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Eversource Energy (ES)

Q2 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, everyone, and thank you for standing by. Welcome to Eversource Energy Second Quarter 2026 Earnings Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

Now, it's my pleasure to hand the conference to the Vice President of Investor Relations, Rima Hyder. Please proceed.

Rima Hyder
Vice President-Investor Relations, Eversource Energy

Good morning and thank you for joining us today on our second quarter 2026 earnings call. During this call, we'll be referencing slides that are available on our website at investors.eversource.com. 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-Q and 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. Joining us today is Jay Buth, our Vice President, Controller and Chief Accounting Officer.

I will now turn the call over to Joe.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you, Rima. Good morning, everyone, and thank you for joining us.

Starting on slide 4. As we complete the midpoint of the year, we're pleased with the terrific progress we have made this quarter. Our team is focused on executing the priorities we've established over the past year, including completing the sale of Aquarion, delivering strong operational performance and strengthening the balance sheet. At the same time, we are continuing to advance the investments needed to support safe, reliable and more resilient electric and natural gas systems for our customers.

As you can see on slide 5, we have several recent accomplishments. From an earnings perspective, we delivered second quarter recurring earnings per share of $0.87 in line with our expectations and we are reaffirming our long-term EPS growth guidance of 5% to 7%. We have also delivered on maintaining a strong financial foundation, which is a major focus for us. Our disciplined approach to capital allocation and balance sheet management continues to position us well to fund critical infrastructure investments, while preserving the financial flexibility needed to support long-term growth.

The recent Moody's change to our outlook from negative to stable is a testament to our consistent execution and commitment to strengthening our balance sheet and the sustainability of our financial strategy to support our long-term growth. We continue to make progress on key initiatives that will deliver higher growth for our business and further derisk our business profile.

First, we completed the sale of Aquarion, which resulted in net proceeds of $1.7 billion. This sale was a significant milestone in furthering our strategic position as a pure-play regulated pipes and wires utility. It allows us to optimize our portfolio by focusing on our core electric and natural gas operations across New England, while efficiently reinvesting capital for the benefit of our customers.

Second, the Revolution Wind project continues to progress through advanced stages of construction and commissioning. As we do each quarter, we continue to evaluate our contingent liability associated with the sale of Revolution Wind. Based on revised cost projections of total construction costs, which included cost increases stemming from two stop work orders, we recognized an after tax charge of $164 million in the second quarter to increase this liability. As Orsted has previously stated, the project is on track to reach its commercial operation date later this year.

Lastly, on the FERC ROE decision, we have taken multiple actions to address this decision, appealing to FERC as well as the DC Court of Appeals. We expect that FERC will make a decision on the prospective ROE by November 30. John will cover the process and the timeline for the Court appeal. One thing is certain now, more than ever, the New England region needs more transmission investment and utilities need a predictable regulatory environment to attract long-term capital to fund these investments for the benefit of customers. Our investments in transmission have delivered billions of dollars in savings for customers over the years by eliminating significant congestion costs for the region, while also making the grid more resilient.

We see ample need and opportunities for transmission infrastructure investment to further alleviate overall costs for customers. In fact, as you can see on slide 6, following the comprehensive evaluation of six bids submitted in response to ISO New England's 2025 longer term transmission planning RFP. ISO New England has preliminarily selected the joint proposal submitted by Eversource and Avangrid as the preferred solution.

This transmission project is designed to increase transmission capacity between Maine and New Hampshire, while strengthening the transmission interface between northern and southern New England. Eversource's share of the $2.2 billion project is approximately $700 million, with an anticipated in-service date of 2032. There are still significant steps ahead before a final solution is reached in the coming months. If this project is ultimately successful, it will greatly help address the affordability challenge facing New England by enabling increased supply [ph] and easing (00:07:16) congestion costs. This would mark the second competitive transmission bid awarded to Eversource, following the Boston 2028 Solutions Study project in 2020. That project was successfully completed by Eversource ahead of schedule and under budget.

As we have stated previously, incumbent utilities are uniquely positioned to deliver reliable, cost effective transmission solutions for the region, leveraging the operational expertise, existing infrastructure and established relationships with stakeholders and communities. This is another example of our keen focus as a pure-play pipes and wires utility to deliver cost effective solutions that provide benefits to customers.

Moving on to Connecticut regulatory front on slide 7. We received our final storm cost decision this week and are pleased that we can now proceed with securitization financing to enable the recovery of these storm costs, something we intend to execute on as soon as possible. We also filed our CL&P rate review earlier this month, the first in almost a decade. Our proposal creates a sustainable path forward that balances affordability with the investments needed to maintain and strengthen the electric system that Connecticut depends on. A safe, reliable and resilient electric grid is the cornerstone of the state's economy and enables the achievement of many important goals, including carbon reduction and electrification. The decision from this rate review will shape the state's electric infrastructure for the next decade and prepare the state for future economic growth.

Over the last 10 years, our customers in Connecticut have enjoyed increased reliability as a direct result of our strategic investments in the electric system. Continued investment is needed to maintain the level of affordable reliability and resiliency that customers have come to expect. This includes addressing aging infrastructure that is nearing the end of its useful life, responding to more frequent and unpredictable severe weather events and making the necessary upgrades to support the growing electric demand in the state.

Since our last rate case in 2017, we've invested over $4 billion to improve and upgrade our electric distribution infrastructure, serving our 1.3 million customers across 157 cities and towns in Connecticut. In our rate filing, we have clearly demonstrated how our Connecticut customers have directly benefited from the investments we have made. Nearly half of all power interruptions experienced by customers in 2025 were restored remotely in a matter of minutes. The average customer experience is one outage nearly every two years, which is a 15% improvement since 2017. Additionally, we estimate that more than 1.5 million customer outages were avoided across Connecticut last year, thanks to automated technology installed on the system.

And lastly, through targeted initiatives such as system upgrades and enhanced system operating training, we've further improved our accuracy in determining and communicating estimated times of restoration during outages by 14% since 2017, resulting in clearer, more consistent information available to customers. At the same time, we recognized that importance of keeping energy bills as manageable as possible. And we're committed to working with our regulators and other stakeholders across our service territories to strike the right balance between investing in the future of energy system and delivering value for our customers in the communities we serve.

Affordability and reliability are connected. In electric system that's allowed to degrade, becomes less reliable and over time more expensive to maintain and fix. This balance between affordability and reliability can be accomplished through efficient operations, rigorous cost control and strategically investing to maximize long-term customer value at the lowest reasonable cost. Our approach has been to make proactive, strategic investments that address aging infrastructure in a cost-effective manner long before they fail.

From a regional perspective, another area of focus for us is energy supply, which remains the greatest challenge to affordability for customers. While we do not control or earn any profit from energy supply, we want to be an integral part of the conversation to lower cost for our customers. Bringing additional generation to the region is key to reducing energy supply costs for electric customers. Since last year, Eversource has directly supported 2,500 megawatts of new generation coming into the region. Currently, 80% of this new generation is online. While this is a great step forward for the region, we know that we need more to support the growing electric demand across New England.

In fact, if we want to capture economic opportunities around data centers and welcome them to the region, additional generation and expansion of gas capacity is critical. Growing energy supply alongside demand will help moderate cost increases, preserve system reliability and ensure that all customers benefit from the growth rather than bearing the cost of constrained resources. This is why we support a comprehensive all-of-the-above strategy to tackle energy affordability, evaluating all opportunities, including identifying new sources of energy supply into the region.

Another highlight for us this quarter was the publication of our annual Sustainability Report, as shown on slide 8. The report showcases our continued leadership in building a clean energy future, fostering a workplace that prioritizes culture and engagement, protecting the environment and supporting the communities we serve. Overall, we're encouraged by the significant progress we've made during the first half of the year, which is a result of our continued focus on execution of our key priorities.

The strength of our operations, the dedication of our employees and the discipline with which we're executing our strategy gives us confidence in our ability to deliver on our commitments for the balance of the year and continue creating long-term value for our stakeholders.

Let me now turn the call over to John to discuss our financial results and outlook, as well as provide a regulatory update.

John M. Moreira

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

Thank you, Joe, and good morning, everyone. This morning I will review our second quarter 2026 earnings results, provide an update on regulatory matters, and discuss our balance sheet progress and financing plan.

I'll start with our first quarter results on slide 10. Our GAAP earnings for the second quarter were $0.14 per share compared with GAAP earnings of $0.96 per share in the second quarter of 2025. GAAP results for the quarter were impacted by a non-cash after-tax charge of $111.4 million or $0.30 per share related to the carrying value of Aquarion Water Company as we have closed on the sale. The results also include an after-tax charge of $164 million or $0.43 per share related to an increase in our estimated offshore wind contingent liability. Excluding these charges, our non-GAAP or recurring earnings were $0.87 per share for the quarter compared with GAAP, as well as non-GAAP earnings of $0.96 per share in the second quarter of 2025.

The decrease in recurring earnings over the prior year is primarily due to lower earnings in the electric transmission and gas distribution segments. Lower earnings in the transmission business were primarily driven by the base ROE rate reduction [ph] ordered (00:16:29) by FERC back in March. Lower earnings in the gas distribution segment were impacted by the prior year benefit for recoverable expenses. These results were partially offset by increased earnings in the electric distribution segment, thanks to higher electric distribution revenues. Our results in the parent and other segment were flat as compared to prior year.

Moving on to a regulatory update on slide 11, let me start with the CL&P rate case filing we made on July 14, a rate request that balances affordability and reliability for our customers. This was the first general rate request for CL&P since 2017. The rate request calculates a revenue deficiency of $451 million, reflecting a proposed ROE rate of 10.25%. The proposed increase would result in an 11% impact on total customer bill. Approximately 90% of this revenue deficiency is related to capital investments, future storm resiliency investments, storm restoration costs, depreciation and taxes. Only 11% of the filed revenue deficiency is for increased O&M since our last rate increase. Compared to inflation, that's about a $45 million in expenses that have been avoided for our customers. We are proud of how the filing demonstrates our commitment to cost control.

Additionally, as Joe described, we have clearly demonstrated in this filing that we can deliver strong reliability benefits in an affordable manner. Our customers and our regulators need to know that when we make investments in our system, those investments are being made to protect safety, improved reliability, and achieve state policy goals in the most efficient and cost effective way possible. The filing also proposes a multi-year PBR mechanism that protects against future rate shocks. This PBR mechanism would provide gradual rate increases over time and ensure that customer bills reflect the fair cost of doing business.

In the filing, we have included a plan for implementing AMI for Connecticut with nearly $1 billion of capital investment and $300 million of O&M expense. As detailed in our filings, AMI will deliver customer benefits in excess of this estimated cost.

Lastly, I want to highlight the economic development and heat pump rates proposed in our filing. These rates were designed after years of working closely with Connecticut's stakeholders and policymakers to align our rate design with customer needs and state policy.

Moving briefly to New Hampshire, I want to mention the annual base rate adjustment that was approved on July 21. You'll recall that as part of our New Hampshire rate case, we proposed a multi-year PBR plan. The July order approved an increase of approximately $24 million that will be effective August 1 of this year. This is another example of how a well-designed PBR mechanism can help moderate rates long term.

Moving to slide 12, I would like to update you on the FERC ROE decision that was issued back in March, which reduced the base transmission ROE rate and ordered a refund going back more than a decade. We have made several filings with FERC and with the Court challenging this decision. As part of these actions, we did receive approval from FERC to extend the refund until mid-2027. We have also escalated our challenge with a petition for review and a motion for a stay of the FERC decision with the DC Circuit Court of Appeals.

In our June filings with the DC Circuit Court, we made multiple arguments. First, we argued that FERC exceeded its authority by ordering a refund for a period longer than 15 months allowed by the Federal Power Act. Second, FERC failed to declare that either the 11.14% or the 10.57% rates were unjust and unreasonable until March of this year. Third, that FERC denied Eversource and other New England transmission owners the opportunity for due process by the way in their decision for almost a decade in response to a higher court order for remand. And lastly, we argued that FERC set the 9.57% ROE rate in a range previously found to be unjustly low. The DC Circuit Court will consider our arguments and FERC's actions over the next several months.

Staying with the FERC topic, on slide 13, I would like to provide an update on the Section 205 filing we made with FERC on April 30 to determine the prospective ROE rate. As a reminder, our filing calculated a new base ROE rate of 11.39% by using FERC's existing ROE methodology and only updating it to reflect current market conditions. As required by law, FERC issued their order in response to our 205 filing on June 29, accepting and suspending tariff revisions and establishing a paper hearing procedure. FERC's order was in line with our expectations, suspending the implementation of the requested ROE rate for the maximum five-month period allowed [indiscernible] (00:23:16). Next steps in this process are that parties will file initial briefs by August 28 and reply briefs by September 28. A new ROE rate is expected to go into effect on November 30.

Moving to slide 14 for a financing update. We continue to focus on enhancements to our balance sheet condition. We are pleased that we have closed on the sale of Aquarion on June 30, generating a net cash benefit to Eversource of $1.7 billion. These proceeds will be used to displace debt at the parent company. The closing of the Aquarion transaction leaves our balance sheet in a much stronger position and we do not currently anticipate any changes to our financing plans as described on this slide. Our equity needs over the 5-year forecast period remain in the range of $800 million to $1.1 billion and we do not expect to issue any equity over the remainder of this year. We continue to consider a variety of debt and alternative financing solutions for our future needs, including the securitization of deferred storm costs in both Connecticut and New Hampshire.

Next, on slide 15, I would like to share the latest affirmation of our financial strategy, which is that our FFO to debt metrics remain solid. Our latest FFO to debt ratios as of March 31, 2026 are 14.3% and 15.7% for S&P and Moody's respectively. Consistent with our commitment, these results are each over 100 basis points above the downgrade thresholds. We were also very pleased that Moody's changed Eversource's and NSTAR Electric's outlook from negative to stable in recognition of what we have recently accomplished. These objective measures reflect the successful execution of our previously communicated financing strategy.

Looking at slide 16, we are encouraged by the final storm costs decision we received from PURA two days ago. Of the approximately $975 million that we requested, PURA approved approximately $870 million. PURA is deferring $60 million in storm costs pending the completion of a third-party audit review [ph] and audit (00:26:04) $40 million in exclusions. Of the $870 million approved, approximately $200 million have already been recovered in rates. This results in approximately $670 million that is expected to be securitized. PURA did not approve the recovery of carrying charges that we requested. We are evaluating our options and next steps. With this final decision, we can now move ahead on the securitization process, starting with filing our financing plan at PURA in early fall. After hearings and PURA's review, we expect to receive a final financing plan decision in the first quarter of next year. This will allow us to begin the rating agency review, file the SEC registration statement and begin marketing. With those steps completed, we anticipate cash in the door approximately one year from now.

Next, let me reaffirm our 5-year capital plan of $26.5 billion, as shown on slide 17. This reflects our five-year utility infrastructure investments by segment through 2030. I do want to note that we have now highlighted the potential increase to our capital forecast from the announcement of ISO's preliminary decision on the transmission RFP selection, as well as AMI in Connecticut.

Turning to slide 18, we reaffirm our non-GAAP EPS guidance range of $4.57 to $4.72 per share for 2026. This guidance was revised in March for the lower base ROE rate of 9.57%, as well as the sale of Aquarion.

Lastly, on slide 19, we remain confident in our ability to deliver earnings growth towards the upper half of our long-term target range of 5% to 7% by 2028. Of note, this guidance currently assumes the 9.57% base ROE rate for transmission investments. As you can see on this slide, we have executed on many of our key initiatives through improved regulatory outcomes, such as storm cost securitization in both Connecticut and New Hampshire, the result of the CL&P rate case request in mid-2027 and the sale of Aquarion, we are confident in our ability to achieve the higher growth as we move forward.

With that, I would like to turn the call back to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] One moment for our first question. It comes from Shar Pourreza with Wells Fargo. Please proceed.

Shahriar Pourreza
Analyst, Wells Fargo Securities LLC

Q

Morning, guys.

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

A

Morning, Shar.

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

A

Good morning.

Shahriar Pourreza
Analyst, Wells Fargo Securities LLC

Q

Morning, Joe. Joe, just on the storm cost, I mean, obviously, the carrying costs were denied in fall. It's kind of material. I guess, how does that compare against what you had embedded in the financing plan? I guess what are the offsets and next steps there? And just I guess, what are the components of the $1.8 billion from storm cost securitization just in terms of how much is Connecticut versus New Hampshire? Thanks.

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

A

Sure. Shar, this is John. Let me take the...

Shahriar Pourreza
Analyst, Wells Fargo Securities LLC

Q

Hey, John.

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

A

...how are you? Let me take the storm decision then, we received a couple days ago. I think it's important for us, I mean, first and foremost that we are very pleased to finally have a decision. And more importantly, the number then which we can move forward with securitization. Overall, when you read the decision, it is constructive, certainly better than what we've seen from other rate decisions coming out of PURA. However, we are a bit disappointed with a couple of items that we don't really agree with, things like the $63 million that they deferred, really doesn't make sense to us and certainly the carrying charge.

We continue to review the decision and really assess our options as I stated in my formal remarks. But once again, we're encouraged that we finally have a number that we can move forward and get nearly $700 million in the door a year from now.

As it relates to the carrying charge specifically, I do want to mention, we only include things that we – in our forecast that we have a high degree of conviction. And more importantly, we have not recognized $1 of these retroactive carrying charges. So one would conclude that in our financing plan, because we don't have a high level of degree of conviction, that we have not assumed that we would get the retroactive piece. But we think that we continue to be entitled to it and we will assess our next steps as it relates to the carrying charge.

Shahriar Pourreza
Analyst, Wells Fargo Securities LLC

Q

Got it. Perfect. And then just the last thing is on the rate case. I mean, Joe, obviously, it's a pretty sizable ask at Connecticut Light and Power and PURA's posture in the storm decision – cost decision wasn't great. I guess what's your read on how PURA approaches a filing of this size, especially kind of in election year? It's early, but I guess how informed – were stakeholders pre-filing? Were they surprised? I mean, I guess what's giving you confidence they're going to do the right thing?

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

A

Yeah. Obviously, it's a large ask, but the fact of the matter is we have not filed a distribution rate change since 2017. I'm very, very proud of the reliability metrics, the investments that we've made down there in Connecticut and I think that, that will stand up in this proceeding. As John had mentioned, only 11% of the deficiency is coming from O&M. So you'll see how seriously we're taking cost controls. We feel very good about the investments. We think that our regulators will feel good about the investments. The other 90% of the deficiency is CapEx, resiliency, taxes, depreciation. Nothing is optional. It's about keeping the lights on and getting fair cost recovery. Not investing in the system as you know would be far more expensive.

So, as I said earlier, I am very optimistic. It's encouraging what's been happening at PURA. If you look at the past six months of decisions, whether it's around Yankee, whether it's around storm cost recovery, they are a very, very engaged regulatory body. All five of them are on the bench. All five of them are engaged. All five of them are asking very, very good questions. So, we feel very good that we will get a fair hearing in Connecticut. I think that they're going to see that the money that was spent, the money we're seeking in rates is prudent. And – I'm very, very confident that we'll be treated very fairly in Connecticut. Just looking at the history over the past six months, it's very, very encouraging. And keep in mind, as I tell folks, it is an election year. It's an election year in Massachusetts, election year here in Connecticut. And with that comes additional amount of press and drama. But the fact of the matter is, we will stick to the facts, we'll stick to our record, we'll stick to what we have done and we are very, very proud of that effort.

Shahriar Pourreza
Analyst, Wells Fargo Securities LLC

Q

Okay. Perfect. Appreciate it, guys. Have a good morning.

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

A

Thank you.

Operator: Thank you. Our next question comes from Carly Davenport with Goldman Sachs. Please proceed.

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

A

Good morning, Carly.

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

A

Good morning.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Good morning. Thanks. Thanks for taking the questions. Maybe to start on the New England transmission opportunity that you highlighted. What are the next milestones that we should watch there to derisk that potential investment to the point that, that you'd consider rolling that into the base plan? Would that should be the 4Q call or is there anything we should watch there?

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

A

Yeah, I think the third quarter call, you'll have some good insight. We're expecting stakeholder comments on August 14 on the preliminary recommendations, then August/September, I assume New England will review it, they're going to respond to the stakeholders. And we currently anticipate a publication of a final recommendation in September. So, we should be in a good position for the third quarter call to give you more updates and that will allow us to roll that into the plan.

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

A

Yeah. And Carly, I'm sure you're going to have a follow-up question. I'm sure everyone is wondering how much of that $700 million will be rolled into our current five-year forecast, taking us through 2030. You should think of it as probably half, 50% of that CapEx will incur during that forecast period.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Got it. Okay. That's great. Super clear. Thank you for that. And then maybe just on the incremental revolution charge this quarter. Can you just expand a bit on kind of the drivers that I guess were unknown relative to last quarter? And then any kind of risks that you see around cost slipping incrementally relative to this update?

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

A

Sure. We have been watching this very closely in terms of our – the remaining charges associated Revolution Wind. As we had mentioned, the two stop work orders led us to lose that vessel and that vessel needed to get remobilized in order to finish the job. I'm very encouraged by many factors associated with Revolution Wind. First of all, we have every component needed to install it. The remaining pieces of the installation are very straightforward. There's no uncertainty around it. We're delivering over 300 megawatts of capacity right now to the ISO New England grid and we're ramping up, we're heading towards the 704 number. So, I feel good about it. But, the fact of the matter is, the project is nearly complete, we have an in-service date of 2026 and we're going to finish this and get it over the goal.

So, I do feel very good that with the number that we have captured to date, and I don't see any other types of risk that worry me or are going to keep me up at night, Carly. I feel very good about it. We're going to bring this in and I'm very, very proud of the work that was done. And obviously we couldn't control the shutdowns, but we just wanted to capture that and make sure that we're upfront about the charges.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Understood. Great. Thank you so much for the color.

Operator: Okay, one moment for next question, please. It comes from Nicolas Woods with Bank of America. Please proceed.

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

A

Good morning, Nic.

Nicolas Woods
Analyst, BofA Securities, Inc.

Q

Good morning, guys. How you guys doing?

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

A

Great.

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

A

Great.

Nicolas Woods
Analyst, BofA Securities, Inc.

Q

I guess just going back to offshore wind a little bit. Can you give us a sense of like how much of the project is completed at this point? I thought I saw – maybe I didn't see it correctly, but I didn't see a percentage completion figure this time. So, I just want to get a sense where we're at in terms of that. We'll start from there.

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

A

Sure. Yeah. So the project is over 95%. It's not actually 97% complete. So, we are really in the final – we're in the five-yard line to get over the goal, so we feel very good about that.

Nicolas Woods
Analyst, BofA Securities, Inc.

Q

Got it. Thanks for that. And then just touching on the FERC ROEs. There's several processes, as you guys highlighted that are running kind in parallel. You guys mentioned before that, ultimately you guys want like an ALJ to be appointed and get like an overall global resolution to all these outstanding dockets. But has that view change or what do you guys expect from all this?

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

A

Hey, Nic. This is John. So, the process is pretty much in line with what we were expecting with the exception that there was no administrative judge appointed to kind of work with the parties. But as you know, in any proceeding settlement is always on the table. I think FERC is very – what we like about it is FERC wants to accelerate this paper hearing to have a reasonable rate go into effect on November 30, which is very quickly. I mean, I think once we have that and we see the rate, and I – I think that could potentially get parties to reengage and hopefully look at a global settlement.

Nicolas Woods
Analyst, BofA Securities, Inc.

Q

Great. Appreciate the time. Thank you so much.

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

A

Thank you.

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

A

Thank you.

Operator: Thank you. Our next question comes from Sophie Karp with KBCM. Go ahead, Sophie.

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

A

Good morning, Sophie.

Sophie Karp
Analyst, KeyBanc Capital Markets, Inc.

Q

Hi.

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

A

Hey, Sophie.

Sophie Karp
Analyst, KeyBanc Capital Markets, Inc.

Q

Good morning. Thanks for the time. I'm just – at first, guys, now that there are bunch of overhangs and I guess uncertainties are getting – you're getting to like have them in rearview mirror. Have you given any thought to maybe revising your long-term growth targets or at least like [ph] you're not (00:40:14) having them? So you're one of a few peers that don't explicitly have a rate base growth target in your materials, things like that. So, is there a path here now to higher precision and disclosures?

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

A

Hey, Sophie. This is John. So, I mean, we give enough information, we give you the annual CapEx. So you can certainly calculate a rough number, but our rate base growth and we do give that number as to what historically it's been, it's grown slightly over 8% – an 8% CAGR. So, we do have that slide every year when we give forward looking guidance. So, we just felt there was something that wasn't really needed because we do give enough color that someone could arrive at the annual rate base growth. I don't know if you're familiar with the slide that I'm referring to, but we do give what is expected for a rate base by 2030 based on our CapEx. So, we do have that in our deck.

Sophie Karp
Analyst, KeyBanc Capital Markets, Inc.

Q

Right. Right. In the – okay, secondly on the – I guess on the AMI's rate. Can you maybe talk a little bit about the timeline of the rollout there and how will that reflect in rate base?

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

A

Sure. Sure. So, let me start off with the process that we're nearing the end in Massachusetts. It's really a five-year journey. And as it relates to Connecticut, right now we have included that proposal as I made in my formal remarks in the rate case. But we also outside the rate case requested an expedited decision to move forward hopefully this fall, because we do want to take advantage of some contractual pricing that we were able to lock down for the vendors that we use in Massachusetts. So, we feel that getting the green light for us to proceed with AMI in Connecticut by this fall we could – customers in Connecticut will take it – will be able to take advantage of that pricing. So with that, I would say if we get the green light this fall, we would start the project, mobilize it in next year and five years later it's when you – everything will be wrapped up. So, that...

Sophie Karp
Analyst, KeyBanc Capital Markets, Inc.

Q

Right.

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

A

...billion dollar, some of that will fall into – will fall beyond our forecast period, given that timeframe.

Sophie Karp
Analyst, KeyBanc Capital Markets, Inc.

Q

Got you. All right. Thank you very much. That's all for me.

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

Thank you.

Operator: Thank you. Our next question is from Anthony Crowdell with Mizuho. Please proceed.

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

Good morning, Anthony.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC
Q

Hey. Good morning, John. Good morning, Joe. How's it going?

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

Wonderful.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC
Q

Just two quick questions. One is I think on the FERC refund, there was a decision out, I don't know a month or two ago in MISO. I'm just curious if that strengthens your appeal arguments or complicate your appeal argument. Then I have a follow-up.

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

Anthony, I would say no impact. Our facts and circumstances from a legal standpoint is quite different than the MISO decision. And obviously, as you know, the MISO impact on the rate was a couple of basis points. Here in New England it's much greater. So, our legal position is different than the MISO, and we feel good about our legal position and we just – we've done everything we can as far as the motion for a stay and we're waiting for the Court to rule on that, which could come any day now, but certainly we're hoping before we commence any refunds, which we have not at this point initiated any of those refunds at this time.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC
Q

Great. And then if I could just – slide 15, you give a lot of clarity on the Credit Cushion. Just I'm wondering if you guys have a targeted or a minimum like Credit Cushion that you operate in and if the FERC refund was upheld, meaning you had to pay it back. I guess, would you use any other levers to maintain like the cushion you guys showed today or would you just use the balance sheet capacity that you have to maybe fund that refund?

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

So, first and foremost, we stand with our guidance that we want to be 100 basis points above the downgrade thresholds and we've been very successful, as you can see on that slide. So that's our priority. And I feel good about the forecast in us achieving that steady state. As it relates to the refund, if we are in a position where we do have to refund it – refund the incremental $880 million, we would do that in a balanced manner.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC

Q

Great. That's all I had. Thanks for taking my questions.

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

A

Thanks, Anthony.

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

A

Thanks, Anthony.

Operator: Thank you. One moment for our next question. It comes from David Paz with Wolfe. Please proceed.

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

A

Morning, David.

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

A

Hey, David.

David Paz
Analyst, Wolfe Research LLC

Q

Yeah. Good morning, guys. I just wanted to confirm on equity. So you – now with Aquarion done and everything – and all the order you got in place and I'm assuming securitization as it stands today. Is it fair to say your equity is $800 million to $1.1 billion through 2030 without – setting aside FERC refund? Is that the way we...

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

A

Yeah.

David Paz
Analyst, Wolfe Research LLC

Q

... [ph] describe (00:45:53)?

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

A

Correct.

David Paz
Analyst, Wolfe Research LLC

Q

Okay.

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

A

Yeah. That slide does not assume that we would be in a position to refund the FERC, other than the 15-month refund that we've already accounted for and booked.

David Paz
Analyst, Wolfe Research LLC

Q

Okay. And you said no more equity issuances for 2026.

[indiscernible] (00:46:05)

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

A

Correct.

David Paz
Analyst, Wolfe Research LLC

Q

I hope I heard you correctly? Right. All right.

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

A

That is correct.

David Paz
Analyst, Wolfe Research LLC

Q

Got it. All right. Thank you. And then just switching gears to your parent and other drag. Is it fair to say that the first half of this year is a good indicator or good run rate if you wanted to do a full year for the 2026 parent drag and then how to think about that beyond 2026?

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

A

Yeah. I mean, as you can see year-over-year we're pretty much flat. So, I think we have more normalcy, if you will, at the parent and other. But once again, the taxes is the – that can go back and forth a bit, so. But I think to answer your question, I think it would be a good number if you model kind of the steady state going forward. We don't have very much at the parent and other, other than taxes and interest.

David Paz
Analyst, Wolfe Research LLC

Q

Right. Okay. That's it. Thank you.

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

A

Thanks, David.

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

A

Thank you, David.

Operator: Thank you so much. And our next question is from Jeremy Tonet with JPMorgan. Please proceed.

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

A

Good morning, Jeremy.

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

A

Hey, Jeremy.

Aidan C. Kelly
Analyst, JPMorgan Securities LLC

Q

Hey, guys. This is actually Aidan Kelly on for Jeremy. Appreciate the time...

[indiscernible] (00:47:23)

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

A

Hi, Aidan.

Aidan C. Kelly
Analyst, JPMorgan Securities LLC

Q

Just – yeah, just one quick clarifying question on my end. I think it was asked earlier in the call, but could you just break down the key assumptions that comprise the $1.8 billion estimate in storm proceeds in your plan? I guess beyond the $700 million Connecticut, which we talked about, could you just quantify the cash flow drivers elsewhere across your jurisdictions?

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

A

So, let me start with what makes up the up to the $1.8 billion. So, we talked about and we have it on the slide, the $700 million that we – we'll move forward with securitization from the Connecticut storm decision that just happened this week. So, $700 million, and we're sitting on about $450 million of New Hampshire storm cost that we're waiting for the final tranche to be approved, that's about $450 million. So, we've included that in the slide as an update because now we have the legislation in hand.

And then the difference between those two items and the $1.8 billion would be the carrying charges as it pertains to the Connecticut storms. As I've mentioned, we are reviewing the decision and looking at our options and next steps. So, we feel that there is a path forward for us to seek recovery of that. [ph] It was (00:48:41) certainly within our five-year period. So we've included that in there as well. So, that's the composition of the $1.8 billion.

Aidan C. Kelly
Analyst, JPMorgan Securities LLC Q

Great. That's very helpful. Thanks, John. I'll leave it there.

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

Okay. Thank you.

Operator: Thank you. And our last question comes from Julien Dumoulin-Smith with Jefferies. Please proceed.

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

Morning, Julien.

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

Hey, Julien.

Tanner James
Analyst, Jefferies LLC Q

Hi. Good morning, team. Sorry to disappoint you. This is actually Tanner James on for Julien. I just wanted to follow-up on that AMI filing in Connecticut, particularly relating to the benefit cost analysis prepared. That analysis details a slightly positive nominal net benefit, but that turns negative on an NPV basis. Can you just provide some details regarding the proposal and prospects for implementation, given the negative NPV for net benefit? Thanks.

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

Yeah, sure. I think the primary driver is – well, let me step back. This docket has been open for multitude of years. If we had approvals and we had the green light to move forward with that, the cost-benefit analysis would have been much, much stronger and positive. But because we haven't been able to get to a mutual place where we would feel comfortable in making the investment without having the assurance that we have recovery, we haven't done so, and we have updated the analysis and the costs have gone significantly higher.

So, the benefits really haven't changed, now the cost component has changed and that's why we're really close. Over time we think it's the right thing to do and we'll give customers the tools that they need to manage their energy consumption and we think that that brings a lot of value to the table.

Tanner James
Analyst, Jefferies LLC Q

Understood. Thanks. And maybe following up on the long-term EPS guidance. I noticed the disclosure with the earnings report projects cumulative 5% to 7% EPS CAGR through 2030. Could you just provide an update regarding how you might view either the linearity or the shaping of the earnings profile or if there are other factors to consider regarding targeted EPS growth?

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

A

Sure. I did say in my formal remarks that we see the trajectory of growth rate certainly between now and 2030 moving towards the upper half, so one would imply – and I also gave a bit more color that says by 2028 is when you can see that growth happening to put us in the upper half of that 5% to 7%. One would conclude that on a sustainable basis that 2028, 2029 and 2030 to get us to the upper half by the end of 2030, so that's the trajectory that we're out there with.

Tanner James
Analyst, Jefferies LLC

Q

Great. Thank you very much. Appreciate it.

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

A

Sure. Thanks. Have a good day.

Operator: Thank you so much. And this concludes our Q&A session and I will pass it back to Joe Nolan for final remarks.

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

Thank you for joining us today. We're pleased with our progress year-to-date. Remain confident about our execution momentum into the second half of the year with a strengthened balance sheet, robust five-year capital plan, and ample opportunities for investment, we are well positioned for higher growth.

Operator, this ends today's call. Thank you all for joining us.

Operator: Thank you. This concludes today's conference. Thank you for participating and you may now disconnect.