UNVOUCHERED LIABILITIES

Policy Statement

Eversource maintains its accounting records on an accrual basis (vs. a cash basis) in accordance with generally accepted accounting principles and therefore must ensure that liabilities are established for all significant costs incurred but not yet paid for at the end of each monthly reporting period.

The cost of services should be recorded on Eversource's books in the reporting period in which services have been performed by recording an invoice (vouchering) or by recording a journal entry to set up a liability (the unvouchered liability). When invoices are processed by Accounts Payable, a liability is recorded prior to the invoice being paid. An unvouchered liability (UVL) is the term used by the Company to identify a liability for the performance of services for which an invoice has not yet been processed.

Unvouchered liabilities may not be set up for services that have not yet been received.

Everyone procuring services is responsible for identifying UVLs and ensuring they are recorded in the period in which the service was rendered. All material UVLs must be accrued for at the end of each monthly reporting period. In this regard, managers should review activity on a monthly basis to determine if any transactions must be recorded as UVLs. When exact dollar amounts are not known, the best estimate available should be recorded. Proper documentation should be maintained to support UVL balances. Approval must be based on a thorough review of the underlying documentation and support. This documentation and support must be maintained by the originating department and is subject to review by Accounts Payable and to audit by internal and external auditors. Examples of the preferred documentation are available from Accounts Payable.

All UVLs must have a separate preparer and approver designated by management. Whenever possible, UVL's should be approved by the manager or designated approver within the area in which the charge originated or within another area delegated by senior management. If the manager and designated approver are not available, an approver within the same chain of command may approve the UVL. In the event that an approver outside of the area approves the UVL, that approver should notify the responsible manager that this was done.

To ensure that the UVL process has been accurate and complete, Accounting analyzes significant invoices received after each quarter end to determine whether the related liability should have been recorded as a UVL and if it was properly recorded.

UVLs are generally not recorded for material goods because the receipt and recording of material in the inventory system establishes the liability. There are limited exceptions

to this policy that would permit establishing a UVL for material purchases:

- Purchase order terms and conditions require Eversource to make progress payments for material or specify that Eversource pays for material which has not been received.

- Material physically received at the end of the period was not recorded in the inventory system until the following period.

Inquiries regarding application of this policy should be directed to the Manager of Accounts Payable.