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# EDITED TRANSCRIPT

ES.N - Q1 2024 Eversource Energy Earnings Call

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

**John M. Moreira** Eversource Energy - Executive Vice President, CFO & Treasurer

**Joseph R. Nolan** Eversource Energy - President, CEO & Chairman

**Matthew P. Fallon** Eversource Energy - Director of Investor Relations

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**Anthony Crowdell** Mizuho Securities USA LLC, Research Division - Executive Director

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**Jeremy Tonet** JPMorgan Chase & Co, Research Division - Senior Analyst

**Nicholas Campanella** Barclays Bank PLC, Research Division - Research Analyst

**Shahriar Pourreza** Guggenheim Securities, LLC, Research Division - Senior MD & Equity Research Analyst

**Steven Fleishman** Wolfe Research, LLC - MD & Senior Analyst

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## PRESENTATION

### Operator

Good morning, and thank you for attending the Eversource Energy Q1 2024 Earnings Call. My name is Alyssa, and I will be your moderator. (Operator Instructions)

I would now like to pass the call to our host, Matt Fallon, Eversource Energy's Director for Investor Relations. Matt, please go ahead.

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### Matthew P. Fallon - Eversource Energy - Director of Investor Relations

Good morning and thank you for joining us. I am Matt Fallon, Eversource Energy's Director for Investor Relations. During this call, we'll be referencing slides that we posted yesterday 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 last night and in our most recent 10-K.

Speaking today will be Joe Nolan, our Chairman, President and Chief Executive Officer; and John Moreira, our Executive Vice President, CFO 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** - Eversource Energy - President, CEO & Chairman

Thank you, Matt, and thank you all for joining us on the call this morning. Let me begin with an update on the sale of our offshore wind business. I am pleased to report that we are on track to close the sale of the three projects over the coming months. We are progressing well on the approvals necessary to close these transactions, as shown on Slide 3. We have filed all regulatory approvals with the New York Public Service Commission and FERC for the sale of South Fork Wind and Revolution Wind to Global Infrastructure Partners. And we recently executed the purchase and sale agreement for Sunrise Wind with Ørsted.

For Sunrise Wind, we have also filed applications for regulatory approvals with the New York Public Service Commission and FERC. We anticipate these approvals will take about 90 days. On the construction front, I can't tell you how excited and proud I was of my Eversource colleagues as I stood alongside New York Governor Hochul to flip the switch to energize South Fork Wind in March.

We will certainly capitalize on lessons learned from South Fork, a first-of-its-kind project here in the United States. The same construction processes will be used for the Revolution Wind project where onshore and offshore construction is underway.

Now that our offshore wind risk is largely behind us, we are very excited about the future of Eversource, delivering safe and reliable electric, natural gas and water service to our 4.4 million customers.

Turning to Slide 4. Eversource is moving forward as a pure-play regulated pipes and wires utility business, doing what we do best, delivering clean energy safely and reliably to our customers every day. When we are doing what we do best, our customers are the direct beneficiaries. A good example of this came in early April when a late winter storm caused significant damage across the Northeast.

Through our investments in technology, including smart switches and other reliability innovations, we were able to restore 85,000 customers in New Hampshire within 5 minutes, greatly reducing the impact of the storm to many customers in that area. This amazing response received numerous accolades from customers and personal acknowledgment from Governor Sununu. We take tremendous pride in our emergency response organization and our ability to stand up our emergency response teams for timely restoration.

Eversource teams from all three states responded to the storm damage in New Hampshire, minimizing customer outage time. Our resiliency investments help to minimize customer outage impacts. Our preparation enables us to hit the ground running in front of potential severe weather events and our emergency response plan, supports scalable and efficient restoration for those customers who are impacted. And we work tirelessly to communicate that timely recovery of storm costs is critical to support these efforts.

Turning to the Clean Energy Future. As you can see on Slide 5, the states we serve have very aggressive greenhouse gas reduction goals. Both the transportation sector and residential and commercial heating sectors are the largest contributors to greenhouse gas emissions. Although the region has acted by reducing carbon emissions from power generation, we have a long way to go on heating and transportation to achieve the state's targets by 2050.

To meet these targets, we project that average household electric demand will double in the summer and more than triple in the winter. That's why it's critical that we all work collaboratively and get started today on making achievement of these targets a reality.

Moving to Slide 6. Achievement of Massachusetts' decarbonization goals are being addressed, in part through the Electric Sector Modernization Plans, or ESMP. This is the most comprehensive clean energy plan in the nation with planning processes and requirements that will provide the pathway for the state to achieve its clean energy objectives. The Eversource ESMP is a product of our system planning process, incorporating the state's assumptions for projected demand growth from electric vehicles and electric heating.

To develop our ESMP, we have analyzed expected electric growth down to the circuit level to identify grid investments needed over the next five years and beyond. These infrastructure investments will convert our distribution grid into the platform for the clean energy transition. It will increase electrification capacity by 180% and will allow for the adoption of 2.5 million electric vehicles, 1 million heat pumps and 5.8 gigawatts of solar generation, thereby making Massachusetts a leader in delivering clean energy to its homes and businesses.

In New Hampshire, we are focused on a number of regulatory initiatives and are evaluating ways to advance clean energy initiatives such as large-scale utility-owned solar development. For example, New Hampshire state legislators are working on a bill that would institute structural reforms to New Hampshire's Energy Facility Site Evaluation Committee or the SEC, reducing the size of the SEC from nine members to five and eliminating unnecessary process to improve efficiency and to lead to more consistent outcomes. In turn, this will lead to an accelerated siting and permitting process for these clean energy initiatives.

Turning to Connecticut. State policy leaders have a vision of solar expansion, electric vehicle adoption and future renewable purchase power agreements as part of its clean energy transition. We are a strong supporter of these efforts to enable the clean energy future for our customers, and we certainly are looking to partner with the state, collaboratively and productively, to achieve this important vision for our customers.

While we continue to work diligently to support state policy leaders on thoughtful and reasonable policies aimed at increased adoption of clean energy technologies and the reduction of carbon emissions, we have serious concerns with the lack of alignment between state policy and regulatory decisions implementing that policy. As it stands, regulatory policies in Connecticut discourage investment and utility innovation, as well as our participation in a wide range of clean energy initiatives that rely on our balance sheet and our capital resources.

Upfront program funding by the utilities does not work where cost recovery is continually deferred and delayed into the future on uncertain terms. Without recognition that our funding sources rely on a secure and predictable cost recovery path, we cannot move forward to put additional capital resources on the table.

We are encouraged by PURA's decision last month to provide timely reimbursement of deferred public policy costs through the company's electric annual rate adjustment mechanism. Decisions that adhere to law and legislative policy are critical to assure a constructive regulatory environment in Connecticut and to make the vision of a clean energy future a reality for our customers.

Looking forward to the future, we remain committed to our extensive outreach plan across Connecticut, furthering our efforts to engage collaboratively and productively with Connecticut's leadership.

Lastly, I want to thank my Eversource colleagues for their unwavering commitment and dedication to our customers. I have the utmost confidence in our team to deliver safe and reliable energy service to our customers with daily progress toward a clean energy future.

I will now turn the call over to John Moreira to walk through our financial results.

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**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

Thank you, Joe, and good morning everyone. This morning, I will discuss our first quarter financial results, give you a regulatory update and cover drivers for our cash flow enhancement.

I'll start with the first quarter results on Slide 7. Our GAAP and recurring earnings for the quarter were \$1.49 per share compared with GAAP and recurring earnings of \$1.41 per share last year. Breaking down the first quarter earnings results of the \$1.49 per share into segments, our electric transmission earned \$0.50 per share compared with earnings of \$0.45 share in 2023. Improved results were driven by our continued investments in our transmission system to address capacity growth for customers and connect clean energy resources to the region.

Our electric distribution earnings were \$0.48 per share compared with earnings of \$0.47 per share in 2023. Higher revenues primarily due to a base distribution rate increase at NSTAR Electric, were partially offset by higher operating expense, higher interest expense and increased property taxes and depreciation.

Our natural gas Distribution business earned \$0.54 per share compared with \$0.49 per share in 2023. Natural gas distribution earnings increased due to higher revenues from capital cost recovery mechanisms, a base rate increase at NSTAR Gas and lower operating expenses. Our water distribution segment contributed \$0.01 per share compared with flat earnings in 2023.

Eversource parent & other Company earnings were a loss of \$0.04 per share compared to breakeven results in 2023. The lower results were due primarily to higher interest expense and the absence of a net benefit in the first quarter of last year from the liquidation of a renewable energy fund.

Overall, our first quarter earnings were in line with our expectations, and we are reiterating our 2024 EPS guidance of \$4.50 to \$4.67 per share, as well as our longer-term 5% to 7% EPS growth rate.

Turning to regulatory items on Slide 8. Starting with Massachusetts, we filed our Electric Sector Modernization Plan with the Massachusetts Department of Public Utility in January, and we expect to have a decision on our plan in the August timeframe. Our ESMP calls for an incremental \$600 million capital investments for interconnection of solar resources through 2028. As a reminder, this \$600 million is incremental to our \$23.1 billion capital investment forecast we announced back in February.

In New Hampshire, we are very busy on the regulatory front. In March, we submitted our documentation for a prudency review of \$232 million of storm costs related to storm events from August 2022 through March of 2023. We anticipate that review will be completed later this year. In addition, we anticipate filing a rate review in New Hampshire this summer, with temporary rate relief going into effect 90 days after the filing.

Closing out the regulatory update is Connecticut, where we received the final decision on our annual rate adjustment mechanism two weeks ago, for new rates to become effective July 1 of this year. The major drivers of the \$873 million increase are recoveries of purchase power contracts and protected hardship uncollectible accounts, both of which are costs required by law.

These under-collected costs in Connecticut, which were approximately \$400 million in 2023, contributed significantly to a reduction in our 2023 FFO-to-debt ratio. This rate impact will be significantly offset by lower energy supply costs that will also go into effect July 1 of this year. We appreciate PURA's decision to provide timely reimbursement to the company of these state policy costs as required by law, reducing the pressure on our balance sheet to finance these costs for a longer time period.

Timely recovery of these costs reduces the total amount that customers will pay through avoidance of carrying charges on these balances. In March, we resubmitted our request for a prudency review of approximately \$635 million of Connecticut storm costs relating to weather events that occurred from 2018 through 2021. The vast majority of these costs represent payments to outside line and tree crews to assist in the restoration resulting from 24 significant storm events during that period. We are currently in the discovery phase of the proceeding. As a reminder, recovery of these costs will coincide with new distribution rates following our next general distribution rate proceeding.

In early April, following the Superior Court decision on our Aquarion rate case, we filed for a review of that decision by the Appellate Court along with a request to transfer the appeal directly to the Connecticut Supreme Court. We are requesting that the Connecticut Supreme Court hear this case due to the critical legal issues raised by the Aquarion rate decision. Without proper resolution of these issues, there will be a negative impact on utility investment and customers long term.

As Joe mentioned, we are committed to our extensive and ongoing outreach efforts that have been pivotal to educating key leaders and communities on the necessity for stable regulatory policies. We are also demonstrating our commitment to support the state's policy leaders who seek to move the state forward with thoughtful and reasonable policies aimed at reducing carbon emissions and achieving increased adoption of clean energy resources.

A successful path to a clean energy future will require a substantial ramp-up in planned proactive distribution infrastructure investment rather than piecemeal approach, as well as sound public policies and adherence to legal principles to enable that investment. However, the existing gap between the state's vision of a transition to a clean energy future and the regulatory framework discouraging investment is an obstacle for Connecticut's progress on climate change, the clean energy transition, and even core service goals.

As a result, we have taken a hard look at our capital deployment priorities and are implementing necessary cuts to our Connecticut investment levels in 2024 and over the next five years. In 2024, we are reducing our capital expenditures by nearly \$100 million. And we have notified PURA of our unwillingness to put capital at risk in relation to advanced meter infrastructure and electric vehicle programs.

In total, we are expecting to reduce capital investment in Connecticut by \$500 million over the next five years. Until we see Connecticut's regulatory decisions come back into alignment with law and state policy, our decisions on the deployment of our valuable capital resources have to be based on our current experience with regulatory outcomes for utility investment.

With that, I do want to emphasize that we are confirming our five-year capital expenditure forecast of \$23.1 billion across all business units. Substantial, consistently emerging infrastructure needs across our system provide ample opportunity for capital deployment in lieu of using those valuable resources in Connecticut.

I will now cover a number of drivers that are expected to enhance our FFO-to-debt ratio from 2023 to 2025. As you can see on Slide 9, the under-collection of 2023 deferred state policy costs, which will now be recovered as a result of the 2024 annual rate adjustment decision in Connecticut as well as other under-recoveries of regulatory deferrals across all states of approximately \$200 million, contributed to the lower FFO-to-debt that we experienced in 2023.

We expect other enhancements in 2024 and 2025 that include the sale of South Fork and Revolution Wind assets to GIP. Upon closing of the sale to GIP, we anticipate receiving approximately \$1.1 billion of cash proceeds from this transaction. In addition to the GIP sale proceeds, we anticipate utilizing our tax equity investment in South Fork Wind, which we expect will bring around \$500 million of cash over the next 24 months.

Lastly, collection of storm costs in Massachusetts and New Hampshire, planned rate increases at our utilities, the sale of our Sunrise Wind project to Ørsted, equity issuances and cash flows from a potential sale of our water business will drive the enhancement of 2023 FFO-to-debt to 14% to 15% targeted by 2025.

Moving on to our equity issuances. In the first quarter of 2024, we raised approximately \$75 million through our existing ATM program. And we issued 550,000 treasury shares. We continue to anticipate our equity needs to be up to \$1.3 billion over the next several years.

Also, as we announced in February, we are undertaking a review of our water distribution business. Proceeds from a successful sale are assumed in our long-term financing plan, reducing the level of equity that would otherwise be needed. We continue to prepare materials needed to launch the first phase of this process.

Closing out on Slide 10, as I mentioned earlier, our \$23.1 billion five-year capital forecast and our forecasted financing plan drive our 5% to 7% EPS growth rate through 2028 based off of our 2023 recurring EPS of \$4.34 per share.

I'll now turn the call back to Matt for Q&A.

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**Matthew P. Fallon** - Eversource Energy - Director of Investor Relations

Thank you, John. Alyssa, we are now ready for questions.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) The first question comes from the line of Shahriar Pourreza with Guggenheim.

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**Shahriar Pourreza** - Guggenheim Securities, LLC, Research Division - Senior MD & Equity Research Analyst

Joe, I guess just firstly, what CapEx are you guys actually cutting in Connecticut? Where are you kind of redeploying? And is that redeployment actually accretive just given the cost of capital differences?

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**Joseph R. Nolan** - Eversource Energy - President, CEO & Chairman

Thank you, Shahriar. Over the past decade, we've spent a significant amount of money on electric reliability for our Connecticut customers. Our best-in-class engineering has moved months between interruptions from ten months to nearly two years. So clearly, our investments have paid huge dividends for our Connecticut customers. However, the regulatory decisions over the past few years are misaligned with the law and the state policy. And without a secure and predictable cost recovery path, we cannot continue to put additional capital resources on the table. So, our investment objectives in Connecticut have been centered around safety and reliability.

As you'd expect, we will not reduce our safety spending. Therefore, the reduction will likely come from reliability areas. As John has mentioned, we have ample opportunities for capital deployment on our system. So, we feel very, very good about that. And yes, it would be accretive.

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**Shahriar Pourreza** - Guggenheim Securities, LLC, Research Division - Senior MD & Equity Research Analyst

Got it. And Joe, can you cut more if need be?

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**Joseph R. Nolan** - Eversource Energy - President, CEO & Chairman

Well, we are going to be very thoughtful and deliberate about it. Obviously, we've had a great track record down there. I will tell you that the reliability numbers in that state are best-in-class. I don't think you'll find it really anywhere else around the country. So, I'm very proud of that. But if we continue to see this negative regulatory environment, we're going to have to look at everything.

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**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

I would also add, Shahriar, that as a reminder, we do have a resiliency program in place, which we get timely recovery of up to \$300 million of distribution investments at CL&P, which has been very, very critical for us to achieve this performance level that Joe just mentioned.

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**Shahriar Pourreza** - Guggenheim Securities, LLC, Research Division - Senior MD & Equity Research Analyst

Got it. And then maybe just a quick one for John. John, just the up to \$1.3 billion of equity is obviously still in plan. And obviously, that level is going to be dictated by the water sale outcome. I guess how are you thinking about the means of issuances? Are you thinking more in systematic terms or kind of prefunding spending and the balance sheet ahead of time, so ATMs versus maybe rip the bandage off block?

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**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

Our view, and that will continue to be our position, is to be opportunistic in exploring and utilizing our ATM program to accomplish that. As I've said time and time again, an ATM program gives us tremendous flexibility. And we were very successful in executing at least through March \$75 million. We've done quite a bit more over the past couple of weeks.

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**Operator**

The next question comes from the line of Carly Davenport with Goldman Sachs.

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**Carly Davenport** - *Goldman Sachs Group, Inc., Research Division - Business Analyst*

I wanted to just start on the FFO-to-debt walk, thanks for the details there. I guess, first, could you just remind us of the cadence of the 2023 under-recoveries hitting the cash flow statement this year? And then how should we just think about, as we think about the other drivers that you'd identified, sort of the split between the impacts between the \$1.8 billion and those other drivers?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Sure. So, the under-recovery, as highlighted on Slide 9, Carly, for 2023 across all of the utilities with the biggest impact being CL&P in Connecticut, was approximately \$600 million. So, if you were to normalize, where we landed at the end of 2023 from an FFO-to-debt at Moody's was approximately 9%. So that would drive that up as we've indicated on the slide about 200 basis points.

So, with the favorable order that we received a couple of weeks ago on the annual rate adjustment mechanism, we feel good that both that cash plus more related to 2024 costs will start to come in the door effective July 1 through April 30 of next year, so a ten-month recovery which is very, very helpful to us.

And then the other items, what we've tried to do is to highlight where, as it relates to our offshore wind, what we have already identified and have disclosed to you all, that would significantly move us up closer to the 14% to 15% range by the end of 2025, but certainly building up towards that range towards that time period.

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**Carly Davenport** - *Goldman Sachs Group, Inc., Research Division - Business Analyst*

Got it. Okay. Great. And then maybe just on the Massachusetts ESMP process. What are sort of the next milestones for us to look out for there? And then just more broadly, how do you think about opportunities for the other states that you serve to adopt sort of similar frameworks?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Sure. So, I'll start with Massachusetts. So, hearings on that docket just basically concluded. So now we get into the briefs and reply briefs. But one thing I want to point out to, based on the legislation that was passed a couple of years ago, the Clean Energy legislation, the DPU does have to render a decision by that August timeframe that I stated in my formal remarks.

So, as we move forward, the \$600 million that I highlighted in my formal remarks is really what will materialize if we do get a favorable approval from the DPU that will materialize within our forecast period, but there's further investments that will be needed beyond our current forecast period that we've also have highlighted in our filing. So obviously, Massachusetts continues to be very proactive in identifying opportunities to really make sure that the goals that the state has established is realistically and proactively accomplished.

In Connecticut, as Joe mentioned, we would love to support their clean energy strategy. But as we have both indicated in our formal remarks, it will require collaboration and cooperation by us, by the utilities in Connecticut as well as the authority.

And then lastly, in New Hampshire, as we mentioned, we are having discussions with the state on utility-owned solar. We will likely be proposing an investment opportunity in the months to come. As I mentioned in my formal remarks, we do plan to file for a rate review this summer.

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**Joseph R. Nolan** - *Eversource Energy - President, CEO & Chairman*

And all of that solar investment, just to keep in mind would be regulated investment, solar investment, utility-owned, very similar to the model that we have here in Massachusetts, Carly.

**Operator**

The next question comes from the line of Nick Campanella with Barclays.

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**Nicholas Campanella** - *Barclays Bank PLC, Research Division - Research Analyst*

So just kind of sticking with Connecticut here and just the fact that you're cutting investment there, but you also had this rate order, this outcome on Aquarion, just how do you kind of see that kind of affecting the process that you're running there to potentially monetize the asset?

And just maybe you can kind of update us on that process, your confidence level that whatever happens there, there wouldn't be additional equity kind of coming into the plan that you outlined today?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Well, the appeal process, obviously, we would love to have a positive data point. But the appeal process will continue to make its way. You're probably looking at, at least a year in the making, but we are continuing to move forward with launching phase one of the process relatively soon. And then, we'll make the decision at that point.

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**Nicholas Campanella** - *Barclays Bank PLC, Research Division - Research Analyst*

Okay. So still moving ahead, it seems. I appreciate that. I guess just a follow-up on Carly's question just around the FFO-to-debt, the South Fork's tax equity investment would probably be, I would guess, more onetime in nature to the, I guess, cash flow improvement. But I just wanted to kind of confirm like net of these kind of one-time items, you still see this path getting you to 14% to 15%.

And what's really kind of driving that net of the one-time issues?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Yes. No, we certainly do, Nick, the tax equity, we actually think, as I stated, 24 months, that's probably a bit conservative. I think that will probably lead into 2026. We do have other tax benefits that we want to utilize for us before we tap into those ITCs. So that can be elongated a bit, which is great.

And then longer term, yes, that does fall off the cliff. But we have other items that will certainly kick in. We are sitting on a pretty large deferred storm balance. So, I see those costs coming in, in potentially '26, certainly '27 and beyond to really maintain that high level of FFO-to-debt.

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**Nicholas Campanella** - *Barclays Bank PLC, Research Division - Research Analyst*

And then just one last one for me just on Sunrise. I know that you're not giving the price, but last quarter, there was negative book value. I don't believe that the 10Q is out, but is that still the case or something that you can kind of talk about? Or do we have to wait for the sale agreement to be public for you to revise that?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

It does. And that's really, we have to follow the accounting rules, and the accounting rules basically says that if you have a contingent gain, you have to wait to get your cash, right? So therefore the transaction has to close. So we're probably, I would say you should expect a true-up of those balances to occur likely in the third quarter of this year.

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**Operator**

The next question comes from the line of Jeremy Tonet with JPMorgan.

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**Jeremy Tonet** - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Maybe just continuing with Slide [nine] (corrected by company after the call) here real quick. Thanks for all the color provided. Just want to confirm the major drivers, everything on the right hand of that slide, that's all treated as FFO and not debt reduction when you talk about the walk into 14% to 15%.

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

No, it's a mixed bag. So obviously, what's more critical is that we have the cash coming in, right, which will displace debt and obviously enhance our operating cash flows.

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**Jeremy Tonet** - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Got it. And so maybe just pivoting towards Aquarion here in just a little bit more detail, I guess, on where you guys are in the process right now and what you prioritize here, pace of transaction versus value that you can achieve or just any other thoughts on the parameters of how you see this process unfolding.

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Sure. I would frame it this way. It's not about a mad dash to the finish line. It's about a thoughtful process that we will run for the greatest value that we possibly can harvest. So that's what's important to us, is obtaining the greatest maximum value we possibly can. So, if the transaction takes a bit longer, we are fine with that. The rating agencies are fully aware of the timeframe that we've mapped out with them. And obviously, they are comfortable with that.

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**Jeremy Tonet** - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Got it. And then just to confirm real quick here, the sales proceeds are going to be helping FFO in this illustration here. I just want to make sure I was straight on that.

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Absolutely, absolutely because it displaces debt.

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**Operator**

The next question comes from the line of Steve Fleishman with Wolfe Research.

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**Steven Fleishman** - *Wolfe Research, LLC - MD & Senior Analyst*

Just maybe tie up one more question on Aquarion you mentioned appealing to the Supreme Court. Is there like a timeline? I don't know if you already filed that or when would you file that and when would you know if they take the case.

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**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

We filed that early April, that request. So, we feel good that the Supreme Court will take the case and that it will just expedite the whole process. Once the court accepts that, then you're probably looking at a nine to twelve-month process, is what we're estimating.

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**Steven Fleishman** - Wolfe Research, LLC - MD & Senior Analyst

Okay. But you're not going to hold off the sale process to wait for that, you just move forward.

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**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

No. No, we're not. I was going to say, Steve, in the meantime, we are expecting to implement the original rate change, and we actually accounted for that in the first quarter this year. Once we get that, then the company can move forward with the filing for their WICA program, which will give them about 30%, 35% of their annual capital program cost recovery on.

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**Steven Fleishman** - Wolfe Research, LLC - MD & Senior Analyst

Okay. And then just on Connecticut Regulatory Environment. I appreciate the decisions being made there. Early in the year, there had been talk about the governor maybe kind of expanding the commission and some changes there. Is that still being considered at all? And just, I know you've been on an initiative to try to highlight these issues. Just do you feel like you're making any progress in resonating on the kind of quality of the regulatory environment being kind of investable?

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**Joseph R. Nolan** - Eversource Energy - President, CEO & Chairman

Yes. Steve, a couple of things, the governor has the ability to appoint five commissioners. He has vacillated over that, and I'm not really sure at this point whether he wants to take it up to five. As you know, all three commissioners remain in hold-over status, and I'm not really quite sure what the current plan is around that. Obviously, we have grave concerns about the environment there. I think you know that. I think everyone knows that.

We enjoy a very productive working relationship in our other two jurisdictions where we are so aligned that no light shines between kind of the state's initiatives and our initiatives. And when you collaborate, I think you should have tremendous outcomes. You look at the benefits that Massachusetts is achieving. You look at the progressive moves that are taking place up in New Hampshire as we collaborate with those folks. And they really understand it.

And it's going to take that type of collaboration as we look to electrify our system and move away from carbon fuels. But if we don't collaborate, it makes it very, very difficult. In my 40-year history, we've always had strong working relations. So, it's a disappointment to me, and it's a priority to me as we try to focus on Connecticut and to see if we can get aligned and get on the same page so that we can move the agenda.

Connecticut has a phenomenal opportunity to be a leader in clean energy. We built that port down there. We collaborated. That clean energy port down there should put them on the map for clean energy. But unfortunately, it's been a real challenge. But I just want to assure you and all of our investors that this is something I take very seriously, and I will continue to work at it seven days a week until such time as we can get some constructive change.

**Steven Fleishman** - *Wolfe Research, LLC - MD & Senior Analyst*

Okay. Appreciate that. And then lastly, on the New Hampshire solar opportunity, I know solar in New England tends to be a decent amount, kind of capital cost, just not as much available land, all that stuff. So just any sense on kind of size and investment opportunity there for the New Hampshire solar?

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**Joseph R. Nolan** - *Eversource Energy - President, CEO & Chairman*

Yes. I've got to tell you, one of the challenges, first of all, we don't really have a sizing at this point. We're really in the first inning of this game, but the fact that they are interested around utility owned solar, I take great confidence in that. But I will tell you the one thing there's no shortage of in the state of New Hampshire is land. And so that's where I see great opportunity.

And I also see the proximity of that land to our infrastructure. It makes it very easy as well. One of the challenges that a lot of folks early in the solar days was folks would want to build, but they'd be in rural areas where there wasn't any load. But we have opportunities in New Hampshire with sizable tracks of land that would allow us to collaborate. It has to be a partnership. It has to be a community that's interested in this, but I do see great opportunity up there.

So, we're really in the first inning. I think we'll be able to update you probably on the second, third quarter calls around how that's going. But I think the most important thing for us is to get a model in place in New Hampshire for utility-owned solar that is fair for us and is fair for the customers.

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**Operator**

The next question comes from the line of Andrew Weisel with Scotiabank.

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**Andrew Weisel** - *Scotiabank Global Banking and Markets, Research Division - Analyst*

In Connecticut, another question here, I agree the state policies and regulatory environment are not aligned. So, I understand you're reluctant to put capital to work. My question is, what exactly is it that you're looking for? What would it take to get you more comfortable with the regulatory setup? Is it a qualitative good faith kind of conversation? Are you looking for something more explicit like preapprovals for spending on AMI and EVs?

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**Joseph R. Nolan** - *Eversource Energy - President, CEO & Chairman*

Yes. Well, we're looking for preapproval, looking for our regulatory recovery, a roadmap for the recovery of the dollars that we have spent. As you know, the filing that we just got approved there for \$800-plus million, that was money we spent on behalf of the customers in Connecticut. Those were state-mandated requests that we did. And so, we expect to get paid for that.

And if the state wants to have AMI, we expect to have an orderly recovery process for our investments, just like we have in Massachusetts, and that's all we're looking for. That if we spend dollars, we want to know we're going to get the dollars back. We don't want to be chasing those dollars. We don't want to have uncertainty around it. And I know that everybody on this call doesn't want uncertainty. And so, you have my assurance that we will not spend dollars until such time as we have a constructive regulatory environment that allows us to get fair treatment in the recovery of our dollars that we've spent on behalf of the customers in Connecticut to bring better service.

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**Andrew Weisel** - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Okay. Is that something you think could be done in the regulatory arena or would that require legislation?

**Joseph R. Nolan** - Eversource Energy - President, CEO & Chairman

No, I think we can do it in the regulatory arena. Certainly, I mean, we're aligned with the governor, we're aligned with the other agencies. So, we can have a collaborative effort that when we submit a filing we're all on the same page, even the Attorney General, we have very, very strong relations there. But we just have to get PURA aligned with all of the other interests around the state, so that we can get a constructive roadmap to move forward.

**Andrew Weisel** - Scotiabank Global Banking and Markets, Research Division - Analyst

All right. Sounds good. Then on FFO-to-debt, if I could elaborate, I know this has been asked a few times, and I appreciate the details on Page 9. Maybe this is a silly question. But if the \$600 million from under-recoveries adds 2%, you triple that to \$1.8 billion. How come the impact to FFO-to-debt goes up by double or less? Some dumb guy math might get, it would be a 3:1 ratio in the dollars and the percentages. So, what are the offsets there?

**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

Well, keep in mind that in that 300 to 400 basis point movement, it does include other cash flow items that we have not quantified in that \$1.8 billion, Andrew, and then additionally, when the cash comes in, it's going to impact both the numerator and the denominator accordingly. So, it's not a one for one.

**Operator**

The next question comes from the line of Anthony Crowdell with Mizuho.

**Anthony Crowdell** - Mizuho Securities USA LLC, Research Division - Executive Director

Just quickly on Slide 12, you had issued some parent debt already for the year. Do I think that's for the maturities at the bottom of this slide or the maturities you may also refinance and that's going to be incremental debt? And let me know if that's not clear.

**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

No, you're thinking about it correctly. So, it's for the maturities listed on that slide. We do have \$900 million that's due on June 27, and then, we have another \$450 million in the fall. Also, in January, early January, we have another \$350 million -- \$300 million coming due. So, it's more of the pre-funding. So, with the proceeds from the transactions that I highlighted, we should be out of the debt and capital markets for quite some time.

**Anthony Crowdell** - Mizuho Securities USA LLC, Research Division - Executive Director

Great. And then just to stay on the mark with Connecticut questions. I know sometimes when utilities ramp up CapEx or they may be doing some new projects, they talk to policymakers, some regulators prior to it and get a feel of just the policymakers are on board with this increased capital that they're spending. I'm curious if something happened in Connecticut where you had similar discussions on actually lowering of CapEx.

**Joseph R. Nolan** - Eversource Energy - President, CEO & Chairman

Yes, we've had discussions about our investments. I mean we started talking about AMI three years ago, and we're all on the same page, and everybody wanted AMI. We talked about investment in EVs, electric vehicles infrastructure. So, we were totally aligned with, certainly, key leaders

down there. So, we continue to have that dialogue. And right now, we have dialogue where we share with them that we can't keep moving forward unless we get the certainty around it. I mean, costs have increased since the time we began talking about AMI. If we would have gotten on with the show, that would have saved our customers money, but this delay doesn't help matters. We're kicking it off here in Massachusetts. We're going to be putting in the AMI meters and infrastructure, and the customers are going to benefit from that.

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**Operator**

The next question comes from the line of Durgesh Chopra with Evercore.

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**Durgesh Chopra** - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

John, just for investors, and I was trying to think about the implications if you don't move forward with the Aquarion water sale. Can you just help clarify what does that do to the equity? Could the equity if you don't move forward with the sale, could the equity be higher than \$1.3 billion? Or is that the max, and then if you do do a sale, that number moves lower?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

Well, there's still a lot of things in flux, and we're not moving off of the \$1.3 billion equity needs until we have more clarity as things evolve over the coming year. But right now, our position is to kind of work preparing the potential sale for Aquarion and get through Phase 1 and see what that looks like.

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**Durgesh Chopra** - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Understood. And then just to be clear on the FFO-to-debt, I know a lot of questions have been asked, you get to that 14% to 15% by 2025 with or without the Aquarion sale? Am I thinking about it the right way?

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**John M. Moreira** - *Eversource Energy - Executive Vice President, CFO & Treasurer*

No, no. If you look at the left-hand side of that slide on the bottom, we have other drivers. Those other drivers are cash inflows that we have not quantified. But as I continue to reiterate, in our financing plan, we have assumed the sale of Aquarion.

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**Durgesh Chopra** - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Perfect. Okay. And then just one hopefully quick follow-up. Anything to kind of note in terms of the construction process or costs on Revolution and Sunrise? Any updates versus your past disclosures there?

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**Joseph R. Nolan** - *Eversource Energy - President, CEO & Chairman*

Yes. No, it's too early right now, but we continue to stay close to it, and we'll keep you updated. We did start though. The good news is we're in the ground, and construction is underway. So, we're excited and we're going to utilize the same practices that we successfully deployed in the construction of the South Fork project, which, as you all know, though, all twelve of the turbines are up, and they're running. And we're very, very proud that we are the first offshore wind provider in the United States.

**Operator**

Our final question comes from the line of Travis Miller with Morningstar.

**Travis Miller** - Morningstar Inc., Research Division - Director of Utilities Research and Strategist

Real quick one, staying on CL&P here. If you take out your depreciation or maintenance CapEx, how much of that additional CapEx is covered under an existing rider or tracker or something like that outside of a base rate? You mentioned energy efficiency. Is there other CapEx?

**John M. Moreira** - Eversource Energy - Executive Vice President, CFO & Treasurer

The biggest CapEx is the \$300 million system hardening that we've had in place for quite some time. So that has helped the timely cost recovery and has helped Connecticut get to a much better situation from a reliability standpoint. So, I would say that a good chunk as you pointed out, the maintenance depreciation would be covered by that.

**Travis Miller** - Morningstar Inc., Research Division - Director of Utilities Research and Strategist

Okay. Okay. And then kind of a real quick follow-on on some of the other questions. Do you expect the clean energy policy overall, not necessarily just the rate setting, but clean energy policy overall in Connecticut will be a political issue this year? Or is that something for years down the road?

**Joseph R. Nolan** - Eversource Energy - President, CEO & Chairman

No. I mean the legislative session is going to end next week. So, I don't expect that you could see anything at that point. But I think the dialogue will continue, as we'll remain engaged for the rest of this year and into the future until such time as we are all on the same page and we can find out what's important to this state that we can invest in and get a fair return, and really a level playing field. That's all we're looking for.

**Matthew P. Fallon** - Eversource Energy - Director of Investor Relations

Sorry, Alyssa, I want to thank everybody for their time, and please follow up with IR with any additional follow-up questions that we can help with. I'll now turn it back over to Alyssa.

**Operator**

Thank you. This will conclude today's conference call. Thank you all for your participation. You may now disconnect your lines.

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