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EDITED TRANSCRIPT

ES.N - Q2 2021 Eversource Energy Earnings Call

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OVERVIEW:

Co. reported 2Q21 EPS of \$0.77. Expects 2021 EPS towards lower end of \$3.81-3.93 guidance.

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PRESENTATION

Operator

Good morning, and welcome to the Eversource Energy Second Quarter 2021 Results Conference. My name is Brandon, and I'll be your operator for today. (Operator Instructions) Please note, this conference is being recorded. I will now turn the call over to Jeffrey Kotkin. You may begin, sir.

Jeffrey R. Kotkin - *Eversource Energy - VP of IR*

Thank you, Brandon. Good morning, and thank you for joining us. I'm Jeff Kotkin, Eversource Energy's Vice President for Investor Relations. During this call, we'll be referencing slides that we posted last night on our website. And as you can see on Slide 1, some of the statements made during this investor call may be forward-looking as defined within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainty, which may cause the actual results to differ materially from forecasts and projections.

These factors are set forth in the news release issued yesterday. Additional information about the various factors that may cause actual results to differ can be found in our annual report on Form 10-K for the year ended December 31, 2020, and on our Form 10-Q for the 3 months ended March 31, 2021. Additionally, our explanation of how and why we use certain non-GAAP measures and how those measures reconcile to GAAP results is contained within our news release and the slides we posted yesterday and in our most recent 10-K and 10-Q.

Speaking today will be Joe Nolan, our President and Chief Executive Officer; and Phil Lembo, our Executive Vice President and CFO. Also joining us today are John Moreira, our Treasurer and Senior VP for Finance and Regulatory; and Jay Buth, our VP and Controller. Now I will turn to Slide 2 and turn over the call to Joe.

Joseph R. Nolan - Eversource Energy - President, CEO & Trustee

Thank you, Jeff. We hope that all on the phone are safe and well, and we look forward to seeing you in person later this year. I will cover a few topics this morning and then turn over the call to Phil to discuss our midyear financial results and some new and important grid modernization and AMI developments in Massachusetts.

I know the most recent months have resulted in weather challenges across the country. In the West, our peers have needed to deal with heat and wildfires. In New England, we've had increased level of thunderstorm activity topped off by a glancing blow from tropical storm, Elsa. Crews have worked around the clock many days restoring power to our customers from tree-caused damage to our overhead system. While our implementation of new technology in vegetation management has limited the scope of many of the resulting power outages, our dedicated crews continue to be on the front line completing a large amount of emergency restoration work in hot and humid conditions over the past month and a half, and doing so in a safe and effective manner. Their work has been excellent, and we continue to receive notes of appreciation from both our customers and municipal leaders.

I was out all day in Connecticut the day Elsa passed through, and I cannot say enough about our team in preparing for and responding to storm damage in coastal regions of Connecticut and Massachusetts. We greatly appreciate the recognition of those efforts that we received from Connecticut PURA Commissioners at the July 14 meeting. As I mentioned during our first quarter earnings call, improving our relationship with Connecticut policymakers and customers is my top priority as CEO. Earlier this week, a number of Connecticut legislators joined several state, community, education and labor leaders at our Berlin Connecticut campus to celebrate the first class of students who are completing our New Lineworker Certification Program in partnership with the Hartford-based Capital Community College.

We continue to see steady monthly improvements in our customer favorability ratings, and we appreciate the positive feedback we are receiving from municipal leaders. But we have to prove ourselves during the next major storm. I strongly believe that the changes we are implementing to our communication systems and processes will put us in a much better place the next time a multi-day storm cleanup effort occurs.

Next, I want to provide an update on the offshore wind partnership with Ørsted. Over the past few months, we have continued to make significant progress on the 3 projects that are noted on Slide 3. Perhaps the most significant development was the agreement we reached with Dominion Energy to charter their U.S. built, Jones Act-compliant wind turbine installation vessel currently under construction in Brownsville, Texas. Once construction of the vessel is complete in late 2023, it will sail to New London, Connecticut, where it will be used to install wind turbines for Revolution Wind and Sunrise Wind.

The vessel will be one of the largest, most advanced of its kind in the world and will provide a more efficient approach to construction than the use of feeder barges. Work has recently begun in New London at the state-owned ocean-facing deep-water pier to convert it into a major staging area for offshore wind. As you know, the primary variable in our construction timetable is siting approval. We continue to be on a good path to secure federal Bureau of Ocean Energy Management, or BOEM, approval of our 132-megawatt South Fork project in January of 2022, which will enable construction to begin early next year and be completed before the end of 2023.

During hearings this spring that resulted in Rhode Island Coastal Resources Management Council approval of the project, we indicated that we would install 12 11-megawatt turbines in connection with this project. We are making progress on the two larger projects as well. State permitting applications in Rhode Island for Revolution Wind and in New York for Sunrise Wind were filed last December. In April, the Rhode Island Energy Facility Siting Board issued a preliminary decision and order on the Revolution Wind schedule with advisory opinions for local and state agencies to be submitted by August 26, 2021. Evidentiary hearings are due to begin by mid-October. The Sunrise Wind application was deemed complete by New York officials on July 1, initiating a formal review process for the project.

As we noted in May, BOEM is targeting the completion of the review of Revolution Wind for the third quarter of 2023. Based on that review schedule, we now expect to be able to achieve commercial operation in 2025. We have not yet received the schedule for BOEM's review of the Sunrise Project, but we are in a good position with our New London staging area, our turbine installation ship and our suppliers. So, depending on the BOEM review schedule that we expect to receive within the next few months, we expect Sunrise will reach commercial operation in 2025 as well. These dates are consistent with the vision of the Biden Administration which continues to accelerate the review of offshore wind projects proposed for the

Atlantic Coast. It is also consistent with the Administration's target of having 30,000 megawatts of offshore wind operating in the United States by 2030.

Offshore wind is one of several initiatives underway to help our states achieve their greenhouse gas reduction targets. On July 14, PURA took a major step forward in furthering the state's clean energy goals when it approved a comprehensive program to support the state's push for having at least 125,000 zero emission vehicles on the road by the end of 2025. The order is described on Slide 4. We appreciate a number of the changes that PURA made to the draft decision to enhance the program's expected success. We will submit an implementation plan based on the PURA order by October 15.

Also on that slide is a description of a proposal that Massachusetts utilities submitted on July 14 to further develop the infrastructure that is needed to support rapid conversion of the state's vehicles to zero emissions. As you can see on the slide, by the end of this year, we will have invested \$55 million in our Massachusetts electric vehicle program, helping to connect about 4,000 charge ports. However, since transportation is responsible for more than 40% of the state's greenhouse gas emissions, significantly more support is needed to help the state meet its targets of reducing greenhouse gas emissions by 50% by 2030 and 75% by 2040.

Massachusetts had only 36,000 electric vehicles registered as of January 1, 2021. And in 2020, only 3% of the light-duty vehicles sold in the state were EVs. While that percentage is above average for the country as a whole, it needs to be enhanced significantly going forward, since at the current pace we will have fewer than 500,000 EVs in Massachusetts as of 2030.

We need more than 1 million EVs by then for the state to reach its targets. We have proposed spending more than \$190 million on EV support from 2022 to 2025, including \$68 million of capital investment. These investments are described on the slide and include expanded charger infrastructure investment, some rate incentives and new opportunities to add EV infrastructure in Environmental Justice communities. Our support for our state's greenhouse gas reduction efforts is discussed at length in our 2020 Sustainability Report, which was posted on our website earlier this month. A link to the new report is included on Slide 5.

The revamped report has incorporated a number of enhancements to provide you with more visibility into our environmental, social and governance efforts. We're also pleased to share updates on our 2030 carbon neutrality goal, including our first third-party verification of our 2020 greenhouse gas footprint. We have a number of teams within Eversource tasked with making our 2030 goal a reality. They include a team focusing on reducing emissions in five principal areas, another team working on developing a strategy to offset emissions that cannot be eliminated by 2030 and another team that is encouraging all 9,300 Eversource employees to contribute to their best ideas on how we can achieve our 2030 goal. They've already developed some truly innovative proposals that we are evaluating. Their enthusiasm is just more evidence on why I am so confident about Eversource's future.

Now I will turn the call over to Phil Lembo.

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Thank you, Joe. This morning, I'm going to cover three areas: second quarter results, the status on several of the regulatory dockets pending, and some exciting opportunities ahead for us in terms of grid modernization and AMI that Joe alluded to.

I'll start with our results for the quarter in Slide 6. We earned \$0.77 per share for the quarter, including \$0.02 per share of cost primarily relating to the transitioning of Eversource Gas Company of Massachusetts into the Eversource systems. Excluding these costs, we earned \$0.79 per share in the second quarter and \$1.87 per share in the first half of 2021. So let's take a look at each of the segment's performance in the quarter. Our electric transmission business earned \$0.40 per share in the second quarter of 2021 compared with earnings of \$0.39 per share in the second quarter of 2020. A higher level of necessary investment in our transmission facilities was partially offset by a higher share count there. Our electric distribution business earned \$0.35 per share in the second quarter of '21 compared with earnings of \$0.34 per share in the second quarter of 2020.

Higher distribution revenues were partially offset by higher O&M, depreciation and property taxes. The higher O&M was largely driven by increased storm activity in the second quarter of 2021 and higher employee medical expenses. The higher medical expenses was mostly due to the fact that

in the second quarter of 2020, in the midst of the worst of COVID in New England, many routine medical appointments were being canceled, but this has largely returned to normal now in our area. Our natural gas distribution business earned \$0.01 per share in the second quarter of both 2021 and 2020. As you know, natural gas utilities in New England tend to have relatively neutral results in the second quarter.

Our water distribution business, Aquarion, earned \$0.03 per share in the second quarters of both 2021 and 2020. Beginning next year, we expect Aquarion revenues to be bolstered by a previously announced acquisition of New England Service Company or NESC. NESC owns a number of small water utilities that serve approximately 10,000 customers in Connecticut, Massachusetts and New Hampshire. We continue to expect to close the transaction before the end of this year. State regulators are currently reviewing the acquisition and its benefits to customers.

Our parent and other company segment had modest second quarter losses in both years.

Turning to Slide 7. You can see that we have reiterated our amended earnings guidance that we issued in May. We continue to expect ongoing earnings towards the lower end of our \$3.81 to \$3.93 per share guidance. This incorporates a \$28.6 million pretax charge relating to our performance in Connecticut following the devastating impact of Tropical Storm Isaias last summer. We recorded the charge in the first quarter of this year. We also continue to project long-term EPS growth in the upper half of the range of the 5% to 7% through 2025, excluding the impact of our new offshore wind projects.

From our financial results, I'll turn to the status of various regulatory initiatives, and I'll start in Connecticut. We have updated a summary of various proceedings in the appendix of our slides. I mentioned earlier that the Public Utilities Regulatory Authority or PURA, had finalized the \$28.6 million civil penalty associated with our storm performance last summer. That followed the April 28 release of a final storm performance decision that we discussed on our first quarter call. As you know, we have appealed that April 28 decision in Connecticut Superior Court. We do not have a full schedule for those court proceedings, but expect the case to take many months before the court renders a decision. A scheduling conference will be held later next month. The April 28 storm order also required a 90 basis point reduction in Connecticut Light & Power's distribution ROE on top of the \$28.6 million penalty. That pancaking of penalty forms one of the principal bases of our appeal since we believe it violates the state law that was in effect at the time of the storm.

Additionally, hearings in the temporary rate reduction docket commenced in May will continue next month. A supplemental hearing is scheduled for August 9, at which time, additional testimonial evidence may be presented on certain issues, including the applicability and term of the 90 basis point penalty. PURA just this week notified parties that written testimony on the applicability and term of that penalty may be filed in advance of the August 9 hearing no later than August 4. CL&P's distribution ROE for the twelve months ended March 31, 2021 was 8.86% and its authorized distribution return was 9.25%. The schedule for this proceeding currently indicates the decision date of October 13. We will continue to update you as this docket proceeds.

Regardless of the status of this rate review, we and our regulators share a common goal of providing nearly 1.3 million Connecticut electric customers with safe and reliable service and to help the state meet its aggressive carbon reduction and clean energy goals.

Turning to Massachusetts. Joe mentioned our electric vehicle initiative earlier. On July 1, we submitted two other proposals to the Department of Public Utilities. As you can see on Slide 8, the first was an extension of the grid modernization plan that we began implementing with initial DPU approval back in 2018. The investments we've made on this first phase have allowed us to reduce the scope of outages, monitor power conditions much more closely and assist in the installation of distributed energy resources throughout the Massachusetts service territory. The program we submitted to the Massachusetts DPU earlier this month called for the investment of another \$200 million from 2022 through 2025 to further improve substation automation and wireless communications and expand other programs that would have a number of other benefits, including reducing peak demand and line losses.

Reducing line losses is an important element in achieving our 2030 carbon neutrality goal. In the same docket, we're asking the DPU to take the first steps to allow us to embark on a six-year effort to implement advanced metering infrastructure for our nearly 1.5 million Massachusetts electric customers along with a new communications network, media data management system and customer information system.

We project capital investments associated with the full program to be in the \$500 million to \$600 million range over the period of 2023 through 2028. These technologies are critical enabling investment that support the state's 2050 clean energy goals. And as I've mentioned previously, Connecticut is looking at how AMI should be introduced for CL&P customers. Although PURA has acknowledged the potential for substantial benefits that AMI can deliver, currently there is no full schedule for the docket at this time.

Finally, I just want to cover recent financings and rating agency actions. In recent months, both Moody's and Standard & Poor's have changed CL&P's outlook to negative. Moody's changed Eversource parent outlook to negative as well. While we're not happy with these developments, we understand these changes are primarily related to the ongoing regulatory proceedings in Connecticut such as the temporary rate reduction docket and the ROE penalty stemming from the Isaias report. We are pleased that Moody's recently affirmed PSNH, Public Service Company of New Hampshire's rating and outlook, recognizing the constructive outcome of last year's distribution rate proceeding in New Hampshire.

Also, we recently filed an application to issue up to \$725 million of long-term debt at Eversource Gas Company of Massachusetts. Since we purchased the former Columbia Gas assets last year, Eversource Gas of Massachusetts has been borrowing long term exclusively through the Eversource parent. We believe that borrowing at the subsidiary level ultimately will be less costly for customers, and we expect a DPU decision on this application later this year. Like NSTAR Gas and Yankee Gas, we would expect Eversource Gas of Massachusetts to borrow in the private markets.

Thank you very much for joining us this morning, and I'll turn the call over to Jeff for Q&A.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Thank you, Phil. And I'm going to turn the call back to Brandon just to remind you how to enter your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Thank you, Brandon. Our first question this morning is from Shar Pourreza from Guggenheim.

Shahriar Pourreza - Guggenheim Securities, LLC, Research Division - MD and Head of North American Power

Just starting with the PURA and the 90 basis points ROE reduction, it sounds like one of the more recent notices open the door for parties to petition for a defined penalty period versus something more perpetual? How should we think about this opening, if you will, to a fixed length reduction versus indefinite? And then just remind us again what we should be watching for here going forward?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Sure, Shahriar. This is Phil. As I mentioned, the docket is open and recently, PURA did notify the parties that they could submit testimony on the applicability of the term of the penalty. So, to me, that indicates there's a consideration of what a term would be. As you know, the initial language was using the word indefinite. So, I think that's a positive development in terms of setting a specific term for the penalty. So, in the docket, the information that came out last week indicates that could file information there. So what we should be looking for there is there is a process that will continue on that docket. There's an expectation that an order would be issued in October with any changes out of there effective November 1 is the current timeline.

Shahriar Pourreza - *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

Got it. Thank you for that. And then just lastly, and maybe just shifting to offshore wind and starting with the logistics side. Redevelopment of the Connecticut State Pier in New London has had some cost increases, right, from \$93 million to roughly \$235 million, obviously paid by the state. But it sounds like everything else is proceeding. Is there any supply chain issues you're keeping an eye on or logistics that remain unknown?

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

Yes. Thanks, Shar. This is Joe. I'll take that. So, our water work is underway at the New London port. We were just out there for some inspections. We do have all our onshore permits. It's going very, very well. Last week, the state finalized the funding. Any of those increases the state is absorbing. So we feel very, very good about that. And now with regard to supply chain, there are no issues that are impacting any of our three projects. All of the projects have everything locked down. So we feel good about that.

Jeffrey R. Kotkin - *Eversource Energy - VP of IR*

Next question is from Jeremy Tonet from JPMorgan.

Ryan Karnish - *JPMorgan - Analyst*

This is actually Ryan on for Jeremy. Just wanted to start on the offshore and maybe on some of the siting process you guys are kind of talking about during the script. And thinking about the progress you guys have been making with some of the fishermen, I know this is an issue with South Fork and Rhode Island specifically, but kind of want to just get the latest value on the progress you're making in terms of other stakeholder agreements and the process you're making on those relationships?

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

So thank you for the question, Ryan. We've had a lot of dialogue down there. And I think we've got a good path forward, and we've got obviously a positive decision we received in July from the CRMC down there and positive decisions in New York as well as in Massachusetts. So we think a lot of the concerns or at least the path is pretty clear and we feel good about it.

Ryan Karnish - *JPMorgan - Analyst*

And then maybe just one on Connecticut. We saw UI kind of get their settlement over the finish line there. Just kind of wondering what prospects you're seeing in the state and stakeholders in terms of maybe potentially settling some of these issues? And what kind of time line we might be thinking about in terms of something coming out on that front?

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

Yes, sure. So generally speaking, a broad multi-party settlement is something that's obviously attractive to us. We have a long history of settlements, whether it's the NU-NSTAR merger in 2012 or the CL&P rate case or the Yankee rate case. So we feel good about that. I have been spending most of my time in Connecticut. We've been out with multiple parties. And I think that the temperature certainly has reduced and folks are in a good place. I think we need to prove ourselves down there, and we know that. I think tropical storm, the recent one, Elsa, which passed through was really a good exercise for us to show that a lot of things have changed for our business. So by and large, a settlement is something that's attractive to us. We were pleased to see that the United Illuminating settlement was approved. So we see some possibilities there.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from Durgesh Chopra from Evercore.

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

Just going back to the Connecticut docket, the temporary rate reduction docket (inaudible) obviously there. I'm just wondering where that stands? And do you guys expect this final order now for the rate reduction effective (inaudible) that's addressed as well or that's finalized as well?

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Durgesh, you broke up a little bit on the question. Are you talking about the testimony from the intervener that went in?

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

That's correct. The equity layer, Jeff. That's exactly right.

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Yes. This is Phil. During the course of that proceeding, there was testimony and certainly we provided our own input to that testimony as well as questioned the witness. So, by the nature of it being part of the questioning, I would expect that somehow it could be considered in that proceeding going forward. So there's no specific area that is to be decided there. I think it was just testimony that was filed by the EOE. That's an EOE witness, that's a section of the Connecticut PURA.

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

Got it. That's helpful. And then maybe just quick clarification, Phil. The AMI filing in Massachusetts, what portion of that \$500 million to \$600 million that you mentioned would be incremental to the current CapEx plans?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

We have currently no CapEx in our 5-year forecast for AMI in Connecticut or in Massachusetts. So any spending in either state would be incremental.

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

Got it. And do you -- do we see a final decision in mid-2022? Or is that just sort of -- like what the response means like is this a formal sort of yes or no or just feedback from the Massachusetts DPU?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

So we expect a decision in 2022. Mid-year is as good an estimate as any at this stage. So this has been a long-standing desire, I think, of the commission. We certainly have a need to make a decision on our metering infrastructure. So the timing is good. So we fully expect a decision in mid-year 2022.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from Julien from Bank of America.

Julien Dumoulin-Smith - BofA Securities, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research

Maybe to pick up a little bit on the last question and flip it a little bit. When you think about the various scenarios, you have a history of executing well, you talked about upper half of 5% to 7%. There's a variety of different pieces that are moving here, puts and takes. How do you think about your confidence level under various scenarios in the upper half here? And I'll let you answer that accordingly because there's a lot of -- probably too many scenarios to talk about and point out here. But I'd be curious, as you think about the sort of the decision tree here or pathway potential?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Thanks, Julien. As we see our 5-year long-term forecast, I'm very confident in our ability to achieve our growth expectations, as you mentioned. There are always puts and takes. That's what we do as a management team, and that's what any company would do is manage that process and address issues that don't go your way and look for other opportunities. So, there are various puts and takes that can occur over the course of any forecast period, but I am confident in our ability to achieve our target.

Julien Dumoulin-Smith - BofA Securities, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research

Got it. Excellent. I'll leave that subject there. Maybe coming back to this offshore wind subject. I suppose the highest level of observation or question back to you after Shahriar's question would be, given the more coincident construction of these projects here, any considerations around logistics that we should be focused on here, I suppose just given that they're now increasingly lining up against each other?

Joseph R. Nolan - Eversource Energy - President, CEO & Trustee

Yes. Thank you, good morning Julien. Joe Nolan. Yes, we feel great about the timing. Our projects are really scheduled in a perfect formation. So, we do think there's a lot of opportunity there on mobilization, demobilization to allow these projects to be able to be constructed in a very orderly fashion, and that's what really excites us. So yes, definitely opportunities there. The timing is perfect for actually all three of them.

Julien Dumoulin-Smith - BofA Securities, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research

Right. Excellent. And then lastly, just coming back to this question on settlement. And I know -- I appreciate your comments from earlier, curious to the extent to which you can resolve perhaps in a comprehensive manner, all variety, including potential rate case and filing next year in the context of some sort of settlement here. Just want to push on that subject just a tad more, if you don't mind?

Joseph R. Nolan - Eversource Energy - President, CEO & Trustee

Yes. Julien, we've -- I think you've had an opportunity to see our success in the past. We can do settlements that are quite comprehensive. We feel confident that if we get to the table, we've got obviously the parties that we have great relationships with, that a comprehensive settlement is definitely possible here. And it's something that obviously will be attractive not only to us but I think to a number of the parties. So obviously very, very busy time down at Connecticut right now. And so I'm optimistic.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from Paul Patterson from Glenrock.

Paul Patterson - *Glenrock Associates LLC - Analyst*

So just to sort of pick up on Julien's question there on the -- and Joe, you said you were optimistic about Connecticut and the potential for settlement. Could you give us a feeling for what the key sticking points are? Because, as you know, Avangrid did this a month ago. And I'm just wondering how should we think about what the -- what parties are the -- might be the key issue? Or what specific issues are the ones that probably are the ones for us to focus on being resolved?

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

Yes, sure. I mean, it's the same parties that we've dealt with. You've got the Attorney General's office, you got the OCC, you have DEEP. I mean, these are the parties, obviously, that we've dealt with in the past. And that would be the same folks that we would see if we did enter into some settlements.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. And is there any key points or key issues that are the sticking points -- that are the key things that people are focused on that's causing more of an issue than others?

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

No, no, I wouldn't say there's any sticking points. There's no specific issues.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. And then in terms of timing, you guys gave a very detailed sort of rate case regulatory proceeding outlook and stuff. But how should we think about -- would you expect it before the hearing or how should we think about that?

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

Well, settlement can occur at any point, as you know, in the process. So -- and it's hard for me to say. We need to let certain things run their kind of regulatory course.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. And then, Phil, you called out the ratings downgrade potential. If you guys are downgraded, other than obviously -- I mean, obviously impacts the cost of borrowing. But other than that, is there anything else we should be thinking about? Is there any other potential trigger on covenants or anything we should be thinking about or anything else?

Philip J. Lembo - *Eversource Energy - Executive VP & CFO*

No, Paul. There are no other triggers that come into play here. And just for clarification, I think we all know that being on negative outlook doesn't necessarily mean that you're going to be downgraded. I think the agencies like to see certain progress in particular areas. So, in the area that they sort of highlighted in terms of lowering the outlook was the Connecticut regulatory area. So there are a lot of dockets going on there. And if those move in a direction that the rating agencies view as credit positive, then that doesn't mean you're going to get the downgrade, right? They could put you back on to a stable outlook. So -- but nonetheless, if something were to happen, there are no other triggers that would be in effect.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from Andrew Weisel from Scotia.

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

Maybe I'll start by following up on that last question about the ratings agencies. I don't expect specific numbers, but I know the agency is concerned is the regulatory risk, not exactly the balance sheet. But if they were to downgrade, how would that affect your plans for the mix of debt versus equity in the coming years?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Well, it's a lot of hypotheticals there. I mean, if that happens, I'd have to see what, was there something in a regulatory decision, what the impact of that would be. So, I'd say we don't have any plans at this stage to make any adjustments in our approach to our capital structure or what we're looking to do in terms of our debt financings. As you know, we identified that we had \$700 million of additional equity financing that we had identified a couple of years ago, that is still out there that we plan to do over some longer-term period on a periodic ATM or something basis. And then we're issuing about \$500 million -- about \$100 million a year is a better way of saying it out of our dividend reinvestment plan. So, we are continuing to do some dribbling out of equity and then we're doing long-term financings. But I don't have any specific changes that I would highlight at this stage to the capital structure.

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

Okay. Then next question, Joe, you opened your prepared remarks talking about the positive feedback to your preparation cohort in response to the storms. Can you give some specific examples of ways that you've changed your protocols and strategies since Isaias. And if there are any additional new initiatives that you're planning to roll out to help minimize storm-driven outages?

Joseph R. Nolan - Eversource Energy - President, CEO & Trustee

Yes, sure. Thank you, Andrew. One of the most impactful kind of system of rollout is a community-based portal that allows communities to put their priorities in in terms of public safety, blocked roads, those types of items are in there. We also have crews in each of the communities that's allowed communities to have their priorities addressed. So those are just some of the ones, I would say, the other piece that really goes back to what we had done prior to Isaias because of the pandemic. We have folks that are located in each of these cities and towns. That's something we were not able to do with Isaias.

As you know, at that point in time, everybody was in lockdown. It was a very complex recovery effort because we needed double of everything. We had to have single workers in vehicles, we had to have single workers in hotel rooms, and it was a very, very challenging matter. So, when we had this last event there, Elsa, things were a little more back to normal and we had a lot of kind of technology portals that we have deployed, which were very, very well received. I mean, I was out on the system. I had an opportunity to talk to several of the cities and towns and all the feedback I received was very, very positive.

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

Okay. Great. That's helpful. Best of luck going through the next one. Hopefully, you won't be tested anytime soon, but hopefully, it won't be too bad.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from Sophie Karp from KeyBanc.

Sophie Karp - KeyBanc Capital Markets Inc., Research Division - Director and Senior Analyst of Electric Utilities & Power

I wanted to take a stab at Connecticut again, but mainly from a slightly different angle. Not to sound like a doomer, but with storms becoming more frequent and some may even say a new normal. Is there room for a dialogue there that goes beyond just sorting through the penalties and the past performance and establishing a regulatory framework for dealing with consecutive storms as a new normal line as what they've seen in states -- in the hurricane belt where it has been in occurrence for a while. But is there a room for the legislature or on the commission level where you have securitizations or trackers for that type of stuff? So any real like mechanisms that are predictable where you don't have to sort through each storm individually as we go forward? That's all I have.

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Thanks, Sophie. Some of those items have been discussed. Securitization certainly was a topic that's come up from time to time in Connecticut in terms of storm costs. But usually in a rate proceeding where you're looking at all your costs and what's in your cost of service, et cetera., in our last settled rate proceeding at CL&P, we spent a lot of time on storms and what the right level of storm activity was to collect in rates and what appropriate deferral mechanisms might be there. So there's long been a recognition that these costs can move around and what's the best way of making sure that customer rates remain as stable as possible, but there's still an opportunity for collecting these costs going forward. So, those kinds of discussions will continue, and the dialogue will continue.

There's nothing specifically on the table per se in terms of storm cost recovery at this stage. But we've had discussions on various topics. We spend -- so before you get to storm recovery, one of the areas we do is try to not have to recover, right? So that means we try to do an effective job on our vegetation management and the capital spending that we do on technologies to restore customers quickly and remotely. And we spent \$200 million a year on vegetation management -- across our system to remove trees and open up rights of way, et cetera. So the best outage to have is not to have it. I guess that's the best possibility. So we do things -- and the commission has been receptive to our request for additional funding, but there's still a lot of tree work that can be done in Connecticut as in other states, but that's an area that we continue or we'd like to continue to have a dialogue on.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from David Arcaro from Morgan Stanley.

David Arcaro - Morgan Stanley, Research Division - Research Associate

A quick follow-up just on that last line of thinking. Is there a CapEx opportunity to look for more reliability kind of system hardening investments in Connecticut? You mentioned vegetation management and tree-trimming, which seems more on the O&M side of things, but wondering if there's more capital to deploy to lower the impact of storms going forward in Connecticut?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Well, we do have an approved capital-tracking, safety reliability program that we have in Connecticut right now that we operate under as we do in other states too. So, there is -- that would not be new. We do spend money on technologies to, again, enhance our ability to prevent outages or in the event that you do have an outage to recover quickly. So, there is an opportunity, and we currently have a mechanism in place to do that.

David Arcaro - Morgan Stanley, Research Division - Research Associate

Okay. Got it. Shifting to offshore wind. I was just wanted to clarify what gave you the comfort this quarter to put specific years, specific dates out there for Revolution and Sunrise? Was it the progress that you saw at BOEM on the schedule that let you kind of crystallize those years?

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Yes. I'd say that's the primary driver. We've said when we first moved off the date, we said as soon as we get more clarification, we would go back and work with our partners, with Ørsted, and develop a schedule. So, in the case of Revolution Wind, we have that in place. For Sunrise, it's soon to get in place. So we're, I guess, cautiously optimistic on that date, and we'll have to wait until we see more information out of BOEM to be more certain. But that is it. We've seen movement and we have much more clarity now on dates than we did a year ago.

David Arcaro - Morgan Stanley, Research Division - Research Associate

Got it. That makes sense. And then just kind of last quick one. Just wondering if there's any thoughts you might have on the Massachusetts RFP and your competitive positioning there for the next offshore wind project. Are there advantages you might be able to bring to the table as especially as some of the infrastructure comes online for your other projects that you could potentially lean on?

Joseph R. Nolan - Eversource Energy - President, CEO & Trustee

Sure. Like all state RFPs for when we're evaluating it right now, look at how it fits into our plan there. We expect other states as well to have it. So it's under consideration.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Next question is from Steve Fleishman from Wolfe.

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

I apologize if this was asked, but just there's a lot of different issues in Connecticut that you might be able to settle on, I guess, if you get to that point of a settlement. Just curious if there's a way to deal with kind of the need to file a rate case every four years? Could that be part of this? Or is that something that has to happen no matter what?

Joseph R. Nolan - Eversource Energy - President, CEO & Trustee

Yes, Steve. Steve, it's Joe. Absolutely. That could be part of any type of a comprehensive settlement. If that was something that was important to the parties, that's something we would definitely put on the table.

Philip J. Lembo - Eversource Energy - Executive VP & CFO

Yes. And I'll add to that. That's really more of a legislative mandate, Steve, and it requires PURA to review the rates. So if the settlement -- if there's information there that would be deemed as a review, that could take care of that requirement. But that four-year review is more in the legislative space.

Jeffrey R. Kotkin - Eversource Energy - VP of IR

Looks like we're all set. We don't have any more folks in the queue. So, we want to thank everybody for joining us today. If you've got any follow-up, please give us a call or send us an e-mail, and have a wonderful weekend.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for joining. You may now disconnect.

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