



# **2020 Second Quarter Results**

**July 31, 2020**

**EVERSOURCE**  
ENERGY



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## Second Quarter and First Half 2020 EPS Results

	2Q 2020	2Q 2019	2Q Change	1H 2020	1H 2019	1H Change
Electric Distribution	\$0.34	\$0.33	\$0.01	\$0.73	\$0.71	\$0.02
Electric Transmission Ex. NPT Impairment (Non-GAAP)	0.39	0.37	0.02	0.76	0.74	0.02
Natural Gas Distribution	0.01	0.00	0.01	0.26	0.23	0.03
Water Distribution	0.03	0.02	0.01	0.04	0.03	0.01
Parent & Other (Non-GAAP)	(0.01)	0.02	(0.03)	(0.02)	0.00	(0.02)
EPS, Ex. NPT Impairment, Columbia Gas Asset Acquisition Costs (Non-GAAP)	0.76	0.74	0.02	1.77	1.71	0.06
NPT Impairment	0.00	(0.64)	0.64	0.00	(0.64)	0.64
Columbia Gas Asset Acquisition Costs	(0.01)	0.00	(0.01)	(0.02)	0.00	(0.02)
Reported EPS (GAAP)	\$0.75	\$0.10	\$0.65	\$1.75	\$1.07	\$0.68

## 2020 Guidance, Long-Term Growth Rate Intact

EPS Range \$3.60 - \$3.70

Long-Term Growth 5%-7%

### Key 2020 Earnings Drivers



- Distribution rate increases
- Transmission rate base growth
- Growth in distribution capital tracking programs



- Higher depreciation and property taxes
- Higher interest expense
- Higher share count

## **Eversource Executing Its Business Plan and Serving 4 Million Customers During COVID-19 Crisis**

- Extensive efforts to protect our 8,300 employees, moving to remote working, hygienically sanitizing facilities and fleet, promoting social distancing
- In March, approximately 4,000 employees normally working in ES facilities successfully redeployed to work from home, including vast majority of customer service representatives
  - Only limited essential activities and projects have returned to the workplace
  - Vast majority of employees working remotely will continue to do so through the end of the summer or longer
  - Re-entry playbook developed and disseminated to employees
- Resumed all normal field construction conditions with pandemic protocols in place
- Moratorium on customer shut-offs in MA and CT. Gov. Sununu lifted the moratorium in NH, but we have not resumed shutoffs
- No significant supply issues
- Very positive feedback on COVID response from customers, policymakers

## Current Rate Cases

### PSNH

- PSNH filed a general rate case to raise annual base distribution rates by approximately \$70 million on a permanent basis, effective 7/1/20, including an increase sought on a temporary basis
  - On 6/27/19, after settlement with Staff, the NHPUC allowed PSNH to raise annual distribution rates by \$28 million on a temporary basis, effective 7/1/19, until decision on permanent rates is effective. Once permanent rates are approved, revenues will be reconciled back to 7/1/19.
- NHPUC-reported Distribution ROE for 2019: 8.07% (9.67% authorized)
- Updated staff recommendation: \$31.4 million increase, 8.7% ROE and 50% equity ratio
- Emergency order on 4/24/20 delays rate decision until as late as November 2020. Temporary rates to remain in effect until permanent rates are implemented

### NSTAR Gas

- On 11/8/19, NSTAR Gas filed a rate request seeking a \$38 million base rate adjustment, effective 10/1/20
  - Request includes a proposed Performance Based Rate (PBR) mechanism (tied to a 5-year stayout)
  - PBR adjustment includes inflation plus approximately 1.3% adder
- First general rate review since 2014
- Hearings completed in June. Final reply briefs in late August
- Proposed authorized ROE: 10.45%; capital structure 54.85% equity; 45.15% long-term debt
- AG recommendation: Between 8.25% and 8.50%
- ROE reported to the DPU for 2019: 7.40%
- Final decision expected by October 30, 2020; rates effective November 1, 2020

# Key Elements of Eversource's Grid Mod Filing in CT This Week

## AMI

- Recommend a full rollout to all CL&P customers by the end of 2024
- Significant economic, environmental and operational benefits for the state, 1.25 million CL&P customers
- \$500 million capital investment from 2021-2025 with most spending in 2022-2024
- Most CL&P meters currently in the field near the end of their life expectancy



## Electric Vehicle Infrastructure

- Rollout to include 3,000 level-2 chargers, 20 DC fast chargers, 2,500 single-family homes
- Three-year rollout, \$55 million program includes \$20-\$25 million of capital
- No utility ownership beyond the meter



## Storage

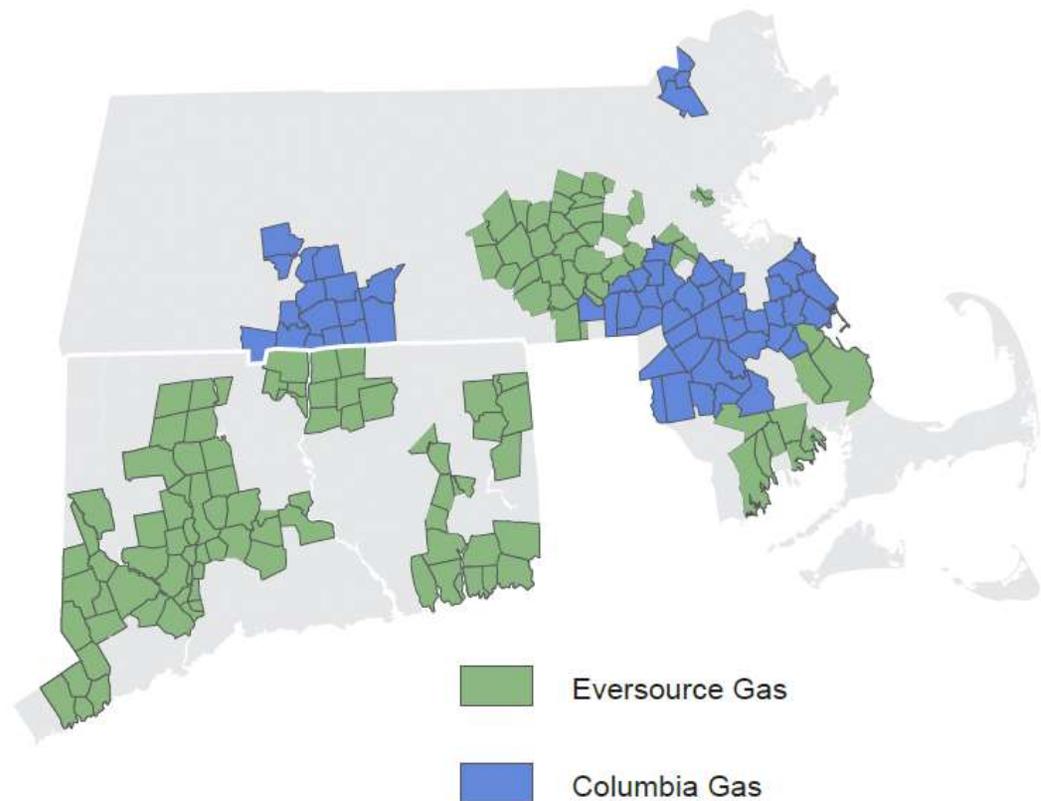
- \$110 million program to include 30 MW of residential and 20 MW of C/I storage
- Five year rollout
- No utility capital investment, but performance incentives similar to energy efficiency



*Timing: All proposals due July 31, 2020. Decisions expected as soon as December 31, 2020*

## Eversource to Acquire MA Natural Gas Assets of NiSource

- \$1.1 billion in cash (~1x rate base)
- Financing to be consistent with existing ES capital structure
- Equity sold in June
- No assumption of debt
- Expected to be accretive over first 12 months and incrementally accretive over following years
- DPU key approval required—settlement with AG, DOER, and Low Income Network filed July 2
- DPU approval expected by September 30



## Key Elements of Settlement

- Joint settlement with MA AG, DOER, NiSource and low-income network
- Eight-year rate plan
- Day One rate base of approximately \$1 billion
- Authorized ROE: 9.7%
- Authorized equity in capital structure of 53.25%
- General rate increases of \$13 million on 11/1/21 and \$10 million on 11/1/22
- GSEP-related rate changes continue annually (pipe replacement rate under GSEP to continue at 45 miles/year)
- Report on status of Columbia Gas system due to the DPU by 9/1/21 with proposed work plan
- Additional base rate adjustments tied to non-GSEP investments on 11/1/24 and 11/1/27
- NiSource to pay \$56 million in lieu of penalties
  - \$41 million to establish a Merrimack Valley Renewal Fund
  - \$15 million for Arrearage Forgiveness
- Requested approval date: 9/30/20 and closing by early October

# Expected Timeline For Eversource-Ørsted Projects



	<b>South Fork Wind</b>	<b>Revolution Wind</b>	<b>Sunrise Wind</b>
Size	130 MW	704 MW	880 MW
Price as of first day of commercial operation	~ \$160.33/MWH for 90 MW ~ \$86.25/MWH for 40 MW (avg. annual escalator: 2%)	\$98.43/MWH for RI (no escalator) CT pricing not disclosed	\$110.37/MWH (no escalator)
Status of Contracts	Negotiating agreement to increase original 90 MW to 130 MW. NY Comptroller and AG approval required	400 MW for RI approved 304 MW for CT approved	Contract signed with NYSERDA in October 2019
Most Recent Projected In-Service Date	End of 2022	End of 2023	End of 2024
Permitting Status	BOEM expected to release project review schedule this summer	BOEM COP application filed on 3/13/20. BOEM review schedule expected late this year	On-shore and off-shore survey work resumed in NY in June. COP filing expected later this year

# APPENDIX

## **Eversource Has Completed Several Equity and Debt Financings This Year**

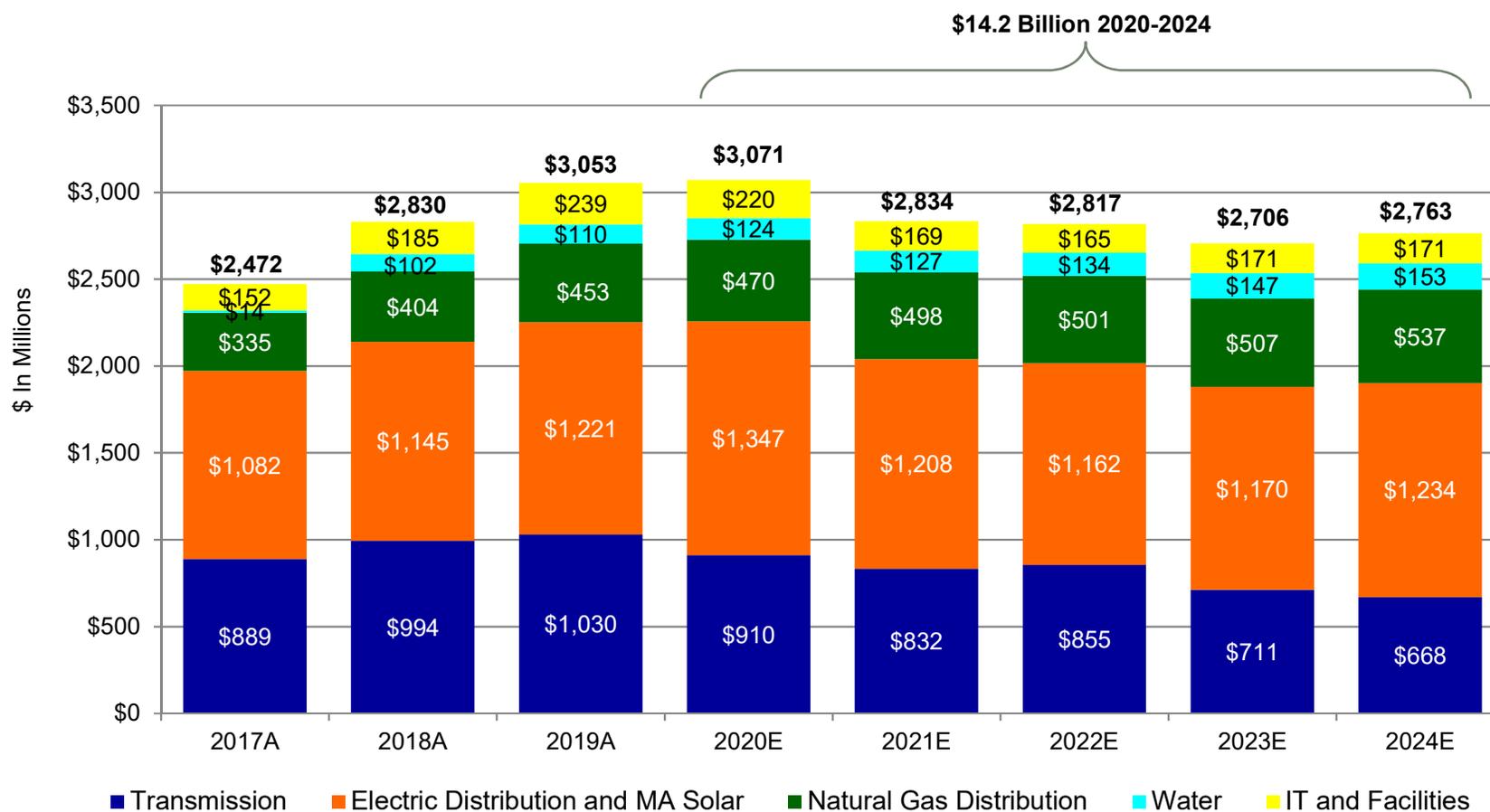
- ES sold 6 million shares in June for Columbia Gas financing
  - Debt component to be financed later this year.
- NSTAR Electric sold \$400M of 10-year “Green Bonds” in March
- ES closed on the remaining nearly \$420M of its June 2019 forward sale arrangement in March
- NSTAR Gas sold \$190M of 5-year and 30-year bonds in May
- ES parent sold \$350M of 30-year notes in January
- Remaining maturities for 2020 total only \$25M

## Eversource's Total Shareholder Return Has Outperformed Significantly in Both the Short and Long Term

Total Shareholder Return	YTD June 30, 2020	2019	3-Year*	5-Year*	10-Year*
<b>Eversource</b>	<b>(0.7)%</b>	<b>34.4%</b>	<b>68.7%</b>	<b>85.8%</b>	<b>356.7%</b>
EEI 40-Company Index	(12.1)%	25.8%	45.7%	64.4%	214.0%
S&P 500	(3.1)%	31.5%	53.2%	73.9%	256.7%

\*3-year, 5-year, and 10-year for periods ended 12/31/19

# Projected Capital Expenditures For Core Businesses



Note: Projections exclude Columbia Gas

# Progress on Major Transmission Reliability Projects

## Eastern MA Transmission Projects

- 22 projects in service; 5 under construction; 1 expected to enter construction in Q2 2021
- Approval of remaining 1 project received in Q4 2019; decision appealed January 2020
- Projected completion: 2023
- Total projected investment: approximately \$750 million
- Investment through June 30, 2020: \$466.8 million

## Hartford-Area Transmission Projects

- 26 of 27 projects now in service
- One project under construction
- Projected completion: Q4 2020
- Total projected investment: \$350 million
- Investment through June 30, 2020: \$290.8 million

## Greenwich Substation Project

- All development and management plans approved by CSC
- Projected completion: Fall 2020
- Total projected investment: \$110 million
- Investment through June 30, 2020: \$89.3 million

## Seacoast Reliability Project

- New 13-mile project between Portsmouth and Madbury, NH
- Completed: May 2020
- Total investment: \$123 million

## Key Facts About Columbia Gas of MA

Number of customers	~330,000
Communities served	65 (~20 served by NSTAR Electric)
Allowed ROE in most recent rate case	9.55% (settlement authorizes 9.7%)
Average annual net income 2016-2017	\$32 million (non-GAAP)
Average annual cap ex 2016-2017	\$124 million
Owned LNG storage	1.83 bcf
Annual customer growth rate (2018-2019)	1.4%
Total miles of main	~5,000