a-'.

To derive the Long-Term IDR:

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

NSTAR Gas Company

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

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('a-', Higher), market and competitive positioning ('bbb+', Moderate), diversification and asset quality ('bbb+', Moderate), company operational

characteristics ('bbb+', Moderate), profitability ('bbb+', Moderate), financial structure ('a-', Higher), and financial flexibility ('a', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'a-'.

To derive the Long-Term IDR:

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

ISSUER PROFILE

ES is a holding company that owns six regulated utilities serving about 4.4 million electric T&D and natural gas distribution customers in Massachusetts, Connecticut and New Hampshire.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

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

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for Eversource Energy, NSTAR Electric Company, NSTAR Gas Company, Public Service Company of New Hampshire, and The Connecticut Light and Power Company.

ESG CONSIDERATIONS

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

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
NSTAR Electric Company	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Negative
	ST IDR	F1	Affirmed	F1
senior unsecured	LT	A	Affirmed	A
preferred	LT	BBB+	Affirmed	BBB+
senior unsecured	ST	F1	Affirmed	F1
Eversource Energy	LT IDR	BBB Rating Outlook Stable	Affirmed	BBB Rating Outlook Negative
	ST IDR	F3	Affirmed	F3
senior unsecured	LT	BBB	Affirmed	BBB
junior subordinated	LT	BB+	Affirmed	BB+
senior unsecured	ST	F3	Affirmed	F3

Public Service Company of New Hampshire	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Negative
senior secured	LT	A+	Affirmed	A+
NSTAR Gas Company	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Negative
senior secured	LT	A+	Affirmed	A+
The Connecticut Light and Power Company	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Negative
preferred	LT	BBB+	Affirmed	BBB+
senior secured	LT	A+	Affirmed	A+

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Andrew Ng
Director
Primary Rating Analyst
+1 647 693 6310
andrew.ng@fitchratings.com
Fitch Ratings Canada, Inc
22 Adelaide Street West Suite 2810 Toronto

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531
philip.smyth@fitchratings.com

MEDIA CONTACTS

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

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

APPLICABLE CRITERIA

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

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

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

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

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

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

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

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

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

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FitchRatings

RATING ACTION COMMENTARY

Fitch Assigns First-Time 'BB+' Rating to Eversource's Junior Subordinated Notes

Mon 23 Feb, 2026 - 9:41 AM ET

Fitch Ratings - New York - 23 Feb 2026: Fitch Ratings has assigned a first-time 'BB+' rating to Eversource Energy's (ES) planned fixed-to-fixed reset rate junior subordinated notes. Proceeds will be used to repay a portion of Eversource's short-term debt, refinance upcoming debt maturities including the $450 million Series AA senior notes (May 15, 2026) and the $300 million Series U senior notes (Aug. 15, 2026), and for general company purposes.

These securities qualify for 50% equity credit under Fitch's hybrid methodology, reflecting their junior subordinate priority, the option to defer interest payments on a cumulative basis for up to 10 years on each occasion, and no step-up.

Eversource's Negative Rating Outlook reflects deleveraging uncertainty following the Connecticut regulator's rejection of the proposed $2.4 billion sale of Aquarion Water (Aquarion) and continuing political uncertainty regarding Revolution Wind (Revolution). Failure to offset higher leverage from the Aquarion decision or meaningful incremental delays to Revolution could lead to negative rating actions.

KEY RATING DRIVERS

Aquarion Update: On Jan. 27, 2025, ES announced the sale of Aquarion for $2.4 billion, with expected net proceeds of about $1.6 billion after settling $800 million of Aquarion's debt. On Nov. 19, 2025, Connecticut Public Utilities Regulatory Authority (PURA) rejected the sale, stating it was not in the best interest of customers. On Dec. 2, 2025, ES appealed PURA's rejection, and on Jan. 15, 2026, a Connecticut Superior Court judge ruled PURA had illegally blocked the sale of Aquarion. PURA now needs to reconsider the application consistent with the court's ruling. A decision is expected in 1Q26.

The rejected sale caused a large funding gap in ES's deleveraging plan. The company had planned to use sale proceeds to reduce holding company leverage. Fitch could revise ES's Outlook to Stable if the sale of Aquarion closes and ES uses the proceeds to pay down debt, or if ES finances the funding gap in a credit-supportive and timely manner over the next six to 12 months. Without the sale proceeds, Fitch estimates ES's FFO leverage will average around 6.2x through 2027, above its downgrade sensitivity of 6.0x.

Revolution Update: On Dec. 22, 2025, the U.S. Department of the Interior issued another stop-work order halting construction on five major offshore wind projects along the U.S. East Coast, including Revolution. On Jan. 1, 2026, Revolution's project partners appealed to the order. On Jan. 12, 2026, a federal judge granted a preliminary injunction which allowed the project to resume construction. The project is 87% and remains on track for commercial operation in 2H26. The U.S. government stated its plans to appeal the preliminary injunction and further actions causing material delays or cost overruns to the project, or obligations to ES, could lead to adverse rating actions.

Offshore Wind Exits Risks: In 2024, ES sold its two remaining offshore wind projects, 50% ownership interest in the South Fork Wind and Revolution. The company has fully exited its offshore wind operations, a credit positive, but risks remain. In addition to construction cost overruns and abandonment costs, ES must ensure Global Infrastructure Partners (GIP) receives a 13% pre-tax internal rate of return on its Revolution investment. ES already recorded about $365 million of liabilities at the time of the sale to reflect increased construction costs and delays.

Revolution Contingent Liabilities: During 3Q'25, the company incurred an additional $284 million of liabilities on the project related to construction cost increases and impact from the stop-work order. This is partly offset by about $209 million federal tax benefit linked to tax losses on ES's offshore wind investments, resulting in a net charge of $75 million. In 2025, ES made payment of about $201 million to GIP to reduce the contingent liabilities. As of Dec. 31, 2025, the contingent liability totaled about $448.2 million. Further cost overruns, delays, or abandonment could result in additional costs. Fitch expects ES to fund additional needs in a credit-supportive manner.

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

now projects ES's FFO leverage of about 6.2x through 2027, above its downgrade sensitivity of 6.0x.

Large Utility Capex Plan: ES's five-year capex program targets about $26.5 billion of investments, almost 3x depreciation expense, across electric transmission and distribution as well as gas distribution. This utility capex is a relatively low-risk growth plan, including about $11.2 billion in electric distribution, $7.2 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and $6.8 billion in natural gas distribution. Most of ES's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

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

PEER ANALYSIS

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

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

CORPORATE RATING TOOL INPUTS AND SCORES

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

- Business and financial profile factors (assessment, relative importance): Management (bbb+, Moderate), Sector Characteristics (bbb+, Higher), Market and Competitive Positioning (bbb+, Moderate), Diversification and Asset Quality (a-, Moderate), Company Operational Characteristics (bbb+, Moderate), Profitability (bbb+, Moderate), Financial Structure (bb+, Higher), and Financial Flexibility (bbb, Moderate).

- The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2024, 40% for the forecast year 2025 and 40% for the forecast year 2026.

- The Governance assessment of 'Good' results in no adjustment.

- The Operating Environment assessment of 'aa-' results in no adjustment.

- The SCP is 'bbb'.

To derive the IDR:

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

RATING SENSITIVITIES

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

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

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

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

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

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

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

-- Clear line of sight into the company's financing of the Aquarion sale funding gap in a credit-supportive manner;

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

--Sustain FFO leverage below 6.0x.

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

--FFO leverage sustained below 5.2x.

LIQUIDITY AND DEBT STRUCTURE

Fitch considers liquidity for ES and its regulated utility subsidiaries adequate. ES has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. ES had about $1,280 million of CP borrowings outstanding as of Dec. 31, 2025, leaving about $720 million of available borrowing capacity.

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

Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NGC, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop ES's CP program. There were no RCF borrowings outstanding as of Dec. 31, 2025.

NSTAR Electric Company (NEC; A-/Negative) maintains its own $650 million CP program backstopped by an equal-sized RCF. NEC's $650 million RCF is separate from the shared RCF of parent ES and the other utilities but also terminates on Oct. 11, 2030. As of Dec. 31,

2025, about $245 million remained outstanding, leaving about $405 million of available borrowing capacity. ES and its utility subsidiaries require modest cash on hand and had $135 million of unrestricted cash as of Dec. 31, 2025.

ISSUER PROFILE

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

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

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for Eversource Energy.

ESG CONSIDERATIONS

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

RATING ACTIONS

ENTITY / DEBT	RATING

Eversource Energy				
junior subordinated	LT	BB+	New Rating	

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Shalini Mahajan, CFA
Managing Director
Primary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com
Fitch Ratings, Inc.
33 Whitehall Street New York, NY 10004

Andrew Ng
Director
Secondary Rating Analyst
+1 647 693 6310
andrew.ng@fitchratings.com

Barbara Chapman, CFA
Senior Director
Committee Chairperson
+1 646 582 4886
barbara.chapman@fitchratings.com

MEDIA CONTACTS

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

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

APPLICABLE CRITERIA

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

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

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

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

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

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (08 Apr 2025, 09 Jan 2026, 09 Jan 2026)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Eversource Energy	EU Endorsed, UK Endorsed

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

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FitchRatings

RATING ACTION COMMENTARY

Fitch Assigns Eversource and Subs Negative Outlooks; Affirms Ratings

Wed 26 Nov, 2025 - 10:33 AM ET

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

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

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

KEY RATING DRIVERS

Eversource Energy

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

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

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

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

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

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

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

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

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

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

NSTAR Electric Company (NEC)

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

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

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

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

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

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

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

Public Service Company of New Hampshire (PSNH)

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

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

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

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

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

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

The Connecticut Light and Power Company (CL&P)

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

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

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

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

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

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

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

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

NSTAR Gas Company (NGC)

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

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

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

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

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

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

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

PEER ANALYSIS

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

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

KEY ASSUMPTIONS

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

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

--O&M expense relatively flat;

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

--No adverse regulatory outcomes;

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

--Normal weather.

RATING SENSITIVITIES

Eversource Energy

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

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

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

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

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

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

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

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

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

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

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

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

NSTAR Electric Company

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

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

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

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

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

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

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

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

Public Service Company of New Hampshire

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

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

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

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

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

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

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

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

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

The Connecticut Light and Power Company

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

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

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

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

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

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

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

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

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

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

NSTAR Gas Company

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

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

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

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

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

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

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

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

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

LIQUIDITY AND DEBT STRUCTURE

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

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

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

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

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

ISSUER PROFILE

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

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

ESG CONSIDERATIONS

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

RATING ACTIONS

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

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

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Shalini Mahajan, CFA
Managing Director

Primary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com
Fitch Ratings, Inc.
33 Whitehall Street New York, NY 10004

Andrew Ng
Director
Secondary Rating Analyst
+1 647 693 6310
andrew.ng@fitchratings.com

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531
philip.smyth@fitchratings.com

MEDIA CONTACTS

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

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

APPLICABLE CRITERIA

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

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

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

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

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

APPLICABLE MODELS

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

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

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

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

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Eversource Energy

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

The Long-Term Issuer Default Rating (IDR) on ES reflects the consolidated strength of ES' regulated electric transmission and distribution (T&D), natural gas distribution and water distribution utility subsidiaries.

Key Rating Drivers

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

The stop-work order was overturned on September 22, 2025 by a federal judge from the U.S. District Court in Washington, D.C. This allows the project to resume construction, limiting cost overruns but is likely to remain subject to continued judicial review and uncertainty until a resolution is reached between the project owners and the U.S. administration. Fitch could remove ES from RWN with clear visibility to timely completion of Revolution in-line with budget. If the project is delayed or cancelled resulting in significantly higher costs to ES, Fitch could remove ES from RWN if these costs are funded in a credit supportive manner.

Offshore Wind Exits but Risks Remain: ES recently completed the sale of its two remaining offshore wind projects, 50% ownership interest in the South Fork Wind and Revolution in 2024. The company has fully exited its offshore wind operations, a credit positive, but key risks remain. In addition to construction cost overruns and abandonment costs, ES must ensure GIP receives a 13% pre-tax internal rate of return on its investment in Revolution. ES already recorded about $360 million of liabilities at the time of the sale to reflect increase in construction costs and delays, which is expected to be settled in 2026. Further cost overruns, delays or abandonment could result in additional costs. Fitch expects any additional funding needs will be financed in a credit supportive manner.

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

Ratings

Long-Term IDR	BBB
Short-Term IDR	F3
Senior Unsecured Debt - Long-Term Rating	BBB
Senior Unsecured Debt - Short-Term Rating	F3
Outlook	
Long-Term IDR	Rating Watch Negative

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 28

Applicable Criteria

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

Related Research

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

Analysts

Shalini Mahajan, CFA
+1 212 908 0351
shalini.mahajan@fitchratings.com

Andrew Ng
+1 647 693 6310
andrew.ng@fitchratings.com

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

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

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

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

Financial Summary

(USD Mil.)	2021	2022	2023	2024
Gross revenue	9,801	12,229	11,852	11,843
EBITDA	3,026	3,754	3,134	4,401
CFO (Fitch-defined)	1,907	2,342	1,834	2,392
Capital intensity (capex/revenue) (%)	32.4	28.1	39.3	40.3
Debt	19,877	22,684	26,570	29,019
FFO interest coverage (x)	4.9	4.7	4.4	4.4
FFO leverage (x)	7.3	7.4	7.7	6.4
EBITDA leverage (x)	6.6	6.0	8.5	6.6

Source: Fitch Ratings, Fitch Solutions

Peer Analysis

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

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

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Rating Sensitivities

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

- Significant additional Revolution costs due to delays, overruns or abandonment;
- Failure to continue to issue equity over 2025 to 2027 timeframe to support deleveraging including balanced funding of potential Revolution costs;
- The sale of Aquarion Water does not close by 4Q25 as expected or allocation of proceeds towards use other than debt reduction;
- FFO leverage exceeding 6.0x on a sustained basis;
- Adverse regulatory actions or other events that result in downgrades to ES' utility subsidiaries.

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

- Clear visibility to Revolution project completion in a timely manner without material overruns or delay;
- ES funds potential Revolution liabilities in a credit supportive manner to maintain FFO leverage below 6.0x on a sustained basis.

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

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

Liquidity and Debt Structure

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

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

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

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Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	December 31, 2023	December 31, 2024
Total cash and cash equivalents	54	27
Short-term investments	—	—
Less not readily available cash and cash equivalents	—	—
Fitch-defined readily available cash and cash equivalents	**54**	**27**
Availability under committed lines of credit	512	607
Total liquidity	566	634
LTM EBITDA after associates and minorities	3,700	4,401
LTM FCF	-3,665	-3,385

Source: Fitch Ratings, Fitch Solutions, Eversource Energy

Scheduled Debt Maturities

(USD Mil.)	December 31, 2024
2025	3,443
2026	1,390
2027	2,889
2028	1,979
2029	2,300
Thereafter	17,018
Total	**29,019**

Source: Fitch Ratings, Fitch Solutions, Eversource Energy

Key Assumptions

- Sale of Aquarion to close 4Q25 with use of proceeds to pay down debt;
- Equity issuance in line with company's guidance;
- Consolidated core business capex and rate base growth in line with company's guidance;
- Operations and maintenance (O&M) expense relatively flat;
- Storm cost recovery as approved and approval of outstanding deferred balances;
- No adverse regulatory outcomes;
- Continued credit-supportive economic regulation in Massachusetts and at FERC;
- Normal weather.

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Financial Data

(USD Mil.)	2021	2022	2023	2024
Summary income statement				
Gross revenue	9,801	12,229	11,852	11,843
Revenue growth (%)	10.9	24.8	-3.1	-0.1
EBITDA before income from associates	3,026	3,754	3,134	4,401
EBITDA margin (%)	30.9	30.7	26.4	37.2
EBITDA after associates and minorities	3,026	3,754	3,134	4,401
EBIT	1,971	2,162	2,366	2,674
EBIT margin (%)	20.1	17.7	20.0	22.6
Gross interest expense	-578	-664	-867	-1,144
Pretax income including associate income/loss	1,572	1,866	-275	1,244
Summary balance sheet				
Readily available cash and equivalents	67	375	54	27
Debt	19,877	22,684	26,570	29,019
Net debt	19,810	22,309	26,516	28,993
Summary cash flow statement				
EBITDA	3,026	3,754	3,134	4,401
Cash interest paid	-555	-636	-783	-1,014
Cash tax	-122	-78	-39	70
Other items before FFO	-163	-620	368	35
FFO	2,179	2,462	2,766	3,622
FFO margin (%)	22.2	20.1	23.3	30.6
Change in working capital	-272	-120	-932	-1,230
CFO (Fitch-defined)	1,907	2,342	1,834	2,392
Capex	-3,175	-3,442	-4,653	-4,776
Capital intensity (capex/revenue) (%)	32.4	28.1	39.3	40.3
Common dividends	-805	-860	-919	-1,001
FCF	-2,073	-1,960	-3,738	-3,385
FCF margin (%)	-21.2	-16.0	-31.5	-28.6
Other investing and financing cash flow items	-267	-678	-498	-45
Net debt proceeds	2,300	2,749	3,842	2,413
Net equity proceeds	—	197	—	989
Total change in cash	-40	308	-393	-27
Calculations for forecast publication				
Capex, dividends, acquisitions and other items before FCF	-3,981	-4,302	-5,572	-5,777
FCF after acquisitions and divestitures	-2,073	-1,960	-3,738	-3,385
FCF margin after net acquisitions (%)	-21.2	-16.0	-31.5	-28.6
Gross Leverage ratios (x)				
EBITDA leverage	6.6	6.0	8.5	6.6
FFO leverage	7.3	7.4	7.7	6.4
(CFO-capex)/debt (%)	-6.4	-4.8	-10.6	-8.2
Net Leverage ratios (x)				
EBITDA net leverage	6.5	5.9	8.5	6.6
FFO net leverage	7.2	7.3	7.7	6.4
(CFO-capex)/net debt (%)	-6.4	-4.9	-10.6	-8.2
Coverage ratios (x)				
EBITDA interest coverage	5.5	5.9	4.0	4.3
FFO interest coverage	4.9	4.7	4.4	4.4

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(USD Mil.)	2021	2022	2023	2024
FFO fixed-charge coverage	4.9	4.7	4.4	4.4

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

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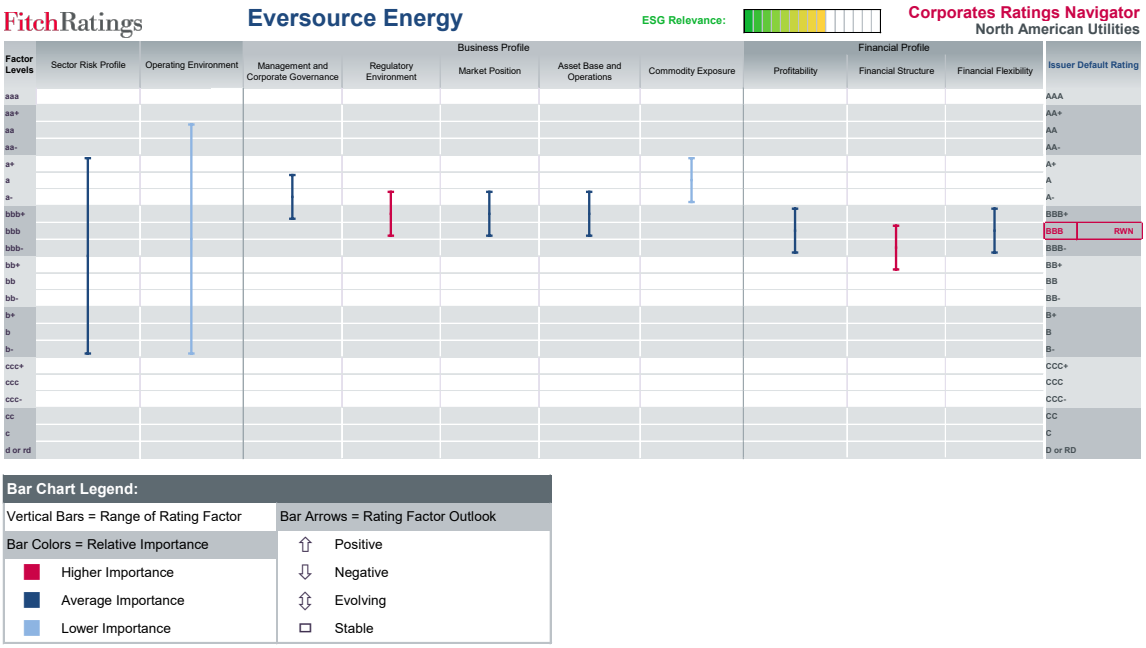
Ratings Navigator



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

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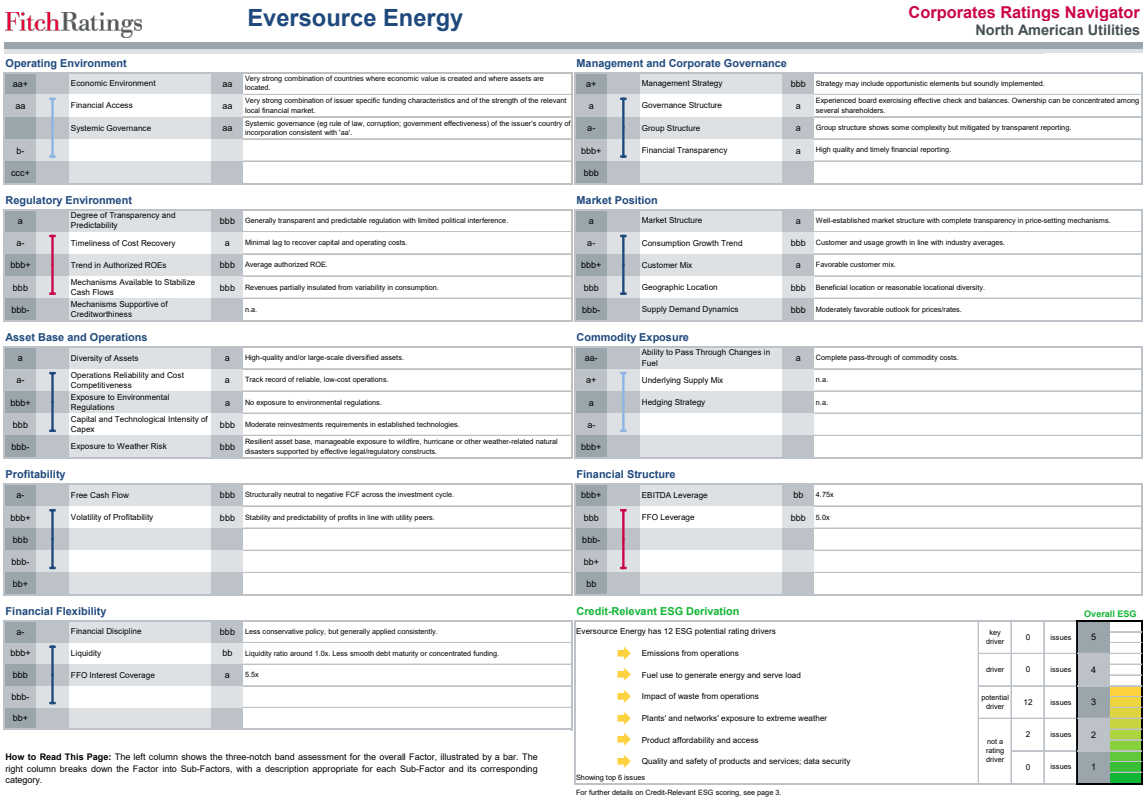

FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Operating Environment

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

Management and Corporate Governance

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

Regulatory Environment

Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
Trend in Authorized ROEs	bbb	Average authorized ROE.
Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
Mechanisms Supportive of Creditworthiness		n.a.

Market Position

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

Asset Base and Operations

Diversity of Assets	a	High-quality and/or large-scale diversified assets.
Operations Reliability and Cost Competitiveness	a	Track record of reliable, low-cost operations.
Exposure to Environmental Regulations	a	No exposure to environmental regulations.
Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
Exposure to Weather Risk	bbb	Resilient asset base, manageable exposure to wildfire, hurricane or other weather-related natural disasters supported by effective legal/regulatory constructs.

Commodity Exposure

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

Profitability

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

Financial Structure

EBITDA Leverage	bb	4.75x
FFO Leverage	bbb	5.0x

Financial Flexibility

Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
FFO Interest Coverage	a	5.5x

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

Credit-Relevant ESG Derivation

Overall ESG

Eversource Energy has 12 ESG potential rating drivers

Emissions from operations	key driver	0	issues	5
Fuel use to generate energy and serve load	driver	0	issues	4
Impact of waste from operations	potential driver	12	issues	3
Plants' and networks' exposure to extreme weather				
Product affordability and access	not a rating driver	2	issues	2
Quality and safety of products and services; data security		0	issues	1

Showing top 6 issues

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

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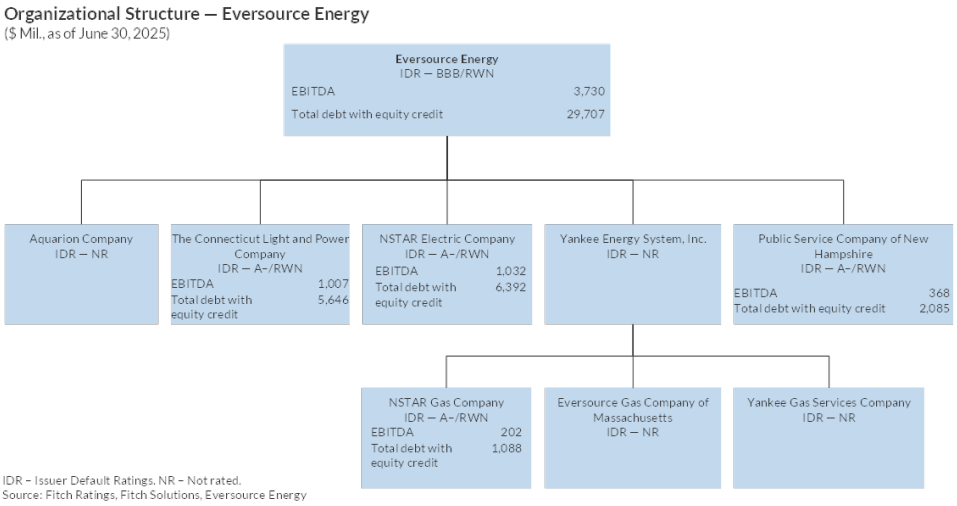
Simplified Group Structure Diagram



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Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	FFO (USD Mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
Eversource Energy	BBB						
	BBB	2024	11,843	3,622	4.4	6.4	6.6
	BBB+	2023	11,852	2,766	4.4	7.7	8.5
	BBB+	2022	12,229	2,462	4.7	7.4	6.0
American Electric Power Company, Inc.	BBB						
	BBB	2024	19,592	6,016	4.1	5.5	5.9
	BBB	2023	18,858	4,666	3.6	6.6	6.5
	BBB	2022	19,506	5,691	5.3	5.7	6.3
Emera Incorporated	BBB						
	BBB	2024	5,010	1,367	2.8	6.7	8.6
	BBB	2023	5,718	1,387	2.8	7.1	6.6
	BBB	2022	5,578	1,378	3.4	7.2	7.0

Source: Fitch Ratings, Fitch Solutions

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Fitch Adjusted Financials

(USD Mil., as of December 31, 2024)	Notes and formulas	Standardized values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		11,901	—	—	-58	11,843
EBITDA	(a)	4,185	—	-9	225	4,401
Depreciation and amortization		-1,776	—	6	43	-1,727
EBIT		2,409	—	-3	268	2,674
Balance sheet summary						
Debt	(b)	29,270	116	—	-367	29,019
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		29,270	116	—	-367	29,019
Readily available cash and equivalents	(c)	27	—	—	—	27
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	4,185	—	-9	225	4,401
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—	—
Interest paid	(e)	-1,014	—	—	—	-1,014
Interest received	(f)	138	—	—	—	138
Preferred dividends paid	(g)	-8	—	—	—	-8
Cash tax paid		70	—	—	—	70
Other items before FFO		-914	—	3	946	35
FFO	(h)	2,457	—	-6	1,171	3,622
Change in working capital		-311	—	—	-919	-1,230
CFO	(i)	2,146	—	-6	252	2,392
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-4,481	—	—	-295	-4,776
Common dividends paid		-1,001	—	—	—	-1,001
FCF		-3,336	—	-6	-43	-3,385
Gross leverage (x)						
EBITDA leverage	b/(a+d)	7.0	—	—	—	6.6
FFO leverage	b/(h-e-f-g)	8.8	—	—	—	6.4
(CFO-capex)/debt (%)	(i+j)/b	-7.9	—	—	—	-8.2
Net leverage (x)						
EBITDA net leverage	(b-c)/(a+d)	7.0	—	—	—	6.6
FFO net leverage	(b-c)/(h-e-f-g)	8.8	—	—	—	6.4
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-8.0	—	—	—	-8.2
Coverage (x)						
EBITDA interest coverage	(a+d)/(-e)	4.1	—	—	—	4.3
FFO interest coverage	(h-e-f-g)/(-e-g)	3.3	—	—	—	4.4

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

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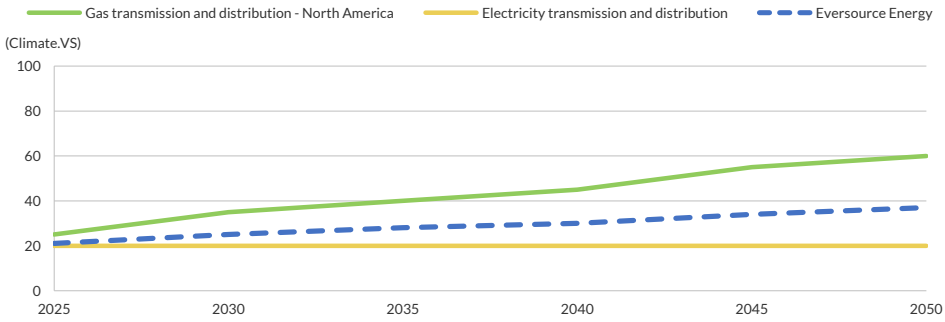
Climate Vulnerability Considerations

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

ES' Climate.VS is relatively low at 28 out of 100 in 2035, based on 2024 data. The signal reflects ES' large transmission and distribution operation, small water utility business and comparatively low exposure to natural gas transmission and distribution in Massachusetts. For further information on how Fitch perceives climate-related risks in the utilities sector, see Utilities – Long-Term Climate Vulnerability Signals Update.

Climate.VS Evolution
As of Dec. 31, 2024



Source: Fitch Ratings

ESG Considerations

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

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FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Credit-Relevant ESG Derivation

Eversource Energy has 12 ESG potential rating drivers

- Eversource Energy has exposure to emissions regulatory risk but this has very low impact on the rating.
- Eversource Energy has exposure to energy productivity risk but this has very low impact on the rating.
- Eversource Energy has exposure to waste & impact management risk but this has very low impact on the rating.
- Eversource Energy has exposure to extreme weather events but this has very low impact on the rating.
- Eversource Energy has exposure to access/affordability risk but this has very low impact on the rating.
- Eversource Energy has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

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

Environmental (E) Relevance Scores

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

E Relevance: 5 4 3 2 1

Social (S) Relevance Scores

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

S Relevance: 5 4 3 2 1

Governance (G) Relevance Scores

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

G Relevance: 5 4 3 2 1

How to Read This Page

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

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

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

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

CREDIT-RELEVANT ESG SCALE

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

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

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For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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

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FitchRatings

15 SEP 2025

Fitch Places Eversource and Subs on Rating Watch Negative

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

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

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

Key Rating Drivers

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

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

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

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

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

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

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

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

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

NSTAR Electric Company

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

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

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

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

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

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

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

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

Public Service Company of New Hampshire

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

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

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

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

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

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

The Connecticut Light and Power Company

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

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

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

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

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

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

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

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

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

NSTAR Gas Company

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

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

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

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

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

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

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

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

Peer Analysis

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

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

Key Assumptions

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

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

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

--O&M expense relatively flat;

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

--No adverse regulatory outcomes;

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

--Normal weather.

RATING SENSITIVITIES

Eversource Energy

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

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

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

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

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

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

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

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

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

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

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

NSTAR Electric Company

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

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

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

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

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

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

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

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

Public Service Company of New Hampshire

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

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

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

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

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

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

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

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

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

The Connecticut Light and Power Company

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

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

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

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

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

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

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

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

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

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

NSTAR Gas Company

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

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

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

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

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

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

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

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

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

Liquidity and Debt Structure

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

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

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

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

Issuer Profile

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

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

ESG Considerations

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

Fitch Ratings Analysts

Shalini Mahajan, CFA
Managing Director
Primary Rating Analyst
+1 212 908 0351
Fitch Ratings, Inc. 33 Whitehall Street New York, NY 10004

Andrew Ng
Director
Secondary Rating Analyst
+1 647 693 6310

Philip Smyth, CFA

Senior Director
Committee Chairperson
+1 212 908 0531

Media Contacts

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Rating Actions

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

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

ENTITY/DEBT	RATING	RECOVERY	PRIOR
secured			

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	⬘
NEGATIVE	⊖	⬙
EVOLVING	◈	◆
STABLE	⊜	

Applicable Criteria

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

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

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

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

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

Applicable Models

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

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

Additional Disclosures

Solicitation Status

Endorsement Status

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

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

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

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FitchRatings

Corporates
Electric-Corporate
United States

Eversource Energy

The Long-Term Issuer Default Rating (IDR) and Outlook of Eversource Energy (Eversource) incorporate the completion of the offshore wind asset sale, coupled with equity issuances required to reduce debt, such that leverage returns below Fitch's 6.0x downgrade threshold by year-end (YE) 2024. Fitch Ratings' projection that funds from operations (FFO) leverage will remain below the negative sensitivity threshold over the forecast period is further supported by the assumed Aquarion Water sale and/or additional equity issuances. Failure to reduce leverage in a timely manner is likely to have negative rating consequences.

The rating also reflects the consolidated strength of Eversource's regulated electric transmission and distribution (T&D), natural gas distribution and water distribution utility subsidiaries.

Key Rating Drivers

Offshore Business Exit: The recent sale of two remaining offshore wind projects and earlier sale of Sunrise Wind are a positive step forward in the company's plan to fully exit the business, in Fitch's view. In February 2024, Eversource announced an agreement to sell its 50% ownership interest in the South Fork Wind and Revolution Wind projects to Global Infrastructure Partners (GIP). The company completed the sale on Sept. 30, 2024.

The gross proceeds of about $745 million include $170 million of the 10% Investment Tax Credit (ITC) adder for Revolution Wind and are expected to be used for parent debt repayment. The proceeds are about $375 million lower than previously announced and there is about $360 million of post-closure funding required by the company and expected to be settled in 2026. Fitch expects this and any additional funding needs will be financed by equity to maintain current ratings, given the company's already weak financial risk profile. In July 2024, the company announced the completion of the sale of its 50% ownership stake in Sunrise Wind to Orsted A/S (BBB+/Stable), which owns the other 50% share in all three projects. Eversource no longer expects to have any risk exposure related to Sunrise Wind, a credit positive.

On-Going Risks Remain: Eversource will retain some risk post-sale at Revolution Wind, which has experienced delays in construction and is now expected to be completed in 2026, a credit concern. Under the sale agreement, Eversource would share equally with GIP in GIP's funding obligations for up to approximately $240 million of incremental capital expenditure overruns, after which GIP's obligations for any additional overruns would be borne by Eversource. South Fork Wind is fully operational, limiting any potential financial exposure.

In the current framework, due to project delays, counterparty risks remain. Fitch expects that any additional cost overruns to be funded by Eversource will be managed in a credit supportive manner.

Financial Profile Expected to Improve: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated in recent years due in part to the acquisition of utility companies, high capital expenditure (capex) and cost escalation in its offshore wind projects, and large deferral balances including storm costs, resulting in leverage averaging over 7.0x over the last three years.

Fitch expects an improvement in FFO leverage following the offshore wind sale, but further deleveraging is needed to bring the metrics in line with the current ratings. Eversource expects to issue $1.3 billion in equity, over and above the $100 million to $120 million of equity issued through dividend reinvestment plans, to adjust its balance sheet. Equity proceeds will be supplemented by the announced intention to sell Aquarion Water, its water distribution utility in Connecticut.

Ratings

Long-Term IDR	BBB
Short-Term IDR	F3
Senior Unsecured Debt - Long-Term Rating	BBB
Senior Unsecured Debt - Short-Term Rating	F3
Outlook	
Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 26

Applicable Criteria

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

Related Research

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

Analysts

Ivana Ergovic
+1 212 908 0354
ivana.ergovic@fitchratings.com

Shalini Mahajan
+1 212 908 0351
shalini.mahajan@fitchratings.com

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Fitch expects proceeds of the asset sales and equity issuances resulting in FFO leverage in the 5.8x-5.7x range beyond 2024, which is consistent with other 'BBB'-rated utility parent companies. Failure to issue adequate equity or sell assets in a timely manner would result in a negative rating action.

Large Utility Capex Plan: Earlier this year, Eversource raised its projected five-year capex plan by $1.6 billion over the prior five-year plan announced in February 2023. The new plan targets $23.1 billion of investments across electric transmission and electric as well as gas and water distribution from 2024 to 2028. This utility capex is a relatively low-risk growth plan, including $9.7 billion in electric distribution, $5.4 billion in natural gas distribution, $5.8 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission, and approximately $1.1 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers, and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base. Connecticut and Massachusetts each account for slightly less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority to implement performance-based regulation, the enactment of Senate Bill 7 and authorized returns of equity (ROEs) that are lower than the national average result in a meaningfully less constructive regulatory environment for electric utilities.

Parent-Subsidiary Linkage: There is a parent and subsidiary linkage between Eversource and its rated utility subsidiaries. Fitch determines Eversource's Standalone Credit Profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger SCPs than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring-fencing is porous, given the general protections afforded by economic regulation; access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity. However, the subsidiaries issue their own long-term debt. Based on this assessment, Fitch will limit the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

Financial Summary

(USD Mil.)	2020	2021	2022	2023	2024F	2025F
Gross revenue	8,842	9,801	12,229	11,852	13,397	14,435
EBITDA	2,903	3,026	3,754	3,134	4,817	5,217
CFO (Fitch-defined)	1,629	1,907	2,342	1,834	3,151	4,486
Capital intensity (capex/revenue) (%)	33.3	32.4	28.1	39.3	–	–
Debt	17,530	19,877	22,684	26,570	27,901	27,170
FFO leverage (x)	7.3	7.3	7.4	7.7	5.8	5.3
FFO interest coverage (x)	4.4	4.9	4.7	4.4	4.5	4.4
EBITDA leverage (x)	6.0	6.6	6.0	8.5	5.8	5.2

F – Forecast.
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Eversource compares adequately with other 'BBB' rated utility parent companies: Exelon Corp. (Exelon; BBB/Stable) and American Electric Power (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations similar to Exelon, post-genco spin compared with approximately 90%-95% for AEP. Exelon is significantly larger than its peers. AEP has a more geographically diverse asset mix with operations in 11 states, compared to Eversource's three state jurisdictions and Exelon's six state jurisdictions.

Eversource has been more levered in the past couple of years compared to its peers with FFO leverage of over 7.0x. Fitch expects FFO leverage to improve to approximately between 5.8x and 5.7x over the forecast period, following

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execution of the offshore wind and Aquarion sale, equity issuances and constructive outcome in the regulatory proceedings. Fitch currently expects both Exelon's and AEP's FFO leverage to average approximately between 5.6x and 5.8x, respectively, over the forecast period.

Exelon's parent level debt is expected to be approximately 27% over the forecast period, which is higher than AEP's parent level debt of 23%. Eversource's parent level debt is expected to remain higher at around 40%, and to gradually reduce as the overall debt balance grows at the utilities.

Rating Sensitivities

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

- FFO leverage expected to remain below 5.2x on a sustained basis;
- Demonstrated mitigation of retained risk associated with offshore wind divestitures.

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

- Significant delays in the completion of the sale of the offshore business; significantly weaker terms, including retained risk; lower net proceeds from the sale; or allocation of the proceeds toward uses other than debt reduction;
- Failure to issue equity/divest assets over the 2024-2025 timeframe to support deleveraging;
- Sustained FFO leverage exceeding 6.0x, after the divestiture of the offshore wind assets;
- Adverse regulatory actions or other events that result in downgrades to Eversource's utility subsidiaries.

Liquidity and Debt Structure

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion commercial paper (CP) program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.2 billion of CP borrowings outstanding as of June 30, 2024, leaving $797 million of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 13, 2028.

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

NSTAR Electric Company maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities but also terminates on October 13, 2028. As of June 30, 2024, there was $236.5 million outstanding, leaving $413.5 million of available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $33.4 million of unrestricted cash as of June 30, 2024.

ESG Considerations

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

Climate Vulnerability Considerations

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

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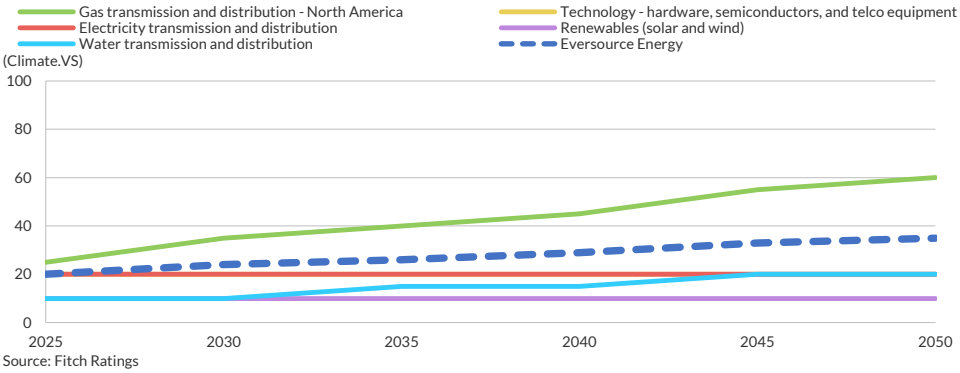
Eversource's Climate.VS is relatively low at 26 out of 100 in 2035, based on 2023 data. The signal reflects Eversource's large transmission and distribution operation, small water utility business and comparatively low exposure to natural gas transmission and distribution in Massachusetts. For further information on how Fitch perceives climate-related risks in the utilities sector, see Utilities - Long-Term Climate Vulnerability Signals Update.

Climate.VS Evolution
As of December 31, 2023



Source: Fitch Ratings

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Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	December 31, 2022	December 31, 23
Total cash and cash equivalents	407	54
Short-term investments	—	—
Less not readily available cash and cash equivalents	32	—
Fitch-defined readily available cash and cash equivalents	**375**	**54**
Availability under committed lines of credit	1,208	512
Total liquidity	1,583	566
LTM EBITDA after associates and minorities	3,754	3,134
LTM FCF	-1,960	-3,738

Source: Fitch Ratings, Fitch Solutions, Eversource

Scheduled debt maturities

(USD Mil.)	December 31, 23
2024	1,950
2025	1,400
2026	1,390
2027	2,539
2028	1,979
Thereafter	17,312
Total	**26,570**

Source: Fitch Ratings, Fitch Solutions, Eversource

Key Assumptions

- The offshore business sale proceeds applied towards debt reduction;
- Equity issuance as needed, in order to reach leverage targets by the end of 2024;
- No incremental liabilities post the sale of offshore business;
- Consolidated core business capex and rate base growth in line with company's guidance;
- Opinions and maintenance (O&M) expense relatively flat;
- Storm cost recovery as approved and approval of outstanding deferred balances;
- Supportive rate case outcomes in Connecticut and New Hampshire;
- Continued credit-supportive economic regulation in Massachusetts and at FERC;
- Normal weather.

Summary of Financial Adjustments

- PSNH's securitization debt is removed from all financial metric calculations for PSNH and Eversource.

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Financial Data

(USD Mil.)	2020	2021	2022	2023	2024F	2025F
Summary income statement						
Gross revenue	8,842	9,801	12,229	11,852	13,397	14,435
Revenue growth (%)	4.5	10.9	24.8	-3.1	13.0	7.7
EBITDA before income from associates	2,903	3,026	3,754	3,134	4,817	5,217
EBITDA margin (%)	32.8	30.9	30.7	26.4	36.0	36.1
EBITDA after associates and minorities	2,903	3,026	3,754	3,134	4,817	5,217
EBIT	1,968	1,971	2,162	2,366	2,766	3,009
EBIT margin (%)	22.3	20.1	17.7	20.0	20.6	20.8
Gross interest expense	-541	-578	-664	-867	-1,070	-1,164
Pretax income including associate income/loss	1,559	1,572	1,866	-275	2,242	2,392
Summary balance sheet						
Readily available cash and equivalents	107	67	375	54	14	609
Debt	17,530	19,877	22,684	26,570	27,901	27,170
Net debt	17,423	19,810	22,309	26,516	27,887	26,561
Summary cash flow statement						
EBITDA	2,903	3,026	3,754	3,134	4,817	5,217
Cash interest paid	-540	-555	-636	-783	-1,070	-1,164
Cash tax	-49	-122	-78	-39	296	-143
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—	—
Other items before FFO	-467	-163	-620	368	-279	90
FFO	1,840	2,179	2,462	2,766	3,764	4,000
FFO margin (%)	20.8	22.2	20.1	23.3	28.1	27.7
Change in working capital	-210	-272	-120	-932	-613	486
CFO (Fitch-defined)	1,629	1,907	2,342	1,834	3,151	4,486
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-2,943	-3,175	-3,442	-4,653	—	—
Capital intensity (capex/revenue) (%)	33.3	32.4	28.1	39.3	—	—
Common dividends	-745	-805	-860	-919	—	—
FCF	-2,058	-2,073	-1,960	-3,738	—	—
FCF margin (%)	-23.3	-21.2	-16.0	-31.5	—	—
Net acquisitions and divestitures	-1,003	—	—	—	—	—
Other investing and financing cash flow items	-180	-267	-678	-498	—	—
Net debt proceeds	2,404	2,300	2,749	3,842	1,331	-731
Net equity proceeds	929	—	197	—	1,000	—
Total change in cash	91	-40	308	-393	-40	595
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-4,690	-3,981	-4,302	-5,572	-5,447	-3,138
FCF after acquisitions and divestitures	-3,061	-2,073	-1,960	-3,738	-2,296	1,348
FCF margin after net acquisitions (%)	-34.6	-21.2	-16.0	-31.5	-17.1	9.3
Gross Leverage ratios (x)						
FFO leverage	7.3	7.3	7.4	7.7	5.8	5.3
CFO-capex/debt	-7.5	-6.4	-4.8	-10.6	-5.1	0.8
Net Leverage ratios (x)						
FFO net leverage	7.3	7.2	7.3	7.7	5.8	5.1
CFO-capex/net debt	-7.5	-6.4	-4.9	-10.6	-5.1	0.8
Coverage ratios (x)						
FFO interest coverage	4.4	4.9	4.7	4.4	4.5	4.4
FFO fixed-charge coverage	4.3	4.9	4.7	4.4	4.5	4.4

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

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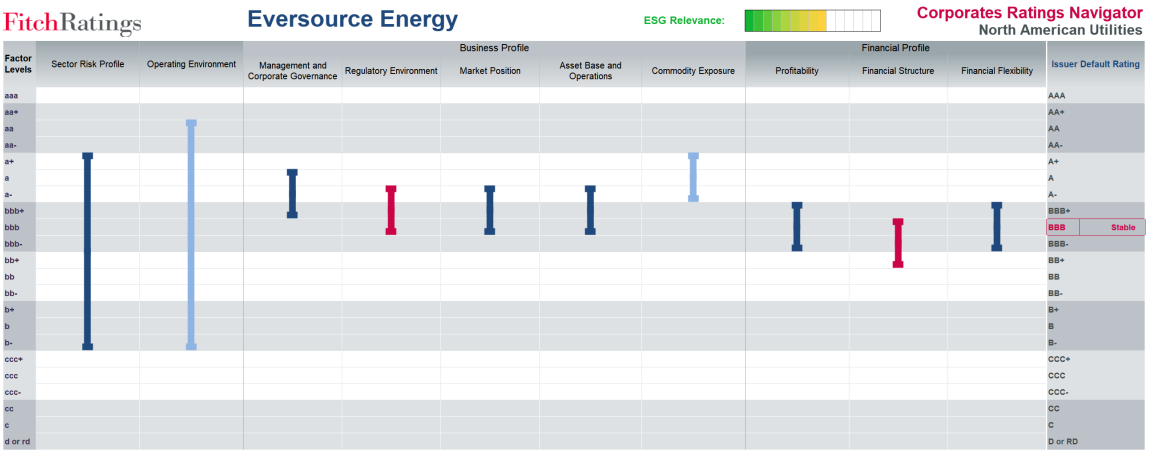
Ratings Navigator



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

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FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Operating Environment

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

Management and Corporate Governance

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

Regulatory Environment

a		Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-		Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+		Trend in Authorized ROEs	bbb	Average authorized ROE.
bbb		Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb-		Mechanisms Supportive of Creditworthiness		n.a.

Market Position

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

Asset Base and Operations

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

Commodity Exposure

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

Profitability

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

Financial Structure

bbb+		EBITDA Leverage	bb	4.75x
bbb		FFO Leverage	bbb	5.0x
bbb-				
bb+				
bb				

Financial Flexibility

a-		Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
bbb+		Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
bbb		FFO Interest Coverage	a	5.5x
bbb-				
bb+				

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

Credit-Relevant ESG Derivation

Overall ESG

Eversource Energy has 12 ESG potential rating drivers

Emissions from operations	key driver	0	issues	5	
Fuel use to generate energy and serve load	driver	0	issues	4	
Impact of waste from operations	potential driver	12	issues	3	
Plants' and networks' exposure to extreme weather					
Product affordability and access	not a rating driver	1	issues	2	
Quality and safety of products and services; data security		1	issues	1	

Showing top 6 issues

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

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FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Credit-Relevant ESG Derivation

Eversource Energy has 12 ESG potential rating drivers

- Eversource Energy has exposure to emissions regulatory risk but this has very low impact on the rating.
- Eversource Energy has exposure to energy productivity risk but this has very low impact on the rating.
- Eversource Energy has exposure to waste & impact management risk but this has very low impact on the rating.
- Eversource Energy has exposure to extreme weather events but this has very low impact on the rating.
- Eversource Energy has exposure to access/affordability risk but this has very low impact on the rating.
- Eversource Energy has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	1	issues	1

ESG Relevance to Credit Rating

Environmental (E) Relevance Scores

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

E Relevance

Social (S) Relevance Scores

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

S Relevance

Governance (G) Relevance Scores

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

G Relevance

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

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

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

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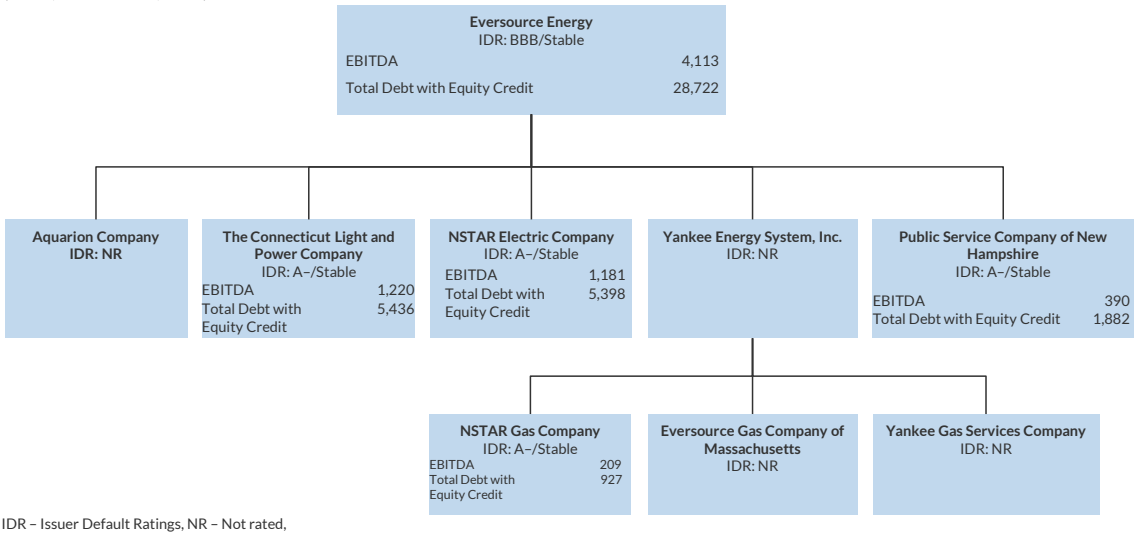
Simplified Group Structure Diagram

Organizational Structure — Eversource Energy
($ MM, As of June 30, 2024)



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

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Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	FFO (USD Mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
Eversource Energy	BBB						
	BBB+	2023	11,852	2,766	4.4	7.7	8.5
	BBB+	2022	12,229	2,462	4.7	7.4	6.0
	BBB+	2021	9,801	2,179	4.9	7.3	6.6
AVANGRID, Inc.	BBB+						
	BBB+	2023	8,309	1,524	3.9	5.9	5.8
	BBB+	2022	7,923	1,465	4.8	5.0	4.8
	BBB+	2021	6,974	1,532	5.7	4.5	4.5
Consolidated Edison, Inc.	BBB+						
	BBB+	2023	14,663	3,609	4.7	5.4	4.7
	BBB+	2022	15,670	3,698	5.0	5.7	5.7
	BBB+	2021	13,676	3,315	4.5	5.8	5.1
Exelon Corporation	BBB						
	BBB	2023	21,727	5,615	4.3	5.9	5.8
	BBB	2022	19,078	5,107	4.4	6.0	5.8
	BBB+	2021	35,776	7,867	6.0	4.4	3.7

Source: Fitch Ratings, Fitch Solutions

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Fitch Adjusted Financials

(USD mil. as of 31 Dec 2023)	Notes and formulas	Standardised values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		11,911	—	—	-59	11,852
EBITDA	(a)	3,705	—	-7	-565	3,134
Depreciation and amortization		-1,306	—	5	533	-768
EBIT		2,399	—	-2	-31	2,366
Balance sheet summary						
Debt	(b)	-70	70	-73	26,642	26,570
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		-70	70	-73	26,642	26,570
Readily available cash and equivalents	(c)	54	—	—	—	54
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	3,705	—	-7	-565	3,134
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—	—
Interest paid	(e)	-783	—	—	—	-783
Interest received	(f)	94	—	—	—	94
Preferred dividends paid	(g)	-8	—	—	—	-8
Cash tax paid		-39	—	—	—	-39
Other items before FFO		-919	—	2	1,285	368
FFO	(h)	2,051	—	-5	720	2,766
Change in working capital		-478	—	—	-454	-932
CFO	(i)	1,572	—	-5	266	1,834
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-4,337	—	—	-316	-4,653
Common dividends paid		-919	—	—	—	-919
FCF		-3,683	—	-5	-49	-3,738
Gross leverage (x)						
EBITDA leverage	b / (a+d)	—	—	—	—	8.5
FFO leverage	b / (h-e-f-g)	—	—	—	—	7.7
(CFO-capex)/debt (%)	(i+j) / b	—	—	—	—	-10.6
Net leverage (x)						
EBITDA net leverage	(b-c) / (a+d)	—	—	—	—	8.5
FFO net leverage	(b-c) / (h-e-f-g)	—	—	—	—	7.7
(CFO-capex)/net debt (%)	(i+j) / (b-c)	—	—	—	—	-10.6
Coverage (x)						
EBITDA interest coverage	(a+d) / (-e)	4.7	—	—	—	4.0
FFO interest coverage	(h-e-f-g) / (-e-g)	3.5	—	—	—	4.4

CFO – Cash flow from operations.
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardised values column excludes lease liabilities of USD111.315 million.
Source: Fitch Ratings, Fitch Solutions, Eversource

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Parent Subsidiary Linkage Analysis

Key Risk Factors and Notching Approach

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

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

Stronger Subsidiary Notching Matrix

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

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

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

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FitchRatings

16 JAN 2024

Fitch Rates Eversource Energy's Senior Notes 'BBB'

Fitch Ratings - New York - 16 Jan 2024: Fitch Ratings has assigned a 'BBB' rating to Eversource Energy's issuance of Series DD and Series EE, unsecured and unsubordinated notes. The notes rank pari passu with Eversource's other existing unsecured and unsubordinated debt. Net proceeds from the issuance will be used to repay a portion of Eversource's short-term debt.

Eversource's Long-Term Issuer Default Rating (IDR) is 'BBB' with a Stable Rating Outlook.

Key Rating Drivers

Continued Pressure On Offshore Business Sale: The batch sale of Eversource's 50% interest in three offshore wind projects, which are under various stages of development, face ever-increasing headwinds related to supply issues, increasing costs and power price adjustments. In Fitch's view, these pressures are likely to lower the realized sale price further from Fitch's previous expectations. Following the New York regulator's recent decision to not grant Sunrise Wind (one of the projects) a rate increase, it will be put up for bidding again.

If the Eversource joint venture (JV) does not win the bid, which Fitch has assumed in its base case, the contract will be terminated, resulting in sizable breakage fees both for contract termination and for counterparty contracts, resulting in a lower overall sale price. Danish wind energy developer Orsted A/S (BBB+/Negative) owns the other 50% share in all three projects.

If Eversource wins the bid, it would be able to negotiate higher power prices more in line with the current market conditions. In this case, the overall sale price is likely to be higher, but so would business risk associated with the development and construction of the project. While a positive outcome in the Sunrise re-bid could result in incrementally improved credit metrics from the agency's base case, Fitch does not consider the potential for improvement to be material.

Overall, the projects continue to experience higher supply chain and capital costs and greater inflation which will impact sale prices. A majority of the recently announced impairment totaling $1.4 billion to $1.6 billion is attributable to lack of vessel availability and the replacement of a key counterparty. Fitch believes these pressures have not fully abated and continue to represent a risk to the overall returns on the offshore wind portfolio.

On-going Risks Remain: Fitch believes Eversource will likely retain some risk post-sale even though the company is not in a position to control development costs. In the current framework, the construction costs are not fully locked-up under a date-certain fixed price EPC contract covering the entire project. Additionally, in an uncertain industry environment, with a complex construction process, counterparty risks remain.

Based on provision in the Inflation Reduction Act of 2022, two projects will likely qualify for 10% additional Investment Tax Credit (ITC) adders according to a report from a legal and consulting firm engaged by the

company. This represents a meaningful component to the sale price. In Fitch's view, there continues to be some uncertainty around the implementation of these provisions.

Weak Financial Profile: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated in recent years due in part to the acquisition of utility companies, high capex and cost escalation in its offshore wind growth projects, resulting in leverage averaging over 7.0x over the last three years.

Deleveraging Reliant on Equity Issuance: With greater pressures on the sale price in an industry environment of continued headwinds, there is greater reliance on equity issuance, which will account for most of the deleveraging under Fitch's assumptions. The company has $1.0 billion authorized under an existing at-the-market program in addition to annual drip issuance of $150 million. However, at this time, Fitch expects the company will issue a significantly higher amount of equity over the next two years.

Equity proceeds will be supplemented by the proceeds of the sale of the offshore business resulting in FFO leverage in the 5.5x area, which is consistent with other 'BBB' rated utility parent companies. Failure to issue adequate equity in a timely manner would result in a negative rating action.

Parent-Subsidiary Linkage: There is a PSL between Eversource and its rated utility subsidiaries. Fitch determines Eversource's Standalone Credit Profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger SCPs than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring-fencing is porous, given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

Large Utility Capex Plan: Eversource expects to spend $17.1 billion in capex for core businesses, predominantly regulated utilities, over 2024-2027. This utility capex is a relatively low-risk growth plan, including $7.0 billion in electric distribution, $4.2 billion in natural gas distribution, $4.1 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and approximately $0.85 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority to implement performance-based regulation, enactment of Senate Bill 7 and authorized ROEs that are lower than the national average result in a meaningfully less constructive regulatory environment for electric utilities.

Derivation Summary

Eversource compares adequately with other 'BBB'-rated utility parent companies: Exelon Corp. (Exelon; BBB/Stable) and American Electric Power (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations as does Exelon, post-genco spin compared with approximately 90%-95% for AEP. Exelon is significantly larger than its peers. AEP has a more geographically diverse asset mix with operations in 11 state, compared with Eversource's three state jurisdictions and Exelon's six state jurisdictions.

Fitch expects Eversource to be more levered initially than its peers with FFO leverage of over 7.0x improving to around 5.5x by the end of the forecast period. Fitch currently expects both Exelon's and AEP's FFO leverage to average approximately 5.8x over the forecast period.

Exelon's parent level debt is expected to be approximately 27% over the forecast period, which is higher than AEP's parent level debt of 23%. Eversource's parent level debt is expected to be higher around 40%, which includes approximately $2.15 billion of debt issued at the parent level for the wind subsidiary, the service company and other miscellaneous non-regulated subsidiaries.

Key Assumptions

--Terms of the sale of the offshore business finalized within 2Q24 with the entire proceeds applied towards debt reduction;

--Clearly laid out plan for equity issuance as needed, in order to reach leverage targets;

--No incremental liabilities post the sale of offshore business;

--Consolidated rate base growing to $37.7 billion by YE 2027, from $24.4 billion at YE 2021;

--Consolidated core business capex of $17.1 billion over 2024-2027;

--O&M expense relatively flat;

--South Fork Wind expected to be in service by the end of 1Q24;

--Normal weather.

RATING SENSITIVITIES

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

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

--Demonstrated mitigation of retained risk associated with offshore wind divestitures.

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

--Significant delays in the completion of the sale of the offshore business; significantly weaker terms, including retained risk; lower net proceeds from the sale; or allocation of the proceeds toward uses other than debt reduction;

--Failure to issue equity each year over the 2024-2025 timeframe to support deleveraging;

--Sustained FFO leverage exceeding 6.0x, after the divestiture of the offshore wind assets;

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

Liquidity and Debt Structure

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.3 billion of CP borrowings outstanding at Sept. 30, 2023, leaving $679.7 million of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 13, 2028. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of Sept. 30, 2023. NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities but also terminates on Oct. 13, 2028. As of Sept. 30, 2023, there was $209.5 million outstanding, leaving $440.5 million of available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $78.8million of unrestricted cash as of Sept. 30, 2023.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, maturities are $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $450 million of 4.75% senior unsecured notes due May 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; $600 million of 4.60% senior unsecured notes due July 1, 2027; $450 million of 3.3% senior unsecured notes due Jan. 15, 2028; and $1.3 billion of 5.45% senior unsecured notes due March 1, 2028.

Issuer Profile

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

Date of Relevant Committee

10 January 2024

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

ESG Considerations

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

Fitch Ratings Analysts

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
Fitch Ratings, Inc. 33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531

Media Contacts

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Eversource Energy				
• senior unsecured	LT	BBB	New Rating	

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

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

Corporate Rating Criteria (pub.03 Nov 2023) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub.13 Oct 2023) (including rating assumption sensitivity)

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

Applicable Models

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

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

Additional Disclosures

Solicitation Status

Endorsement Status

Eversource Energy	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at
https://www.fitchratings.com/site/re/10238496

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FitchRatings

15 APR 2024

Fitch Rates Eversource Energy's Senior Notes 'BBB'

Fitch Ratings - New York - 15 Apr 2024: Fitch Ratings has assigned a 'BBB' rating to Eversource Energy's (Eversource) $1.5 billion issuance of Series FF and Series GG, unsecured and unsubordinated notes. The notes rank pari passu with Eversource's other existing unsecured and unsubordinated debt. Net proceeds from the issuance will be used to repay a portion of Eversource's short-term debt.

Eversource's Long-Term Issuer Default Rating (IDR) is 'BBB' with a Stable Rating Outlook.

Key Rating Drivers

Offshore Business Exit: The sale of two remaining projects and recent New York regulator's announcement that Sunrise Wind won the rebidding in the NY offshore wind solicitation at a higher power price are positive steps forward in the company's plan to fully exit the business, in Fitch's view. In February 2024, in accordance with its goal to fully exit offshore wind, Eversource announced an agreement to sell its 50% ownership interest in the South Fork Wind and Revolution Wind projects to Global Infrastructure Partners (GIP). The sale requires an approval of NY Public Service Commission and is expected to be completed by 3Q24. The proceeds of about $1.1 billion, which include $170 million of the 10% ITC adder for Revolution Wind are expected to be used for parent debt repayment.

The company previously announced an agreement to sell its 50% ownership stake in the Sunrise Wind to Orsted A/S (BBB+/Stable), which owns the other 50% share in all three projects. Assuming successful completion of Sunrise Wind sale, Eversource no longer expects to have any risk exposure related to Sunrise Wind, a credit positive. In addition, the winning bid removes the Sunrise Wind abandonment costs that were assumed in the impairment charges the company took at 4Q23 earnings.

On-Going Risks Remain: Eversource will retain some risk post-sale at Revolution Wind, which is expected to be completed in 2025. Under the sale agreement, Eversource would share equally with GIP in GIP's funding obligations for up to approximately $240 million of incremental capital expenditure overruns, after which GIP's obligations for any additional overruns would be borne by Eversource. Eversource expects South Fork Wind will be fully operational prior to the close of this transaction, limiting any potential financial exposure.

In the current framework, the construction costs are not fully locked-up under a date-certain fixed price EPC contract covering the entire project. Additionally, in an uncertain industry environment, with a complex construction process, counterparty risks remain.

Weak Financial Profile: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated in recent years due in part to the acquisition of utility companies, high capex and cost escalation in its offshore wind growth projects, resulting in leverage averaging over 7.5x over the last three years.

Deleveraging Reliant on Equity Issuance: Fitch expects further deleveraging beyond offshore wind asset sales is needed to bring the metrics in line with the current ratings. Eversource expects to issue $1.3 billion in

equity, over and above $100 million-$120 million of equity issued through dividend reinvestment plans, to adjust its balance sheet. Equity proceeds will be supplemented by the announced intention to sell Aquarion Water, its water distribution utility in Connecticut. The proceeds from the sale of Aquarion Water could reduce the amount of equity issuance.

Fitch expects proceeds of the asset sales and equity issuances resulting in FFO leverage in the 5.5x area, which is consistent with other 'BBB'-rated utility parent companies. Failure to issue adequate equity or sell assets in a timely manner would result in a negative rating action.

Large Utility Capex Plan: Eversource raised its projected five-year capex plan by $1.6 billion over the prior five-year plan announced in February 2023. The new plan targets $23.1 billion of investments across electric transmission and electric, gas and water distribution from 2024 to 2028. This utility capex is a relatively low-risk growth plan, including $8.0 billion in electric distribution, $4.4 billion in natural gas distribution, $4.6 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and approximately $0.825 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority to implement performance-based regulation, enactment of Senate Bill 7 and authorized ROEs that are lower than the national average result in a meaningfully less constructive regulatory environment for electric utilities.

Parent-Subsidiary Linkage: There is a PSL between Eversource and its rated utility subsidiaries. Fitch determines Eversource's Standalone Credit Profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger SCPs than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring-fencing is porous, given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

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Eversource compares adequately with other 'BBB'-rated utility parent companies: Exelon Corp. (Exelon; BBB/Stable) and American Electric Power (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations as does Exelon, post-genco spin compared with approximately 90%-95% for AEP. Exelon is significantly larger than its peers. AEP has a more geographically diverse asset mix with operations in 11 state, compared with Eversource's three state jurisdictions and Exelon's six state jurisdictions.

Fitch expects Eversource to be more levered initially than its peers with FFO leverage of over 7.0x improving to around 5.5x by the end of the forecast period. Fitch currently expects both Exelon's and AEP's FFO leverage to average approximately 5.8x over the forecast period.

Exelon's parent level debt is expected to be approximately 27% over the forecast period, which is higher than AEP's parent level debt of 23%. Eversource's parent level debt is expected to be higher around 40%, which includes approximately $2.15 billion of debt issued at the parent level for the wind subsidiary, the service company and other miscellaneous non-regulated subsidiaries.

Key Assumptions

--Terms of the sale of the offshore business finalized within 2Q24 with the entire proceeds applied towards debt reduction;

--Clearly laid out plan for equity issuance as needed, in order to reach leverage targets;

--No incremental liabilities post the sale of offshore business;

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

--O&M expense relatively flat;

--Normal weather.

RATING SENSITIVITIES

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

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

--Demonstrated mitigation of retained risk associated with offshore wind divestitures.

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

--Significant delays in the completion of the sale of the offshore business; significantly weaker terms, including retained risk; lower net proceeds from the sale; or allocation of the proceeds toward uses other than debt reduction;

--Failure to issue equity each year over the 2024-2025 timeframe to support deleveraging;

--Sustained FFO leverage exceeding 6.0x, after the divestiture of the offshore wind assets;

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

Liquidity and Debt Structure

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.8 billion of CP borrowings outstanding at Dec. 31, 2023, leaving $228.1 million of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 13, 2028.

Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of Dec. 31, 2023. NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities but also terminates on Oct. 13, 2028. As of Dec. 31, 2023, there was $365.8 million outstanding, leaving $284.2 million of available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $53.9 million of unrestricted cash as of Dec. 31, 2023.

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Issuer Profile

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

Date of Relevant Committee

10 January 2024

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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Fitch Ratings Analysts

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
Fitch Ratings, Inc. 33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director

Secondary Rating Analyst
+1 212 908 0351

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531

Media Contacts

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Eversource Energy				
• senior unsecured	LT	BBB	New Rating	

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	◈
NEGATIVE	⊖	◈
EVOLVING	◈	◆
STABLE	○	

Applicable Criteria

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

Corporate Rating Criteria (pub.03 Nov 2023) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub.13 Oct 2023) (including rating assumption sensitivity)

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

Applicable Models

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

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

Additional Disclosures

Solicitation Status

Endorsement Status

Eversource Energy	EU Endorsed, UK Endorsed

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FitchRatings

RATING ACTION COMMENTARY

Fitch Downgrades Eversource to 'BBB', NSTAR Electric to 'A-'; Outlook Stable

Thu 11 Jan, 2024 - 10:20 AM ET

Fitch Ratings - New York - 11 Jan 2024: Fitch Ratings has downgraded the Long-Term Issuer Default Rating (IDR) of Eversource Energy to 'BBB' from 'BBB+'. In addition, Eversource's Short-Term IDR is also downgraded to 'F3' from 'F2', as per Fitch's Short-Term Ratings Criteria. At the same time, the senior debt at Eversource is downgraded to 'BBB' from 'BBB+' and the CP is downgraded to 'F3' from 'F2'.

The Long-Term IDR of the utility subsidiary NSTAR Electric Company is also downgraded to 'A-' from 'A'. NSTAR Electric's Short-Term IDR is affirmed at 'F1'. At the same time the senior debt is downgraded to 'A' from 'A+', the preferred debt is downgraded to 'BBB+' from 'A-' and the CP is affirmed at 'F1'.

The Rating Outlook for each of the entities is Stable.

The ratings and Outlook of the other Fitch-rated subsidiaries are unaffected at this time.

Eversource's ratings downgrade reflects continuing uncertainty around the sale of the three offshore wind projects under development. Fitch expects the sales will be executed at a lower price than previously expected due to the escalation in development costs and the rejection of the increase in power price at Sunrise Wind. Eversource's credit profile has been weak over the last three years with FFO-leverage over 7.0x, as per Fitch's calculations. Sale proceeds was expected to be a key source of cash for parent level debt reduction, along with equity issuance. At this time, Fitch expects reduction in debt will be lower than expected resulting in leverage around 5.5x by 2025.

With greater pressures on the sale price, there is greater reliance on equity issuance for debt reduction. Failure to issue adequate equity may have additional negative rating

consequences. The downgrade of Eversource's Short-Term IDR reflects Fitch's assessment of Eversource's financial structure, flexibility and operating environment, which results in the assignment of the lower of the two short-term options for the current long-term rating.

NSTAR Electric's IDR is downgraded based on Fitch's parent subsidiary linkage criteria which limits the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

KEY RATING DRIVERS

Eversource Energy

Continued Pressure On Offshore Business Sale: The batch sale of Eversource's 50% interest in three offshore wind projects, which are under various stages of development, face ever increasing headwinds related to supply issues, increasing costs and power price adjustments. In Fitch's view, these pressures are likely to lower the realized sale price further from Fitch's previous expectations. Following the New York regulator's recent decision to not grant Sunrise Wind (one of the projects) a rate increase, it will be put up for bidding again. If the Eversource joint venture (JV) does not win the bid, which Fitch has assumed in its base case, the contract will be terminated resulting in sizeable breakage fees both for contract termination and for counterparty contracts, resulting in a lower overall sale price. Danish wind energy developer Orsted A/S (BBB+/Negative) owns the other 50% share in all three projects.

If Eversource wins the bid, it would be able to negotiate higher power prices more in line with the current market conditions. In this case, the overall sale price is likely to be higher, but so would business risk associated with the development and construction of the project. While a positive outcome in the Sunrise re-bid could result in incrementally improved credit metrics from our base case, Fitch does not consider the potential for improvement to be material.

Overall, the projects continue to experience higher supply chain and capital costs and greater inflation which will impact sale prices. A majority of the recently announced impairment totaling $1.4 billion to $1.6 billion is attributable to lack of vessel availability and the replacement of a key counterparty. Fitch believes, these pressures have not fully abated and continue to represent a risk to the overall returns on the offshore wind portfolio.

On-going Risks Remain: Fitch believes Eversource will likely retain some risk post-sale even though the company is not in a position to control development costs. In the current framework, the construction costs are not fully locked-up under a date-certain fixed price

EPC contract covering the entire project. Additionally, in an uncertain industry environment, with a complex construction process, counterparty risks remain.

Based on provision in the Inflation Reduction Act of 2022, two projects will likely qualify for 10% additional Investment Tax Credit (ITC) adders according to a report from a legal and consulting firm engaged by the company. This represents a meaningful component to the sale price. In Fitch's view, there continues to be some uncertainty around the implementation of these provisions.

Weak Financial Profile: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated in recent years due in part to the acquisition of utility companies, high capex and cost escalation in its offshore wind growth projects, resulting in leverage averaging over 7.0x over the last three years.

Deleveraging Reliant on Equity Issuance: With greater pressures on the sale price in an industry environment of continued headwinds, there is greater reliance on equity issuance, which will account for most of the deleveraging under Fitch's assumptions. The company has $1.0 billion authorized under an existing at-the-market program in addition to annual drip issuance of $150 million. However, at this time, Fitch expects the company will issue a significantly higher amount of equity over the next two years. Equity proceeds will be supplemented by the proceeds of the sale of the offshore business resulting in FFO leverage in the 5.5x area, which is consistent with other 'BBB' rated utility parent companies. Failure to issue adequate equity in a timely manner would result in a negative rating action.

Parent-Subsidiary Linkage: NSTAR Electric Company's Long-Term IDR was downgraded due to its parent-subsidiary linkage (PSL) with Eversource. There is a PSL between Eversource and its rated utility subsidiaries. Fitch determines Eversource's Standalone Credit Profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger SCPs than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring-fencing is porous, given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

Large Utility Capex Plan: Eversource expects to spend $17.1 billion in capex for core businesses, predominantly regulated utilities, over 2024-2027. This utility capex is a relatively low-risk growth plan, including $7.0 billion in electric distribution, $4.2 billion in natural gas distribution, $4.1 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and approximately $0.85 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority to implement performance-based regulation, enactment of Senate Bill 7 and authorized ROEs that are lower than the national average result in a meaningfully less constructive regulatory environment for electric utilities.

NSTAR Electric Company

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

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

NSTAR Electric benefits from full revenue decoupling and several cost-recovery mechanisms, which enhance the stability and predictability of cash flows. The DPU permits recovery

outside of general rate cases for pension and post-retirement benefits, energy efficiency program costs and the associated lost revenue, and storm costs.

2022 Multiyear Rate Case Settlement: Fitch deems the outcome of NSTAR Electric's rate case to be constructive and supportive of credit quality. DPU authorized a $64.3 million increase based on a ROE of 9.8% with 53.21% equity capital and a five-year PBR plan commencing Jan. 1, 2023. Earnings over 10.8% are to be shared with ratepayers. The decision implements storm fund refinements and advanced metering infrastructure tariff and is in alignment with the state's electrification policy. NSTAR Electric had requested an $87.6 million increase in base rates at a ROE of 10.50% with 53.8% equity capital.

2017 Rate Case Decision: Fitch considers the outcome of NSTAR Electric's 2017 rate case and implementation of PBR to have been constructive. The DPU authorized NSTAR Electric's $4.8 million electric rate increase in December 2018. This rate increase consisted of a PBR adjustment increase of $31.9 million, offset by a distribution rate decrease of $27.1 million to account for the return of excess accumulated deferred income taxes to ratepayers as a result of federal tax law revisions. NSTAR Electric's fourth annual performance-based rate adjustment resulted in a $36.8 million increase to base distribution rates effective Jan. 1, 2022.

Large Capex Plan: Fitch expects capex to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total approximately $2.3 billion over 2024-2027. Improvements to NSTAR Electric's distribution system also will contribute to the large capex plan in the near term. Fitch expects capex will be funded in a manner consistent with the existing capital structure.

Strong Financial Metrics: NSTAR Electric's financial profile is well positioned within its rating level. Fitch expects NSTAR Electric's FFO leverage to average around 3.9x-4.0x through 2026, which is strong for the rating. Ongoing investments in FERC-regulated transmission projects that receive timely cost recovery and above-average returns should enable the utility to maintain its financial strength.

DERIVATION SUMMARY

Eversource compares adequately with other 'BBB' rated utility parent companies: Exelon Corp. (Exelon; BBB/Stable) and American Electric Power (AEP; BBB/Stable). Eversource derives all its cashflows from regulated operations as does Exelon, post-genco spin compared to approximately 90%-95% for AEP. Exelon is significantly larger than its peers.

AEP has a more geographically diverse asset mix with operations in 11 state, compared to Eversource's three state jurisdictions and Exelon's six state jurisdictions.

Fitch expects Eversource to be more levered initially than its peers with FFO leverage of over 7.0x improving to around 5.5x by the end of the forecast period. Fitch currently expects both Exelon's and AEP's FFO leverage to average approximately 5.8x over the forecast period.

Exelon's parent level debt is expected to be approximately 27% over the forecast period, which is higher than AEP's parent level debt of 23%. Eversource's parent level debt is expected to be higher around 30%.

KEY ASSUMPTIONS

--Terms of the sale of the offshore business finalized within 2Q24 with the entire proceeds applied towards debt reduction;

--Clearly laid out plan for equity issuance as needed, in order to reach leverage targets;

--No incremental liabilities post the sale of offshore business;

--Consolidated rate base growing to $37.7 billion by YE 2027, from $24.4 billion at YE 2021;

--Consolidated core business capex of $17.1 billion over 2024-2027;

--O&M expense relatively flat;

--South Fork Wind expected to be in service by the end of 1Q24;

--Normal weather.

RATING SENSITIVITIES

Eversource Energy

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

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

--Demonstrated mitigation of retained risk associated with offshore wind divestitures.

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

--Significant delays in the completion of the sale of the offshore business; significantly weaker terms, including retained risk; lower net proceeds from the sale; or allocation of the proceeds toward uses other than debt reduction;

--Failure to issue equity each year over the 2024-2025 timeframe to support deleveraging;

--Sustained FFO leverage exceeding 6.0x, after the divestiture of the offshore wind assets;

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

NSTAR Electric Company

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

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

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

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

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

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

LIQUIDITY AND DEBT STRUCTURE

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1.3 billion of CP borrowings outstanding at Sept.30, 2023, leaving $679.7 million of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 13, 2028. Under the RCF, CL&P has a $600 million borrowing

sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of Sept.30, 2023. NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities but also terminates on Oct. 13, 2028. As of Sept. 30, 2023, there was $209.5 million outstanding, leaving $440.5 million of available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $78.8million of unrestricted cash as of Sept. 30, 2023.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, maturities are $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1,2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $450 million of 4.75% senior unsecured notes due May 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; $600 million of 4.60% senior unsecured notes due July 1, 2027; $450 million of 3.3% senior unsecured notes due Jan. 15, 2028;and $1.3 billion of 5.45% senior unsecured notes due March 1, 2028.

ISSUER PROFILE

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

ESG CONSIDERATIONS

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

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RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR
NSTAR Electric Company	LT IDR A- Rating Outlook Stable Downgrade	A Rating Outlook Negative
	ST IDR F1 Affirmed	F1
senior unsecured	LT A Downgrade	A+
preferred	LT BBB+ Downgrade	A-
senior unsecured	ST F1 Affirmed	F1
Eversource Energy	LT IDR BBB Rating Outlook Stable Downgrade	BBB+ Rating Outlook Negative
	ST IDR F3 Downgrade	F2
senior unsecured	LT BBB Downgrade	BBB+
senior unsecured	ST F3 Downgrade	F2

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
manish.consul@fitchratings.com
Fitch Ratings, Inc.
33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531
philip.smyth@fitchratings.com

MEDIA CONTACTS

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

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APPLICABLE CRITERIA

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

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

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 13 Oct 2023) (including rating assumption sensitivity)

Corporate Rating Criteria (pub. 03 Nov 2023) (including rating assumption sensitivity)

APPLICABLE MODELS

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

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

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Eversource Energy	EU Endorsed, UK Endorsed
NSTAR Electric Company	EU Endorsed, UK Endorsed

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FitchRatings

Corporates
Electric-Corporate
United States

Eversource Energy

Ratings

Long-Term IDR	BBB+
Short-Term IDR	F2
Senior Unsecured Debt — Long-Term Rating	BBB+
Senior Unsecured Debt — Short-Term Rating	F2
Outlook	
Long-Term Foreign Currency IDR	Negative

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2035 Climate Vulnerability Signal: 29

The 'BBB+' Long-Term (LT) Issuer Default Rating (IDR) of Eversource Energy primarily reflects the consolidated strength of Eversource's regulated electric transmission and distribution, natural gas distribution and water distribution utility subsidiaries.

The Negative Outlook reflects greater uncertainty around the sale of the three offshore projects under development, including the likelihood of a lower sale price, after New York regulators declined a request for a price increase for one of the projects. Eversource's credit profile was weak over the last three years, with FFO leverage over 7.0x, per Fitch Ratings' calculations.

Proceeds from the sale are expected to be a key source of cash for parent-level deleveraging. Fitch expects management to issue equity such that leverage returns below Fitch's 5.2x downgrade threshold. Failure to complete the sale or issue equity in a timely manner will result in a downgrade. Fitch will resolve the Outlook once the details of the sale process and the capital allocation plan are finalized.

A downgrade of Eversource's LT IDR to 'BBB' may result in a downgrade of Eversource's Short-Term IDR to 'F3', per Fitch's *Corporate Rating Criteria*. NSTAR Electric Company's (A/Negative) Outlook is based on Fitch's *Parent and Subsidiary Linkage Rating Criteria*, which limits the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

Key Rating Drivers

Greater Uncertainty Around Offshore Business Sale: The batch sale of Eversource's 50% interest in three offshore wind projects, which are under various stages of development, will likely be delayed beyond Fitch's expectation of YE 2023. The New York regulator's recent decision to not grant an increase in the power prices to account for rising supply chain costs, higher capital costs and greater inflation has resulted in heighted uncertainty around the timing and sale price of Eversource's stake.

The sale transaction is highly complex, given the headwinds against the sector, the relatively nascent asset class in North America and the joint venture structure. Danish wind energy developer Orsted A/S (BBB+/Negative) owns the other 50%. Earlier in 2023, Eversource finalized the sale of its interest in offshore wind lease areas for $625 million, a substantial portion of which will be reinvested in the offshore business.

The transaction will take longer than previously expected, possibly involving a re-bid process, and will probably fetch a lower price, given that power prices were not adjusted upward. Additionally, it is unknown if Eversource will retain significant post-divestiture risk once a sale is consummated. Fitch forecasts leverage will exceed the company's downgrade threshold through YE 2024. To right-size the balance sheet, management would have to inject a significant amount of equity in 2024–2025. Failure to complete the sale in a timely manner would pressure Eversource's already weak financial profile, resulting in a rating downgrade.

Weak Financial Profile: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated over the past three years due in part to the acquisition of utility companies and high capex and cost escalation in its offshore wind growth projects, which inherently require multiple years of investment, permitting and construction.

Fitch expects the net proceeds from the sale of offshore business, supplemented by a sizable equity issuance in 2024–2025, will lead to a decline in FFO leverage to 5.2x. The company has $1.0 billion authorized under an existing at-the-market program in addition to annual drip issuance of $150 million. Failure to issue equity in a timely manner would result in a negative rating action.

Applicable Criteria

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

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

Parent and Subsidiary Linkage Rating Criteria (June 2023)

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

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Related Research

Global Corporates Macro and Sector Forecasts

North American Utilities, Power & Gas Outlook 2024 (December 2023)

Fitch Revises Outlooks for Eversource and NSTAR Electric to Negative; Affirms Ratings (October 2023)

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

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

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

Analysts

Manish Consul
+1 212 908-0784
manish.consul@fitchratings.com

Shalini Mahajan
+1 212 908-0351
shalini.mahajan@fitchratings.com

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Parent-Subsidiary Linkage: NSTAR Electric Company's Outlook was revised to Negative due to its parent-subsidiary linkage (PSL) with Eversource. There is a PSL between Eversource and its rated utility subsidiaries. Fitch determines Eversource's Standalone Credit Profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger SCPs than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring-fencing is porous, given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

Large Utility Capex Plan: Eversource expects to spend $21.5 billion in capex for core businesses, predominantly regulated utilities, over 2023–2027. This utility capex is a relatively low-risk growth plan, including $8.9 billion in electric distribution, $5.3 billion in natural gas distribution, $5.3 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and approximately $1.0 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority to implement performance-based regulation, enactment of Senate Bill 7 and authorized ROEs that are lower than the national average result in a meaningfully less constructive regulatory environment for electric utilities.

Financial Summary

($ mil.)	2019	2020	2021	2022	2023F	2024F
Gross revenue	8,462	8,842	9,801	12,229	13,063	12,610
EBITDA	2,648	2,903	3,026	3,754	3,811	4,445
CFO (Fitch-defined)	1,957	1,629	1,907	2,342	3,357	3,486
Capital intensity (capex/revenue) (%)	34.4	33.3	32.4	28.1	—	—
Debt	15,084	17,530	19,877	22,684	24,372	24,507
FFO leverage (x)	5.8	7.3	7.3	7.4	5.9	5.4
FFO interest coverage (x)	4.8	4.4	4.9	4.7	5.0	5.1
EBITDA leverage (x)	5.7	6.0	6.6	6.0	6.4	5.5

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Eversource is weakly positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated utilities, which is weakened by high leverage resulting from capex related to renewable development and acquisitions.

Eversource's businesses primarily consist of low-risk, regulated operations in Massachusetts, Connecticut and New Hampshire that generate relatively stable and predictable earnings and cash flow. Its operations include the following utility subsidiaries rated by Fitch: NSTAR Electric (A/Negative), The Connecticut Light and Power Company (CL&P; A–/Stable), Public Service Company of New Hampshire (PSNH; A–/Stable) and NSTAR Gas Company (A–/Stable).

The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Stable) operate in some of the same states in the Northeast, in relatively balanced regulatory environments. Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets,

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favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage for Eversource to be around 5.7x for YE 2023 and 5.2x over the next two years, compared with AVANGRID, which would have higher leverage for the next two years, reaching 5.3x by 2025, assuming the merger with PNM Resources, Inc. is completed.

Rating Sensitivities

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

- An upgrade would require FFO leverage expected to remain less than 4.5x on a sustained basis.

Factors that Could, Individually or Collectively, Lead to a Stable Outlook

- The Outlook could be revised to Stable once the sale of the offshore business has been finalized and there is a clear path to deleveraging.

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

- Significant delays in the completion of the sale of the offshore business; significantly weaker terms, including retained risk; lower net proceeds from the sale; or allocation of the proceeds toward uses other than debt reduction;
- Failure to issue equity each year over the 2023–2025 time frame to support deleveraging;
- Sustained FFO leverage exceeding 5.2x, after the divestiture of the offshore wind assets;
- Adverse regulatory actions or other events that result in downgrades to Eversource's utility subsidiaries.

Liquidity and Debt Structure

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

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

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

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

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, maturities are $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $450 million of 4.75% senior unsecured notes due May 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; $600 million of 4.60% senior unsecured notes due July 1, 2027; $450 million of 3.3% senior unsecured notes due Jan 15,2028; and $1.3 billion of 5.45% senior unsecured notes due March 1, 2028.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way

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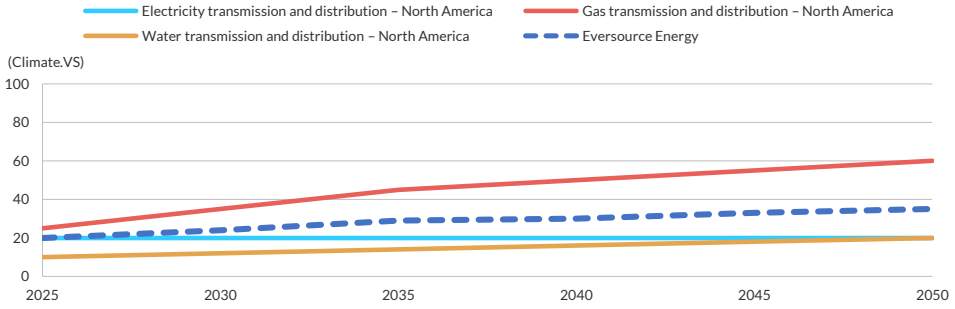
in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

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

Eversource's Climate.VS is relatively low at 29 out of 100 in 2035, based on 2022 data. The signal reflects Eversource's large transmission and distribution operation, small water utility business and comparatively low exposure to natural gas transmission and distribution in Massachusetts. For further information on how Fitch perceives climate-related risks in the Utilities sector, see *Utilities — Long-Term Climate Vulnerability Signals Update*.

Climate.VS Evolution
As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

($ mil.)	12/31/21	12/31/22
Total cash and cash equivalents	67	407
Short-term investments	0	0
Less not readily available cash and cash equivalents	0	32
Fitch-defined readily available cash and cash equivalents	**67**	**375**
Availability under committed lines of credit	1,145	1,208
Total liquidity	**1,212**	**1,583**
LTM EBITDA after associates and minorities	3,026	3,754
LTM FCF	-2,073	-1,960

Source: Fitch Ratings, Fitch Solutions, Eversource Energy

Scheduled Debt Maturities

($ mil.)	12/31/22
2023	3,451
2024	1,950
2025	1,400
2026	940
2027	2,539
Thereafter	12,403
Total	**22,684**

Source: Fitch Ratings, Fitch Solutions, Eversource Energy

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Key Assumptions

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

- Terms of the sale of the offshore business finalized in 2Q24, with all proceeds applied toward debt reduction;
- Clearly laid-out plan for equity issuance as needed, in order to reach leverage targets;
- No incremental liabilities after the sale of the offshore business;
- Consolidated rate base growing to $37.7 billion by YE 2027 from $24.4 billion at YE 2021;
- Consolidated core business capex of $21.5 billion over 2023–2027;
- O&M expense relatively flat;
- South Fork Wind expected to be in service by YE 2023;
- Normal weather.

Financial Data

($ mil.)	2019	2020	2021	2022	2023F	2024F
Summary income statement						
Gross revenue	8,462	8,842	9,801	12,229	13,063	12,610
Revenue growth (%)	0.7	4.5	10.9	24.8	6.8	-3.5
EBITDA before income from associates	2,648	2,903	3,026	3,754	3,811	4,445
EBITDA margin (%)	31.3	32.8	30.9	30.7	29.2	35.3
EBITDA after associates and minorities	2,648	2,903	3,026	3,754	3,804	4,437
EBITDAR	2,663	2,918	3,026	3,754	3,811	4,445
EBITDAR margin (%)	31.5	33.0	30.9	30.7	29.2	35.3
EBIT	1,808	1,968	1,971	2,162	2,532	2,899
EBIT margin (%)	21.4	22.3	20.1	17.7	19.4	23.0
Gross interest expense	-536	-541	-578	-664	-843	-967
Pretax income including associate income/loss	1,190	1,559	1,572	1,866	1,905	2,035
Summary balance sheet						
Readily available cash and equivalents	15	107	67	375	200	206
Debt	15,084	17,530	19,877	22,684	24,372	24,507
Lease-adjusted debt	15,201	17,651	19,877	22,684	24,372	24,507
Net debt	15,069	17,423	19,810	22,309	24,172	24,301
Summary cash flow statement						
EBITDA	2,648	2,903	3,026	3,754	3,811	4,445
Cash interest paid	-535	-540	-555	-636	-825	-896
Cash tax	-56	-49	-122	-78	-115	-175
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	-8	-8
Other items before FFO	27	-467	-163	-620	464	301
FFO	2,077	1,840	2,179	2,462	3,328	3,668
FFO margin (%)	24.5	20.8	22.2	20.1	25.5	29.1
Change in working capital	-120	-210	-272	-120	29	-181
CFO (Fitch-defined)	1,957	1,629	1,907	2,342	3,357	3,486
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-2,911	-2,943	-3,175	-3,442	—	—
Capital intensity (capex/revenue) (%)	34.4	33.3	32.4	28.1	—	—
Common dividends	-663	-745	-805	-860	—	—
FCF	-1,617	-2,058	-2,073	-1,960	—	—
FCF margin (%)	-19.1	-23.3	-21.2	-16.0	—	—

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($ mil.)	2019	2020	2021	2022	2023F	2024F
Net acquisitions and divestitures	—	-1,003	—	—	—	—
Other investing and financing cash flow items	-320	-180	-267	-678	-7	—
Net debt proceeds	992	2,404	2,300	2,749	1,767	135
Net equity proceeds	852	929	—	197	200	1,000
Total change in cash	-93	91	-40	308	-174	6
Leverage ratios (x)						
EBITDA leverage	5.7	6.0	6.6	6.0	6.4	5.5
EBITDA net leverage	5.7	6.0	6.5	5.9	6.4	5.5
EBITDAR leverage	5.7	6.0	6.6	6.0	6.4	5.5
EBITDAR net leverage	5.7	6.0	6.5	5.9	6.4	5.5
EBITDAR net fixed-charge coverage	4.8	5.3	5.5	6.4	4.6	5.0
FFO-adjusted leverage	5.8	7.3	7.3	7.4	5.9	5.4
FFO-adjusted net leverage	5.8	7.3	7.2	7.3	5.8	5.3
FFO leverage	5.8	7.3	7.3	7.4	5.9	5.4
FFO net leverage	5.8	7.3	7.2	7.3	5.8	5.3
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-3,575	-4,690	-3,981	-4,302	-5,524	-4,615
FCF after acquisitions and divestitures	-1,617	-3,061	-2,073	-1,960	-2,167	-1,128
FCF margin after net acquisitions (%)	-19.1	-34.6	-21.2	-16.0	-16.6	-8.9
Coverage ratios (x)						
FFO interest coverage	4.8	4.4	4.9	4.7	5.0	5.1
FFO fixed-charge coverage	4.7	4.3	4.9	4.7	5.0	5.1
EBITDAR fixed-charge coverage	4.8	5.3	5.5	5.9	4.6	5.0
EBITDA interest coverage	4.9	5.4	5.5	5.9	4.6	5.0
Additional metrics (%)						
CFO –capex/debt	-6.3	-7.5	-6.4	-4.8	-5.1	-3.0
CFO – capex/net debt	-6.3	-7.5	-6.4	-4.9	-5.2	-3.0
CFO/capex	67.2	55.4	60.1	68.1	72.9	82.5

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

How to Interpret the Forecast Presented

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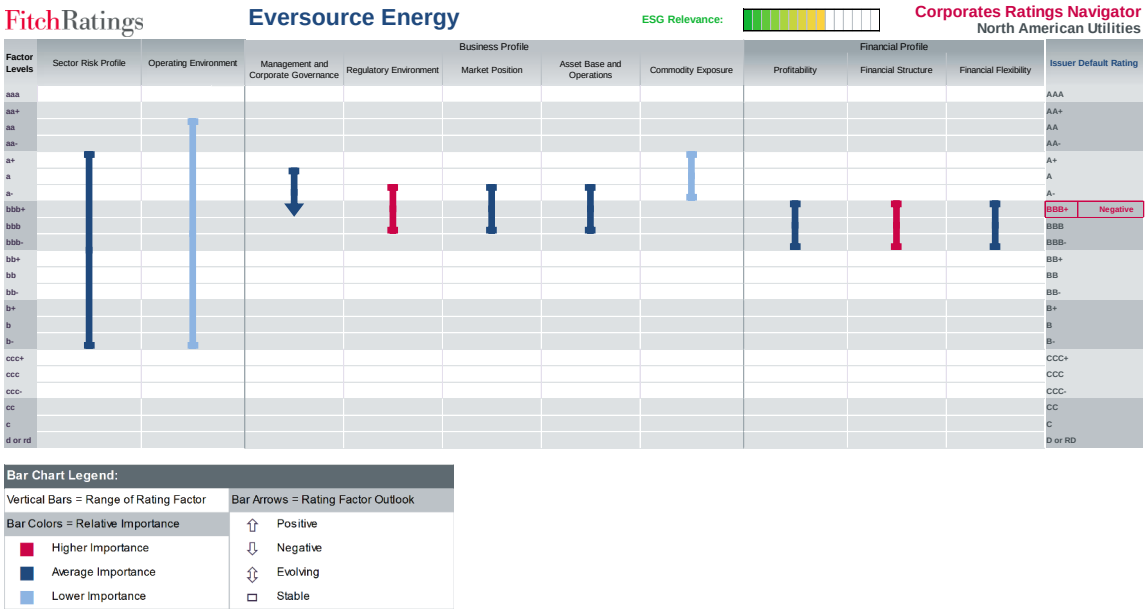
Ratings Navigator



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FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Operating Environment

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

Regulatory Environment

a	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	Trend in Authorized ROEs	bbb	Average authorized ROE.
bbb	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb-	Mechanisms Supportive of Creditworthiness		n.a.

Asset Base and Operations

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

Profitability

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

Financial Flexibility

a-	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
bbb+	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
bbb	FFO Interest Coverage	a	5.5x
bbb-			
bb+			

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

Management and Corporate Governance

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

Market Position

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

Commodity Exposure

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

Financial Structure

a-	EBITDA Leverage	bb	4.75x
bbb+	FFO Leverage	bbb	5.0x
bbb			
bbb-			
bb+			

Credit-Relevant ESG Derivation

Overall ESG

Eversource Energy has 12 ESG potential rating drivers	key driver	0	issues	5
Emissions from operations	driver	0	issues	4
Fuel use to generate energy and serve load				
Impact of waste from operations	potential driver	12	issues	3
Plants' and networks' exposure to extreme weather				
Product affordability and access	not a rating driver	1	issues	2
Quality and safety of products and services; data security		1	issues	1

Showing top 6 issues

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

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FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Credit-Relevant ESG Derivation

ESG Relevance to Credit Rating

Eversource Energy has 12 ESG potential rating drivers

- Eversource Energy has exposure to emissions regulatory risk but this has very low impact on the rating.
- Eversource Energy has exposure to energy productivity risk but this has very low impact on the rating.
- Eversource Energy has exposure to waste & impact management risk but this has very low impact on the rating.
- Eversource Energy has exposure to extreme weather events but this has very low impact on the rating.
- Eversource Energy has exposure to access/affordability risk but this has very low impact on the rating.
- Eversource Energy has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	1	issues	1

Environmental (E) Relevance Scores

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

E Relevance

Social (S) Relevance Scores

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

S Relevance

Governance (G) Relevance Scores

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

G Relevance

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

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

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

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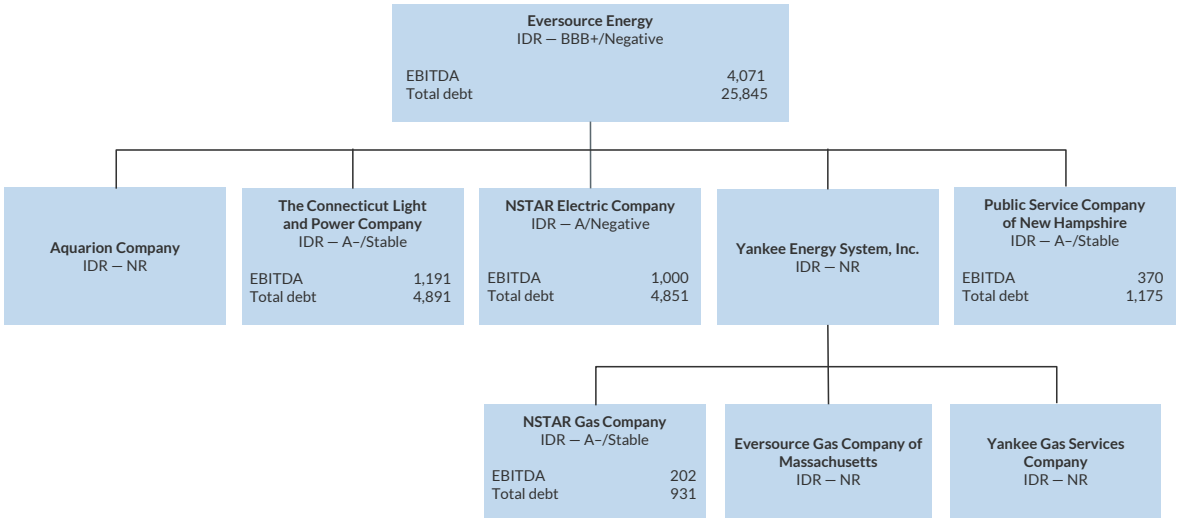
Simplified Group Structure Diagram

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



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

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue ($ mil.)	FFO ($ mil.)	FFO leverage (x)	FFO interest coverage (x)	EBITDA leverage (x)
Eversource Energy	BBB+						
	BBB+	2022	12,229	2,462	7.4	4.7	6.0
	BBB+	2021	9,801	2,179	7.3	4.9	6.6
	BBB+	2020	8,842	1,840	7.3	4.4	6.0
NextEra Energy, Inc.	A–						
	A–	2022	20,956	7,883	6.7	6.1	6.8
	A–	2021	17,069	7,782	5.8	6.4	7.0
	A–	2020	17,997	8,645	4.6	6.3	4.9
AVANGRID, Inc.	BBB+						
	BBB+	2022	7,923	1,465	5.0	4.8	4.8
	BBB+	2021	6,974	1,532	4.5	5.7	4.5
	BBB+	2020	6,320	1,535	5.9	5.2	6.1
Consolidated Edison, Inc.	BBB+						
	BBB+	2022	15,670	3,698	5.7	5.0	5.7
	BBB+	2021	13,676	3,315	5.8	4.5	5.1
	BBB+	2020	12,246	2,640	6.8	3.8	5.3

Source: Fitch Ratings, Fitch Solutions

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Fitch Adjusted Financials

($ mil., as of Dec. 31, 2022)	Notes and formulas	Reported values	Sum of adjustments	CORP- lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		12,289	-60		-60	12,229
EBITDAR		3,841	-88	-10	-77	3,754
EBITDAR after associates and minorities	(a)	3,841	-88	-10	-77	3,754
Lease expense	(b)	0				0
EBITDA	(c)	3,841	-88	-10	-77	3,754
EBITDA after associates and minorities	(d) = (a-b)	3,841	-88	-10	-77	3,754
EBIT	(e)	2,198	-36	-2	-34	2,162
Debt and cash summary						
Other off-balance-sheet debt	(f)	0				0
Debt	(g)	23,195	-512	-58	-454	22,684
Lease-equivalent debt	(h)	0				0
Lease-adjusted debt	(i) = (g+h)	23,195	-512	-58	-454	22,684
Readily available cash and equivalents	(j)	375				375
Not readily available cash and equivalents		32				32
Cash flow summary						
EBITDA after associates and minorities	(d) = (a-b)	3,841	-88	-10	-77	3,754
Preferred dividends paid	(k)	-8				-8
Interest received	(l)	51				51
Interest paid	(m)	-636				-636
Cash tax paid		-78				-78
Other items before FFO		-656	36	2	34	-620
FFO	(n)	2,514	-52	-8	-43	2,462
Change in working capital (Fitch-defined)		-120				-120
CFO	(o)	2,394	-52	-8	-43	2,342
Non-operating/nonrecurring cash flow		0				0
Capex	(p)	-3,442				-3,442
Common dividends paid		-860				-860
FCF		-1,908	-52	-8	-43	-1,960
Gross leverage (x)						
EBITDAR leverage[a]	(i/a)	6.0				6.0
FFO adjusted leverage	(i/(n-m-l-k+b))	7.5				7.4
FFO leverage	(i-h)/(n-m-l-k)	7.5				7.4
EBITDA leverage[a]	(i-h)/d	6.0				6.0
(CFO – capex)/debt (%)	(o+p)/(i-h)	-4.5				-4.8
Net leverage (x)						
EBITDAR net leverage[a]	(i-j)/a	5.9				5.9
FFO-adjusted net leverage	(i-j)/(n-m-l-k+b)	7.3				7.3
FFO net leverage	(i-h-j)/(n-m-l-k)	7.3				7.3
EBITDA net leverage[a]	(i-h-j)/d	5.9				5.9
(CFO – capex)/net debt (%)	(o+p)/(i-h-j)	-4.6				-4.9
Coverage (x)						
EBITDAR fixed-charge coverage[a]	a/(-m+b)	6.0				5.9
EBITDA interest coverage[a]	d/(-m)	6.0				5.9
FFO fixed-charge coverage	(n-l-m-k+b)/(-m-k+b)	4.8				4.7
FFO interest coverage	(n-l-m-k)/(-m-k)	4.8				4.7

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

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FitchRatings

RATING ACTION COMMENTARY

Fitch Revises Outlooks for Eversource and NSTAR Electric to Negative; Affirms Ratings

Fri 27 Oct, 2023 - 2:18 PM ET

Fitch Ratings - New York - 27 Oct 2023: Fitch Ratings has affirmed the 'BBB+' Long-Term Issuer Default Rating (IDR) of Eversource Energy and the Long-Term IDR of the utility subsidiary NSTAR Electric Company at 'A'. The Rating Outlook of both entities has been revised to Negative from Stable.

The ratings and Outlook of the other Fitch-rated subsidiaries are unchanged at this time.

The Negative Outlook reflects greater uncertainty around the sale of the three offshore projects under development, including the likelihood of a lower sale price, after New York regulators declined a request for a price increase for one of the projects. Eversource's credit profile has been weak over the last three years with FFO-leverage over 7.0x, as per Fitch's calculations.

Proceeds from the sale are expected to be a key source of cash for parent-level deleveraging. Fitch also expects management to issue equity such that leverage returns below Fitch's 5.2x downgrade threshold. Failure to complete the sale or issue equity in a timely manner will result in a downgrade. Fitch will resolve the Outlook once the details of the sale process and the capital allocation plan going forward are finalized.

A downgrade of the LT IDR of Eversource to 'BBB' may result in a downgrade of Eversource's Short-Term IDR to 'F3' as per Fitch's Short-Term Ratings Criteria.

NSTAR Electric's Negative Outlook is based on Fitch's parent subsidiary linkage criteria, which limits the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

KEY RATING DRIVERS

Eversource Energy

Greater Uncertainty Around Offshore Business Sale: The batch sale of Eversource's 50% interest in three offshore wind projects, which are under various stages of development, will likely be delayed beyond Fitch's expectation of YE2023. The New York regulator's recent decision to not grant an increase in the power prices to account for rising supply chain costs, higher capital costs, and greater inflation has resulted in heighted uncertainty around the timing and sale price of Eversource's stake.

The sale transaction is highly complex given the headwinds against the sector, the relatively nascent asset class in North America, and the joint venture structure. Danish wind energy developer, Orsted A/S (BBB+/Stable), owns the other 50%. Earlier in the year, Eversource finalized the sale of its interest in offshore wind lease areas for $625 million, a substantial portion of which will be reinvested in the offshore business.

The transaction will take longer than previously expected, possibly involving a re-bid process, and will probably fetch a lower price given that the power prices were not adjusted upwards. Additionally, it is unknown if once a sale is consummated there will be any significant post-divestiture risk retained by the company. Fitch forecasts that leverage will be higher than the company's downgrade threshold through YE2024. To right-size the balance sheet, management would also have to inject a significant amount of equity in 2024-2025. Failure to complete the sale in a timely manner would pressure Eversource's already weak financial profile, resulting in a ratings downgrade.

Weak Financial Profile: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated over the past three years due in part to acquisition of utility companies, and high capex and cost escalation in its offshore wind growth projects, which inherently require multiple years of investment, permitting and construction.

Fitch expects the net proceeds from the sale of offshore business supplemented by a sizable equity issuance over the 2024-2025 timeframe will lead to a decline in FFO leverage to 5.2x. The company has $1.0 billion authorized under an existing at-the-market program in addition to annual drip issuance of $150 million. Failure to issue equity in a timely manner would result in a negative rating action.

Parent/Subsidiary Linkage: NSTAR Electric's Outlook has been revised to Negative due to its parent-subsidiary linkage (PSL) with Eversource. There is a PSL between Eversource and its rated utility subsidiaries. Fitch determines Eversource's standalone credit profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger standalone credit profiles than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring fencing is porous given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

Large Utility Capex Plan: Eversource expects to spend $21.5 billion in capex for core businesses, predominantly regulated utilities, over 2023-2027. This utility capex is a relatively low-risk growth plan, including $8.9 billion in electric distribution, $5.3 billion in natural gas distribution, $5.3 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and approximately $1.0 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority (PURA) to implement performance-based regulation, enactment of Senate Bill 7, and authorized ROEs that are lower than national average result in a meaningfully less-constructive regulatory environment for electric utilities.

NSTAR Electric Company

Low-Risk Business Profile: NSTAR Electric's ratings largely reflect the low business risk and stable cash flows of its regulated electric T&D operations. The company has no commodity exposure and a decoupling mechanism that eliminates the effect of weather and usage patterns on revenue. A significant and growing share of the rate base is derived from electric transmission investments regulated by FERC.

Balanced Regulatory Environment: Fitch considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) to be relatively balanced, supporting NSTAR Electric's strong financial profile. NSTAR Electric operates under a five-year performance-based ratemaking plan that runs through Dec. 31, 2027. NSTAR Electric benefits from full revenue decoupling and several cost-recovery mechanisms, which enhance the stability and predictability of cash flows. The DPU permits recovery outside of general rate cases for pension and post-retirement benefits, energy efficiency program costs and the associated lost revenue, and storm costs.

2022 Multiyear Rate Case Settlement: Fitch deems the outcome of NSTAR Electric's rate case to be constructive and supportive of credit quality. DPU authorized a $64.3 million increase based on a ROE of 9.8% with 53.21% equity capital and a five-year PBR plan commencing Jan. 1, 2023. Earnings over 10.8% are to be shared with rate payers. The decision implements storm fund refinements and advanced metering infrastructure tariff and is in alignment with the state's electrification policy. NSTAR Electric had requested an $87.6 million increase in base rates at a ROE of 10.50% with 53.8% equity capital.

2017 Rate Case Decision: Fitch considers the outcome of NSTAR Electric's 2017 rate case and implementation of performance-based ratemaking to have been constructive. The DPU authorized NSTAR Electric's $4.8 million electric rate increase in December 2018. This rate increase was composed of a performance-based ratemaking adjustment increase of $31.9 million, offset by a distribution rate decrease of $27.1 million to account for the return of excess accumulated deferred income taxes to

ratepayers as a result of federal tax reform. NSTAR Electric's fourth annual performance-based rate adjustment resulted in a $36.8 million increase to base distribution rates effective Jan. 1, 2022.

Large Capex Plan: Fitch expects capex to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total approximately $2.75 billion over 2023-2027. Improvements to NSTAR Electric's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

Weak Financial Metrics: NSTAR Electric's financial profile is weakly positioned within its rating level. Fitch expects NSTAR Electric's FFO leverage to average around 3.9x-4.0x through 2026, which is right at Fitch's negative sensitivity, leaving little room for underperformance. Robust cashflows and ongoing investments in FERC-regulated transmission projects that receive timely cost recovery and above-average returns should enable the utility to maintain its financial strength.

DERIVATION SUMMARY

Eversource Energy

Eversource is weakly positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated utilities, which is weakened by high leverage resulting from capital expenditures related to renewable development and acquisitions. The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Stable) operate in some of the same states in the Northeast in relatively balanced regulatory environments.

Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets, favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases, but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage for Eversource to be around 5.7x for YE 2023, and 5.2x over the next two years,

compared with AVANGRID, which would have higher leverage for the next two years, reaching 5.3x by 2025 assuming the merger with PNM Resources Inc. is completed.

NSTAR Electric Company

NSTAR Electric compares adequately with peers at its 'A' Long-Term IDR. NSTAR Electric operates in a balanced regulatory environment in Massachusetts and benefits from a significant amount of FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows. NSTAR Electric and peer companies CL&P and Consolidated Edison Company of New York, Inc. (CECONY; BBB+/Stable) all have revenue decoupling, and CL&P has a significant amount of FERC-regulated electric transmission assets. However, CL&P and CECONY operate in regulatory environments in Connecticut and New York that Fitch considers to be less constructive than in Massachusetts. NSTAR Electric further benefits from a strong financial profile. Fitch expects NSTAR Electric's FFO leverage to average around 3.9x-4.0x through 2025.

KEY ASSUMPTIONS

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

--Terms of the sale of the offshore business finalized within 2Q2024 with the entire proceeds applied towards debt reduction;

--Clearly laid out plan for equity issuance as needed, in order to reach leverage targets;

--No incremental liabilities post the sale of offshore business;

--Consolidated rate base growing to $37.7 billion by year-end 2027, from $24.4 billion at year-end 2021;

--Consolidated core business capex of $21.5 billion over 2023-2027;

--O&M expense relatively flat;

--South Fork Wind expected to be in service by the end of 2023;

--Normal weather.

RATING SENSITIVITIES

Eversource Energy

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

--An upgrade would require FFO leverage expected to remain less than 4.5x on a sustained basis.

Factors that could, individually or collectively, lead to a Stable Outlook:

--The Outlook could be revised to Stable once the sale of the offshore business has been finalized and there is a clear path to deleveraging.

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

--Significant delays in the completion of the sale of the offshore business, significantly weaker terms including retained risk, lower net proceeds from the sale or allocation of the proceeds toward uses other than debt reduction;

--Failure to issue equity each year over the 2023-2025 timeframe to support deleveraging;

--Sustained FFO leverage exceeding 5.2x, after the divestiture of the offshore wind assets;

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

NSTAR Electric Company

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

--An upgrade to parent Eversource's Long-Term IDR. NSTAR Electric's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of NSTAR Electric and Eversource.

Factors that could, individually or collectively, lead to a Stable Outlook:

--The Outlook could be revised to Stable once the Outlook at Eversource is revised to Stable.

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

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

--FFO leverage expected to exceed 4.0x on a sustained basis;

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

LIQUIDITY AND DEBT STRUCTURE

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $529 million of CP borrowings outstanding at June 30, 2023, leaving $1.471 billion of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 13, 2028. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of June 30, 2023.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on Oct. 13, 2028. As of

June 30, 2023, there was $324 million outstanding and $326 million available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $42 million of unrestricted cash as of Dec. 31, 2022.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, maturities are $400 million of 3.8% senior unsecured notes due Dec. 1, 2023; $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; and $600 million of 4.60% senior unsecured notes due July 1, 2027.

ISSUER PROFILE

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

ESG CONSIDERATIONS

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

RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR

NSTAR Electric Company	LT IDR	A Rating Outlook Negative	Affirmed	A Rating Outlook Stable
	ST IDR	F1	Affirmed	F1
senior unsecured	LT	A+	Affirmed	A+
preferred	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1
Eversource Energy	LT IDR	BBB+ Rating Outlook Negative	Affirmed	BBB+ Rating Outlook Stable
	ST IDR	F2	Affirmed	F2
senior unsecured	LT	BBB+	Affirmed	BBB+
senior unsecured	ST	F2	Affirmed	F2

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
manish.consul@fitchratings.com
Fitch Ratings, Inc.
33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com

Barbara Chapman, CFA
Senior Director
Committee Chairperson
+1 646 582 4886
barbara.chapman@fitchratings.com

MEDIA CONTACTS

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

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

Corporate Rating Criteria (pub. 28 Oct 2022) (including rating assumption sensitivity)

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

Climate Vulnerability in Corporate Ratings Criteria (pub. 21 Jul 2023) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 13 Oct 2023) (including rating assumption sensitivity)

APPLICABLE MODELS

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

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

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Eversource Energy	EU Endorsed, UK Endorsed
NSTAR Electric Company	EU Endorsed, UK Endorsed

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FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Eversource and Subsidiaries' Ratings; Outlook Stable

Thu 10 Aug, 2023 - 3:56 PM ET

Fitch Ratings - New York - 10 Aug 2023: Fitch Ratings has affirmed the 'BBB+' Long-Term Issuer Default Rating (IDR) of Eversource Energy and the Long-Term IDRs of the following utility subsidiaries: The Connecticut Light and Power Company (CL&P) at 'A-'; NSTAR Electric Company at 'A'; Public Service Company of New Hampshire (PSNH) at 'A-'; and NSTAR Gas Company at 'A-'. Additionally, Fitch has affirmed the Short-Term IDRs of Eversource at 'F2' and NSTAR Electric at 'F1'. All security ratings were also affirmed.

The Rating Outlook of each of the entities is Stable.

The ratings and Stable Outlook for Eversource incorporates Fitch's assumption that the sale of the remainder of the offshore wind business will occur over the next two to four quarters and the net cash proceeds will be used for debt reduction in 2024. In addition, Fitch expects management to issue equity on a timely basis such that leverage returns below Fitch's 5.2x downgrade threshold by YE2024. Eversource's credit profile has been weak over the last three years with FFO-leverage over 7.0x, as per Fitch's calculations. Failure to complete the sale of the offshore business as expected or the inability to issue equity in a timely manner is likely to lead to negative rating actions.

The rating also reflects the consolidated strength of Eversource's regulated electric transmission and distribution (T&D), natural gas distribution and water distribution utility subsidiaries. These businesses consist predominantly of relatively low-risk, regulated operations in Massachusetts, Connecticut and New Hampshire that provide generally stable and predictable earnings and cash flow.

KEY RATING DRIVERS

Eversource

Delayed Divestiture of the Offshore Wind Business: Eversource is likely to announce the sale of its 50% interest in three offshore wind projects, which are under various stages of development, by YE2023. Earlier in the year, Eversource has finalized the sale of its interest in offshore wind lease areas for $625 million. However, the sale process for the three offshore wind projects under development has taken much longer than expected, likely due to negotiations between Eversource's who has a 50% ownership interest in the assets (along with other owner Danish wind energy developer, Orsted A/S rated BBB+/Stable), and the prospective buyer, and challenges that some of the projects are facing.

While the construction of the 130MW Southfork Wind project in New York is proceeding as expected with likely commencement of operations by YE2023, the other two projects continue to face challenges. Notably, the 924 MW Sunrise Wind project in New York is in the process of negotiating an increase in its terms, and development of offshore wind assets in the Northeast U.S. has faced supply chain constraints and cost escalations as a general matter. Per management estimates, over 90% of the costs for these projects are locked-in and Fitch continues to expect that the projects are in a position to reach commercial operations by 2025.

If completed successfully, the sale transaction will be beneficial to Eversource's business risk profile but unlikely to have any positive impact on its ratings. If the sale is delayed significantly, which is currently unexpected, or if significant post-divestiture risk is retained by the company, it will pressure the already weak financial profile of the company.

Slower than Expected Improvement in Leverage: Eversource is weakly positioned at its rating and its financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated over the past three years due in part to acquisition of utility companies, and high capex and cost escalation in its offshore wind growth projects, which inherently require multiple years of investment, permitting and construction.

Fitch expects the net proceeds from the sale of offshore business supplemented by equity issuance of $1.5 billion over 2023-2025 to lead to a decline in FFO leverage to 5.2x by 2024. The company has $1.0 billion authorized under an existing at-the-market program in addition to annual drip issuance of $150 million. Failure to issue equity in a timely manner could result in a negative rating action.

Large Utility Capex Plan: Eversource expects to spend $21.5 billion in capex for core businesses, predominantly regulated utilities, over 2023-2027. This utility capex is a relatively low-risk growth plan, including $8.9 billion in electric distribution, $5.3 billion in

natural gas distribution, $5.2 billion in Federal Energy Regulatory Commission (FERC)-regulated electric transmission and nearly $1.0 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority (PURA) to implement performance-based regulation, enactment of Senate Bill 7, and authorized ROEs that are lower than national average result in a meaningfully less-constructive regulatory environment for electric utilities.

Parent/Subsidiary Linkage: There is parent subsidiary linkage between Eversource and its rated utility subsidiaries. Fitch determines Eversource's standalone credit profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger standalone credit profiles than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring fencing is porous given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

CL&P

Regulatory Headwinds Emerging: Connecticut recently passed legislation that may result in a more challenging regulatory environment from a credit perspective depending upon how the final framework is implemented. Historically, authorized return on equity (ROE) in

Connecticut tends to be below the industry average and performance-based regulation (PBR) is incrementally risky given PURA periodically assesses performance penalties.

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

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

Challenging Rate Case Outcomes: Recent rate cases in Connecticut have been unsupportive of credit, including the Aquarian Water rate case, which included an 8.7% ROE (50.35% of capital). The draft decision in United Illuminating's pending rate case awarded a much smaller rate increase than requested and a lower ROE of 8.28% (50.0% of capital), inclusive of assessed penalties. In total, Eversource derives about 25% of its earnings from Connecticut. Implementation of a punitive final framework from a credit perspective due to SB 7 considerations could lead to higher leverage over time and future negative rating actions.

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

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

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

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

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

NSTAR Electric

Low-Risk Business Profile: NSTAR Electric's ratings largely reflect the low business risk and stable cash flows of its regulated electric T&D operations. The company has no commodity exposure and a decoupling mechanism that eliminates the effect of weather and usage patterns on revenue. A significant and growing share of the rate base is derived from electric transmission investments regulated by FERC.

Balanced Regulatory Environment: Fitch considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) to be relatively balanced, supporting NSTAR Electric's strong financial profile. NSTAR Electric operates under a five-year performance-based ratemaking plan that runs through Dec. 31, 2027. NSTAR Electric benefits from full revenue decoupling and several cost-recovery mechanisms, which enhance the stability and predictability of cash flows. The DPU permits recovery outside of general

rate cases for pension and post-retirement benefits, energy efficiency program costs and the associated lost revenue, and storm costs.

2022 Multiyear Rate Case Settlement: Fitch deems the outcome of NSTAR Electric's rate case to be constructive and supportive of credit quality. DPU authorized a $64.3 million increase based on a ROE of 9.8% with 53.21% equity capital and a five-year PBR plan commencing Jan 1, 2023. Earnings over 10.8% are to be shared with rate payers. The decision implements storm fund refinements and advanced metering infrastructure tariff and is in alignment with the state's electrification policy. NSTAR Electric had requested an $87.6 million increase in base rates at a ROE of 10.50% with 53.8% equity capital.

2017 Rate Case Decision: Fitch considers the outcome of NSTAR Electric's 2017 rate case and implementation of performance-based ratemaking to have been constructive. The DPU authorized NSTAR Electric's $4.8 million electric rate increase in December 2018. This rate increase was composed of a performance-based ratemaking adjustment increase of $31.9 million, offset by a distribution rate decrease of $27.1 million to account for the return of excess accumulated deferred income taxes to ratepayers as a result of federal tax reform. NSTAR Electric's fourth annual performance-based rate adjustment resulted in a $36.8 million increase to base distribution rates effective Jan. 1, 2022.

Large Capex Plan: Fitch expects capex to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total approximately $2.75 billion over 2022-2027. Improvements to NSTAR Electric's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

Adequate Financial Metrics: NSTAR Electric's financial profile is adequately positioned within its rating level, benefiting from a conservative capital structure and robust cash flows. Ongoing investments in FERC-regulated transmission projects receive timely cost recovery and above-average returns, which should enable the utility to maintain its financial strength. Fitch expects NSTAR Electric's FFO leverage to average around 3.9x-4.0x through 2026, which is right at Fitch's negative sensitivity, leaving little room for underperformance.

NSTAR Gas

Generally Supportive Regulation: Fitch considers the regulatory environment overseen by the DPU to be relatively supportive of credit quality. NSTAR Gas operates under a 10-year performance-based ratemaking plan that runs through Oct. 31, 2030. The company benefits

from full revenue decoupling and the Gas System Enhancement Program (GSEP) cost-recovery mechanism, which enhance the stability and predictability of cash flows. It has no commodity exposure and benefits from a decoupling mechanism that eliminates the impact of weather and usage patterns on revenue. Fuel supply costs are recovered through a seasonal cost of gas adjustment clause that is reset semiannually.

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

In October 2020, the DPU opened a docket to examine the role of Massachusetts natural gas local distribution companies (LDCs) in helping to meet the state's 2050 climate goal of net zero emissions target by 2050 and the federal administration's target of reducing GHG emissions by 50% by 2030 compared with 2005 levels. Subsequently, Massachusetts finalized GHG emission sub-limits for transportation, building and electricity sectors, amongst others. At this time, there are no significant changes in the ability to recover costs; however, there is some exposure to state regulations or policy changes that could introduce additional costs and risks.

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

GSEP: NSTAR Gas' GSEP accelerates the replacement of certain natural gas distribution facilities to within 25 years. A DPU-approved tariff allows for annual adjustments to recover program costs. Fitch expects the tariff adjustment to mitigate the financial pressure associated with funding GSEP capex over the forecast period.

Weak Financial Metrics: Financial metrics weakened due to NSTAR Gas' large capex plan associated with GSEP, and FFO leverage was above Fitch's negative rating sensitivity of 5.0x

through 2022. Fitch expects NSTAR Gas' FFO leverage to return to within Fitch's negative rating sensitivity threshold in 2023 and average around 4.5x through 2026, adequate for NSTAR Gas' existing rating. DPU preapproval and cost-recovery mechanisms mitigate the risk associated with NSTAR Gas' accelerated pipe replacement program and high leverage.

PSNH

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

Balanced Regulatory Environment: Fitch considers the regulatory environment overseen by the New Hampshire Public Utilities Commission (NHPUC) to be somewhat balanced. Authorized ROEs are lower than the industry average, but a transmission cost adjustment mechanism and a lost revenue adjustment mechanism help provide some cash flow stability. The NHPUC allowed PSNH to issue rate reduction bonds in 2018 to recover the stranded costs associated with the state-mandated sale of PSNH's thermal and hydroelectric generation facilities. PSNH's FERC-regulated electric transmission business provides beneficial regulatory diversification.

2019 Rate Case Decision: Fitch considers the outcome of PSNH's 2019 rate case to be balanced and supportive of credit quality. The NHPUC approved a settlement agreement on June 27, 2019 to implement a temporary annual base distribution rate increase of $28.3 million. The new rates were implemented on Aug. 1, 2019 and effective July 1, 2019. The settlement agreement also permitted PSNH to recover approximately $68.5 million in unrecovered storm costs over a five-year period beginning Aug. 1, 2019, with debt carrying charges, which is included in the temporary rate increase.

On Dec. 15, 2020, the NHPUC approved an Oct. 9, 2020 settlement agreement that included a permanent rate increase of $45.0 million effective Jan. 1, 2021 at PSNH. PSNH was also permitted three step increases, effective Jan. 1, 2021, Aug. 1, 2021 and Aug. 1, 2022, to reflect plant additions in calendar years 2019, 2020 and 2021, respectively. The settlement agreement allowed for the effect of the permanent rate increase to be extended back to the temporary rate period. In lieu of a customer rate increase for this recoupment of revenue, the NHPUC directed a portion of PSNH's regulatory liability from the 2017 Tax Cuts and Jobs Act to offset bill impacts to customers.

On Dec. 23, 2020, the NHPUC approved the first step adjustment for 2019 plant-in-service to recover a revenue requirement of $10.6 million, effective Jan. 1, 2021. On July 30, 2021, the NHPUC approved the second step adjustment for 2020 plant-in-service to recover a revenue requirement of $11.0 million, subject to reconciliation after completion of an audit, with rates effective Aug. 1, 2021.

Transmission Capex: PSNH's capex became more focused on transmission assets following the 2018 sale of the utility's generation facilities. Management expects to spend approximately $1.1 billion on transmission capex over 2023-2027. FERC-regulated transmission projects receive timely recovery of their costs, formulaic rates and attractive ROEs, which should enable PSNH to maintain its solid financial profile.

Strong Financial Metrics: PSNH's ratings are also supported by strong financial metrics. Growth in FERC-regulated transmission projects is expected to further strengthen cash flows, with reductions in O&M expense and other cost-cutting initiatives improving EBITDA margins. Fitch expects PSNH's FFO leverage to average around 4.0x through 2026.

DERIVATION SUMMARY

Eversource

Eversource is somewhat weakly positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated utilities, which is weakened by high leverage resulting from capital expenditures related to renewable development and acquisitions. The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Stable) operate in some of the same states in the Northeast in relatively balanced regulatory environments.

Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets, favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases, but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage to for Eversource to be around 5.7x for YE 2023, and 5.2x over the next two

years, compared with AVANGRID, which would have higher leverage for the next two years, reaching 5.3x by 2025 assuming the merger with PNM Resources Inc. is completed.

KEY ASSUMPTIONS

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

--Sale of the offshore business at the currently estimated terms with the entire proceeds applied towards debt reduction;

--Equity issuance of around $1.5 billion ($400 million in 2023, $500 million in 2024 and $600 million in 2025);

--No incremental liabilities post the sale of offshore business;

--Consolidated rate base growing to $37.7 billion by year-end 2027, from $24.4 billion at year-end 2021;

--Consolidated core business capex of $21.5 billion over 2023-2027;

--$8.9 billion in electric distribution;

--$5.3 billion in natural gas distribution;

--$5.2 billion in electric transmission;

--$1.0 billion in water distribution;

--$1.1 billion in IT and facilities upgrades;

--O&M expense relatively flat;

--South Fork Wind expected to be in service by the end of 2023; Revolution Wind and Sunrise Wind expected to be in service by the end of 2025;

--Normal weather.

RATING SENSITIVITIES

Eversource

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

--FFO leverage expected to remain less than 4.5x on a sustained basis.

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

--Sustained FFO leverage exceeding 5.2x, after the divestiture of the offshore wind assets;

--Significant delays in the completion of the sale of the offshore business, significantly weaker terms including retained risk, lower net proceeds from the sale or allocation of the proceeds toward uses other than debt reduction;

--Failure to issue equity each year over the 2023-2025 timeframe to support deleveraging;

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

CL&P

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

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

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

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

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

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

NSTAR Electric

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

--FFO leverage expected to remain less than 3.0x;

--An upgrade to parent Eversource's Long-Term IDR. NSTAR Electric's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of NSTAR Electric and Eversource.

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

--FFO leverage expected to exceed 4.0x on a sustained basis;

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

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

NSTART Gas

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

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

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

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

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

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

PSNH

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

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

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

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

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

BEST/WORST CASE RATING SCENARIO

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

LIQUIDITY AND DEBT STRUCTURE

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

Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $529 million of CP borrowings outstanding at June 30, 2023, leaving $1.471 billion of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 15, 2027. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of June 30, 2023.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on Oct. 15, 2027. As of June 30, 2023, there were $324 million outstanding and $326 million available borrowing capacity.

Eversource and its utility subsidiaries require modest cash on hand and had $42 million of unrestricted cash as of June 30, 2023.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, Eversource has $350 million of floating rate senior unsecured notes due Aug. 15, 2023; $400 million of 3.8% senior unsecured notes due Dec. 1, 2023; $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $450 million of 4.75% unsecured notes due May 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; and $600 million of 4.60% senior unsecured notes due July 1, 2027.

ISSUER PROFILE

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

SUMMARY OF FINANCIAL ADJUSTMENTS

--PSNH's securitization debt is removed from all financial metric calculations for PSNH and Eversource.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

ESG CONSIDERATIONS

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

RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR

NSTAR Electric Company	LT IDR	A Rating Outlook Stable Affirmed		A Rating Outlook Stable
	ST IDR	F1	Affirmed	F1
senior unsecured	LT	A+	Affirmed	A+
preferred	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1
Eversource Energy	LT IDR	BBB+ Rating Outlook Stable Affirmed		BBB+ Rating Outlook Stable
	ST IDR	F2	Affirmed	F2
senior unsecured	LT	BBB+	Affirmed	BBB+
senior unsecured	ST	F2	Affirmed	F2
Public Service Company of New Hampshire	LT IDR	A- Rating Outlook Stable Affirmed		A- Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
manish.consul@fitchratings.com
Fitch Ratings, Inc.
33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531
philip.smyth@fitchratings.com

MEDIA CONTACTS

Eleis Brennan
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

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

APPLICABLE CRITERIA

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

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

Corporate Rating Criteria (pub. 28 Oct 2022) (including rating assumption sensitivity)

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

Climate Vulnerability in Corporate Ratings Criteria (pub. 21 Jul 2023) (including rating assumption sensitivity)

APPLICABLE MODELS

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

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

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

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

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FitchRatings

01 MAR 2023

Fitch Rates Eversource Energy's Senior Notes 'BBB+'

Fitch Ratings - New York - 01 Mar 2023: Fitch Ratings has assigned a 'BBB+' rating to Eversource Energy's issuance of series Z, senior unsecured notes. The notes rank pari passu with Eversource's other existing senior unsecured debt. Net proceeds from the issuance will be used to repay Eversource's $450 million notes maturating on May 1, 2023 with the remaining amounts used to pay down a portion of the short-term debt.

Eversource's Long-Term Issuer Default Rating (IDR) is 'BBB+' with a Stable Rating Outlook.

Key Rating Drivers

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by the Federal Energy Regulatory Commission (FERC).

Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of consolidated rate base, with New Hampshire accounting for the remainder.

Offshore Wind Projects: Eversource and Danish wind energy developer Orsted A/S (BBB+/Stable) have a 50/50 joint venture for offshore wind assets in the Northeast. The companies are partnering in the development of the 130MW South Fork Wind offshore wind project serving New York, the 704MW Revolution Wind offshore wind project serving Rhode Island and Connecticut, and the 924MW Sunrise Wind project serving New York. Other offshore wind projects may also be developed.

Fitch expects the development of these large, multibillion-dollar offshore wind projects will slightly weaken Eversource's leverage metrics until they enter service and start generating cash flow. Near-term credit issues are mitigated by Eversource's commitment to issue common equity through 2026 to help partially fund the large utility capex plan.

Offshore Wind Strategic Review: Eversource's strategic review of its offshore wind business is ongoing and taking longer than expected. Eversource announced in May 2022 that it has commenced a strategic review of its offshore wind investments that could result in the potential sale of all or part of its 50% interest. The review is expected to conclude in mid-2023. Fitch would consider the sale of Eversource's offshore wind investments to be beneficial to the company's business risk profile but likely not to have an impact on Eversource's ratings, depending on management's use of proceeds.

Large Utility Capex Plan: Eversource expects to spend $21.5 billion in capex for core businesses,

predominantly regulated utilities, over 2023-2027. This utility capex is a relatively low-risk growth plan, including around $8.9 billion in electric distribution, around $5.3 billion in natural gas distribution, $5.2 billion in FERC-regulated electric transmission and nearly $1.0 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Weak Financial Profile: Eversource's financial profile is supported by stable cash flow from its regulated utility subsidiaries, which have strong standalone financial profiles. Fitch expects Eversource's FFO leverage to average around 5.5x through 2025. Elevated leverage over the forecast period is due to offshore wind growth projects, which require multiple years of investment, permitting and construction. Fitch does not expect cash inflows from the South Fork Wind until YE 2023, and for Revolution Wind and Sunrise Wind until YE 2025.

Once these projects are on line, they are expected to provide robust and stable cash flow supported by long-term contracts and near-term tax benefits. The strength and stability of future cash flow provide reassurance that Eversource's high FFO leverage metric will likely return to within the longer-term threshold of Fitch's negative sensitivity.

Parent/Subsidiary Linkage: Parent and subsidiary linkage exists and follows a weak parent/strong subsidiary approach. Fitch considers NSTAR Electric, CL&P, PSNH and NSTAR Gas to be stronger than Eversource due to the utilities' low-risk, regulated operations and the relatively balanced regulatory jurisdictions in which they operate.

Fitch considers the legal ring-fencing factor "porous" due to the general protections afforded by economic regulation, including a restriction on dividend payments; the access and control factor is also evaluated as "porous." Eversource centrally manages the treasury function for its utilities and is the sole source of equity. Eversource and most of its utility subsidiaries also share a revolving credit facility (RCF); however, each subsidiary issues its own long-term debt. Fitch would allow the utilities' Long-Term IDRs to be up to two notches higher than Eversource's.

Derivation Summary

Eversource is comfortably positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated utilities. The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Negative) operate in some of the same states in the Northeast in relatively balanced regulatory environments. Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets, favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases, but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage to average

around 5.5x through 2025 for Eversource and 5.0x for AVANGRID.

Key Assumptions

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

--Consolidated rate base growing to $37.7 billion by YE 2027, up from $24.4 billion at YE 2021;

--Consolidated core business capex as per management's assumptions;

--Operations and maintenance expense relatively flat;

--South Fork Wind expected to be in service by YE 2023; Revolution Wind and Sunrise Wind begins in service by YE 2025;

--Normal weather.

RATING SENSITIVITIES

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

--FFO leverage expected to remain less than 4.5x on a sustained basis.

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

--FFO leverage expected to exceed 5.6x on a sustained basis during the offshore wind project permitting and construction phases, followed by 5.2x after beginning service;

--Significant delays or cost overruns or other issues related to the development of the company's offshore wind projects that would negatively affect Eversource's cash flow profile meaningfully;

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

Best/Worst Case Rating Scenario

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

Liquidity and Debt Structure

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries

to be adequate.

Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1,442.2 million of CP borrowings outstanding at Dec. 31, 2022, leaving $557.8 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 15, 2027. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of Dec. 31, 2022.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on Oct. 15, 2027. As of Dec. 31, 2022, there were no borrowings outstanding leaving the facility fully available.

Eversource and its utility subsidiaries require modest cash on hand and had $374.6 million of unrestricted cash as of Dec. 31, 2022.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, Eversource has $450 million of 2.8% senior unsecured notes due May 1, 2023; $350 million of floating rate senior unsecured notes due Aug. 15, 2023; $400 million of 3.8% senior unsecured notes due Dec. 1, 2023; $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; and $600 million of 4.60% senior unsecured notes due July 1, 2027.

Issuer Profile

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

Summary of Financial Adjustments

--PSNH's securitization debt is removed from all financial metric calculations for PSNH and Eversource.

Date of Relevant Committee

08 April 2022

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

ESG Considerations

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

Fitch Ratings Analysts

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
Fitch Ratings, Inc. 33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351

Barbara Chapman, CFA
Senior Director
Committee Chairperson
+1 646 582 4886

Media Contacts

Elizabeth Fogerty
New York
+1 212 908 0526
elizabeth.fogerty@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Eversource Energy				
• senior unsecured	LT	BBB+	New Rating	

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

Applicable Criteria

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

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

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

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

Applicable Models

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

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

Additional Disclosures

Solicitation Status

Endorsement Status

Eversource Energy	EU Endorsed, UK Endorsed

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FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Eversource Energy's IDR at 'BBB+'; Rates Senior Notes 'BBB+'

Mon 08 May, 2023 - 10:01 AM ET

Fitch Ratings - New York - 08 May 2023: Fitch Ratings has affirmed the Long-Term Issuer Default Rating (IDR) of Eversource Energy at 'BBB+'. All security ratings were also affirmed. The Rating Outlook is Stable.

Fitch has also assigned a 'BBB+' rating to Eversource Energy's issuance of senior unsecured notes. The notes rank pari passu with Eversource's other existing senior unsecured debt. Net proceeds from the issuance will be used to repay at maturity outstanding Senior Notes totaling $750 million and also repay a portion of the outstanding short-term debt.

The Long-Term IDR of Eversource incorporates Fitch's assumption that Eversource's strategic review of the offshore wind business in the Northeast will result in a sale to be completed in 2023, and the net cash proceeds will be used for debt reduction in 2024. Eversource's credit profile has been weak over the last three years with FFO-leverage over 7.0x, as per Fitch's calculations. Upon close of the transaction, Fitch expects Eversource's consolidated leverage to return to within its 5.2x downgrade threshold by YE 2024, and failure to do so is likely to have negative rating consequences.

The rating also reflects the consolidated strength of Eversource's regulated electric transmission and distribution (T&D), natural gas distribution and water distribution utility subsidiaries. These businesses consist predominantly of low-risk, regulated operations in

Massachusetts, Connecticut and New Hampshire that generate relatively stable and predictable earnings and cash flow.

KEY RATING DRIVERS

Delayed Divestiture of the Offshore Wind Business: Eversource is likely to complete the strategic review of its offshore wind investments in 2Q 2023, which in Fitch's view is likely to result in a sale of all of its 50% interest in the three offshore projects under development and its rights to develop other offshore leases. The process started in May 2022 and has taken longer than expected.

Fitch views the sale of the offshore business to be a complex transaction given Eversource's 50% ownership, the specialized nature of offshore wind assets and large size of the projects. There continues to be some execution risk associated with the sale. If completed successfully, the transaction will be beneficial to the company's business risk profile but likely not to have an impact on Eversource's ratings. If the sale does not go through, funding needs may pressure the already weak financial risk profile of the company, and leverage is likely to be materially higher for longer, resulting in a negative rating action.

Eversource and Danish wind energy developer Orsted A/S (BBB+/Stable) have a 50/50 joint venture for offshore wind assets in the Northeast. The companies are partnering in the development of the 130MW South Fork Wind offshore wind project serving New York, the 704MW Revolution Wind offshore wind project serving Rhode Island and Connecticut, and the 924MW Sunrise Wind project serving New York.

Slower than Expected Improvement in Leverage: Eversource's financial profile is supported by stable cash flow from its regulated utility subsidiaries, which have strong standalone financial profiles. Leverage has been elevated over the past three years in part due to investment in the offshore wind growth projects, which require multiple years of investment, permitting and construction.

Fitch expects the divestiture of the business to be completed in 2023, and the net proceeds from the sale to be used for debt reduction in 2024, supplemented by equity if proceeds are below expectation. At that time, Eversource's high FFO leverage metric will likely return to within the longer-term threshold of Fitch's negative sensitivity. Fitch expects Eversource's FFO leverage to be around 5.7x at YE 2023, and average 5.2x over the next three years after that.

Large Utility Capex Plan: Eversource expects to spend $21.5 billion in capex for core businesses, predominantly regulated utilities, over 2023-2027. This utility capex is a relatively low-risk growth plan, including around $8.9 billion in electric distribution, around $5.3 billion in natural gas distribution, $5.2 billion in Federal Energy Regulatory Commission (FERC)-regulated electric transmission and nearly $1.0 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC.

Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of consolidated rate base, with New Hampshire accounting for the remainder. Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority to implement performance-based regulation, and authorized ROEs that are lower than national average result in a meaningfully less-constructive regulatory environment for electric utilities.

Parent/Subsidiary Linkage: There is parent subsidiary linkage between Eversource and its rated utility subsidiaries. Fitch considers the utility subsidiaries to have stronger standalone credit profiles than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring fencing is porous given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

DERIVATION SUMMARY

Eversource is somewhat weakly positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated

utilities, which is weakened by high leverage resulting from capital expenditures related to renewable development and acquisitions. The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Stable) operate in some of the same states in the Northeast in relatively balanced regulatory environments.

Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets, favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases, but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage to for Eversource to be around 5.7x for YE 2023, and 5.2x over the next two years, compared with AVANGRID which would have higher leverage for the next two years, reaching 5.3x by 2025 assuming the merger with PNM Resources Inc. is completed.

KEY ASSUMPTIONS

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

--Consolidated rate base growing to $37.7 billion by YE 2027;

--Consolidated core business capex as per management's assumptions;

--Operations and maintenance expense relatively flat;

--The net proceeds from the sale of the offshore business used to pay down debt in by YE 2024;

--Normal weather.

RATING SENSITIVITIES

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

--FFO leverage expected to remain less than 4.5x on a sustained basis.

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

--Sustained FFO leverage exceeding 5.2x, after the divestiture of the offshore wind assets;

--Significant delays in the resolution of the offshore business review or lower net proceeds from the sale or allocation of the proceeds towards uses other than debt reduction;

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

BEST/WORST CASE RATING SCENARIO

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

LIQUIDITY AND DEBT STRUCTURE

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

Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1,442.2 million of CP borrowings outstanding at Dec. 31, 2022, leaving $557.8 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 15, 2027. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of Dec. 31, 2022.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent

Eversource and the other utilities, but also terminates on Oct. 15, 2027. As of Dec. 31, 2022, there were no borrowings outstanding leaving the facility fully available.

Eversource and its utility subsidiaries require modest cash on hand and had $374.6 million of unrestricted cash as of Dec. 31, 2022.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, Eversource has $350 million of floating rate senior unsecured notes due Aug. 15, 2023; $400 million of 3.8% senior unsecured notes due Dec. 1, 2023; $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; and $600 million of 4.60% senior unsecured notes due July 1, 2027.

ISSUER PROFILE

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

SUMMARY OF FINANCIAL ADJUSTMENTS

--PSNH's securitization debt is removed from all financial metric calculations for PSNH and Eversource.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

ESG CONSIDERATIONS

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

RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR
Eversource Energy	LT IDR BBB+ Rating Outlook Stable Affirmed	BBB+ Rating Outlook Stable
	ST IDR F2 Affirmed	F2
senior unsecured	LT BBB+ Affirmed	BBB+
senior unsecured	LT BBB+ New Rating	
senior unsecured	ST F2 Affirmed	F2

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Manish Consul
Director
Primary Rating Analyst
+1 212 908 0784
manish.consul@fitchratings.com
Fitch Ratings, Inc.
33 Whitehall Street New York, NY 10004

Shalini Mahajan, CFA
Managing Director
Secondary Rating Analyst
+1 212 908 0351
shalini.mahajan@fitchratings.com

Barbara Chapman, CFA
Senior Director
Committee Chairperson
+1 646 582 4886

barbara.chapman@fitchratings.com

MEDIA CONTACTS

Elizabeth Fogerty
New York
+1 212 908 0526
elizabeth.fogerty@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

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

APPLICABLE CRITERIA

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

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

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

Corporate Rating Criteria (pub. 28 Oct 2022) (including rating assumption sensitivity)

APPLICABLE MODELS

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

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

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Eversource Energy EU Endorsed, UK Endorsed

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