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Eversource Energy (ES)

Q3 2025 Earnings Call

CORPORATE PARTICIPANTS

Rima Hyder

Vice President-Investor Relations, Eversource Energy

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

John M. Moreira

*Executive Vice President, Chief Financial Officer & Treasurer,
Eversource Energy*

OTHER PARTICIPANTS

Shahriar Pourreza

Analyst, Wells Fargo

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Andrew Weisel

Analyst, Scotia Capital (USA), Inc.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Paul Patterson

Analyst, Glenrock Associates LLC

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Eversource Energy Q3 2025 Earnings Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Rima Hyder, Vice President of Investor Relations.

Rima Hyder

Vice President-Investor Relations, Eversource Energy

Good morning and thank you for joining us today on the third quarter 2025 earnings call. During this call, we'll be referencing slides that we posted this morning on our website. As you can see on slide 1, some of the statements made during this investor call may be forward-looking. These statements are based on management's current expectations and are subject to risk and uncertainty, which may cause the actual results to differ materially from forecasts and projections. We undertake no obligation to update or revise any of these statements.

Additional information about the various factors that may cause actual results to differ, and our explanation of non-GAAP measures and how they reconcile to GAAP results is contained within our news release, the slides we posted and in our most recent 10-Q and 10-K.

Speaking today will be Joe Nolan, our Chairman, President and Chief Executive Officer, and John Moreira, our Executive Vice President, Chief Financial Officer and Treasurer. Also joining us today is Jay Buth, our Vice President and Controller.

I will now turn the call over to Joe.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning and thank you for joining us today. Starting on slide 4. Over the past 10 months, our team's relentless focus on executing on our key strategic initiatives has driven strong results and consistent performance. We are well on our way to delivering against these initiatives and ending the year on a strong note. Our strongly results have also greatly improved our standing among our peers. On a year to date basis, our share price has been a top performer among the EEI peer group.

Today, I'll walk you through how we're capitalizing on our unique market position, fueling sustainable growth and strengthening the balance sheet to power our future outlook.

Moving to slide 5. In the last few months, we have gained more clarity on the Connecticut regulatory environment and the impact for our ongoing and future regulatory proceedings at PURA. Additionally, each day of construction that passes yields progress on the de-risking of Revolution Wind. We're seeing a constructive shift in Connecticut's regulatory landscape. Last month, Governor Lamont appointed four new commissioners at PURA, filling out the five member requirement under Connecticut law. With this new commission on the way, there is now a genuine opportunity to collaborate with all parties on regulatory initiatives and to achieve more balanced regulatory outcomes. This will enable us to better serve the needs of our customers in this state and to do so with a strong focus on safety, reliability and affordability.

Critical needs exist for state and regional infrastructure investments to maintain a strong, reliable and resilient grid that can accommodate new sources of generation to meet the increasing levels of projected electric demand. A transparent and predictable regulatory process is going to benefit all stakeholders, including our customers. And we are looking forward to getting back to work on Connecticut's energy goals.

For our ongoing Yankee rate case, we submitted a motion to adopt an alternative resolution with PURA. This was in response to PURA's request for parties to reach a consensus based resolution to reestablish trust and balance in the regulatory process and avoid further legal appeals. Our proposal includes important customer affordability provisions that we believe are supportive of all stakeholders, affordability goals. We expect to see a final decision from PURA today.

We remain on schedule to receive a final decision for the sale of Aquarion water on November 19, and we continue to expect to close the transaction by the end of this year. As you may be aware, we filed a comprehensive offer of compromise to address concerns raised by the Connecticut Office of Consumer Counsel. The commitments that were outlined in the offer of compromise provide additional assurances that the transaction will serve the interest of Connecticut and the customers served by Aquarion water.

Moving on to an update on offshore wind. We have substantially completed construction of the onshore substation for Revolution Wind project. We expect to provide back-feed energization to the offshore facilities by the end of November, which will support testing and commissioning of those facilities. In parallel, we will complete the final testing and commissioning of the remaining onshore equipment.

Overall, as Ørsted have stated, Revolution Wind is substantially complete and work has continued since the stop order was lifted in September. We recognized an increase to our liability to GIP in the third quarter, which was largely offset by tax benefits. We continue to support the project's owners in their completion of this important generation resource for New England.

As I said at the start of the call, our execution has delivered positive results and we have made great headway on our many key strategic initiatives this year. We have continued to deliver on our operational metrics with top decile reliability performance among our peers. We have significantly improved our FFO to debt ratio through constructive regulatory outcomes and managed our balance sheet to support solid credit ratings. And we know we are not done yet.

We have continued to invest in transmission and distribution infrastructure across our service territories. We are on track to invest nearly \$5 billion this year. We have installed over 40,000 AMI meters in Massachusetts and completed the communication network deployment in the western portion of our service territory. These achievements are just a few that underscore the strength of our execution engine and the depth of our operational rigor.

As you can see on slide 6, we have many growth opportunities ahead of us. Our service area is truly the crown jewel of the country. This area is home to cutting edge biotech and research in the best universities and health care in the world. As these industries expand, they turn to us for reliable, resilient grid, making us an indispensable partner in their success. We're seeing robust load growth driven primarily by electrification of transportation and heating, decarbonization initiatives from both the public and private sectors, and economic expansion across manufacturing and commercial sectors. These factors help to ensure that our growth is broad based, durable and aligned with state sustainability goals. Year to date, we have seen weather normalized load growth of 2%. In this summer, we experienced a peak of over 12 gigawatts, the highest record since 2013 as load growth in our service territory has started outpacing the impacts of distributed generation such as rooftop solar.

The evolving electric demand landscape presents a need for numerous transmission projects, such as upgrades linking onshore and offshore wind to load centers, interconnections improving regional reliability and addressing congestion as the generation mix for our region evolves. Some of the projects we are pursuing to get ahead of this continued load growth include the Cambridge Underground substation, which will be the largest in the nation in 1 of 14 substations currently on the drafting table that we expect to build in Massachusetts alone to support future growth, being opportunistic about land acquisitions in our service territory to support this growth such as the Mystic land acquisition we did last year, with more in the pipeline.

Responding to requests for proposals from ISO New England to address longer term transmission solutions such as the most recent one to bring power from northern Maine to southern New England. These opportunities, some being outside of our five-year forecast period, could add billions of dollars to our future investment plans. Each project that we are considering not only supports our growth trajectory, but also deepens our value proposition as a grid innovator.

We also recognize that as demand increases, affordability must remain top of mind. We are working closely with our regulators to offer our customers various options to address affordability, as shown on slide 7. We collaborate with large and small customers to design rate structures that incent efficiency. For example, earlier this year, we worked constructively with our regulators in Massachusetts to offer a 10% discount to our gas customers during the winter peak months and recover that in the summer months to smooth the impact of high bills.

Similarly, starting this month, we are offering a seasonal heat pump rate in Massachusetts. Eversource electric customers who use a heat pump to heat their homes can take advantage of a seasonal heat pump rate, which is a reduced rate during the winter months. We are expanding energy efficiency programs to provide incentives for residential and low income customers who choose to adopt energy efficient technologies. These programs, coupled with AML, give customers greater transparency and control over their energy pocketbook. Our nation leading energy efficiency programs have already generated \$1.4 billion in savings for our customers.

We have also implemented low income discount rates for our most vulnerable customers, and we are recognized for our leadership in advocacy for state utility partnerships and hardship programs. We are excited about new energy supply coming into our region, which should alleviate supply cost pressure on customer bills. Over the next 12 months, Eversource is directly supporting new generation coming into the region totaling over 2,500 megawatts. We aim to deliver reliable, sustainable energy while keeping costs manageable in partnering with customers to ensure affordability through cost effective investments, efficient operations and equitable rate design.

Before I hand the call over to John, I want to thank our 10,000 plus employees for their dedication, our regulators for their collaborative spirit and our shareholders for their trust. We're executing against a clear strategy, serving extraordinary customer base, and working to build the grid for tomorrow responsibly and sustainably.

I look forward to your questions and sharing more details on our path forward.

With that, I'll turn the call over to John Moreira.

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Thank you, Joe, and good morning, everyone. This morning, I will review third quarter earnings results, provide a regulatory update and discuss our recent financings and progress on credit metrics.

I'll start with our third quarter results on slide 9. As announced last month, during the third quarter, we recognized a net after tax non-recurring charge of \$75 million or \$0.20 per share related to our offshore wind liability. This charge increased our estimated liability for future payments to GIP by approximately \$285 million, which was offset by \$210 million of tax benefits. These tax benefits were the result of a change to previously estimated tax attributes, primarily associated with Revolution Wind.

Our GAAP earnings for the third quarter of this year were \$0.99 per share, including the impact of this recent offshore wind net charge. GAAP EPS for the third quarter of last year was a loss of \$0.33 per share, reflecting the impact of the sale transaction of South Fork and Revolution. Excluding the after tax losses from offshore wind both years, non-GAAP recurring earnings for the third quarter of 2025 were \$1.19 per share, compared with \$1.13 of non-GAAP recurring earnings per share last year.

Now looking at the quarter results by segment, starting with transmission. Higher electric transmission earnings of \$0.01 per share were due to increased revenues from continued investment in the transmission system. Next, we have higher electric distribution earnings of \$0.03 per share that reflect distribution rate increases in New Hampshire and Massachusetts provided for cost recovery for infrastructure investments in our distribution system. These higher revenues were partially offset by higher interest, depreciation, property taxes and O&M.

The improved results of \$0.04 per share at Eversource's natural gas segment were due primarily to base distribution rate increases in both Massachusetts utilities and from capital tracking mechanisms to provide timely

cost recovery of investments in our natural gas businesses. These revenue increases were partially offset by higher interest, depreciation and property tax expenses.

Water distribution earnings were lower by \$0.02 per share for the quarter as compared with prior year, primarily due to higher O&M and depreciation expense. Eversource parent earnings results were flat for the quarter, excluding the net impact from offshore wind that I mentioned earlier. As a reminder, all of these segment results reflect the impact of share dilution. Overall, we are very pleased with the solid performance for the third quarter, and our recurring earnings are in line with our expectations.

Moving to some key regulatory items as shown on slide 10. As Joe mentioned, we recently filed an alternative resolution proposal in the Yankee rate case. If adopted by PURA, without modifications, the alternative resolution would waive our statutory right to appeal the final decision, resulting in a fair and balanced outcome. The alternative resolution is an improvement over the draft decision increasing revenues by approximately \$104 million, as compared with the PURA's draft decision of \$55 million. The alternative resolution would also provide customer relief this winter to a greater extent than the draft decision by accelerating the refund of an existing regulatory liability.

Also, as Joe mentioned on the Aquarion sale, PURA has maintained its final decision date of November 19. And pending that decision, we continue to expect to close the transaction by year end. In Massachusetts, we received the approval of our NSTAR Gas PBR adjustment, and we also filed a motion for reconsideration on the NSTAR Gas rate base reset.

Next, let me reaffirm our five year capital plan of \$24.2 billion, as shown on slide 11, which reflects our five year utility infrastructure investments by segment through 2029. As a reminder, this plan only includes projects for which we have a clear line of sight from a regulatory perspective. Through September, we have executed on \$3.3 billion of our \$4.7 billion infrastructure investment plan. We are very pleased with this progress and we are on track to meet our plan target for the year. We continue to see additional capital investment opportunities in the range of \$1.5 billion to \$2 billion within the five year forecast period. We plan to update our next five year capital plan in our fourth quarter earnings call.

Turning to slide 12. We remain highly focused on improving our cash flow position and strengthening our balance sheet condition. As I have stated before, we expect our FFO to debt ratio for 2025 to be approximately 100 basis points above the rating agency thresholds by year end. In fact, our Moody's FFO to debt ratio was 12.7% as of the second quarter of this year and reflects an improvement of over 300 basis points from December of 2024. We expect this ratio to be over 13% as of the third quarter.

As we have shared with you last quarter and as shown on slide 13, we have executed on substantially all the items necessary to improve our cash flows and strengthen our balance sheet. As a result, our operating cash flows have continued to improve, increasing over \$1.7 billion year over year through the third quarter.

Moving on to our financing activity on slide 14. While earlier this year, we did not anticipate issuing long-term debt at the parent company during 2025; however, we did see the need to capitalize on favorable credit spreads, proactively pre-funding an early 2026 maturity and strengthening our liquidity position. Given where our short-term debt balances were forecasted to be and in order to maintain an appropriate level of liquidity, we issued \$600 million of parent company debt.

On the equity side, to date, we have issued \$465 million of equity under the ATM program. We expect that this level will take care of our equity needs for the near term. We also continue to pursue recovery of our deferred

storm costs. As of third quarter, 98% of our deferred storm costs are either under review or already in rates. And as a reminder, our previous cash flow improvement forecast did not assume securitization as the cost recovery mechanism for the Connecticut deferred storm costs.

Next, I will turn to 2025 earnings guidance as shown on slide 15. As announced in October, we are narrowing our 2025 recurring earnings per share guidance to the range of \$4.72 to \$4.80 per share to a higher midpoint and reaffirming our longer term EPS growth rate of 5% to 7% off of the 2024 non-GAAP EPS base. We remain confident in our EPS growth trajectory driven by disciplined execution of our strategic plan. Targeted customer focused investments in transmission and distribution are backed by constructive regulatory frameworks that enable timely cost recovery for our operations. Continued progress on storm cost recovery, combined with strict O&M discipline, strengthens our financial foundation and positions Eversource to deliver consistent long-term value to customers and shareholders.

I'll now turn the call back to the operator to begin our Q&A session.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will conduct the Q&A session. [Operator Instructions] Our first question today comes from Shar Pourreza from Wells Fargo. Your line is open.

Shahriar Pourreza

Analyst, Wells Fargo

Hey, guys. Good morning.

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John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Good morning, Shar.

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Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Shar.

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Shahriar Pourreza

Analyst, Wells Fargo

Morning, morning. So just on Yankee Gas, obviously, everyone is watching this one [indiscernible] (00:24:21) got this motion to adopt the alternate resolution out there. There's some stuff coming out now on it, I think. Is there anything you want to flag and just remind us what's kind of embedded in the plan around the outcome? Is it fair to assume that you're kind of conservative around what you're embedding there? Thanks. Any sort of updates? I think we're starting to see some things come across. Appreciate it.

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Sure. As you know, our call started at 9:00 and the [indiscernible] (00:24:49) the order is out. We need to go through it. As you know, the devil's in the details. So we'll continue to take a good look at that. And I think we'll

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have some answers for folks on this call later today, I can promise you. John can talk you a little bit about what's embedded in the plan.

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

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Yeah. No, Shar, I would say it's in line with our plan. And it appears that the decision is a little bit better than the draft decision, which is very encouraging for us. But as Joe mentioned, we have to go through it. The ink is not dry yet at this point. But we will have much more information when we meet with you all at EEI.

Shahriar Pourreza*Analyst, Wells Fargo*

Q

Perfect. I'm just glad we're getting through this process. That's good. And then just on the NSTAR Gas PBR, right? [indiscernible] (00:25:40) also for recovery, roughly \$160 million. Just walking through what you did and didn't get, why did the Massachusetts [indiscernible] (00:25:49)? Is there kind of an opportunity to get it later? And does this mean you're filing a rate case? Obviously, the governor has been kind of warning around rates being too high and gotten the DPU to scrutinize everything. So just want to get a sense there. Appreciate it. Thanks.

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

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Good question, Shar. So the \$160 million component, the piece [indiscernible] (00:26:11) three major items. One is a roll-in of GSEP, which is about \$107 million. That really has no impact to customers. It's just going from the right hand to the left hand, the normal PBR adjustment, which did get approved of about \$10 million. What we had proposed as a mitigation plan for the DPU was to allow us to roll in rate base, similar to what we saw last year that the DPU approved for EGMA. That number was about \$45 million. And we were very specific when we made that mitigation filing that if we did not receive the rate base rolling, then our alternative would be to file a general rate case. So as of yesterday, we filed a motion for reconsideration. And we also filed our intent to file a rate case. There's been a lot of change not only in the Connecticut PURA, but also in Massachusetts. These two new commissioners really have not been there that long. So we're hopeful that the efforts that we will work very closely with the DPU will move in the right direction.

Shahriar Pourreza*Analyst, Wells Fargo*

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Okay, perfect. Big congrats, John, on sort of the traction. It seems like you guys are getting to a pretty good inflection point here, so congrats. Thanks, guys.

[indiscernible] (00:27:35)

Joseph R. Nolan*Chairman, President & Chief Executive Officer, Eversource Energy*

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Yeah. Thank you. We're very, very proud of the team. We worked very, very hard at that getting our message out there. We've been all over – actually all the states talking about the issues in engaging key decision making. So we're really, really proud of the team. [indiscernible] (00:27:49), but thank you. And I will see you at EEI and looking forward to seeing you.

Shahriar Pourreza*Analyst, Wells Fargo*

Q

Ditto.

Operator: Thank you. Our next question comes from Carly Davenport with Goldman Sachs. Your line is open.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Hey, good morning...

[indiscernible] (00:28:08)

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Carly.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Good morning. Thanks for taking the questions. Maybe just to go back to Connecticut, I guess just as you think about the recent changes from a regulatory standpoint, are there any updates you can share from conversations with credit agencies in terms of their views just given the focus on the regulatory environment and some of the credit ratings changes that they've made recently?

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Sure. I would say and I have – I always have discussions with the credit rating agencies, but I'm sure you can appreciate, right now, they're in a wait and see mode. They want to see some constructive regulatory outcomes to make a determination similar to what we expect and would like to see come out of PURA. But working collaboratively. We think that this new commission is focused on working collaboratively with all the utilities. But I would say overall they're in a wait and see mode right now.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Got it. Okay. That makes a lot of sense. And then just one other one, I guess, on Connecticut as well. I know you guys have talked previously about kind of timing to file another rate case of CL&P. Just kind of curious how the recent shifts kind of impact your views on timing there.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah, sure. We never really had any intention of filing prior to 2026. So we are looking at that. As you know, a filing of that nature is comprehensive. So we would need to get [ph] test year (00:29:32) and that type of stuff. This would not be something that would happen until at least second, third quarter if we were to file. Obviously, we're going through that now and that's what we're looking at at this point, Carly.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Thank you so much.

Operator: Thank you. Our next question is from Jeremy Tonet with JPMorgan Securities. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Jeremy.

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Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Hey, good morning. This is actually Aidan Kelly on for Jeremy.

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John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Okay. You're breaking up.

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Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

You're breaking up. You got a really bad line here.

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Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Can you guys hear me now?

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Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah, it's better now, year.

A

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

It's better.

A

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

[indiscernible] (00:30:12-00:30:18)

Q

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Jeremy...

A

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Jeremy, we're losing you again. Can you call in? We'll come back to you, put you back in the queue?

A

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Q

Sounds good.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

All right. Thanks.

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Operator: Thank you, Jeremy. One moment. Our next question is from Andrew Weisel with Scotiabank. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Morning, Andrew.

A

Andrew Weisel

Analyst, Scotia Capital (USA), Inc.

Hey. Good morning, everybody. First question, Joe, you talked about the land acquisition strategy. I know Mystic was a big one last year. Can you talk a little more how you're thinking about this? Is this kind of like a land grab where you're trying to get as much acreage as possible in strategic locations for your own standalone development or is it working with potential customers or partners like large load customers or data centers? And would I be right to assume the dollars are small, it's more about optionality?

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Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Well, yeah, a couple things. This would be for our own use, for our own regulated business. It's in locations that are strategic in nature to allow the injection of energy, whatever energy that is. We are not in the data center business. We're not tracking data centers. As you know, we have a finite amount of generation in the region. What we're working on, kind of the single and double strategy that I talked about, is to be able to unlock the captive generation that might be in the New England market to allow it to flow freely, also to allow anyone else to interconnect into our territory. So we did purchase the Mystic and we'll have some news on another very strategic site that we're excited about that will position this company for decades to come.

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Andrew Weisel

Analyst, Scotia Capital (USA), Inc.

Interesting. Looking forward to that. Okay, great. Then on equity, just a couple of fine tuning questions maybe for John here. It looks like the 2025 outlook went up by about \$200 million and you removed the comment that the majority of the outlook will be issued in the back half of the forecast period. But John, I think I also heard you say that you're satisfied for the near term after the recent activity. I might have asked a similar question last quarter, but just wondering about the outlook. Maybe you can detail some of these changes. Does that relate to kind of CapEx or the long-term thinking of how to get to your targeted credit metrics?

Q

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Yes, yes. So, I mean, as I said in my formal remarks for the near term, I believe we're done, right? Although we took that off the slide, it was an indication that we're going to continue to issue equity. Still the majority is – we may have issued like 37%, 38% thus far. So I still stick to my position that the majority of that will be issued towards the latter half of next year. With the approval of Aquarion, once we get that decision, that's going to bring

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in net cash of [ph] \$1.6 billion (00:33:12). And then with the securitization of Connecticut storm cost likely coming in the door in 2027, I think we're primarily covered for those years. So my position still stands. So as I said in my formal remarks, the near term, well, good for now. I have the appropriate level of liquidity. I'm very happy with that given the financings that we did in the last two months.

Andrew Weisel

Analyst, Scotia Capital (USA), Inc.

Okay. That's very clear, and sounds like you're in a good position. Thank you so much.

Operator: Thank you. Our next question is from Anthony Crowdell of Mizuho. Your line is open.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Hey. Good morning, team. I guess JPMorgan didn't update the phone system in a new building there. Just, I guess, quickly on Revolution, I think it was reported from Ørsted this morning, it's 85% complete Revolution. Just if you could talk about what are maybe the critical parts left bringing the project to completion. And is it second half 2026 when you believe it's all finished?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. Good morning, Anthony. Yeah, Revolution is going very, very well. And right now, we're – Ørsted announced this morning that 52 of the 65 turbines are installed. I will tell you that the work that we're doing in Rhode Island is pretty close to being finished. We've got a great job at that onshore substation. We're going to begin to see some power there at the substation very, very soon. So right now, I know that Ørsted is talking about a second half of 2026, but I will tell you that we've made significant progress. We've brought the dates in by four to five months. So we're hoping that we can see that improve. But I will tell you that I feel very, very good about the project and the work that's been done down there. So I think we'll see that project schedule improve.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

When is the first megawatt, first power expected to come online from the project?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. That's an issue for Ørsted to discuss. We are basically a partner that's building the onshore piece. They are the conductor of this particular train. So let them – they can tell you what's going on.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Got it. And then just flipping to storm cost securitization in Connecticut. I know it's with PURA. Any – and I know the recent change there and it only recently had a change. But any update on maybe the timing of getting resolution on the storm cost securitization?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah, so a couple things. I mean, our focus has been on the Yankee case. It has been on the Aquarion [indiscernible] (00:36:01). So when we start to sequence these items, those are the things that were top of the list for us. We now shift our focus onto storms. I think the team has done an extraordinary job of documenting everything. We've had tremendous success in both Massachusetts, New Hampshire, and I don't think it will be any different in Connecticut. [ph] We're going to ask that we pull that (00:36:18) ahead. Right now, it's a second quarter event, second, third quarter that we'll see a decision. But we think given that the decks have been clear [ph] that PURA, we're (00:36:28) hoping that that can improve. We could get a decision, then allow us to go forward with securitization and get that money in the door for us. So it's – yeah, and the other issue is the interest cost, which will – that will provide us a great opportunity there to stop the interest cost.

Anthony Crowdell*Analyst, Mizuho Securities USA LLC*

Great. Thanks for taking my questions and see you at EEI.

Joseph R. Nolan*Chairman, President & Chief Executive Officer, Eversource Energy*

Yes. Thanks.

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

Thanks, Anthony.

Operator: Thank you. Our next question is from Julien Dumoulin-Smith from Jefferies. Your line is open.

Joseph R. Nolan*Chairman, President & Chief Executive Officer, Eversource Energy*

Good morning, Julien.

Julien Dumoulin-Smith*Analyst, Jefferies LLC*

Hey, good morning. Hey, good morning, team. Thank you, guys, very much for the time. Look forward to see you guys next week. Look, I wanted to just follow up on the Massachusetts backdrop. I know it's your asset. But just how would you frame expectations here from gas onto the electric PBR? Just with respect to the backdrop here, anything to read? Again, I get that the gas PBR had very specific metrics. But anything that you read into the backdrop here on the electric or EGMA?

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

Well, the similar to what we have on the electric side, we have the same composition on the gas side, we have to perform. And on the gas side, this was the first touch point being under the PBR structure for NSTAR Gas. So there's several performance metrics. There's really three criteria that you have to meet. One of them is you have to meet the performance measures that have been approved by the DPU. There were 18 actually. We performed very well on 15. So three we did not perform. And those three are, let's call it, very subjective opinion surveys like J.D. Power's and surveys that we do, which are very driven by how the customers perceive us.

The history or the precedent in front of the DPU as it relates to these performance measures is always viewed as, while the company didn't have control, okay, the company couldn't have done anything. And obviously in a high cost environment, it's very challenging. So that was the reason that the DPU took the action and did not allow us to roll the \$45 million into rate base. And as I mentioned earlier, yesterday, we did file for a motion for reconsideration. So we will continue to work with the DPU. Obviously, as I mentioned, it's a – we have some new players sitting at the table and we look forward to working with them very closely as we progress on this motion.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Right. But the PBRT metrics on the electric side kind of have that same composition though. That's...

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

And we performed well. We have performed well.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Okay.

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Now, it's not an annual assessment. With NSTAR Electric, it's a 10-year deal, you have a 5 year. So the fifth year happens in 2028.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Excellent. No, indeed. And then just if I can – I mean, obviously, you guys roll forward typically with 4Q. But any early indications, especially as it pertains to transmission and long lead time investments where you perhaps have some visibility here already? And any indications [indiscernible] (00:39:45) New England's planning process this year?

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Well, as you've seen in the last five year plan that we rolled out, the latter years are no longer a [indiscernible] (00:39:53). And I expect that trend to continue where the outer periods will be more increasing versus what we've seen historically. So that's the reason – that is the primary driver [indiscernible] (00:40:06) because we have the clarity and we have the projects that are in the queue to allow us to roll that into our plan.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Got it. All right. Excellent. Well, look forward to team. Nicely done. Appreciate the disclosures on the credit side and we'll talk to you soon.

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Sure thing.

Operator: Thank you.

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Operator, I would like to correct what statement that I made earlier to Andrew Weisel's question. I think I may have spoken. I just want to get that on the record. The equity, I said that our equity needs in the near-term are taken care of and I stay with my statement that I had made previously that the majority of the equity needs will be towards the tail end of our forecast period. I think in my answer to Andrew's question, I may have said next year. That is not the case.

Operator: Thank you for that clarification. Our next question is from Paul Patterson from Glenrock Associates. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Paul.

Paul Patterson

Analyst, Glenrock Associates LLC

Q

How are you doing?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Great.

Paul Patterson

Analyst, Glenrock Associates LLC

Q

So just on – I'm having a little trouble with this. How should we think about your tax rate on an adjusted basis for the quarter and how you see it going forward?

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Hey, Paul. This is John. So as I've said previously, over the past several years, we have taken advantage of some very attractive tax benefits. Last year – and I may have said this previously – we were in the high teens. The expectation is this year probably be in the low 20%. But I think next year, in 2026, we probably get to more of a normal, sustainable level. But we've taken full advantage of some nice tax benefits for the past several years, and we will continue to harvest any and all tax benefits that we can actually achieve.

Paul Patterson

Analyst, Glenrock Associates LLC

Q

Okay. Because when I look at the after tax benefit or the – the hit on the offshore wind that was offset by the tax benefits, should we – are all those tax benefits reflected in the non-adjusted number? In other words, they seem to be allocated. When you talk about the write-off, it seems like that's been allocated to the write-off. And that isn't leaking into the...

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

Yeah.

A

Paul Patterson*Analyst, Glenrock Associates LLC*

Correct?

Q

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

That is not the case. So, let me – the percentages that I just mentioned only relates to our normal recurring results. The \$210 million that we harvested to offset, the tax liability is directly related to offshore wind. And it's primarily the final change in estimate from where we were at the end of the year of 2024. And the characterization of that benefit is really we were able to deem the loss on wind as more ordinary versus capital. So we changed the percentage that we had used in 2024 versus that tax split of capital, that ordinary increased in this year when we filed our tax return in the third quarter. So we were able to allocate more as ordinary versus capital, and ordinary, we can carry forward for 15 plus years. So that's really what changed in our tax position as it relates to offshore wind.

A

Paul Patterson*Analyst, Glenrock Associates LLC*

Okay. And so – okay. Well, that's answers the question and that's kind of what I thought. So okay. I appreciate the clarity and...

Q

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

Sure. Thank you.

A

[indiscernible] (00:44:11)

John M. Moreira*Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy*

Thank you.

A

Paul Patterson*Analyst, Glenrock Associates LLC*

[indiscernible] (00:44:12)

Q

Operator: Thank you. One moment. Our next question is from Sophie Karp with KBCM. Your line is open.

Joseph R. Nolan*Chairman, President & Chief Executive Officer, Eversource Energy*

Good morning, Sophie.

A

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Hi, team. Hello. Good morning. Thank you for taking my question. I don't know if you guys noticed of the top of your head, but I'm curious what legally constitutes kind of the end the Revolution project as far as your agreement with Ørsted. Like, at what point are you no longer on the hook for anything there? [ph] Maybe that's first power (00:44:48). Is that something that other milestone? Any color would be helpful here. Thank you.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Sure. So, similar to the protocol we're using on the South Fork project. It would be a COD. At COD, we will hand that over, and that is when we are off the hook.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

And what is COD specifically?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Full operation. Turning over of all of the documents or anything associated with the work that we have done in the PPAs in full force.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Got it. Thank you so much. Appreciate the color...

[indiscernible] (00:45:26)

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. Thank you.

Operator: Thank you. I'm showing no other questions at this time, so I would now like to turn it back to Joe Nolan for closing remarks.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you once again for taking the time to join us today. We know many of you have been patient investors over a long time, and we will continue to execute our key strategic initiatives that create value for our customers and shareholders. We look forward to seeing many of you at EEI next week. Safe travels. Operator, this ends our call today.

Operator: Thank you. This does conclude the program and you may disconnect.

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