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Eversource Energy (ES)

Q2 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Eversource Energy Q2 2025 Earnings Conference 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.

I would now like to turn the conference over to your first speaker, Rima Hyder, Vice President of Investor Relations. Please go ahead.

Rima Hyder

Vice President-Investor Relations, Eversource Energy

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

Additional information about the various factors that may cause actual results to differ, and an 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 and President and Chief Executive Officer; and John Moreira, our Executive Vice President, Chief Financial Officer and Treasurer. Also joining us today is Jay Buth, our Vice President and Controller.

I will now turn the call over to Joe.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you, Rima, and good morning, everyone. Thank you for being with us today. Starting on slide 4, we have made great progress halfway through the year, executing our key strategic priorities while maintaining our commitment to being a pure-play pipes and wires regulated utility. As anticipated, electric demand continues to rise both in the near-term and throughout our 10-year forecast horizon. We recognized this growth trajectory early on and worked closely with key stakeholders to position ourselves to effectively meet the challenge.

In several regions, demand is expected to outpace existing infrastructure capacity, underscoring the critical need for strategic upgrades and new development. The accelerating electrification of transportation and heating sectors driven by decarbonization efforts is further fueling this upward trend. Notably, load growth through the first half of 2025 has exceeded 2%, nearly double the rate observed during the same period last year, reinforcing our expectations and validating the investments we've made to capitalize on this momentum.

A clear indication of this is the 10% increase in our five-year infrastructure investment plan that we announced in February. Our balance sheet is strengthening and our FFO-to-debt ratio continues to improve as a result of constructive regulatory outcomes as well as our execution on cash flow enhancements that we laid out last year, such as exiting the offshore wind business and the planned divestiture of our water business.

Turning to our quarterly accomplishments on slide 5. Once again, this quarter, we saw solid earnings growth from our transmission and distribution businesses versus last year's results. Earnings for the second quarter were \$0.96, a share in line with our expectations. We are reaffirming our 2025 EPS guidance range of \$4.67 per share to \$4.82 per share as well as our long-term EPS growth projection of 5% to 7% through 2029.

In addition to our solid financial results, we had other significant accomplishments across the company. During this hot summer, we continue to maintain our top decile reliability performance even during record breaking heat waves.

I'd like to briefly acknowledge the severe weather event that impacted parts of Connecticut, Southeastern Massachusetts, and Cape Cod during the July 4 holiday weekend. This storm had damaging winds well above 70 miles per hour. These dangerous conditions posed significant operational challenges, but our team responded swiftly to ensure safety and service continuity. I would like to thank all our employees, including crews, operations and customer service teams who worked around-the-clock to restore power to our customers.

This is also a testament to our continued investment in grid modernization, which has significantly enhanced system resilience, enabling faster and more efficient storm restoration efforts that minimize customer outages and support long-term reliability. We issued our Annual Sustainability Report, which is available on our website. The report highlights some of our most innovative sustainability and governance achievements, including our networked geothermal pilot project, our Cape Cod Solution's transmission project, and our efforts to develop the future energy workforce.

Shifting focus to the regulatory front. Let me begin with an update on Connecticut. The Connecticut legislative session ended in early June and the General Assembly passed Senate Bill 4, SB 4 on a bipartisan basis. SB 4 is a comprehensive energy reform bill with the stated intention of making electric bills more affordable and the utility regulation process more transparent. The bill was signed into law by Governor, Ned Lamont. SB 4 allows for securitization of storm costs incurred by Eversource from 2018 to 2025, which is important for customer bill predictability as well as strengthening our balance sheet.

The new law also clarifies the requirements of the Public Utility Regulatory Authority, including requiring that all five commissioners sit on all rate requests proceedings moving forward. Additionally, the law allows the state to use bonds to cover the cost of some public benefit programs, which are also currently recovered through a separate charge on our customers' bills. This is expected to modestly reduce their overall bill impact. We appreciate that leaders on both sides of the aisle in the General Assembly are committed to ensuring a transparent and constructive process for utilities in Connecticut to deliver safe and reliable service.

Staying with Connecticut, the Aquarion divestiture process continues to progress well. We are well into the regulatory approval proceedings in all three states and we expect to close the sale by the end of the year. We also received a decision from the Connecticut Supreme Court on Aquarion's appeal from its 2023 rate case results. We are encouraged by the court's findings on the applicability of the legal standards for ratemaking, including the application of prudence standards as well as utility companies being entitled to carrying charges on deferred costs.

This court ruling was an important development for future investments and cost recovery. Our focus in this legal challenge has always been to get clarity from the court on the applicability of prudent standards in order to support and defend capital investments in the future. Having the rules of the road clarified by the court is critical in this regard. It is of greater value than the evidentiary disputes on Aquarion's 2023 rate case.

Moving north, we received a constructive decision on the rate case for Public Service Company of New Hampshire. We are pleased with the Commission's collaborative approach on this rate case proceeding. This decision, which was in line with our expectations, largely supports our investments in grid modernization, system reliability and necessary energy infrastructure needed to continue delivering safe, affordable and sustainable electricity to our New Hampshire customers.

John will cover the details of this recent decision. We're pleased to announce that during the second quarter, we finalized contracts that maintain positive, constructive relationships with several of our key unions representing electric and natural gas employees in Massachusetts. It's important to Eversource that we maintain these relationships with our union partners.

Turning to slide 6. As we invest in modernizing our infrastructure and supporting the energy transition of the future, we are equally focused on keeping costs manageable for the families and businesses we serve. Affordability is not just a goal. It's a cornerstone principle in every investment we make. Through innovative solutions and strategic grid enhancements, we're enabling the integration of renewable energy resources and preparing for the increase in electric demand expected in our region.

Our advanced metering infrastructure rollout in Massachusetts is progressing very well, and we reached a major milestone in July. The AMI communication network, which started deployment earlier this year in Western Massachusetts, is substantially complete. This was a critical, foundational step prior to the meter installation. We have also started the construction of the communication network in Eastern Massachusetts.

I am pleased to report that following a successful system launch last week, we have begun the installation of the first AMI meters in Western Massachusetts. The transition to AMI meters for all Eversource, Massachusetts electric customers is expected to take approximately three years to complete. We are very excited to bring AMI to Massachusetts. This initiative aims to bring transparency, efficiency and reliability to energy distribution while empowering customers to make informed decisions about their energy consumption.

Even more exciting is our key project, the Cambridge Underground Substation, the first of its kind in the United States, construction is moving ahead well since breaking ground earlier this year. Boston Properties, our partner on this project, is now advancing towards the final depth of approximately 105 feet. We are pleased that we can meet the growing needs and able clean energy resources for Cambridge, a global center of innovation.

The Eversource team behind our innovative Outer Cape Battery Energy Storage was recognized for their work on the project by the Energy Systems Integration Group. This group is an independent, not-for-profit organization that galvanizes the expertise of the technical community to support grid transformation in Energy Systems Integration. Our system was recognized for its state-of-the-art nature and the seamless implementation of the first of its kind systems to improve reliability for customers. Since full commissioning in December of 2022, this system has been dispatched on several occasions, avoiding sustained outages for thousands of customers during storms and other unexpected events.

Turning to a brief update on Revolution Wind on slide 7. You may recall that in early May, Ørsted announced that the project was approximately 75% complete. We expect Ørsted to update the overall project status soon. The onshore substation construction, which Eversource oversees is progressing well. We expect the onshore substation construction to be substantially complete this month. The testing and commissioning process is underway, which will allow the substation to provide back feed power to the offshore facilities in early 2026. This construction progress significantly reduces the critical path risk for Eversource.

Before we conclude today's call, I want to thank all of you, our employees, partners and investors for your continued trust and support. This quarter's results reflects our team's unwavering commitment to operational excellence, customer service and long-term value creation. This quarter wasn't just about performance, it was about our over 10,000 employees working together every day to keep the lights on and provide superior customer service.

From all line workers restoring power in the dock, to our engineers designing the grid of tomorrow, to customers and shareholders who trust us every day, we're proud to serve over 4 million customers across three states. As we look ahead, we remain focused on delivering safe, reliable and sustainable energy while navigating an evolving regulatory and economic landscape.

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

John M. Moreira

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

Thank you, Joe, and good morning, everyone. This morning I will review second quarter earnings results, provide a regulatory update and discuss our balance sheet and credit metrics progress. I'll start with our second quarter results on slide 9. GAAP and recurring earnings results for the second quarter were \$0.96 per share compared with GAAP and recurring earnings of \$0.95 per share last year. Higher utility earnings were largely offset by a decrease in parent and other earnings. Looking at the quarter results starting with transmission, higher electric transmission earnings of \$0.02 per share were due to increased revenues from continued investments in the transmission system and lower interest expense partially offset by the impact of share dilution.

Next, we have higher electric distribution earnings of \$0.02 per share that benefited from distribution rate increases in New Hampshire and Massachusetts providing cost recovery of the infrastructure investments in our distribution system. These higher revenues were partially offset by higher property taxes, interest, depreciation and the impact from share dilution. The improved results of \$0.02 per share at Eversource's Natural Gas segment were due primarily to base distribution rate increases at both Massachusetts utilities to also provide timely recovery of investment in our natural gas segment. These revenue increases were partially offset by higher O&M, interest, depreciation, property tax expenses and the impact from share dilution.

Water distribution earnings improved \$0.02 per share year-over-year as a result of higher revenues and lower interest expense. Eversource parent losses increased \$0.07 per share for the quarter. Lower results were as expected, primarily due to higher interest expense resulting from the absence of capitalized interest after the sale of our offshore wind business. Overall, our second quarter earnings were in line with our expectations and we are pleased with the solid performance.

Moving to our key regulatory items, beginning with New Hampshire on slide 10. On July 25, we received the order on the PSNH rate proceeding. We have proposed an increase of \$103 million, which was amended from the original proposal of \$182 million, primarily to exclude deferred storm costs, which will be considered by the commission in another docket. The order approved a permanent rate increase of \$100 million based on an ROE of 9.5% and a 50%-50% capital structure. This increase includes the previously approved temporary rate increase of \$61 million.

The PUC also approved a new performance-based rate mechanism with a four-year term that includes annual inflation adjustments in 142 basis point adder. This rate order is effective as of today. We will continue to evaluate all of the components of the rate order to determine next steps. While not all components of our rate proposal were adopted, we are encouraged by this constructive rate outcome that was in line with our expectations.

Moving to slide 11. In Massachusetts on November 1, new rates are expected to go into effect for NSTAR Gas under the annual PBR adjustment in a potential rate base rolling, which are elements of our approved 10-year PBR plan for NSTAR Gas. In addition, EGMA will have a rate increase of approximately \$62 million also effective on November 1, reflecting the second phase of the 2024 rate base rolling.

Moving to Connecticut, we have completed the discovery phase of the hearings of our Yankee Gas rate proceeding and have provided a strong support for our system, infrastructure investments and cost structure. We expect a final decision in this rate proceeding in October for rates to be effective November 1. As a reminder, this filing seeks to recover an adjusted revenue efficiency of approximately \$190 million, reflecting the recovery of critical investments and cost increases since the previous rate review back in 2018.

We also received a draft decision in the Connecticut PBR docket in July. While we appreciate PURA's work on advancing this important regulatory construct, we continue to have concerns with certain core components of this framework and are working with PURA and other stakeholders to ensure that we have alignment with the PBR structure that we can support.

Next, let me reaffirm our five-year capital plan of \$24.2 billion, as shown on slide 12, which reflects our five-year utility infrastructure investments by segment. This plan reflects a 10% increase over the last five-year plan. And as we've discussed previously, it only includes projects for which we have a clear line of sight from a regulatory perspective. Through June 2025, we have executed around \$2.2 billion of our \$4.7 billion infrastructure investment plan. We are very pleased with this progress and we are on track to meet our plan target for the year.

We continue to see additional capital investment opportunities in the range of \$1.5 billion to \$2 billion within this five-year forecast period.

Turning to slide 13. We remain highly focused on improving our cash flow position and strengthening our balance sheet condition. Our plan to enhance our cash flows is balanced by our equity needs of \$1.2 billion. The majority of which is expected to be issued towards the back half of our five-year forecast period. As I have stated before, we expect our FFO-to-debt ratios for 2025 to be approximately 100 basis points above the rating agency thresholds.

In fact, our Moody's FFO-to-debt ratio as of the first quarter of this year of 11.5%, reflects an improvement of over 200 basis points from December 31, 2024. In early September, we met with all three rating agencies and received positive feedback on our execution of cash flow enhancements. Moody's recently reaffirmed its ratings for both Eversource Energy and NSTAR Electric, which we were very pleased to see. Unfortunately, Moody's also announced the downgrade for Connecticut Light & Power to BAA1 from A3. Moody's cited the Connecticut regulatory environment as their reason for the downgrade.

As we shared with you last quarter and as shown on slide 14, we have executed on substantially all the items necessary to improve our cash flows and strengthen our balance sheet condition. As a result, our operating cash flows have continued to improve, increasing over \$1 billion year-over-year through the first half of this year. We also see further opportunity for customer bill stabilization and balance sheet enhancement through Senate Bill 4 in Connecticut by establishing a legal foundation for securitization of storm costs. This would certainly benefit our cash flow position and our balance sheet improvement efforts. As a reminder, our forecast did not assume securitization as the cost recovery for the Connecticut deferred storm costs.

Staying with Connecticut, we recently supplemented our storm cost recovery filing with an additional \$171 million of storm costs for the period of February 2023 through December 2023. This brings the total balance of deferred storm costs currently with PURA for prudency review to \$980 million. We continue to believe that all of the storm restoration costs we filed were prudently incurred and should be recovered from customers. It's important to note that we now have approximately 85% of the \$2 billion of deferred storm cost balance being recovered in rates or in the prudency review process across all three states.

Moving to slide 15, I would like to share a progress update on debt maturities at the parent level and also cover our at the market equity issuance program. Our plan to retire \$600 million of maturing parent debt during 2025 is progressing as planned, and we are prepared to manage the final maturity this month with existing resources as shown on the slide. We anticipate no new long-term debt issuances this year at the parent company. During the second quarter, we issued approximately \$200 million of equity under the ATM program. We will closely manage further issuances in the second half of the year as we monitor the status of the Aquarion transaction and our short-term debt commercial paper balances.

Next, I will turn to 2025 earnings guidance as shown on slide 16. With the first half of the year in the record books, we are reaffirming our 2025 recurring earnings per share in the range of \$4.67 to \$4.82 and our longer term EPS growth rate of 5% to 7% off of 2024 EPS base. We remain confident in our EPS growth outlook underpinned by the disciplined execution of our strategic plan. Our customer focused investments in electric transmission and distribution that are supported by constructive regulatory mechanisms, ensuring timely price recovery for the majority of our businesses. At the same time, ongoing progress on storm cost recovery and O&M cost discipline are expected to provide a solid foundation, positioning Eversource to provide consistent long-term value to our shareholders.

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

Rima Hyder

Vice President-Investor Relations, Eversource Energy

Michelle, we're ready to begin our Q&A session.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question is going to come from the line of Carly Davenport with Goldman Sachs. Your line is open. Please go ahead.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Carly.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Good morning. Hey, Joe. Hey, thanks for taking the questions. Maybe just to start on the balance sheet, appreciate the updates there.

So the 11.5% FFO-to-debt at the end of 1Q, just can you walk us through kind of the confidence levels in hitting that 14% level by the end of the year and some of those drivers in addition to the asset sale, which if I recall, was expected to add about 100 basis points to debt ratio.

John M. Moreira

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

Hey, Carly. This is John, good morning. Very highly confident. The biggest driver to enhance our FFO-to-debt is in rates, and that is the recovery of the deferrals, albeit, I don't expect to see a significant sizable improvement in the second half of the year because we have already recovered the \$900 million that went into rates July 1 of last year. So we're on track. It's not just the public benefits. We also have cost recovery of deferrals.

As I mentioned, storms in my formal remarks and other regulatory assets that we have coming into rates in the other jurisdictions. In my formal remarks, I mentioned that we will monitor the progress that we're making on the regulatory approval for Aquarion. That in and of itself, we're at about 100 basis points. So highly confident that we'll reach the 13% handle, with the Aquarion closing towards the end of the year that will contribute approximately 100 basis points to get us to that nice cushion.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Got it. Great. Thank you. And then just on Connecticut, you mentioned obviously the securitization of the storm cost was not in your base plan. So could you talk a little bit about how that potentially could impact the longer term FFO to debt levels? And then just from a logistics perspective, how should we think about the timing to filing for that securitization and when that could ultimately have an impact on the balance sheet?

John M. Moreira

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

A

Sure. Sure. Let me start with your first question. First question is how that it impacts? Right now, we're not moving from the \$1.2 billion need. Clearly, everything else being equal and that would certainly have an impact on our financing needs. The fact of the matter is, within six months, we're going to do a clean refresh. And in February, we will give you an update of what our revised equity needs. And when we roll out our equity needs at that point in time, we'll certainly take into consideration the securitization aspects of those costs.

Your second question as to how it would work, where we stand right now, we just two weeks ago filed another wave of storm costs, about \$171 million into PURA. So, that puts the total cost – storm costs under the prudency review, close to \$1 billion. So that is a very sizable amount for the authority to review and go through. In light of that filing, that latest filing, PURA did update their schedule, their procedural schedule to take us out through March of next year with hearings and briefs being filed.

So, I don't – right now, we don't have an approval date for those – for that review. But once we get the review, which is the most critical aspect of it, because we already have the legislation. We will be off to the running with the securitization process, which we expect would take in of itself about 12 to 18 months to get complete. So, likely now, we were hoping that we would be able to get that cash until by the end of 2026. So with this push out in the schedule, it's looking more like 2027.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Q

Great. That's super helpful. Thank you for the time.

John M. Moreira

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

A

Thank you, Carly.

Operator: Thank you. [Operator Instructions] Our next question is going to come from the line of Jeremy Tonet with JPMorgan Securities. Your line is open. Please go ahead.

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.

Jeremy Tonet

Analyst, JPMorgan Securities LLC

Q

Hi, good morning. I just wanted to kind of follow-up with some of the points on that we discussed there. I think the slides highlight the ending first quarter FFO to debt, I was just wondering, if you could share updated metrics for the second quarter for Moody's and S&P and how you stand against those thresholds at this point?

John M. Moreira

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

Well, for Moody's – for S&P, we're already in a strong position there. So, let me speak to Moody's. So, we have line of sight. I would tell you that every quarter we'll continue to make progress.

As I said, this quarter on a 12-month basis – rolling basis, we improved over 200 basis points, which is very, very sizable just in one quarter. I expect that momentum to continue and I would say in the coming quarters will be at that 13%.

Jeremy Tonet

Analyst, JPMorgan Securities LLC

Got it. Thank you for that. And I was just wondering if you could turn to New Hampshire a little bit here, if there's any other – I guess, process takeaways that you have from the outcome there and views, I guess, on settlements versus full litigation, and how you think, how things progress there?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. No. Jeremy, I think it was fantastic. We had been in the rate arena since 2018. Every single case that we had had been settled prior to that. I talked to a lot of the folks. We don't have any recollection of any time we've had a litigated case. But I think it was a very, very good case that allowed us to flush a lot of the issues out. And I think that the regulatory climate there is very favorable. Obviously, in a situation like that, you don't get everything you want. But the fact of the matter was constructive. It was fair, it was transparent. We asked for – after we netted out storms, we asked for \$103 million, we ended up getting – we got \$100 million. We got an ROE of 9.5%.

But what I like about it is it's very constructive, not only with the commission, but with all of the parties that were involved. So, going forward, I think it's an example for other jurisdictions that this is really a nice way to kind of handle a rate case in a professional manner. So we're pleased. Obviously, we're looking at the order and there's some puts and takes and some things that we might likely have tweaked. But at the end of the day, it's a good order for not only the customers, but it's good order for the company as well.

Jeremy Tonet

Analyst, JPMorgan Securities LLC

Yeah.

John M. Moreira

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

And I would just add, let's not lose sight that we did get the PBR structure, which was important to us and we hope that that prevails. And very pleased that ultimately the revenue level was that we – that the rate case provided for us is very supportive as that is kind of a cast off basis, if you will, for future rate increases as we move into this, PBR environment.

Jeremy Tonet

Analyst, JPMorgan Securities LLC

Got it. Thank you for that. I'll leave it there.

John M. Moreira

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

All right. Thanks, Jeremy.

A

Operator: Thank you. Our next question is going to come from the line of Andrew Weisel with Scotiabank. Your line is open. Please go ahead.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Andrew.

A

Andrew Weisel

Analyst, Scotiabank GBM

Hi. Good morning, everyone.

Q

John M. Moreira

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

Hey, Andrew.

A

Andrew Weisel

Analyst, Scotiabank GBM

First, one more on the balance sheet. So the ATM issuances of about \$220 million during the quarter where it was off during the first quarter. I know the commentary still shows the majority of equity toward the back half of the forecast period. So how should we think about that? What made you turn it on during the last quarter? And I know last year you had that similar run rate, \$1 billion over the year, about \$250 million per quarter on average. So what should we expect going forward? And at a minimum, were you active in July?

Q

John M. Moreira

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

Well, you'll see that when third quarter happens, [indiscernible] (00:40:08). So, obviously, in my formal remarks I said, look, our equity needs for this year will be dictated by how the Aquarion approval progresses and what our short-term debt balances are. So, we saw a window of opportunity in June when we did that raise all in the month of June, as a way to provide liquidity for us, which is very important to us.

A

So, I've said that time and time again, what we need for this year is going to be based on the timing of the Aquarion and our short-term balances. So, I – once again, I think the guidance that I just reiterated still holds. Once we close Aquarion, I don't see the need to raise any equity for some time.

Andrew Weisel

Analyst, Scotiabank GBM

Okay. Thank you. That's helpful.

Q

John M. Moreira

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

No problem.

A

Andrew Weisel

Analyst, Scotiabank GBM

Q

Then longer-term question on Connecticut between the legislative updates and the Connecticut Court ruling, do you think you're positioned to redeploy some of the capital back into the state? In the past, you've diverted some money away from Connecticut into other states given the uncertainty. Do you think you're ready to reallocate? Or would you want to see some more constructive data points from the commission itself first?

John M. Moreira

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

A

We would like to see some more constructive data points coming out of the Commission before we reassess our capital redeployment.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Okay. Do you think there's opportunity between now and the year-end update when you've formally refresh the capital forecast? Or do you think it'll take a little more time than that?

John M. Moreira

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

A

It's – that's difficult to predict, but one of the events that we're watching very closely is what the outcome of the Yankee Gas case proceeding.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

And we also have a reconsideration in on AML, if we get some clarity around that, and some rules of the road that are fair to us, then that's also an opportunity as well.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Great. That's really helpful. Thank you so much.

Operator: Thank you. Our next question will come from the line of Anthony Crowdell with Mizuho. Your line is open. Please go ahead.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Anthony.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Good morning. Hey, Joe, I don't want to caught – start off on a bad foot, but the last earnings I made a call that Knicks would beat the Celtics.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah, I know.

John M. Moreira

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

Yeah.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

You're good. You're good. I thought you were going to tell me happy 40th anniversary. Today is my 40th anniversary at the company. I start my 41st year, Anthony. I mean, I thought, you had something nice like that.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Wow. Congratulations.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. Thank you.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

I worked at a utility, and people are very fortunate. Like, there's a lot of like you. You do a lot of different jobs like you. Your career really moves to different things. How many different jobs do you think you had over the 40 years?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Well, was heartbroken. I had a start in customer service. I thought I was terrible. I want to be in communications and look what happened. It was probably the best job I ever had, starting in customer service because I ended up going back and running it, and I've done everything. There's not really a job that I haven't done. So, it's been a great, great run.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Wow. Well, congratulations. 40 years...

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

...is very impressive.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

You're the most thoughtful analyst to call and we are listening, happy anniversary, I appreciate that Anthony.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

I hope I make 30 years of work. So, 40, I don't know. I just had some housekeeping questions in New Hampshire. What's the percentage breakout in rate base in New Hampshire? I think you guys have a decent amount of FERC rate base there. Just a percentage between, I guess, what's regulated by the New Hampshire regulators and what's regulated by FERC? And then just a follow-up, the equity layer at the FERC – at FERC assets in New Hampshire. Are they based on an actual equity ratio or what set in rates like a hypothetical structure?

John M. Moreira

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

A

Anthony, on the FERC side. The FERC side is based on the tariffs for all of New England, and it's based on the actual.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Great. And then in New Hampshire, how much of – if I think of PSNH, how much of that rate base is state regulated versus FERC regulated?

John M. Moreira

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

A

State regulated, it's about \$2.1 billion on the distribution side. And on the FERC side, subject to check, I think it's \$1.7 billion, \$1.8 billion, if my memory serves me correct. But I can double check that.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

No. That's great. Just – sorry, guys.

John M. Moreira

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

A

No, I was just going to say, we can follow-up with you and confirm that for you.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

No problem. Joe – I mean John, how many years do you have with Eversource or the even the predecessor companies?

John M. Moreira

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

A

25, going on my 26th year. And I've had numerous jobs, Anthony, not as exciting as Joe. So...

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

You're like a rookie compared to its 40s.

Q

John M. Moreira

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

But I've been in the industry almost 40, 4-0, I think as many years as Joe has.

A

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Thanks so much for taking my question, guys. Appreciate it.

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thanks so much.

A

Operator: Thank you. Our next question is going to come from the line of Angie Storozyński with Seaport. Your line is open. Please go ahead.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Angie.

A

Angie Storozyński

Analyst, Seaport Global Securities LLC

Good morning, guys. Good morning. Happy Friday. See everybody's happy we made it. Okay. So just one question about the equity needs vis-à-vis the storm cost recovery in Connecticut. Obviously, we're waiting to see the outcome of the Aquarion sale. But I'm just – again, I'm trying not to get too excited here, but we will have lower equity needs. I mean, because you are mentioning also additional CapEx, right? So, assuming that at least a portion of that \$1.5 billion to \$2 billion comes in that would carry additional equity needs, right? So it's not likely even with the sale of Aquarion and with securitization that there is a reduction in the total equity amount just that the equity is not going to rise meaningfully along with higher CapEx. Is this how I should think about it?

Q

John M. Moreira

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

I think you're thinking about it correctly. As I said in the last question, within – in February, we're going to do a refresh. As you know, there's a lot of puts and takes. And in February, we'll know exactly where the Aquarion transaction. I'm hoping that it closes. Our guidance is still to close that transaction by the end of the year. So we'll have that. And that's obviously assumed in our plan already.

A

And then securitization, we'll see. We'll have better clarity on the timing and the amount by that point in time. And we'll also do a refresh of our five-year capital plan added another year. So – and we'll know where the \$1.5 billion to \$2 billion potential adds. As Joe mentioned, a good portion of that is the AMI in Connecticut. So we'll see how that progresses. So we'll have much more clarity certainly by the end of this year.

Angie Storzynski

Analyst, Seaport Global Securities LLC

Q

Okay. And then, on the Yankee Gas rate, case, vis-à-vis SB 4. So, I mean, we obviously saw the comments from the Attorney General in Connecticut. You've been out of – for quite what is it, seven years, right, since the...

John M. Moreira

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

A

Yes.

Angie Storzynski

Analyst, Seaport Global Securities LLC

Q

...last rate case?

John M. Moreira

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

A

2018.

Angie Storzynski

Analyst, Seaport Global Securities LLC

Q

Yeah. And so, I mean, again, is the – so this SB 4 is going to apply here. So all of the commissioners need to opine on the rate case? So this is more like a test case, how future rate cases in the state are likely to go?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. I think it's highly unlikely, we'll see two more in the time that this decision will be coming out. Keep in mind, the Attorney General is an elected official. He's – a lot of it is related to messaging for other audiences. I don't – and we have a good working relationship with the Attorney General. And we're going to continue to work hard in that case to get a decision that's fair. It's fair for us and it's fair for our customers.

John M. Moreira

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

A

Yeah. And Angie, as I said in my formal remarks, the team did a phenomenal job in presenting the justification for the investments that we've made to maintain that system very safe and reliable for our customers. So we did an excellent job taking into account some of the issues that PURA had raised in other rate proceedings. So we put a very, very strong case in front of them. We knew we had to and we did. And I'm very, very pleased with how that progress – how that process has progressed.

Angie Storzynski

Analyst, Seaport Global Securities LLC

Q

And then the last one on Aquarion, given the pushback. So I understand that the plan is to sell the assets. But are we – I mean, if this route doesn't work, are we – I mean, are we going to – are you going to restart the sale process or is it just that, if the Commission doesn't approve the current transaction, you're just going to keep the asset and just address the other funding needs with more equity?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. I mean, I think that case is going very, very well. The hearings finished last week and I don't see any challenges around that. I think it's highly unlikely that we don't see that approved. I think the team did a phenomenal job. Keep in mind – you've got to keep in mind, the legislature and the Governor enacted a law to allow this entity to buy that asset. So, for that to shift or something to happen there is – the likelihood is highly unlikely. If it does, obviously, we'll cross that bridge when it comes to it. But I'm very optimistic that that transaction will close this year. And we'll be in great shape.

Angie Storozynski

Analyst, Seaport Global Securities LLC

Q

Very good. Thank you.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you.

John M. Moreira

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

A

Thanks, Angie.

Operator: Thank you. [Operator Instructions] Our next question is going to come from the line of Ryan Levine with Citi. Your line is open. Please go ahead.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Ryan.

John M. Moreira

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

A

Good morning, Ryan.

Ryan Levine

Analyst, Citigroup Global Markets, Inc.

Q

Good morning and congratulations on 40 years.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you.

Ryan Levine

Analyst, Citigroup Global Markets, Inc.

Q

Just one clarifying question in terms of the Connecticut Court's clarification around prudence standard, can you maybe unpack that a little bit more in detail around the implications for your business and how that could impact whether it's an AMI decision or other decisions that would be coming before in the future?

John M. Moreira

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

Sure. Sure. We were very pleased with the court. The court's decision kind of reiterating the prudence standard as it exists today in law. But the clarifying provision that we were very appreciative of is the fact that the commission that cannot apply hindsight in – within the rate recovery process. So, prudence needs to be set at the time management makes that investment decision. And when you go in for the prudence review, which could be numerous years later, you can't introduce new facts and circumstances that existed after that period. So that was very, very encouraging for us.

Ryan Levine

Analyst, Citigroup Global Markets, Inc.

Great. And does that have any implications for any AMI decision or any of the other upcoming decisions that would impact you?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Well, I think it will have a lot of effect on that because at the end of the day, we're making decisions based on the facts that are on the table today. And so if we pull the trigger and we decide to make the investment, it's not going to be something that two or three years from now that somebody's going to say, well, I think the rules have changed now and circumstances are different. So, I think it has changed and I think it's improved. Certainly – it certainly improved my feeling around making that investment that we wouldn't have to be concerned that the rules could change down the road. So, I think it very much so. I think it helps.

Ryan Levine

Analyst, Citigroup Global Markets, Inc.

Okay. Thanks for taking my questions.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you, Ryan.

Operator: Thank you. [Operator Instructions] Our last question is going to come from the line of Julien Dumoulin-Smith with Jefferies. Your line is open. Please go ahead.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Paul.

John M. Moreira

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

Julien?

Paul Zimbardo

Analyst, Jefferies LLC

Hey...

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

Oh, Julien?

A

Paul Zimbardo*Analyst, Jefferies LLC*

...good morning. No. It is Paul and happy anniversary.

Q

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

Oh, Paul. Paul. Oh, thank you, Paul. You're so thoughtful.

A

Paul Zimbardo*Analyst, Jefferies LLC*

Yeah. No, I am. So, 40 years, that is a high milestone. I hope I can make it that long. I have two quick follow-ups just to make sure I heard it right. So, is the plan no additional equity needs in 2025 after you did with your plan for June?

Q

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

No, no, no. It's not what I said.

A

What I said was we did the \$200 million raise and we will monitor our CP balances and also the progress that we're making on the Aquarion to maintain an appropriate level of liquidity. But I don't see any – that amount being significant this year and obviously having the proceeds from the Aquarion happen later this year. I'm not anticipating big amount of equity, if any issued in 2026.

Paul Zimbardo*Analyst, Jefferies LLC*

Okay. Great. Thank you for clarifying on that.

Q

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

No problem, Paul.

A

Paul Zimbardo*Analyst, Jefferies LLC*

And then the last one, I had – thank you. Just with respect to the quarterly and cadence of earnings, could you just describe some of the building blocks for the second half of the year? Just I noticed that the corporate was negative \$0.34, I think it was in the first half and you had a positive driver at corporate in third quarter. So, just overall, if you could help on some of the building blocks on the second half?

Q

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

A

Sure, Paul. So, as I've – the last couple of quarters, I've highlighted the fact that interest costs are going to be a headwind. And I've also said that in the first half of 2025, it'll be a far greater headwind because we closed on the sale of the transaction, a portion in July and then we closed on the GIP sale on September 30. So, that's why it's – the parent impact is a bit higher than it otherwise would have been.

For the second half of the year, I'm not anticipating it being – at least the interest component as being as significant as it was for the first half. So that's one item. And then typically, the tax – the true-ups that we typically do is, always happens in the third quarter. So, that could have an impact on the parent. But on your point on the utility side, I think it's kind of steady state. I've given you guidance as to what the rate adjustments are going to be on November 1 for the gas companies. So that's pretty much locked in.

Paul Zimbardo

Analyst, Jefferies LLC

Okay. Great. No, thank you very much. Have a nice anniversary weekend.

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Hey, thank you.

A

John M. Moreira

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

Thank you.

A

Operator: Thank you. And this will be concluding our question-and-answer session. And I would now like to hand the conference back over to Joe Nolan for closing remarks.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Well, thank you very much. Thanks, everybody, for joining us today on the call. We're very excited about the future, and we want to thank you for taking the time this morning and enjoy the rest of the summer.

Operator: This concludes today's conference call. Thank you for participating and you may now disconnect. Everyone, have a great day.

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