Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-089

Date Request Received: December 04, 2023 **Date of Response: December 07, 2023**
Data Request No. DOE 1-001 **Page 1 of 1**

Request from: Department of Energy

Witness: O'Neil, Emilie G, Dzialo, Michael J

Request:

Reference O′Neil/Dzialo testimony at Bates 15. Please provide the most recent credit ratings reports from Standard & Poor′s, Moody′s Investor Services, and Fitch Ratings for both PSNH and Eversource.

Response:

Please see Attachment DOE 1-001 for the most recent reports on PSNH and Eversource Energy from S&P Global Ratings, Moody′s Investors Service and Fitch Ratings.

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-089

Date Request Received: December 04, 2023 **Date of Response: December 07, 2023**
Data Request No. DOE 1-002 **Page 1 of 1**

Request from: Department of Energy

Witness: O'Neil, Emilie G, Dzialo, Michael J

Request:

Reference O′Neil/Dzialo testimony at Bates 11. Please provide the amount of PSNH′s outstanding short-term debt as of November 30, 2023.

Response:

As of November 30, 2023, PSNH had $244.8 million of outstanding short-term debt.

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-089

Date Request Received: December 04, 2023 **Date of Response: December 07, 2023**
Data Request No. DOE 1-003 **Page 1 of 1**

Request from: Department of Energy

Witness: O'Neil, Emilie G, Dzialo, Michael J

Request:

Reference O'Neil/Dzialo testimony, Attachments 3 p. 2 of 4 and 5 p. 2 of 4, Long-term Debt $297,357,000. Please provide an itemized break-out showing how PSNH arrived at the increase in long-term debt totaling $297,357,000.

Response:

Please see the table below. The $300 million of proposed long-term debt would be booked to a 221 FERC account. Issuance expenses are booked to a separate FERC account (181 account) and amortized over the life of the debt. Such unamortized expenses are an offset to the face amount of the bonds. So, while PSNH would be indebted to the bondholders for the full face amount of $300 million, under FERC accounting rules, PSNH's balance sheet would reflect the face amount net of unamortized issuance expenses.

	($ 000's)	**Description**
	$300,000	Proposed new debt
-	$2,937	Estimated issuance expenses associated with the new debt
+	$294	One year of debt issuance expense amortization ($2,937 / 10 years)
	$297,357	Increase in long-term debt

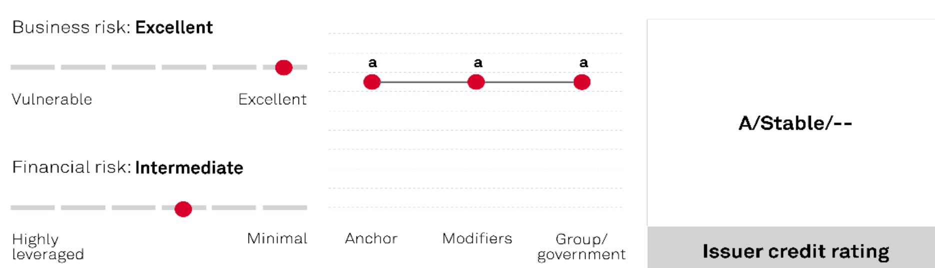
S&P Global Ratings

RatingsDirect®

Public Service Co. of New Hampshire

July 18, 2023

Ratings Score Snapshot



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Credit Highlights

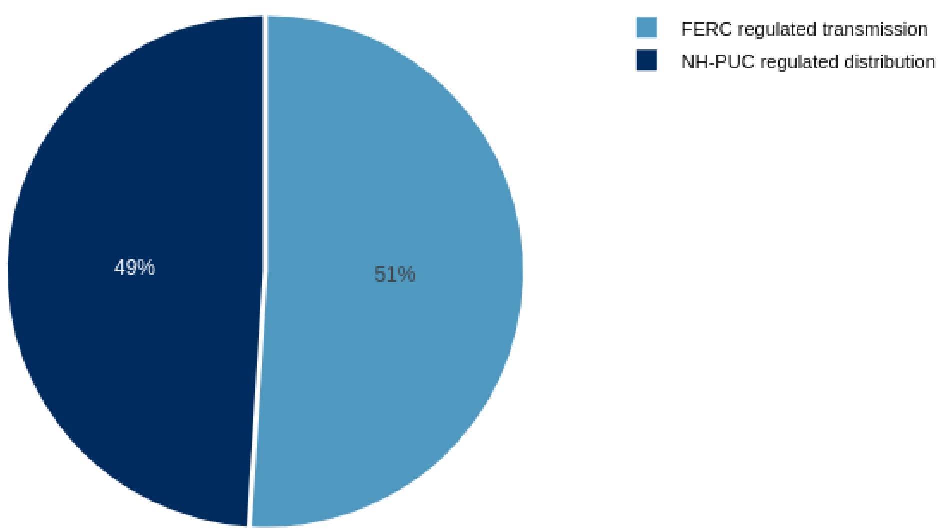
Overview

Key strengths	Key risks
Monopolistic rate-regulated electric transmission and distribution (T&D) utility operations.	A lack of operating diversity makes the company largely dependent on New Hampshire regulators to sustain its credit quality.
Effective management of regulatory risk, with constructive regulatory mechanisms present, such as formula rates for Federal Energy Regulatory Commission (FERC)-regulated transmission, interim rates during distribution rate cases, and securitization of stranded costs related to previously owned generation assets.	Forecast negative discretionary cash flow indicates future external funding needs.
Our view of Public Service Company of New Hampshire (PSCNH) as an insulated subsidiary of parent Eversource Energy allows us to rate it one notch above Eversource.	

We expect PSCNH to effectively manage regulatory risk, supporting our business risk profile assessment. The company benefits from numerous regulatory mechanisms under the generally constructive New Hampshire and FERC regulatory environments. However, given that a large proportion of operations are within New Hampshire, the company is dependent on New Hampshire regulators to sustain its credit quality.

Public Service Co. Of New Hampshire--Net PP&E by segment

2022



PP&E--Property, plant, and equipment. FERC--Federal Energy Regulatory Commission. NH-PUC--New Hampshire Public Utilities Commission. Source: Company annual report.

Though FERC proceedings regarding return on equity (ROE) complaints are still outstanding, the company's electric transmission business still operates under a constructive regulatory framework. We view FERC's regulation of electric transmission companies as very supportive of credit quality through its allowance of timely cost recovery mechanisms, forward-looking rate-setting, various true-up mechanisms, and rates based on higher-than-average equity layers and ROE. New England transmission owners faced some regulatory challenges in recent years, but we expect the overarching credit supportiveness of the regulation they operate under to remain in place.

We expect PSCNH's financial measures will remain within the intermediate financial risk profile category. Specifically, we forecast funds from operations (FFO) to debt to average 18%-20% throughout the forecast period, assessed under our low volatility financial benchmark table.

We view PSCNH as a core insulated subsidiary of Eversource. The cumulative value of structural and regulatory protections that insulate PSCNH from Eversource, combined with the strength of PSCNH's stand-alone credit profile, allow us to rate PSCNH one notch above Eversource.

Outlook

The stable outlook on PSCNH reflects our expectation that it will continue to effectively manage its regulatory risk while maintaining stand-alone FFO to debt between 18%-20%.

Downside scenario

We could lower our rating on PSCNH if its stand-alone financial measures weakened such that its FFO to debt fell consistently below 15%. Although unlikely, we could also lower our rating on PSCNH if we lowered our rating on Eversource.

Upside scenario

We could raise our rating on PSCNH if we raised our rating on Eversource and PSCNH's stand-alone FFO to debt improved to consistently above 20%.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory mechanisms in New Hampshire for distribution rates, such as periodic rate case filings and interim rates between rate cases;
- Formula rate increases for the company's transmission rates under FERC's regulatory construct;
- Capital spending that averages about $415 million annually;
- Manageable annual dividends to Eversource;
- Equity infusions by Eversource as necessary to maintain PSCNH's capital structure;
- Deconsolidation of the debt and cash flows associated with the company's securitized rate reduction bonds;
- Negative discretionary cash flow; and
- Assumed refinancing of all nonsecuritized debt maturities.

Key metrics

Public Service Co. of New Hampshire--Forecast Summary*

	---Fiscal year ended Dec. 31---

(Mil. $)	2021a	2022a	2023e	2024f	2025f
Revenue	1,116	1,415	1,347	1,419	1,498
EBITDA (reported)	439	421	465	516	550
Plus: Operating lease adjustment (OLA) rent	0	--	--	--	--
Plus/(less): Other	(58)	(56)	(55)	(53)	(52)
EBITDA	381	364	410	463	498
Less: Cash interest paid	(39)	(43)	(54)	(69)	(78)
Less: Cash taxes paid	(51)	(58)	(51)	(48)	(57)
Funds from operations (FFO)	291	263	305	347	363
Cash flow from operations (CFO)	292	317	216	356	370
Capital expenditure (capex)	326	484	528	469	440
Free operating cash flow (FOCF)	(33)	(167)	(312)	(113)	(69)
Discretionary cash flow (DCF)	(294)	(271)	(433)	(248)	(212)
Debt (reported)	1,771	1,792	1,991	2,193	2,292
Plus: Lease liabilities debt	1	--	--	--	--
Plus: Pension and other postretirement debt	24	--	--	--	--
Less: Accessible cash and liquid Investments	(0)	(0)	(10)	(10)	(10)
Plus/(less): Other	(493)	(450)	(407)	(363)	(320)
Debt	1,303	1,342	1,575	1,819	1,962
Equity	1,593	1,870	2,136	2,208	2,349
Cash and short-term investments (reported)	0	0	10	10	10
Adjusted ratios					
Debt/EBITDA (x)	3.4	3.7	3.8	3.9	3.9
FFO/debt (%)	22.3	19.6	19.4	19.0	18.5
FFO cash interest coverage (x)	8.5	7.2	6.7	6.0	5.6
EBITDA interest coverage (x)	9.6	8.2	7.6	6.7	6.3
CFO/debt (%)	22.4	23.6	13.7	19.6	18.9
FOCF/debt (%)	(2.6)	(12.5)	(19.8)	(6.2)	(3.5)
DCF/debt (%)	(22.6)	(20.2)	(27.5)	(13.6)	(10.8)
Debt/debt and equity (%)	45.0	41.8	42.4	45.2	45.5

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.

Company Description

PSCNH is a regulated electric transmission and distribution (T&D) utility engaged in the purchase, delivery, and sale of electricity to about 535,000 customers in New Hampshire. PSCNH is a wholly owned subsidiary of Eversource. Overall, we expect PSCNH to contribute about 10% of Eversource's consolidated EBITDA.

Peer Comparison

Public Service Co. of New Hampshire--Peer Comparisons

	Public Service Co. of New Hampshire	Connecticut Light & Power Co.	Central Maine Power Co.	Rhode Island Energy	NSTAR Electric Co.
Foreign currency issuer credit rating	A/Stable/--	A/Stable/NR	A/Stable/A-1	A-/Stable/A-2	A/Positive/A-1
Local currency issuer credit rating	A/Stable/--	A/Stable/NR	A/Stable/A-1	A-/Stable/A-2	A/Positive/A-1
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2022-12-31	2022-12-31	2022-12-31	2021-03-31	2022-12-31
Mil.	$	$	$	$	$
Revenue	1,415	4,818	1,051	1,548	3,583
EBITDA	364	1,494	363	370	1,116
Funds from operations (FFO)	263	1,202	267	311	926
Interest	44	179	52	68	180
Cash interest paid	43	175	51	59	165
Operating cash flow (OCF)	317	862	374	302	761
Capital expenditure	484	872	294	344	944
Free operating cash flow (FOCF)	(167)	(10)	81	(42)	(182)
Discretionary cash flow (DCF)	(271)	(305)	(149)	(42)	(471)
Cash and short-term investments	0	11	28	6	328
Gross available cash	0	11	28	6	328
Debt	1,342	4,295	1,321	1,559	4,226
Equity	1,870	5,842	2,196	2,391	5,722
EBITDA margin (%)	25.7	31.0	34.5	23.9	31.1
Return on capital (%)	9.6	8.2	6.8	6.1	7.4
EBITDA interest coverage (x)	8.2	8.3	7.0	5.4	6.2
FFO cash interest coverage (x)	7.2	7.9	6.2	6.3	6.6
Debt/EBITDA (x)	3.7	2.9	3.6	4.2	3.8
FFO/debt (%)	19.6	28.0	20.2	19.9	21.9

Public Service Co. of New Hampshire--Peer Comparisons

OCF/debt (%)	23.6	20.1	28.3	19.4	18.0
FOCF/debt (%)	(12.5)	(0.2)	6.1	(2.7)	(4.3)
DCF/debt (%)	(20.2)	(7.1)	(11.3)	(2.7)	(11.1)

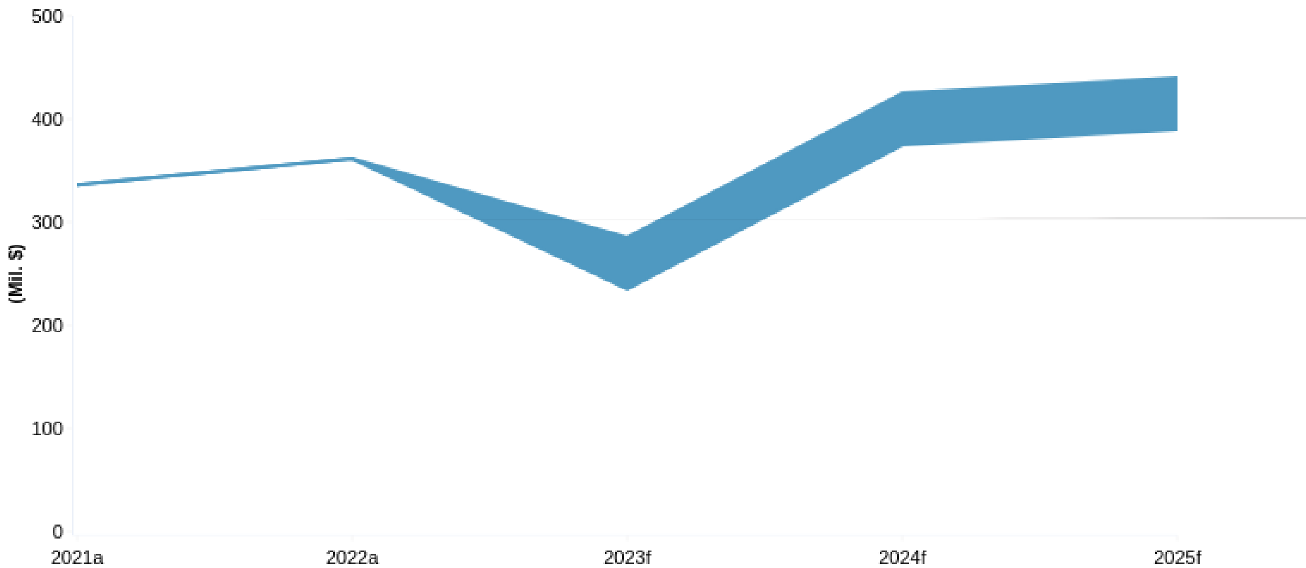
Business Risk

Our business risk assessment for PSCNH primarily reflects the low-risk regulated nature of its T&D electric business. The FERC regulates the transmission portion of its business and, in general, we view the FERC regulatory construct as favorable primarily because it uses formula rates that enable the recovery of costs with limited regulatory lag. On the distribution side of the business, PSCNH improved its management of regulatory risk in recent years. In 2018, PSCNH divested its thermal and hydroelectric generation assets and issued about $636 million of securitized rate reduction bonds to recover its remaining stranded costs stemming from the divestiture of those assets. In addition, the company's distribution rates are in the last year of a multiyear plan premised on an authorized 9.3% ROE and 54.4% equity layer. However, a somewhat offsetting factor in the company's business risk is its small size, though many of its customers are residential, which provides for cash flow stability.

Financial Risk

We assess PSCNH's stand-alone financial measures using our low volatility table. This reflects the company's low-risk regulated electric T&D utility business model and effective management of regulatory risk. Under our base-case scenario, we expect financial measures to remain within the middle of the range for the intermediate financial risk profile category. Specifically, we expect FFO to debt to average about 18%-20%. Our base case assumes capital spending averages about $415 million per year, manageable annual dividends to the parent, negative discretionary cash flow, the refinancing of all nonsecuritized debt maturities, and equity infusions from the parent as necessary to maintain the company's capital structure. Our base case also assumes the company's continued use of existing regulatory mechanisms and future rate case filings, both of which continue to support our view of the company's credit quality.

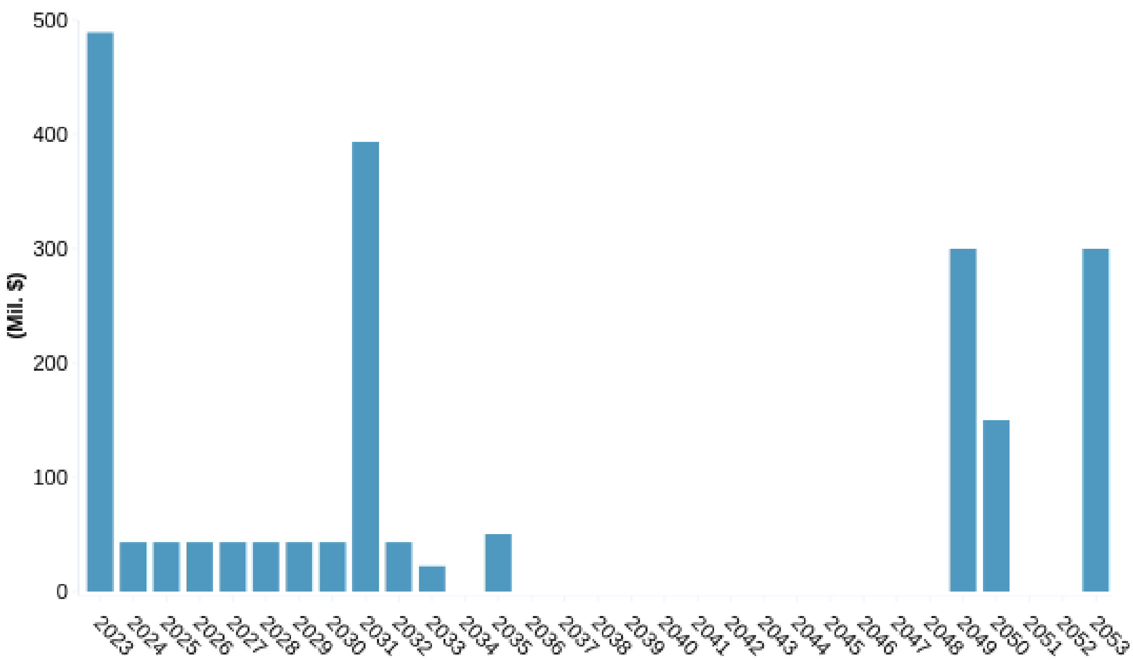
Public Service Co. Of New Hampshire--Operating cash flow range



Source: S&P Global Ratings. a--Actual. f--Forecast.

Debt maturities

Public Service Co. Of New Hampshire--Debt maturities



Source: Company filings.

Public Service Co. of New Hampshire--Financial Summary

Period ending	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
Reporting period	2017a	2018a	2019a	2020a	2021a	2022a
Display currency (mil.)	$	$	$	$	$	$
Revenues	982	1,032	1,002	1,016	1,116	1,415
EBITDA	381	358	307	318	381	364
Funds from operations (FFO)	308	304	265	246	291	263
Interest expense	53	47	42	41	40	44
Cash interest paid	47	27	39	37	39	43

Public Service Co. of New Hampshire--Financial Summary

Operating cash flow (OCF)	301	213	229	173	292	317
Capital expenditure	312	276	306	340	326	484
Free operating cash flow (FOCF)	(11)	(64)	(77)	(167)	(33)	(167)
Discretionary cash flow (DCF)	(35)	(744)	(348)	(189)	(294)	(271)
Cash and short-term investments	1	1	0	0	0	0
Gross available cash	1	1	0	0	0	0
Debt	1,387	964	1,108	1,296	1,303	1,342
Common equity	1,351	1,303	1,392	1,543	1,593	1,870
Adjusted ratios						
EBITDA margin (%)	38.8	34.7	30.7	31.2	34.1	25.7
Return on capital (%)	9.9	8.6	9.2	8.4	8.3	9.6
EBITDA interest coverage (x)	7.1	7.6	7.2	7.8	9.6	8.2
FFO cash interest coverage (x)	7.6	12.5	7.9	7.7	8.5	7.2
Debt/EBITDA (x)	3.6	2.7	3.6	4.1	3.4	3.7
FFO/debt (%)	22.2	31.6	24.0	19.0	22.3	19.6
OCF/debt (%)	21.7	22.0	20.6	13.4	22.4	23.6
FOCF/debt (%)	(0.8)	(6.6)	(7.0)	(12.9)	(2.6)	(12.5)
DCF/debt (%)	(2.5)	(77.1)	(31.5)	(14.6)	(22.6)	(20.2)

Reconciliation Of Public Service Co. of New Hampshire Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2022									
Company reported amounts	1,792	1,870	1,475	421	250	60	364	361	104	486
Cash taxes paid	-	-	-	-	-	-	(58)	-	-	-
Cash interest paid	-	-	-	-	-	-	(58)	-	-	-
Capitalized interest	-	-	-	-	-	1	(1)	(1)	-	(1)
Share-based compensation expense	-	-	-	4	-	-	-	-	-	-
Securitized stranded costs	(454)	-	(60)	(60)	(17)	(17)	17	(43)	-	-
Asset-retirement obligations	4	-	-	0	0	0	-	-	-	-

Reconciliation Of Public Service Co. of New Hampshire Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Nonoperating income (expense)	-	-	-	-	59	-	-	-	-	-
Total adjustments	(450)	-	(60)	(56)	43	(15)	(101)	(45)	-	(1)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	1,342	1,870	1,415	364	292	44	263	317	104	484

Liquidity

We assess PSCNH's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months, and we expect its sources will cover uses even if consolidated EBITDA declines 10%. We believe the predictable regulatory framework for PSCNH provides manageable cash flow stability even in economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, PSCNH can absorb high-impact, low-probability events. We believe PSCNH can reduce its capital spending (averaging about $415 million over the next three years) during periods of stress. This indicates a limited need for refinancing under such conditions. Furthermore, our assessment reflects generally prudent risk management, sound relationships with its banks, and a satisfactory standing in the credit markets. Overall, we believe PSCNH can withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. In addition, its next long-term debt maturity of about $325 million is due November of 2023, and we expect PSCNH to proactively address debt maturities well in advance of their due dates.

Principal liquidity sources

- Cash FFO of $380 million;
- Minimal cash on hand; and
- Ongoing support from parent Eversource.

Principal liquidity uses

- Debt maturities of about $500 million;
- Working capital outflows of about $50 million; and
- Assumed maintenance capital spending of about $250 million.

Covenant Analysis

Requirements

In Eversource's joint revolving credit agreement, there is a covenant for PSCNH to maintain debt to capitalization below 65%.

Compliance expectations

As of March 31, 2023, PSCNH was in compliance with this covenant, and we expect it to remain in compliance throughout our forecast.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis of PSCNH.

Group Influence

We assess PSCNH as a core subsidiary of Eversource because it is highly unlikely to be sold, is integral to the overall group strategy, is successful at what it does, possesses strong long-term commitment from parent management, is a significant contributor to the group, operates as a profit center of the group, and is closely linked to the parent's name and reputation. PSCNH accounts for approximately 10% of Eversource's EBITDA.

Furthermore, we rate PSCNH one notch higher than Eversource's 'a-' group credit profile because of the strength of PSCNH's stand-alone credit profile and the cumulative value of structural and regulatory protections in place that insulate it from Eversource.

Key insulating measures:

- PSCNH's businesses are independently regulated in the state where it operates and by the FERC.
- PSCNH holds itself out as a separate entity from Eversource.
- PSCNH has its own funding arrangements that are independent from the rest of the group.
- PSCNH has no significant operational dependence on other group entities.
- PSCNH maintains its own records.
- PSCNH does not commingle funds, assets, or cash flows with the rest of the Eversource group.
- PSCNH's financial performance is independent of Eversource.
- We believe there is a strong economic basis for Eversource to preserve PSCNH's credit strength due to PSCNH's low-risk, profitable, and regulated operations that provide a stable cash flow source for Eversource.
- PSCNH is a regulated utility with a regulatory capital structure.
- There are no cross-default provisions between PSCNH and Eversource that imply that a default at Eversource would lead to a default at PSCNH, which supports our opinion that a default at Eversource would not directly lead to a default at the company.

Issue Ratings--Recovery Analysis

Key analytical factors

PSCNH's first-mortgage bonds benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue-level rating one notch above our issuer credit rating.

Rating Component Scores

Foreign currency issuer credit rating	**A/Stable/--**
Local currency issuer credit rating	**A/Stable/--**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**a**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**a**
Group credit profile	a-
Entity status within group	Insulated (no impact on SACP)

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014

- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of July 18, 2023)*

Public Service Co. of New Hampshire	
Issuer Credit Rating	A/Stable/--
Senior Secured	A+
Issuer Credit Ratings History	
25-Jul-2019	A/Stable/--
12-Feb-2019	A+/Negative/--
05-Dec-2017	A+/Stable/--
Related Entities	
Aquarion Co.	
Issuer Credit Rating	A-/Developing/--
Senior Unsecured	BBB+
Connecticut Light & Power Co.	
Issuer Credit Rating	A/Stable/NR
Preferred Stock	BBB+
Senior Secured	A+
Eversource Energy	
Issuer Credit Rating	A-/Positive/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
Eversource Gas Co. of Massachusetts	
Issuer Credit Rating	A-/Positive/--
NSTAR Electric Co.	
Issuer Credit Rating	A/Positive/A-1
Commercial Paper	

Ratings Detail (as of July 18, 2023)*

Local Currency	A-1
Preferred Stock	BBB+
Senior Unsecured	A
NSTAR Gas Co.	
Issuer Credit Rating	A-/Positive/--
Senior Secured	A
Yankee Gas Services Co.	
Issuer Credit Rating	A-/Positive/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

S&P Global
Ratings

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Research Update:

Eversource Energy And All Subsidiaries' Outlooks Now Negative On Increased Execution Risks Related To JV Sale

October 26, 2023

Rating Action Overview

- Earlier this month, the New York State Public Service Commission (NYSPSC) rejected petitions filed by multiple offshore wind developers for price increases in their respective contracts with the New York State Energy Research and Development Authority (NYSERDA). Sunrise Wind LLC, one of the project companies owned by Eversource's joint venture (JV) with Orsted A/S was one of the developers that had its pricing adjustment rejected.
- The denial by the NYSPSC was beyond our previous base case expectation, making the timing of Eversource's exit from its offshore wind business less certain. Furthermore, we believe there is now greater execution risk for the company regarding its projected asset sale proceeds and equity funding plan that could hamper its ability to maintain FFO to debt consistently above 13%.
- As such, we revised our rating outlooks on Eversource and subsidiaries Public Service Co. of New Hampshire (PSCNH), NSTAR Electric (NSTAR-E), NSTAR Gas (NSTAR-G), and Eversource Gas Co. of Massachusetts (EGMA) to negative from stable. At the same time, we affirmed our ratings on Eversource and its subsidiaries. The rating outlooks on the company's Connecticut-based subsidiaries Connecticut Light & Power Co. (CL&P), Aquarion Co., and Yankee Gas Services Co. (Yankee Gas) remain negative.
- The negative outlooks on Eversource, PSCNH, NSTAR-E, NSTAR-G, and EGMA reflect Eversource's minimal financial cushion for the current rating level (reflecting FFO to debt of 13%) coupled with the uncertainties surrounding the sale process of its offshore wind joint venture interest and management's planned issuance of equity.
- The negative outlooks on CL&P, Yankee Gas, and Aquarion incorporate our negative outlook on parent Eversource and that we could also downgrade these subsidiaries over the next 12-18 months if we revise downward our assessment of Connecticut's regulatory jurisdiction.

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Rating Action Rationale

We believe the NYSPSC's recent rejection of Sunrise Wind's requested price increase presents further execution risk for Eversource's plan to sell its offshore wind JV interest at a valuation level that will maintain Eversource's funds from operations (FFO) to debt consistently above its downgrade threshold of 13%. Previously, Eversource estimated that the rejection of the pricing adjustment, with no remediating measures, could lead to an impairment of about $400 million of its offshore wind JV interest. While the company can cancel the project and rebid to NYSERDA (the governor of New York directed NYSERDA to hold an accelerated procurement process in case the project is canceled), this development increases uncertainty for the company. Our base case scenario continues to assume that the company will effectively manage these risks and will not incur an impairment charge for its offshore wind projects. This includes risks associated with the recent pricing adjustment rejection and risks regarding treasury guidance concerning investment tax credit adders for domestic content. However, we now believe that the company's execution risks have increased with the NYSPSC's rejection of the pricing adjustments. In addition, we believe that the extent and timing of the company's planned equity issuances is also less certain given its share price underperformance and the recent volatility in the equity markets. Furthermore, these increasing risks are all occurring while the company's financial measures have only minimal financial cushion from its downgrade threshold, increasing the likelihood that the company may not maintain such financial measures.

We expect Eversource's funds from operations (FFO) to debt to average about 13% over our forecast period, indicative of minimal financial cushion for the current rating. Our base case scenario for Eversource includes regulated capital spending averaging $4 billion-$4.5 billion annually, dividend growth of about 7% annually, and at least $1 billion of additional equity issuance over the next five years. It also includes formulaic rate increases under the Federal Energy Regulatory Commission's regulatory construct, continued use of existing regulatory mechanisms in Massachusetts and New Hampshire, and the refinancing of all debt maturities. Furthermore, we assume that the company will sell its offshore wind interest and use proceeds from the sale to pay down debt.

Our negative outlooks on Eversource's Connecticut-based subsidiaries CL&P, Yankee Gas, and Aquarion reflect our negative outlook on parent Eversource as well as our view that we could downgrade these subsidiaries over the next 12-24 months if we revised downward our assessment of Connecticut's regulatory jurisdiction. We recently revised our outlooks on these subsidiaries to negative from stable following recent negative credit developments in the state of Connecticut, which may indicate that its regulatory jurisdiction may be becoming less supportive of credit quality. For more details, please see our most-recent research update or Credit FAQ on the action. In addition to these risks in Connecticut, we could also downgrade these subsidiaries if parent Eversource were downgraded.

Liquidity

We assess Eversource's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months. Furthermore, we project its sources will cover uses even if forecast consolidated EBITDA declines by 10%. We believe the predictable regulatory framework for Eversource provides a manageable level of cash flow stability for the company even in times of economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, Eversource has the ability to absorb high-impact, low-probability events, reflecting that the company maintains about $2.65 billion in committed credit facilities through 2028, and our belief that the company can lower its high capital spending (averaging about $4 billion-$4.5 billion annually) during stressful periods, indicative of a limited need for refinancing under such conditions. Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group (which includes over 10 well-established banks), and a satisfactory standing in the credit markets (credit default swap spreads are in line with investment-grade peer utilities). Overall, we believe that the company should be able to withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. The company has its next large long-term debt maturities in 2024, with about $2 billion coming due, and we expect the company to proactively address these well in advance of the scheduled due dates, as exemplified by its recent refinancings throughout this year.

Principal liquidity sources:

- Credit facility availability of about $2.65 billion,
- Cash FFO of about $3.4 billion, and
- Cash of about $500 million.

Principal liquidity uses:

- Debt maturities, including outstanding commercial paper, of about $2.7 billion;
- Assumed maintenance and minimal growth capital spending of about $2.3 billion;
- Dividends of about $960 million; and
- Working capital outflows of about $75 million.

Outlook

Eversource, PSCNH, NSTAR-E, NSTAR-G, and EGMA

The negative outlooks on Eversource, PSCNH, NSTAR-E, NSTAR-G, and EGMA reflect Eversource's minimal financial cushion for the current rating level coupled with the uncertainties surrounding the sale process of its offshore wind joint venture interest and management's plan to access the equity capital markets. We expect Eversource's FFO to debt to reflect about 13%.

Downside scenario

We could lower the ratings over the next 12-24 months should Eversource fail to maintain FFO to debt consistently above 13%. This could occur if the company cannot sell its offshore wind assets at an attractive valuation, does not use proceeds from a sale in a credit-supportive manner, does not access the equity capital markets in a manner that at least consistently maintains financial measures above the downgrade threshold, or experiences further adverse regulatory outcomes beyond what we expect. We could also lower the ratings if the company were unable to sell its offshore wind assets while its FFO to debt remains below 16%.

Upside scenario

We could affirm ratings and revise the outlook back to stable over the next 12-24 months if Eversource is able to effectively manage the execution risks related to its asset sale process while also being able to access the equity capital markets in a timely manner to support the current rating level, so that FFO to debt is consistently greater than 13% over our forecast period.

CL&P

The negative outlook for CL&P reflects the negative outlook on parent Eversource as well as our view that we could downgrade the company over the next 12-24 months pending our review of the Connecticut regulatory jurisdiction. Under our base case, we expect CL&P's stand-alone FFO to debt to reflect 19%-20%.

Downside scenario

We could lower our ratings on CL&P over the next 12-24 months if we lowered the ratings on Eversource or if we revised downward our assessment of Connecticut's regulatory jurisdiction while the company maintains stand-alone FFO to debt below 20%.

Upside scenario

We could affirm our ratings on CL&P and revise our outlook to stable over the next 12-24 months if we did the same for Eversource and if we maintained our current assessment of Connecticut's regulatory jurisdiction while CL&P maintains stand-alone FFO to debt consistently greater than 18%.

We could also affirm our ratings on CL&P and revise the outlook to stable over this period if we did the same for Eversource and if we revised downward our assessment of Connecticut's regulatory jurisdiction, but CL&P's financial measures consistently improved such that its stand-alone FFO to debt were consistently greater than 20%.

Yankee Gas and Aquarion

The negative outlooks on Yankee Gas and Aquarion reflect our negative outlook on parent Eversource as well as our view that we could downgrade the companies over the next 12-24 months pending our review of the Connecticut regulatory jurisdiction, which could also lead us to revise downward our group assessments of the companies. We expect Yankee Gas and Aquarion's stand-alone FFO to debt to reflect about 14%-16% and 10%, respectively, over our forecast period.

Downside scenario

We could lower our ratings on Yankee Gas and Aquarion over the next 12-24 months if we downgraded Eversource or if we revised downward our assessment of Connecticut's regulatory jurisdiction while revising downward our group assessments for these companies.

Upside scenario

We could affirm our ratings on Yankee Gas and Aquarion and revise the outlooks to stable over this period if we did the same for Eversource, and we maintained our current assessment of Connecticut's regulatory jurisdiction while the companies remained core subsidiaries of Eversource, which could occur if the companies effectively managed regulatory risk in Connecticut.

Company Description

Eversource is a holding company that primarily engages in the energy delivery business through its wholly owned regulated utility subsidiaries. Eversource's subsidiaries include the electric utilities CL&P, NSTAR-E, and PSCNH; the natural gas utilities Yankee Gas, EGMA, and NSTAR-G; and the water utility company Aquarion. Eversource provides energy delivery and water service to approximately 4.4 million total customers in Connecticut, Massachusetts, and New Hampshire.

Issue Ratings - Subordination Risk Analysis

Capital structure

- Eversource has about $25.2 billion of debt outstanding, about $13.9 billion of which was issued by the company's operating subsidiaries while the remainder reflects unsecured debt at the holding company.
- Furthermore, Aquarion has about $820 million of debt outstanding, about $465 million of which was issued by its operating subsidiaries while the remainder reflects unsecured debt at that holding-company level.

Analytical conclusions

- We rate Eversource's senior unsecured debt one notch below the company's long-term issuer credit rating (ICR) at 'BBB+' because it is subordinated to a significant amount of priority debt (more than 50% of total debt) in the company's capital structure.
- We rate Eversource's commercial paper program 'A-2' based on our ICR on the company.
- We rate Aquarion's senior unsecured debt one notch below the company's ICR at 'BBB+' because it is subordinated to a significant amount of priority debt (more than 50% of total debt) in the company's capital structure.
- We rate NSTAR-E's senior unsecured debt in line with the company's ICR at 'A' as it is the senior unsecured debt of a qualifying utility under our criteria.
- We rate NSTAR-E's commercial paper program 'A-1' based on our ICR on the company.
- We rate the preferred stock at CL&P and NSTAR-E 'BBB+', two notches below their respective ICRs, given these instruments' subordination as well as the deferability of their dividends.

Issue Ratings - Recovery Analysis

Key analytical factors

CL&P, PSCNH, and NSTAR-G's first-mortgage bonds benefit from a first-priority lien on substantially all of the utilities' real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue-level rating one notch above the issuer credit rating.

Ratings Score Snapshot

Issuer credit rating: A-/Negative/A-2

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Excellent

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: a-

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-

Group credit profile: a-

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019

- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Credit FAQ: What's Behind Our Recent Actions On Investor-Owned Utilities In Connecticut?, Sept. 28, 2023
- Research Update: Eversource Energy Outlook Revised To Stable From Positive; Connecticut-Based Subsidiaries' Outlooks Revised To Negative, Sept. 14, 2023

Ratings List

Ratings Affirmed		
Aquarion Co.		
Yankee Gas Services Co.		
Issuer Credit Rating	A-/Negative/--	
Connecticut Light & Power Co.		
Issuer Credit Rating	A/Negative/--	
Ratings Affirmed; Outlook Action		
	To	**From**
Eversource Energy		
Issuer Credit Rating	A-/Negative/A-2	A-/Stable/A-2

Eversource Gas Co. of Massachusetts		
NSTAR Gas Co.		
Issuer Credit Rating	A-/Negative/--	A-/Stable/--
NSTAR Electric Co.		
Issuer Credit Rating	A/Negative/A-1	A/Stable/A-1
Public Service Co. of New Hampshire		
Issuer Credit Rating	A/Negative/--	A/Stable/--
Issue-Level Ratings Affirmed; Recovery Ratings Unchanged		
Connecticut Light & Power Co.		
Senior Secured	A+	
Recovery Rating	1+	
NSTAR Gas Co.		
Senior Secured	A	
Recovery Rating	1+	
Public Service Co. of New Hampshire		
Senior Secured	A+	
Recovery Rating	1+	
Issue-Level Ratings Affirmed		
Eversource Energy		
Senior Unsecured	BBB+	
Commercial Paper	A-2	
Connecticut Light & Power Co.		
Preferred Stock	BBB+	
Aquarion Co.		
Senior Unsecured	BBB+	
NSTAR Electric Co.		
Senior Unsecured	A	
Preferred Stock	BBB+	
Commercial Paper	A-1	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
7 July 2023

Update

Send Your Feedback

RATINGS

Public Service Company of New Hampshire

Domicile	Manchester, New Hampshire, United States
Long Term Rating	A3
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Public Service Company of New Hampshire

Update to credit analysis

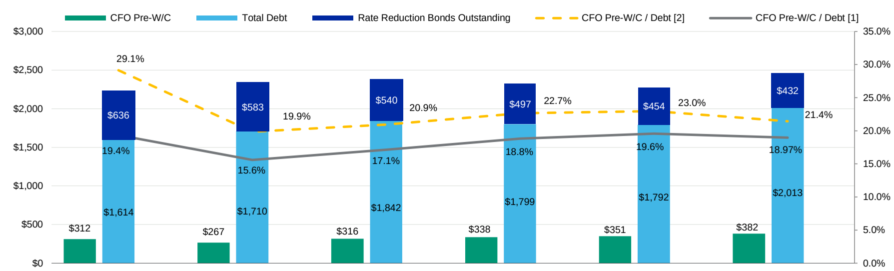
Summary

Public Service Company of New Hampshire's (PSNH, A3 stable) credit profile reflects its low risk business profile as an electric transmission and distribution (T&D) utility operating within a generally credit supportive New Hampshire regulatory environment. The regulatory framework includes the utilization of timely recovery mechanisms for prudent costs and investments, however, rate case outcomes are based on historical test years and revenue decoupling is not authorized. The credit profile also considers PSNH's significant transmission business that is under the purview of the Federal Energy Regulatory Commission (FERC), a highly credit supportive regulatory framework with forward looking formula based rates.

PSNH's credit also reflects its stable financial profile, which we expect will be maintained over the next few years, including a ratio of cash flow from operations pre-working capital changes (CFO pre-W/C) to debt of about 20%, excluding the impact of securitization rate reduction bonds (RRBs). For the 12-month period ending 31 March 2023, PSNH's ratio of CFO pre-W/C to debt was 19%. However, excluding the impact of the RRBs, PSNH's ratio of CFO pre-W/C to debt was roughly 21%. The credit profile is constrained by its small size, scale and operations in a single state, which is somewhat mitigated by its position within the large and diverse Eversource corporate family.

Exhibit 1

Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt ($ MM) [1][2]



[1] Ratio of CFO pre-W/C to Debt including the impact of Rate Reduction Bonds
[2] Adjusted ratio of CFO pre-W/C to Debt excluding the impact of Rate Reduction Bonds
Source: Moody's Financial Metrics™

Credit strengths

» Low risk business profile as a regulated electric T&D utility

» Credit supportive New Hampshire regulatory environment allows for timely recovery of prudent costs and investments

» Highly credit supportive FERC regulated transmission assets account for a substantial portion of rate base

» Solid financial profile expected to remain stable

» Position as part of Eversource's diverse family of low-risk regulated utilities

Credit challenges

» Relatively small size and geographic concentration in a single state

» Capital investments remain elevated and require additional debt financing

» NH regulation is based on historical test year and lacks revenue decoupling mechanism, unlike affiliated utilities operating in neighboring states

» Ongoing FERC ROE complaint proceedings continue to pose potential uncertainty on returns

Rating outlook

PSNH's stable outlook reflects our expectation that the regulatory frameworks under the purview of the New Hampshire Public Utilities Commission (NHPUC) and FERC will remain credit supportive and that PSNH's financial profile will remain stable, including a ratio of CFO pre-W/C to debt of about 20%, excluding the impact of the securitization RRBs.

Factors that could lead to an upgrade

PSNH could be upgraded if the New Hampshire regulatory environment becomes more credit supportive through increased use of cost and investment recovery provisions (e.g. decoupling, forward test years, formula rates) and PSNH's financial profile strengthens, such that we expect its ratio of CFO pre-W/C to debt will be sustained above 22%.

Factors that could lead to a downgrade

PSNH could be downgraded if the credit supportiveness of the New Hampshire regulatory environment deteriorates such that the outcomes of rate case proceedings cause the company's financial profile to weaken through cost recovery delays or insufficient rates of return. A downgrade could also occur if PSNH's financial performance declines such that its ratio of CFO pre-W/C to debt falls below 18% for an extended period, excluding the impact of the securitization bonds.

Key indicators

Exhibit 2

Public Service Company of New Hampshire [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
CFO Pre-W/C + Interest / Interest	5.1x	6.1x	6.7x	6.8x	7.0x
CFO Pre-W/C / Debt	15.6%	17.1%	18.8%	19.6%	19.0%
CFO Pre-W/C – Dividends / Debt	-0.3%	15.9%	4.3%	13.8%	13.7%
Debt / Capitalization	47.5%	47.0%	45.8%	42.4%	44.5%

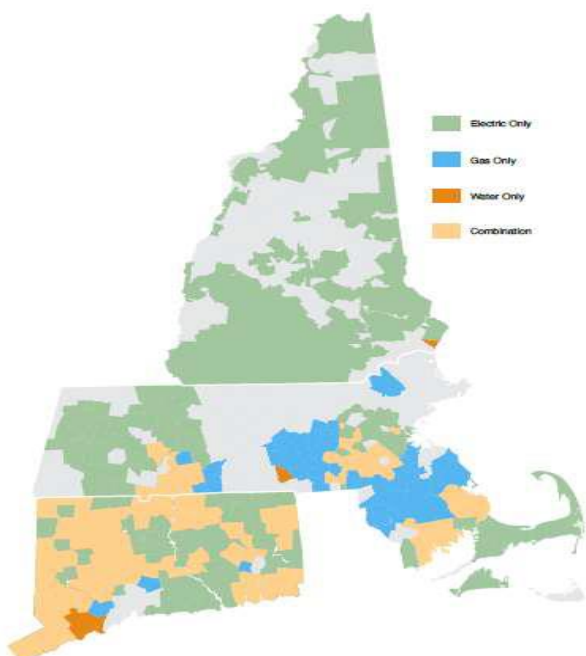
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Profile

Headquartered in Manchester, NH, Public Service Company of New Hampshire is a regulated T&D utility serving approximately 535,000 retail customers in 211 communities. PSNH is regulated by the New Hampshire Public Utilities Commission and the Federal Energy Regulatory Commission.

PSNH is the third largest subsidiary of Eversource Energy (Baa1 negative) with total assets of approximately $5.5 billion as of 31 March 2023. Its affiliated companies include the regulated electric utilities, Connecticut Light and Power (A3 stable), NSTAR Electric (A1 negative); natural gas local distribution companies, Yankee Gas Services (Baa1 stable), Eversource Gas Company of Massachusetts (unrated) and NSTAR Gas (unrated); and water companies, Aquarion Company (Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (A3 negative), Aquarion Water Company of Massachusetts (unrated) and Aquarion Water Company of New Hampshire (unrated).

Exhibit 3
Eversource Energy's service territories



Source: Company Fillings

Detailed credit considerations

Distribution assets operate in a credit supportive New Hampshire regulatory environment that provides timely recovery of prudent costs and investments

PSNH's distribution assets, which account for roughly half of its rate base, operate in a credit supportive New Hampshire regulatory environment overseen by the NHPUC. PSNH's customer rates allow the utility to recover its costs and investments in a relatively timely manner. PSNH recovers its power costs through a periodically adjusted default service rate; costs related to system upgrades and transmission services through a transmission cost adjustment mechanism (TCAM); and costs related to energy efficiency programs and certain stranded costs through other cost recovery charges. PSNH is also allowed to implement interim rate increases during rate case proceedings, which helps reduce regulatory lag.

On 15 December 2020, the NHPUC approved a settlement authorizing a permanent rate increase of $45 million (including a $28.3 million interim rate increase implemented 1 July 2019) effective 1 January 2021. The NHPUC also approved recovery of plant additions during 2019, 2020 and 2021 through three step increases effective 1 January 2021, 1 August 2021 and 1 August 2022. On 20 October

2022, the NHPUC approved the third and final step adjustment of $8.9 million to its revenue requirement for 2021 plant in service, with rates effective 1 November 2022. The total approved revenue requirement increase is being collected over the remainder of the rate year through 31 July 2023. The rate case settlement was based on an authorized ROE of 9.3% and equity layer of 54.4%.

Rate increases approved by the NHPUC are based on historical test years, adjusted for known-and-measurable changes, which tends to create regulatory lag compared to the future test years used in some other regulatory jurisdictions.

Transmission assets benefit from FERC regulation with stable and predictable cash flow and limited regulatory lag

A substantial portion of PSNH's rate base relates to transmission assets under the purview of FERC, which we view as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than returns in most states. PSNH is currently allowed a FERC regulated return of a base ROE of 10.57% plus incentive adders for a total of 11.1%. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

Of PSNH's planned capital investments from 2023-2027, roughly $1.1 billion is geared towards growing its transmission rate base. The planned capital investments include several projects identified under a 10-year study in five different areas in New Hampshire that already have approval from the ISO-NE.

Financial profile expected to remain stable and support credit quality

For the 12-months ended 31 March 2023, PSNH's ratio of CFO pre-W/C to debt was 19% while its CFO pre-W/C less dividends (RCF) to debt was 13.7%. Excluding the impact of the rate reduction bonds (about $432 million outstanding as of 31 March 2023), PSNH's ratio of CFO pre-W/C to debt was about 21.4%.

For the LTM period, PSNH distributed $106 million up to its parent. The utility's dividends to its parent can vary year-to-year as Eversource may rely heavily on different subsidiaries depending on the year. For example, PSNH's 2020 dividend to its parent was only $22 million. Eversource typically offsets upstream dividend distributions from its subsidiaries with capital contributions down to its utilities on an as needed basis in order to maintain the utility's target capital structure. This is evidenced by the $210 million in capital contributions Eversource provided to PSNH over the same LTM period. Since parent contributions from Eversource exceeded dividend distributions from PSNH, when netting parent capital contributions against dividend distributions up to the parent, PSNH's ratio of RCF to debt would have effectively been consistent with its ratio of CFO pre-W/C to debt.

Going forward, we expect PSNH's financial metrics to remain stable and support its credit rating. When accounting for the RRB securitization debt on balance sheet, in accordance with US GAAP accounting, we expect PSNH's ratio of CFO pre-W/C to debt to be in the high teens. Excluding the impact of the securitization bonds, we expect PSNH's ratio of CFO pre-W/C to debt to remain consistent at about 20% over the next few years.

FERC Section 206 complaint remains an overhang, but further downward reduction in ROE is likely limited

As a result of FERC's decisions to date, authorized ROEs for New England transmission owners, including PSNH, have been reduced compared to returns, pre-complaints. While the complaint proceedings are still pending final resolution from FERC, we expect any further changes in authorized ROEs to be limited. As a result, we expect that total ROEs, including incentive adders, should still remain above the average authorized ROEs allowed in most states. In addition, we do not expect any changes to the formulaic, forward-looking, credit supportive ratemaking framework allowed by the FERC.

Over the last few years, FERC has developed multiple versions of a methodology to determine base ROEs for transmission owners in the Midcontinent Independent System Operator (MISO) Regional Transmission Organization as well as for New England transmission owners, including PSNH. Further changes to the methodology are possible as a result of the ongoing hearings in both the MISO and ISO-NE proceedings.

PSNH has reserved $3.1 million for the difference in rates during the refund period of December 2012 through March 2014 for one of the complaints. No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to an earlier complaint. While we continue to expect the final authorized ROEs to be set lower than the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

In April 2021, the FERC issued a Supplemental Notice of Proposed Rulemaking (SNOPR), which proposes to modify the incentive for participation in an RTO by limiting the incentive to 50 bps and only permitting them to earn the incentive for three years. If this proposal ends up being included in a final rule, PSNH would no longer be eligible for the 50 bps RTO incentive adder. However, a time frame has not been established for FERC to issue a final rule, and any impacts would be prospective. The elimination of the adder would be credit negative but it is not expected to materially impact the company's financial profile.

ESG considerations

PSNH's ESG Credit Impact Score is CIS-3 (Moderately Negative)

Exhibit 4
ESG Credit Impact Score

CIS-3
Moderately Negative

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

Source: Moody's Investors Service

PSNH's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with greater potential for future negative impact over time. Physical climate risks and exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 5
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-4	S-3	G-2
Highly Negative	Moderately Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental

PSNH's highly negative exposure to environmental risks (**E-4** issuer profile score) is driven by its service territory in the Northeast US, which exposes the company to material and extreme weather events such as storms. This is partially offset by the company's neutral-to-low carbon transition risk as an electric transmission and distribution utility and neutral-to-low exposure to water management, waste and pollution and natural capital risks.

Social

Exposure to social risks is moderately negative (**S-3** issuer profile score), reflecting the fundamental risk for regulated utilities that demographic and societal trends could include social pressures or public concern around affordability, reputational or environmental issues. In turn, these pressures could result in adverse political intervention into utility operations or regulatory changes. These risks are balanced by neutral-to-low risks in the areas of health and safety, human capital, and responsible production.

Governance

PSNH's neutral-to-low governance risk (**G-2** issuer profile) is driven by that of its parent Eversource, which is broadly in line with other utilities and does not pose a particular risk. This is supported by neutral-to-low scores on exposure to financial strategy and risk management, management credibility and track record, organizational structure, compliance and reporting and board structure policies and procedures.

ESG Issuer Profile Scores and Credit Impact Scores for PSNH are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for PSNH on MDC and view the ESG Scores section.

Additional ESG considerations

As a regulated electric T&D utility, PSNH has low carbon transition risk within the sector, particularly compared to vertically integrated electric utilities, mainly due to its lack of generation asset ownership. All commodity costs, including carbon, associated with power procurement for customers are fully passed through to customers with effective cost recovery mechanisms. PSNH continues to invest by hardening, modernizing, and making its electric distribution network more resilient and reliable particularly as the company faces extreme weather events due to climate change.

Social risks are primarily related to health and safety, demographic and societal trends, as well as customer relations as the company works to provide reliable and affordable service to customers and safe working conditions for employees. Regarding affordability, we see the potential for rising social risks associated with an inflationary environment, higher energy bills stemming from potential spikes in natural gas prices and the effect of increasing interest rates longer term. A high inflationary environment could make customers less able to absorb rate increases. Should this influence state regulators' decisions on rate increases or cost recovery, the company's financial profile and cash flow ratios could weaken.

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks. We view PSNH management and governance as strong based on that of its ultimate parent, Eversource.

Liquidity analysis

PSNH maintains sufficient liquidity reflecting its stable and predictable cash flow generation, modest cash balance and access to its parent's joint revolving credit facility. As of 31 March 2023, PSNH had minimal cash on hand.

For the 12-months ended 31 March 2023, PSNH generated cash flow from operations of $231 million, incurred capital expenditures of $512 million and distributed dividends to its parent of $106 million, resulting in negative free cash flow of $387 million. The shortfall in meeting its outflows using internally generated cash flow was primarily funded with long-term debt issuances and capital contributions from its parent. Eversource contributed $210 million to PSNH over the LTM period. Over the next few years, we expect that PSNH will continue to fund its capital investment needs using internally generated cash, short and long-term debt borrowings and capital contributions from its parent. We expect that PSNH’s financial policies including its dividend policy, parent equity contributions and any long-term debt issuances, will be managed in a manner that maintains the utility’s targeted capital structure including an equity ratio of about 54% authorized by regulators.

PSNH, along with affiliated entities, CL&P, NSTAR Gas, Yankee Gas, EGMA and AWC-CT have access to Eversource's $2 billion revolving joint credit facility that expires on 15 October 2027. Under the revolving credit facility, PSNH has a borrowing sublimit of up to $300 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 65%. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 31 March 2023.

Eversource uses the facility totaling $2 billion to backstop its same sized commercial paper program. Eversource has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 31 March 2023, approximately $952 million was available on the credit facility with approximately $1.048 billion of commercial paper outstanding. There was $121.1 million of intercompany loans from Eversource to PSNH as of 31 March 2023.

PSNH's nearest debt maturities are $325 million of bonds due in November 2023.

Rating methodology and scorecard factors

Exhibit 6
Methodology Scorecard Factors
Public Service Company of New Hampshire

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 3/31/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	6.7x	Aa	5.9x - 6.4x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	18.3%	Baa	19% - 22%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.4%	Baa	12% - 15%	Baa
d) Debt / Capitalization (3 Year Avg)	45.8%	A	42% - 46%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A2
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A3		A2
b) Actual Rating Assigned		A3		A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 3/31/2023(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Appendix

Exhibit 7

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Mar-23
As Adjusted					
FFO	**267**	**316**	**338**	**351**	**382**
+/- Other	0	0	0	0	0
CFO Pre-WC	**267**	**316**	**338**	**351**	**382**
+/- ΔWC	16	-64	29	51	-111
CFO	**283**	**252**	**367**	**401**	**271**
- Div	271	22	261	104	106
- Capex	309	365	357	526	552
FCF	**-297**	**-135**	**-251**	**-228**	**-387**
(CFO Pre-W/C) / Debt	15.6%	17.1%	18.8%	19.6%	19.0%
(CFO Pre-W/C - Dividends) / Debt	-0.3%	15.9%	4.3%	13.8%	13.7%
FFO / Debt	15.6%	17.1%	18.8%	19.6%	19.0%
RCF / Debt	-0.3%	15.9%	4.3%	13.8%	13.7%
Revenue	1,066	1,079	1,177	1,475	1,556
Interest Expense	64	62	60	60	64
Net Income	127	136	139	147	144
Total Assets	4,351	4,665	4,741	5,203	5,451
Total Liabilities	2,964	3,122	3,148	3,332	3,569
Total Equity	1,386	1,543	1,593	1,870	1,883

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months
Source: Moody's Financial Metrics™

Exhibit 8

Peer Comparison Table [1]

	Public Service Company of New Hampshire A3 (Stable)			NSTAR Electric Company A1 (Negative)			Unitil Energy Systems, Inc. Baa1 (Stable)			Connecticut Light and Power Company (The) A3 (Stable)			Consolidated Edison Company of New York, Inc. Baa1 (Positive)		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23
Revenue	1,177	1,475	1,556	3,056	3,583	3,676	159	173	210	3,637	4,818	4,871	11,716	13,268	13,704
CFO Pre-W/C	338	351	382	861	944	1,002	28	32	35	858	986	893	2,855	3,057	2,728
Total Debt	1,799	1,792	2,013	4,201	4,476	4,624	149	130	114	4,281	4,277	4,689	20,296	21,959	20,562
CFO Pre-W/C + Interest / Interest	6.7x	6.8x	7.0x	6.4x	6.4x	6.5x	5.1x	5.7x	5.9x	5.9x	6.7x	6.0x	4.5x	4.6x	4.1x
CFO Pre-W/C / Debt	18.8%	19.6%	19.0%	20.5%	21.1%	21.7%	18.8%	24.4%	30.3%	20.0%	23.1%	19.0%	14.1%	13.9%	13.3%
CFO Pre-W/C – Dividends / Debt	4.3%	13.8%	13.7%	13.7%	14.6%	9.9%	14.3%	20.4%	25.7%	12.0%	16.2%	12.5%	9.2%	9.5%	8.4%
Debt / Capitalization	45.8%	42.4%	44.5%	39.0%	37.6%	38.8%	52.8%	47.1%	41.3%	38.2%	36.4%	38.0%	46.8%	47.8%	43.8%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics™

Ratings

Exhibit 9

Category	Moody's Rating
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
PARENT: EVERSOURCE ENERGY	
Outlook	Negative
Issuer Rating	Baa1
Senior Unsecured	Baa1
Pref. Shelf	(P)Baa3
Commercial Paper	P-2

Source: Moody's Investors Service

REPORT NUMBER 1374089

MOODY'S
INVESTORS SERVICE

Public Service Company of New Hampshire

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	A–	Stable	Affirmed April 8, 2022
Senior Secured Debt	A+	—	Affirmed April 8, 2022

Click here for full list of ratings

Applicable Criteria

Parent and Subsidiary Linkage Rating Criteria (December 2021)

Corporate Rating Criteria (October 2021)

Sector Navigators - Addendum to the Corporate Rating Criteria (October 2021)

Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Related Research

The Connecticut Light and Power Company (June 2022)

Eversource Energy (June 2022)

NSTAR Electric Company (June 2022)

NSTAR Gas Company (June 2022)

North American Utilities: Weathering the Storm (Fourth-Quarter and YE 2021 Earnings Wrap-Up) (March 2022)

Fitch Ratings 2022 Outlook: North American Utilities, Power and Gas (December 2021)

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The 'A–' Long-Term Issuer Default Rating (IDR) of Public Service Company of New Hampshire (PSNH) primarily reflects the utility's low-risk regulated electric transmission and distribution (T&D) operations and strong financial profile.

Key Rating Drivers

Low-Risk Business Profile: PSNH's ratings largely reflect the low business risk and stable cash flow of its regulated electric T&D operations. PSNH has no commodity exposure and fully passes through all power supply costs to customers. A significant share of PSNH's rate base is derived from electric transmission investments regulated by the Federal Energy Regulatory Commission (FERC).

Balanced Regulatory Environment: Fitch Ratings considers the regulatory environment overseen by the New Hampshire Public Utilities Commission (NHPUC) to be somewhat balanced. Authorized ROEs are lower than the industry average, but a transmission cost adjustment and lost revenue adjustment mechanisms help to provide some cash flow stability. The NHPUC allowed PSNH to issue rate reduction bonds in 2018 to recover the stranded costs associated with the state-mandated sale of PSNH's thermal and hydroelectric generation facilities. PSNH's FERC-regulated electric transmission business provides beneficial regulatory diversification.

2019 Rate Case Decision: Fitch considers the outcome of PSNH's 2019 rate case to be balanced and supportive of credit quality. The NHPUC approved a settlement on June 27, 2019 to implement a temporary annual base distribution rate increase of $28.3 million. The new rates were implemented Aug. 1, 2019 and were effective July 1, 2019. The agreement also permitted PSNH to recover approximately $68.5 million in unrecovered storm costs over five years beginning Aug. 1, 2019, with debt carrying charges, included in the temporary rate increase.

On Dec. 15, 2020, the NHPUC approved an Oct. 9, 2020 settlement agreement that included a permanent rate increase of $45.0 million at PSNH, effective Jan. 1, 2021. PSNH was also permitted three step increases, effective Jan. 1, 2021, Aug. 1, 2021 and Aug. 1, 2022, to reflect plant additions in 2019, 2020 and 2021, respectively. The agreement allowed for the effect of the permanent rate increase to be extended back to the temporary rate period. In lieu of a customer rate increase for this recoupment of revenue, the NHPUC directed a portion of PSNH's regulatory liability from the 2017 Tax Cuts and Jobs Act to offset bill effects to customers.

On Dec. 23, 2020, the NHPUC approved the first step adjustment for 2019 plant in service to recover a revenue requirement of $10.6 million, effective Jan. 1, 2021. On July 30, 2021, the NHPUC approved the second step adjustment for 2020 plant in service to recover a revenue requirement of $11.0 million, subject to reconciliation after completion of an audit, with rates effective Aug. 1, 2021.

Transmission Capex: PSNH's capex became more focused on transmission assets following the 2018 sale of the utility's generation facilities. Management expects to spend approximately $1.15 billion on transmission capex over 2022–2026. FERC-regulated transmission projects receive timely recovery of their costs, formulaic rates and attractive ROEs, which should enable PSNH to maintain its solid financial profile.

Strong Financial Metrics: PSNH's ratings are also supported by strong financial metrics. Growth in FERC-regulated transmission projects is expected to further strengthen cash flows, with reductions in operations and maintenance expense and other cost-cutting initiatives improving EBITDA margins. Fitch expects PSNH's FFO leverage to average around 3.8x–4.2x through 2025.

Parent/Subsidiary Linkage: Parent and subsidiary linkage exists and follows a weak parent/strong subsidiary approach. Fitch considers PSNH and sister utilities NSTAR Electric Company (A/Stable), The Connecticut Light and Power Company (CL&P; A–/Stable) and NSTAR Gas Company (A–/Stable) to be stronger than parent Eversource Energy (BBB+/Stable) due to the utilities' low-risk, regulated operations and the relatively balanced regulatory jurisdictions in which they operate.

Fitch considers the legal ring-fencing factor "porous" due to the general protections afforded by economic regulation, including a restriction on dividend payments; the access and control factor is also evaluated as "porous." Eversource centrally manages the treasury function for its utilities and is the sole source of equity. Eversource and most of its utility subsidiaries share a revolving credit facility; however, each subsidiary issues its own long-term debt. Fitch would allow the utilities' Long-Term IDRs to be up to two notches higher than Eversource's.

Financial Summary

($ Mil., as of Dec. 31)	**2018**	**2019**	**2020**	**2021**
Gross Revenue	1,006	1,002	1,016	1,116
Operating EBITDA	247	246	261	291
Cash Flow from Operations (Fitch Defined)	186	231	175	293
Capital Intensity (Capex/Revenue) (%)	27.6	30.8	33.7	29.3
Total Debt with Equity Credit	864	984	1,153	1,286
FFO Leverage (x)	2.8	4.1	4.8	3.7
FFO Interest Coverage (x)	6.5	5.6	5.9	8.9
Total Debt with Equity Credit/Operating EBITDA (x)	3.5	4.0	4.4	4.4

Source: Fitch Ratings, Fitch Solutions.

Rating Derivation Relative to Peers

PSNH compares adequately with peers at its 'A–' Long-Term IDR. PSNH has a similar business risk profile as Central Maine Power Company (CMP; BBB+/Stable) and The United Illuminating Company (UI; A–/Stable). PSNH operates in what Fitch considers to be a relatively balanced regulatory environment in New Hampshire, while CMP and UI operate in somewhat more restrictive regulatory environments in Maine and Connecticut. All three entities benefit from significant exposure to FERC-regulated transmission assets, which are relatively low risk and provide stable and predictable cash flow. Fitch expects FFO leverage to average around 3.8x–4.2x through 2025 for PSNH, 3.2x–3.8x for CMP, and 3.2x–3.6x for UI.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- FFO leverage expected to remain less than 3.5x on a sustained basis.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- FFO leverage expected to exceed 4.5x on a sustained basis;
- An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

Liquidity and Debt Structure

Adequate Liquidity: Fitch considers the liquidity for Eversource and each of its regulated utility subsidiaries to be adequate.

Eversource has a $2.0 billion CP program that it uses to provide its subsidiaries with intercompany loans. Eversource had $1,393.8 million of CP borrowings outstanding at March 31, 2022, leaving $606.2 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion revolving credit facility (RCF) that terminates on Oct. 15, 2026. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each has a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. No RCF borrowings were outstanding as of March 31, 2022.

Eversource and its utility subsidiaries require modest cash on hand and had $46.2 million of unrestricted cash at March 31, 2022.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. PSNH has $325 million of 3.5% first mortgage bonds due Nov. 1, 2023.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Liquidity Analysis

($ Mil.)	12/31/20	12/31/21
Total Cash and Cash Equivalents	0	0
Short-Term Investments	0	0
Less: Not Readily Available Cash and Cash Equivalents	0	0
Fitch-Defined Readily Available Cash and Cash Equivalents	**0**	**0**
Availability Under Committed Lines of Credit	254	189
Total Liquidity	**254**	**189**
LTM EBITDA After Associates and Minorities	261	291
LTM FCF	(190)	(294)

Source: Fitch Ratings, Fitch Solutions, Public Service Company of New Hampshire.

Scheduled Long-Term Debt Maturities

($ Mil.)	12/31/21
2022	0
2023	325
2024	0
2025	0
2026	0
Thereafter	850
Total	**1,175**

Source: Fitch Ratings, Fitch Solutions, Public Service Company of New Hampshire.

Key Assumptions

Fitch's Key Assumptions Within Its Rating Case for the Issuer Include

- Transmission capex totaling $1.15 billion over 2022–2026;
- Operating and maintenance expense relatively flat;
- Normal weather.

Financial Data

	Historical			
($ Mil., as of Dec. 31)	2018	2019	2020	2021
Summary Income Statement				
Gross Revenue	1,006	1,002	1,016	1,116
Revenue Growth (%)	2.5	(0.4)	1.4	9.8
Operating EBITDA (Before Income from Associates)	247	246	261	291
Operating EBITDA Margin (%)	24.5	24.6	25.7	26.0
Operating EBITDAR	249	246	261	291
Operating EBITDAR Margin (%)	24.8	24.6	25.7	26.0
Operating EBIT	182	195	204	214
Operating EBIT Margin (%)	18.1	19.5	20.0	19.2
Gross Interest Expense	(48)	(42)	(41)	(39)
Pretax Income (Including Associate Income/Loss)	163	175	179	190
Summary Balance Sheet				
Readily Available Cash and Equivalents	1	0	0	0
Total Debt with Equity Credit	864	984	1,153	1,286
Total Adjusted Debt with Equity Credit	884	986	1,155	1,286
Net Debt with Equity Credit	863	984	1,153	1,286
Summary Cash Flow Statement				
Operating EBITDA	247	246	261	291
Cash Interest Paid	(48)	(42)	(41)	(39)
Cash Tax	(27)	(3)	(34)	(51)
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0
Other Items Before FFO	90	(5)	12	110
Funds Flow from Operations	262	196	198	310
FFO Margin (%)	26.1	19.5	19.5	27.8
Change in Working Capital	(76)	36	(23)	(17)
Cash Flow from Operations (Fitch Defined)	186	231	175	293
Total Non-Operating/Nonrecurring Cash Flow	0	0	0	0
Capex	(277)	(309)	(343)	(326)
Capital Intensity (Capex/Revenue) (%)	27.6	30.8	33.7	29.3
Common Dividends	(150)	(271)	(22)	(261)
FCF	(241)	(349)	(190)	(294)
Net Acquisitions and Divestitures	199	0	0	0
Other Investing and Financing Cash Flow Items	(22)	55	38	45
Net Debt Proceeds	231	68	126	89
Net Equity Proceeds	(165)	225	25	160
Total Change in Cash	1	(1)	0	0
Leverage Ratios (x)				
Total Net Debt with Equity Credit/Operating EBITDA	3.5	4.0	4.4	4.4
Total Adjusted Debt/Operating EBITDAR	3.5	4.0	4.4	4.4

	Historical			
($ Mil., as of Dec. 31)	**2018**	**2019**	**2020**	**2021**
Total Adjusted Net Debt/Operating EBITDAR	3.5	4.0	4.4	4.4
Total Debt with Equity Credit/Operating EBITDA	3.5	4.0	4.4	4.4
FFO Adjusted Leverage	2.8	4.1	4.8	3.7
FFO Adjusted Net Leverage	2.8	4.1	4.8	3.7
FFO Leverage	2.8	4.1	4.8	3.7
FFO Net Leverage	2.8	4.1	4.8	3.7
Calculations for Forecast Publication				
Capex, Dividends, Acquisitions and Other Items Before FCF	(229)	(580)	(365)	(587)
FCF After Acquisitions and Divestitures	(43)	(349)	(190)	(294)
FCF Margin (After Net Acquisitions) (%)	(4.2)	(34.8)	(18.7)	(26.4)
Coverage Ratios (x)				
FFO Interest Coverage	6.5	5.6	5.9	8.9
FFO Fixed-Charge Coverage	6.2	5.6	5.9	8.9
Operating EBITDAR/Interest Paid + Rents	5.0	5.8	6.4	7.4
Operating EBITDA/Interest Paid	5.2	5.8	6.4	7.4
Additional Metrics (%)				
CFO-Capex/Total Debt with Equity Credit	(10.6)	(7.9)	(14.5)	(2.6)
CFO-Capex/Total Net Debt with Equity Credit	(10.6)	(7.9)	(14.5)	(2.6)

CFO – Cash flow from operations.
Source: Fitch Ratings, Fitch Solutions.

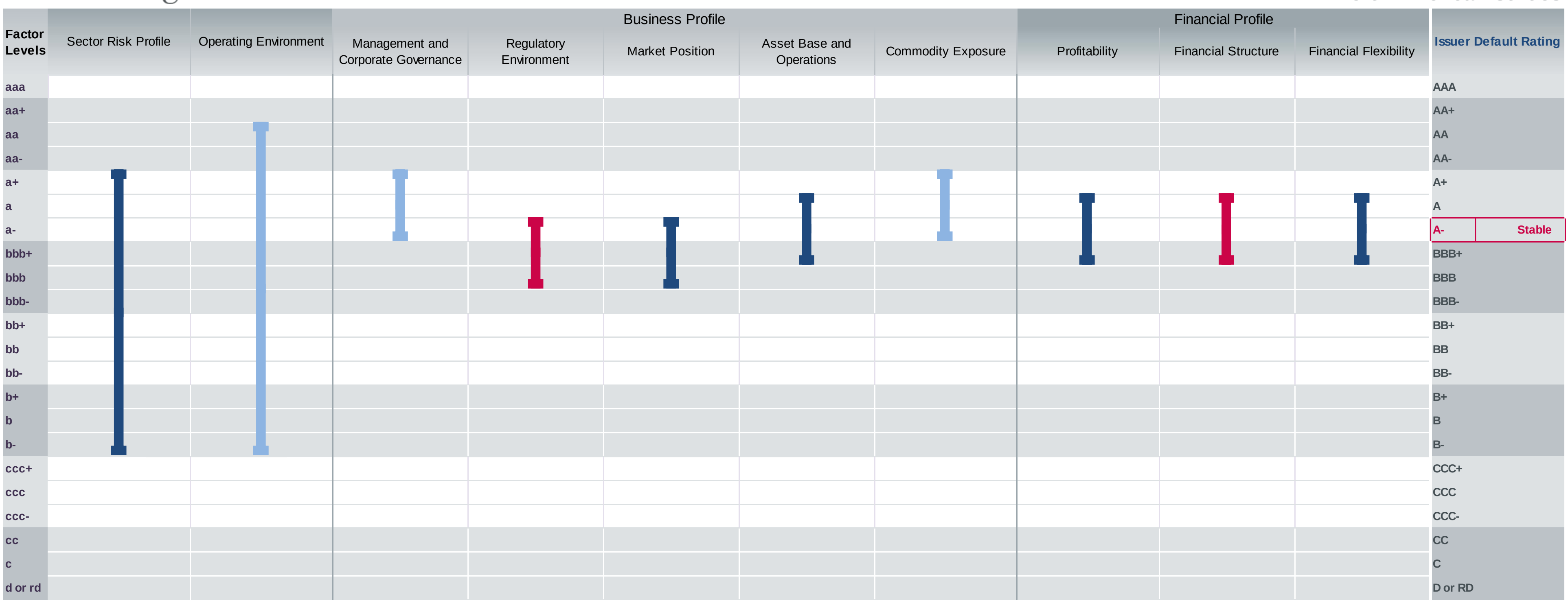
Ratings Navigator

FitchRatings

Public Service Company of New Hampshire

ESG Relevance:

Corporates Ratings Navigator
North American Utilities



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colors = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	□	Stable

FitchRatings

Public Service Company of New Hampshire

Corporates Ratings Navigator
North American Utilities

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Regulatory Environment

a	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	Trend in Authorized ROEs	bbb	Average authorized ROE.
bbb	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb-	Mechanisms Supportive of Creditworthiness	bbb	Effective regulatory ring-fencing or minimum creditworthiness requirements.

Asset Base and Operations

a+	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
a	Operations Reliability and Cost Competitiveness	a	Track record of reliable, low-cost operations.
a-	Exposure to Environmental Regulations	a	No exposure to environmental regulations.
bbb+	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb			

Profitability

a+	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
a	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
a-			
bbb+			
bbb			

Financial Flexibility

a+	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a	Liquidity	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
a-	FFO Interest Coverage	a	5.5x
bbb+			
bbb			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

aa-	Management Strategy	aa	Coherent strategy and very strong track record in implementation.
a+	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Market Position

a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	a	Favorable customer mix.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Commodity Exposure

aa-	Ability to Pass Through Changes in Fuel	a	Complete pass-through of commodity costs.
a+	Underlying Supply Mix	a	Extremely low cost and flexible supply.
a	Hedging Strategy	a	Highly captive supply and customer base.
a-			
bbb+			

Financial Structure

a+	FFO Leverage	a	3.5x
a	Total Debt With Equity Credit/Op. EBITDA	a	3.25x
a-			
bbb+			
bbb			

Credit-Relevant ESG Derivation

Public Service Company of New Hampshire has 9 ESG potential rating drivers

- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security
- Impact of labor negotiations and employee (dis)satisfaction
- Social resistance to major projects that leads to delays and cost increases
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Public Service Company of New Hampshire

Corporates Ratings Navigator
North American Utilities

Credit-Relevant ESG Derivation

Public Service Company of New Hampshire has 9 ESG potential rating drivers

- Public Service Company of New Hampshire has exposure to extreme weather events but this has very low impact on the rating.
- Public Service Company of New Hampshire has exposure to access/affordability risk but this has very low impact on the rating.
- Public Service Company of New Hampshire has exposure to customer accountability risk but this has very low impact on the rating.
- Public Service Company of New Hampshire has exposure to labor relations & practices risk but this has very low impact on the rating.
- Public Service Company of New Hampshire has exposure to social resistance but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	2	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	1	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	2	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability

E Scale: 5 4 3 2 1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability

S Scale: 5 4 3 2 1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Scale: 5 4 3 2 1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

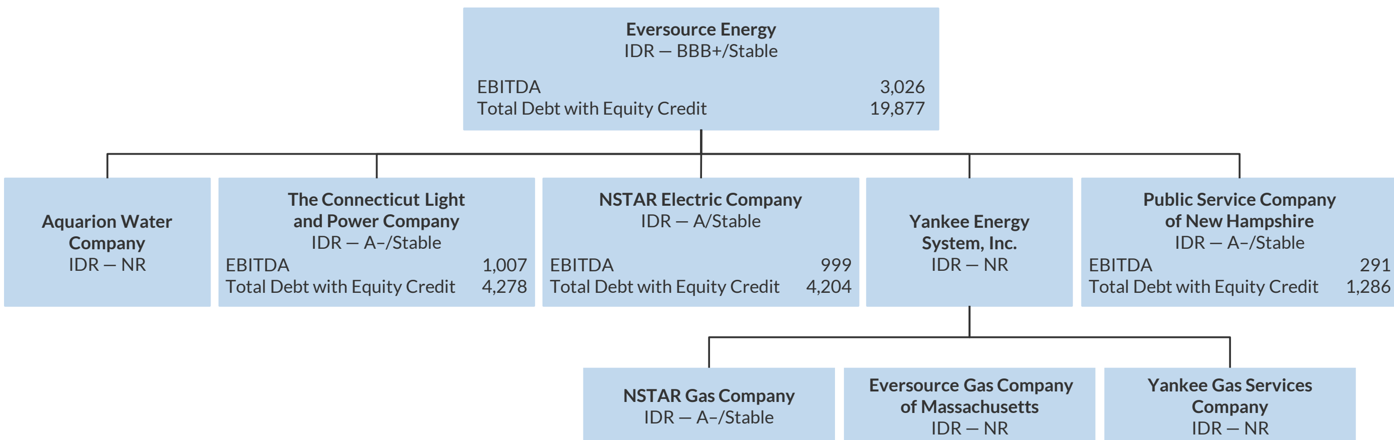
CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — Public Service Company of New Hampshire
($ Mil., as of Dec. 31, 2021)



IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, Public Service Company of New Hampshire.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue ($ Mil.)	Funds Flow from Operations ($ Mil.)	FFO Leverage (x)	FFO Interest Coverage (x)	Total Debt with Equity Credit/Operating EBITDA (x)
Public Service Company of New Hampshire	A–						
	A–	2021	1,116	310	3.7	8.9	4.4
	A–	2020	1,016	198	4.8	5.9	4.4
	A–	2019	1,002	196	4.1	5.6	4.0
The Connecticut Light and Power Company	A–						
	A–	2021	3,637	700	4.9	5.0	4.2
	A–	2020	3,548	581	5.3	4.5	3.7
	A–	2019	3,233	711	4.2	5.4	3.7
NSTAR Electric Company	A						
	A	2021	3,056	715	4.8	5.6	4.2
	A	2020	2,941	667	4.8	5.7	4.0
	A	2019	3,045	724	4.0	6.8	3.7
Central Maine Power Company	BBB+						
	BBB+	2020	888	283	3.9	6.0	3.7
	BBB+	2019	819	302	3.3	6.4	3.6
	BBB+	2018	848	254	3.5	5.1	3.1
The United Illuminating Company	A–						
	A–	2020	1,047	257	3.0	6.8	3.0
	A–	2019	989	278	2.7	7.5	3.0
	BBB+	2018	970	263	2.8	7.2	3.1

Source: Fitch Ratings, Fitch Solutions.

Fitch Adjusted Financials

($ Mil., as of Dec. 31, 2021)	Notes and Formulas	Reported Values	Sum of Adjustments	Fair Value and Other Debt Adjustments	CORP-Lease Treatment	Other Adjustments	Adjusted Values
Income Statement Summary							
Revenue		1,177	(62)			(62)	1,116
Operating EBITDAR		352	(62)		(0)	(62)	291
Operating EBITDAR After Associates and Minorities	(a)	352	(62)		(0)	(62)	291
Operating Lease Expense	(b)	0					0
Operating EBITDA	(c)	352	(62)		(0)	(62)	291
Operating EBITDA After Associates and Minorities	(d) = (a-b)	352	(62)		(0)	(62)	291
Operating EBIT	(e)	232	(18)			(18)	214
Debt and Cash Summary							
Total Debt with Equity Credit	(f)	1,783	(497)	(11)		(486)	1,286
Lease-Equivalent Debt	(g)	0					0
Other Off-Balance-Sheet Debt	(h)	0					0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	1,783	(497)	(11)		(486)	1,286
Readily Available Cash and Equivalents	(j)	0					0
Not Readily Available Cash and Equivalents		0					0
Cash Flow Summary							
Operating EBITDA After Associates and Minorities	(d) = (a-b)	352	(62)		(0)	(62)	291
Preferred Dividends (Paid)	(k)	0					0
Interest Received	(l)	0					0
Interest (Paid)	(m)	(57)	17		17	(0)	(39)
Cash Tax (Paid)		(51)					(51)
Other Items Before FFO		108	1		(17)	18	110
Funds from Operations (FFO)	(n)	353	(43)		(0)	(43)	310
Change in Working Capital (Fitch-Defined)		(17)					(17)
Cash Flow from Operations (CFO)	(o)	336	(43)		(0)	(43)	293
Non-Operating/Nonrecurring Cash Flow		0					0
Capital (Expenditures)	(p)	(326)					(326)
Common Dividends (Paid)		(261)					(261)
Free Cash Flow (FCF)		(251)	(43)		(0)	(43)	(294)
Gross Leverage (x)							
Total Adjusted Debt/Operating EBITDAR[a]	(i/a)	5.1					4.4
FFO Adjusted Leverage	(i/(n-m-l-k+b))	4.4					3.7
FFO Leverage	(i-g)/(n-m-l-k)	4.4					3.7
Total Debt with Equity Credit/Operating EBITDA[a]	(i-g)/d	5.1					4.4
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	0.5					(2.6)
Net Leverage (x)							
Total Adjusted Net Debt/Operating EBITDAR[a]	(i-j)/a	5.1					4.4
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	4.4					3.7
FFO Net Leverage	(i-g-j)/(n-m-l-k)	4.4					3.7
Total Net Debt with Equity Credit/Operating EBITDA[a]	(i-g-j)/d	5.1					4.4
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	0.5					(2.6)
Coverage (x)							
Operating EBITDA/(Interest Paid + Lease Expense)[a]	a/(-m+b)	6.2					7.4
Operating EBITDA/Interest Paid[a]	d/(-m)	6.2					7.4
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	7.2					8.9
FFO Interest Coverage	(n-l-m-k)/(-m-k)	7.2					8.9

[a]EBITDA/R after dividends to associates and minorities.
Source: Fitch Ratings, Fitch Solutions, Public Service Company of New Hampshire.

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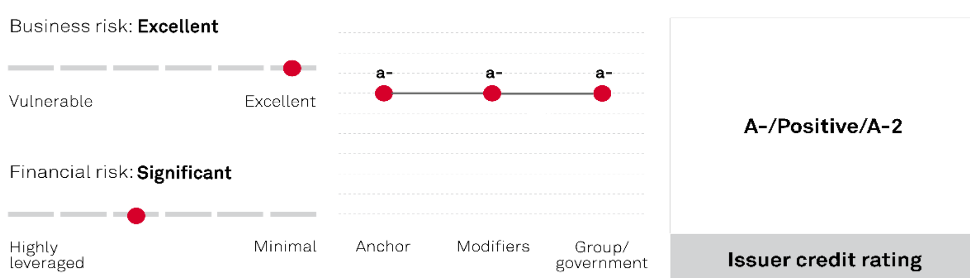
S&P Global
Ratings

RatingsDirect®

Eversource Energy

January 20, 2023

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths	Key risks
Low-risk regulated utility operations under supportive regulatory frameworks.	Forecast negative discretionary cash flow indicates future external funding needs.
Management of regulatory risk is effective, with mechanisms such as capital trackers, formula rates, revenue decoupling, and securitization of costs related to stranded asset retirements.	The company's offshore wind joint venture with Orsted introduces considerably more construction, operational, and counter party risks to the company than its regulated utility operations, though the company is exploring selling these assets.
Large customer base of about 3.3 million electric customers across three states, 885,000 gas customers across two states, and 235,000 water customers across three states.	Bill pressures within the company's service territory due to commodity supply constraints could introduce regulatory and collection risks.
Close to 35% of the company's rate base is regulated by the Federal Energy Regulatory Commission (FERC), and we generally view the FERC regulatory compact as favorable for credit quality.	Rising interest rates and inflation could pressure financial measures.

Our assessment of Eversource's effective regulatory risk management underpins the rating. We assess Eversource's business risk profile as excellent largely on its low-risk and regulated electric transmission and distribution (T&D), gas distribution, and water utility operations, which provide essential services to a combined 4.4 million customers across the Northeast region of the U.S. In addition, the company effectively manages its regulatory risk across Connecticut, Massachusetts, and New Hampshire and benefits from having a large portion of its operations under a credit-supportive FERC regulatory framework.

We are still monitoring the company's strategic review concerning its offshore wind joint venture with Orsted. In mid-2022, we revised our outlook on Eversource to positive from stable following its announcement that it would explore strategic alternatives for its interest in its offshore wind joint venture, including the potential sale of all of it. The strategic review is still ongoing, though we expect an announcement within the upcoming year around a potential sale. Overall, we view the offshore wind generation business as entailing more risk than Eversource's transmission and distribution (T&D) businesses, as it introduces construction risks, supply chain risks, and counterparty risks that are materially different than its utility businesses. As such, we would likely view Eversource's operations as having less business risk should the company sell its interest in the JV while maintaining its focus on its regulated utility businesses. Furthermore, we expect the company would use any upfront sales proceeds to fund regulated utility spending and repay debt, which could support near-term credit measures.

Offshore Wind JV Updates As Of October 2022

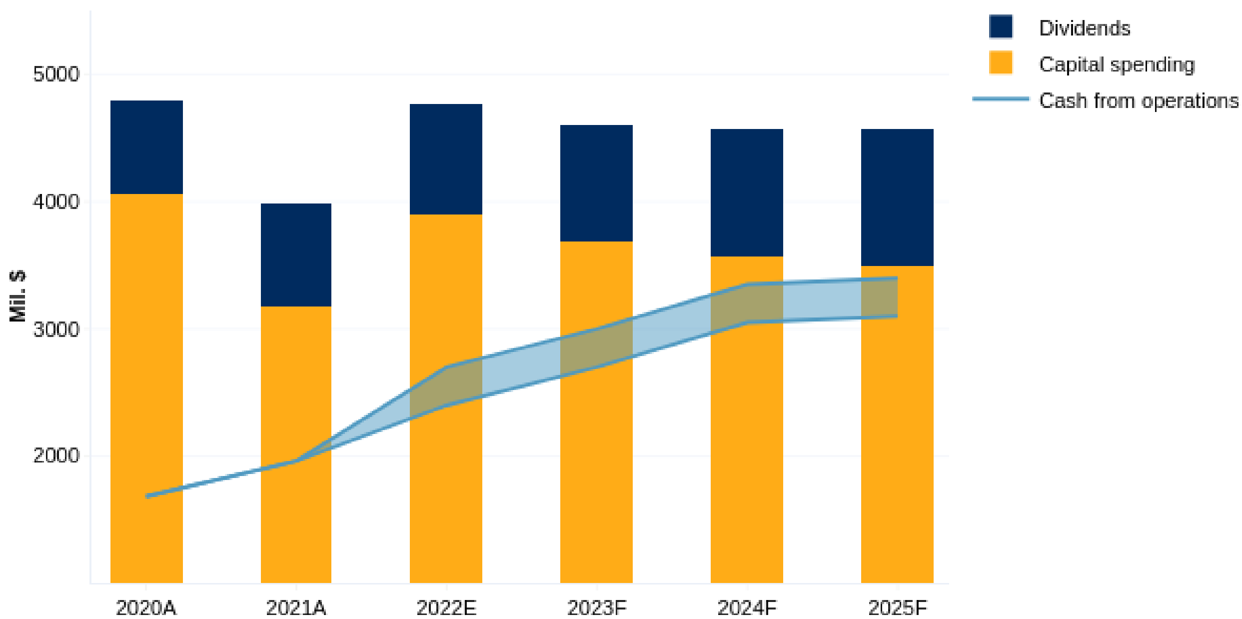
Costs locked in for the three projects	82%
Offshore investment to date	$1.8B
Company spending throughout 2022	$900M-$1B
Company expected spending 2023-2026	$3B-$3.6B
Company expected long-term average ROE	11%-13%*
Company expectation for South Fork Wind in service	Late 2023
Company expectation for Revolution Wind in service	2025
Company expectation for Sunrise Wind in service	Late 2025

*Return expectations exclude impacts of IRA
Source: Company filings

Gas supply constraints in New England have led to concerns over bill pressures for Eversource's electric and gas customers. Due to the increased commodity price environment, Eversource's electric and gas distribution customers experienced double-digit percentage bill increases during the fall and winter months of 2022. Although gas and power prices have since declined, these bill increases received regulatory and political scrutiny from parties in all the company's service territories, culminating in a Connecticut General Assembly representative introducing a bill that would give the general assembly legislative authority to approve regulatorily authorized bill increases for gas and electric utilities in the state. This bill is still very early on in the legislative process. While Eversource does not own any electric generation or gas production facilities and employs commodity cost and purchased power trackers to ensure timely recovery of these costs, effectively handling its energy procurement process is an important facet of its regulatory risk management. Furthermore, this issue could increase arrearages, especially so in Connecticut, though we note the winter moratorium on bill disconnects is scheduled to end in May 2023. As such, we will continue to monitor subsequent developments that could affect credit quality.

Under our base-case scenario, we assume the company will maintain funds from operations (FFO) to debt of about 14%. We currently analyze Eversource's financial measures using our medial volatility table. Our base case assumes its continued use of existing regulatory mechanisms, capital spending of about $3.6 billion annually, dividends increasing by about 7%-10% annually, and the refinancing of its long-term debt maturities.

Eversource Energy Cash Flow Forecast



Source: Company filings, S&P Ratings

Outlook

Our positive outlook on Eversource reflects the likelihood that it will sell all of its offshore wind investments and focus solely on its regulated utility businesses. The outlook also reflects our expectation that the company will maintain FFO to debt of more than 13% while continuing to effectively manage its regulatory risk in Connecticut and Massachusetts.

Downside scenario

We could affirm our ratings on Eversource and revise our outlook to stable over the next 18 months if it does not sell its entire offshore wind joint venture and completely exit the higher-risk generation business or it fails to maintain its FFO to debt in line with our expectations. We could also revise our outlook to stable if we conclude that regulatory risk in its key jurisdictions will persist and constrain the company's business risk.

Upside scenario

We could raise our ratings on Eversource over the next 12-18 months if it sells its entire offshore wind joint venture, consistently maintains FFO to debt of more than 13%, and continues to effectively manages its regulatory risk at a level significantly better than that of its peers in Connecticut and Massachusetts.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory mechanisms;
- Periodic rate cases;
- Formulaic rates under a credit-supportive FERC regulatory framework;
- Regulated capital spending averaging about $3.6 billion annually through 2026;
- Dividend growth of 7%-10% annually through 2026; and
- Negative discretionary cash flow.

Key metrics

Eversource Energy--Key Metrics*

	2021a	2022e	2023f	2024f	2025f
EBITDA ($)	3,358.1	3,550-3,650	3,850-3,950	4,250-4,350	4,450-4,550
FFO ($)	2,661.9	2,650-2,750	2,800-2,900	3,250-3,350	3,300-3,400
Capital expenditures ($)	3,156.7	3,800-3,900	3,600-3,700	3,500-3,600	3,400-3,500
Discretionary cash flow ($)	(2,058.5)	(2,300)-(2,200)	(1,850)-(1,750)	(1,400)-(1,300)	(1,400)-(1,300)
Debt ($)	20,134.7	21,500-22,500	20,500-21,500	21,750-22,750	23,000-24,000
FFO to debt (%)	13.2	11.5-13.5	12.5-14.5	14-16	13-15
Debt to EBITDA (x)	6.0	5.5-6.5	5-6	4.5-5.5	4.5-5.5
FFO cash interest coverage (x)	5.6	5-6	5-6	5-6	4.5-5.5

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.

Company Description

Eversource is a holding company that primarily engages in the energy delivery business through its wholly owned regulated utility subsidiaries. Eversource's subsidiaries include the electric utilities Connecticut Light & Power Co., NSTAR Electric Co., and Public Service Co. of New Hampshire; the natural gas utilities Yankee Gas Services Co., Eversource Gas Co. of Massachusetts, and NSTAR Gas Co.; and the water utility company Aquarion Co. Eversource provides energy delivery and/or water service to approximately 4.4 million total customers in Connecticut, Massachusetts, and New Hampshire.

Peer Comparison

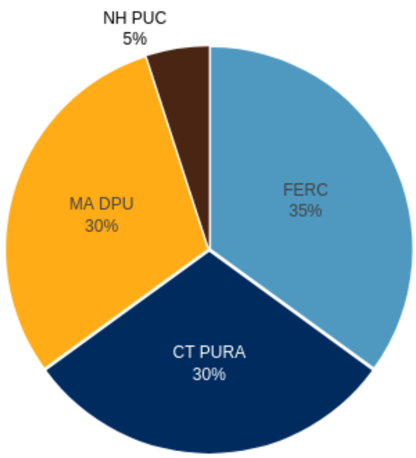
Eversource Energy--Peer Comparisons

	Eversource Energy	Avangrid Inc.	FirstEnergy Corp.	National Grid North America Inc.	PPL Corp.
Foreign currency issuer credit rating	A-/Positive/A-2	BBB+/Stable/A-2	BBB-/Stable/--	BBB+/Stable/A-2	A-/Stable/A-2
Local currency issuer credit rating	A-/Positive/A-2	BBB+/Stable/A-2	BBB-/Stable/--	BBB+/Stable/A-2	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2021-12-31	2021-12-31	2021-12-31	2022-03-31	2021-12-31
Mil.	$	$	$	$	$
Revenue	9,801	6,974	11,052	14,212	5,783
EBITDA	3,358	1,968	3,521	3,396	2,619
Funds from operations (FFO)	2,662	1,649	2,425	2,650	2,142
Interest	618	348	1,147	683	941
Cash interest paid	575	317	1,102	725	193
Operating cash flow (OCF)	1,907	1,537	2,810	2,811	1,566
Capital expenditure	3,157	2,943	2,418	4,220	1,967
Free operating cash flow (FOCF)	(1,249)	(1,406)	392	(1,409)	(401)
Discretionary cash flow (DCF)	(2,059)	(2,062)	(457)	(1,409)	(2,690)
Cash and short-term investments	67	1,474	1,462	1,082	3,571
Gross available cash	67	1,474	1,462	1,082	3,571
Debt	20,135	8,031	24,194	18,980	7,829
Equity	14,678	19,961	8,675	22,635	13,963
EBITDA margin (%)	34.3	28.2	31.9	23.9	45.3
Return on capital (%)	6.1	3.7	6.0	4.7	4.8
EBITDA interest coverage (x)	5.4	5.7	3.1	5.0	2.8
FFO cash interest coverage (x)	5.6	6.2	3.2	4.7	12.1
Debt/EBITDA (x)	6.0	4.1	6.9	5.6	3.0
FFO/debt (%)	13.2	20.5	10.0	14.0	27.4
OCF/debt (%)	9.5	19.1	11.6	14.8	20.0
FOCF/debt (%)	(6.2)	(17.5)	1.6	(7.4)	(5.1)
DCF/debt (%)	(10.2)	(25.7)	(1.9)	(7.4)	(34.4)

Business Risk

Our assessment of Eversource's business risk profile incorporates its large size, operational and regulatory diversity, low-operating-risk business, and effective management of regulatory risk. The company's businesses include electric distribution, electric transmission (regulated by the FERC), gas distribution, and water distribution. Regarding the company's transmission business, we generally view the FERC regulatory construct as favorable, primarily because it uses formula rates that enable the recovery of costs with limited regulatory lag.

Eversource Energy - Estimated Regulatory Mix (By EBITDA %)



Source: S&P Global Ratings; company filings.

The company's lower-risk electric distribution, water, and natural gas distribution businesses operate under generally constructive, transparent, and predictable regulatory frameworks. Furthermore, these utilities use various constructive regulatory mechanisms, including formula rates, forward test years, multi-year rate plans, storm recovery mechanisms, securitization of costs related to stranded asset retirements, and revenue decoupling.

NSTAR Electric Rate Case Summary

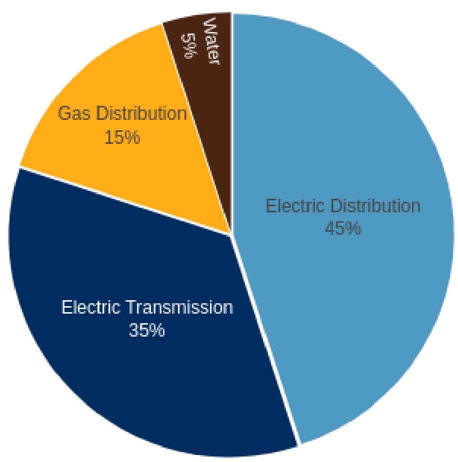
	Company request	Commission authorized
Rate Change Amount (mil. $)	93.4	64.3
Rate case test year-end date	12/31/2020	12/31/2020
Rate base (mil. $)	4095.2	3930.1
Rate base valuation method	Year-end	Year-end
Return on equity (%)	10.50	9.80
Common equity to total capital (%)	53.21	53.21
Rate of return (%)	7.43	7.06

Aquarion Water Co. Of CT Rate Case Request

	Company request rate year 1	Company request rate year 2	Company request rate year 3
Rate change amount ($ mil)	38.9	13.6	8.8
Rate case test year-end date	12/19/2022	12/31/2023	12/31/2024
Rate base (mil. $)	1074.7	1102.6	1157.9
Rate base valuation method	Post test year	Year-end	Year-end
Return on equity (%)	10.35	10.35	10.35
Common equity to total capital (%)	53.06	53.06	53.06
Rate of return (%)	7.50	7.50	7.50

The benefits from the company's lower-risk businesses are somewhat offset by Eversource's current investments in higher risk contracted offshore wind. However, overall, we assess the company at the higher end of the range for its business risk profile category given that the vast majority of its operations come from its low-risk regulated network utility operations, and that the company generally manages regulatory risk effectively.

Eversource Energy - Estimated Business Mix (By EBITDA %)



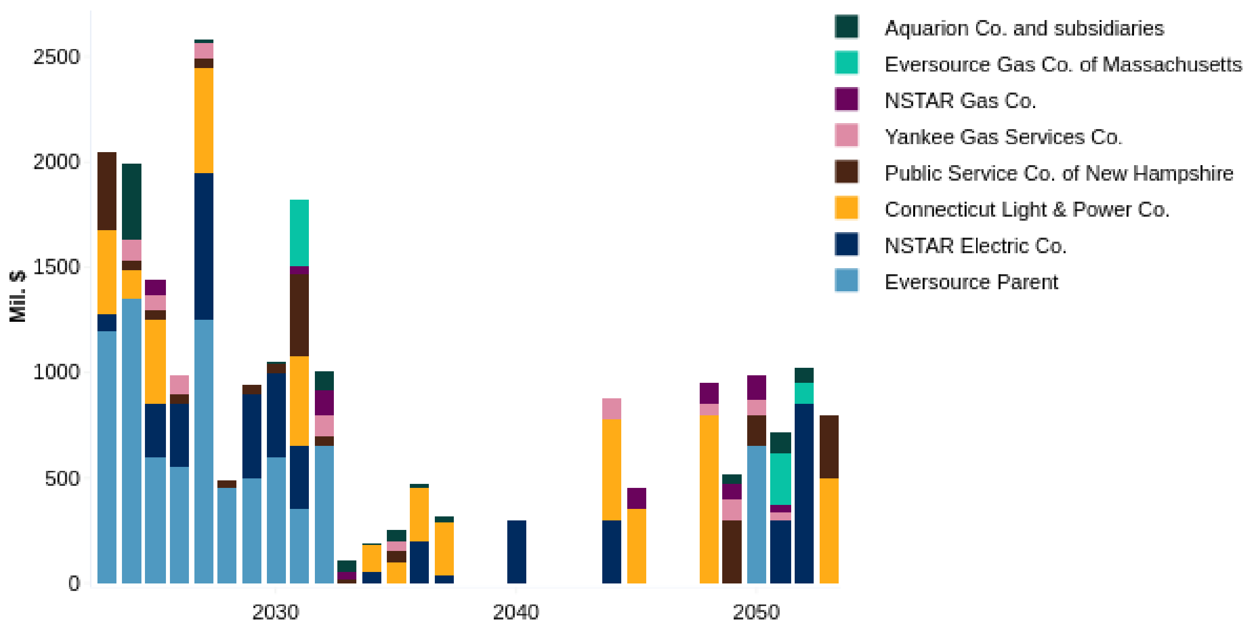
Source: S&P Global Ratings; company filings.

Financial Risk

We assess Eversource's financial risk using our medial volatility financial benchmark table, reflecting its lower-risk utility operations and effective management of regulatory risk. Under our base-case scenario for Eversource of regulated capital spending averaging about $3.6 billion, dividend growth of 7%-10% annually, equity issuance, formulaic rate increases under FERC's regulatory construct, and continued use of existing regulatory mechanisms we expect Eversource's FFO to debt to average about 14% over the next three years.

Debt maturities

Eversource Debt Maturities



Source: Company filings.

Eversource Energy--Financial Summary

Period ending	Dec-31-2016	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021
Reporting period	2016a	2017a	2018a	2019a	2020a	2021a
Display currency (mil.)	$	$	$	$	$	$
Revenues	7,639	7,752	8,433	8,460	8,842	9,801
EBITDA	2,676	2,770	2,715	2,910	3,181	3,358
Funds from operations (FFO)	2,395	2,300	2,042	2,314	2,604	2,662
Interest expense	442	468	536	568	577	618

Eversource Energy--Financial Summary

Cash interest paid	416	439	515	540	528	575
Operating cash flow (OCF)	2,172	1,999	1,769	1,947	1,621	1,907
Capital expenditure	1,966	2,336	2,504	2,886	4,033	3,157
Free operating cash flow (FOCF)	206	(337)	(735)	(939)	(2,412)	(1,249)
Discretionary cash flow (DCF)	(362)	(935)	(1,371)	(1,606)	(3,160)	(2,059)
Cash and short-term investments	30	38	108	15	107	67
Gross available cash	30	38	108	15	107	67
Debt	11,878	14,605	14,951	16,358	19,084	20,135
Common equity	10,790	11,164	11,565	12,708	14,141	14,678
Adjusted ratios						
EBITDA margin (%)	35.0	35.7	32.2	34.4	36.0	34.3
Return on capital (%)	8.5	8.1	6.3	6.0	6.6	6.1
EBITDA interest coverage (x)	6.1	5.9	5.1	5.1	5.5	5.4
FFO cash interest coverage (x)	6.8	6.2	5.0	5.3	5.9	5.6
Debt/EBITDA (x)	4.4	5.3	5.5	5.6	6.0	6.0
FFO/debt (%)	20.2	15.8	13.7	14.1	13.6	13.2
OCF/debt (%)	18.3	13.7	11.8	11.9	8.5	9.5
FOCF/debt (%)	1.7	(2.3)	(4.9)	(5.7)	(12.6)	(6.2)
DCF/debt (%)	(3.0)	(6.4)	(9.2)	(9.8)	(16.6)	(10.2)

Reconciliation Of Eversource Energy Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2021									
Company reported amounts	20,219	14,755	9,863	3,328	1,993	582	3,358	1,963	813	3,175
Cash taxes paid	-	-	-	-	-	-	(122)	-	-	-
Cash interest paid	-	-	-	-	-	-	(569)	-	-	-
Lease liabilities	107	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	12	2	2	(2)	10	-	-
Intermediate hybrids (equity)	78	(78)	-	-	-	4	(4)	(4)	(4)	-
Accessible cash and liquid investments	(67)	-	-	-	-	-	-	-	-	-

Reconciliation Of Eversource Energy Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Capitalized interest	-	-	-	-	-	18	(18)	(18)	-	(18)
Share-based compensation expense	-	-	-	28	-	-	-	-	-	-
Dividends from equity investments	-	-	-	22	-	-	-	-	-	-
Securitized stranded costs	(497)	-	(62)	(62)	(18)	(18)	18	(43)	-	-
Asset-retirement obligations	395	-	-	29	29	29	-	-	-	-
Nonoperating income (expense)	-	-	-	-	77	-	-	-	-	-
Debt: Fair value adjustments	(44)	-	-	-	-	-	-	-	-	-
Debt: other	(56)	-	-	-	-	-	-	-	-	-
Total adjustments	(84)	(78)	(62)	30	90	35	(696)	(55)	(4)	(18)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	20,135	14,678	9,801	3,358	2,083	618	2,662	1,907	809	3,157

Liquidity

We assess Eversource's liquidity as adequate, with sources covering uses by 1.1x over the coming 12 months. Furthermore, we project its sources will cover uses even if forecasted consolidated EBITDA declines by 10%. We believe the predictable regulatory framework for Eversource provides a manageable level of cash flow stability for the company even in times of economic stress, supporting our use of slightly lower thresholds to assess liquidity. In addition, Eversource has the ability to absorb high impact, low probability events, reflecting that the company maintains about $2.65 billion in committed credit facilities through 2027, and our belief that the company can lower its high capital spending (averaging about $3.6 billion annually) during stressful periods, indicative of a limited need for refinancing under such conditions. Furthermore, our assessment reflects the company's generally prudent risk management, sound relationships with its banking group (which includes over 10 well-established banks), and a satisfactory standing in the credit markets (CDS spreads is in line with investment-grade peer utilities). Overall, we believe that the company should be able to withstand adverse market circumstances over the next 12 months with sufficient liquidity to meet its obligations. The company has its next large long-term debt maturities in 2023, with about $1.6 billion coming due, and we expect the company to proactively address these well in advance of the scheduled due dates, as exemplified by its recent issuances in the first quarter of the year.

Principal liquidity sources

- Credit facility availability of about $2.65 billion;
- Cash FFO of about $2.9 billion; and
- Cash on hand of about $1.3 billion.

Principal liquidity uses

- Assumed maintenance capital spending of about $1.9 billion;
- Debt maturities, including outstanding commercial paper, of about $2 billion; and
- Dividends of about $915 million.

Covenant Analysis

Requirements

Eversource's revolving credit agreements include maximum debt-to-capital covenant ratios of 65% for Eversource and its subsidiaries.

Compliance expectations

We expect the company to maintain cushion under the leverage covenants in its credit agreements, even with a 10% decline in EBITDA.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis on Eversource Energy.

Issue Ratings--Subordination Risk Analysis

Capital structure

Eversource has close to $22.2 billion of debt outstanding, about $13.7 billion of which is issued by the company's operating subsidiaries with the remainder being unsecured debt at the holding company.

Analytical conclusions

We rate Eversource's senior unsecured debt 'BBB+' because it is subordinated to a significant amount of priority debt (more than 50% of total debt) within the company's capital structure. We rate the company's commercial paper program 'A-2' based on our issuer credit rating on the company.

Rating Component Scores

Foreign currency issuer credit rating	**A-/Positive/A-2**
Local currency issuer credit rating	**A-/Positive/A-2**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Excellent
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**a-**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**a-**

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of January 20, 2023)*

Eversource Energy

Ratings Detail (as of January 20, 2023)*

Issuer Credit Rating	A-/Positive/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
Issuer Credit Ratings History	
09-May-2022	A-/Positive/A-2
25-Jul-2019	A-/Stable/A-2
12-Feb-2019	A+/Negative/A-1
Related Entities	
Aquarion Co.	
Issuer Credit Rating	A-/Positive/--
Senior Unsecured	BBB+
Connecticut Light & Power Co.	
Issuer Credit Rating	A/Positive/NR
Preferred Stock	BBB+
Senior Secured	A+
Eversource Gas Co. of Massachusetts	
Issuer Credit Rating	A-/Positive/--
NSTAR Electric Co.	
Issuer Credit Rating	A/Positive/A-1
Commercial Paper	
Local Currency	A-1
Preferred Stock	BBB+
Senior Unsecured	A
NSTAR Gas Co.	
Issuer Credit Rating	A-/Positive/--
Senior Secured	A
Public Service Co. of New Hampshire	
Issuer Credit Rating	A/Stable/--
Senior Secured	A+
Yankee Gas Services Co.	
Issuer Credit Rating	A-/Positive/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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Research Update:

Eversource Energy Outlook Revised To Stable From Positive; Connecticut-Based Subsidiaries' Outlooks Revised To Negative

September 14, 2023

Rating Action Overview

- Recent regulatory and legislative developments in Connecticut have been inconsistent with our view of the state's regulatory framework for investor-owned utilities. These include the passing and signing of Senate Bill 7, which discontinued the use of the electric system improvement charge in future rate proceedings, as well as the allowance for Connecticut's Public Utilities Regulatory Authority (PURA) to have discretion regarding the consistent implementation of decoupling. We assess these developments as negative for credit quality. Furthermore, PURA's recent less-than-credit-supportive rate orders could indicate Connecticut's regulatory construct may be becoming less supportive for credit quality.
- As such, we affirmed our ratings on Eversource Energy and its subsidiaries. However, we revised the outlooks for Eversource and subsidiaries NSTAR Electric (NSTAR-E), NSTAR Gas (NSTAR-G), and Eversource Gas Co. of Massachusetts (EGMA) to stable from positive. At the same time, we revised our outlooks on Eversource's Connecticut-based subsidiaries, Connecticut Light & Power Co. (CL&P), Aquarion Co., and Yankee Gas Services Co. (Yankee Gas) to negative.
- The stable outlook on Eversource reflects our view that Eversource will sell its offshore wind assets and solely focus on its regulated transmission and distribution utility assets while maintaining funds from operations (FFO) to debt of 13%-14%.
- The negative outlooks for CL&P, Yankee Gas, and Aquarion reflect our view that we could downgrade the companies over the next 12-18 months if we revise downward our assessment of Connecticut's regulatory jurisdiction.

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Rating Action Rationale

Recent negative developments may be indicative that Connecticut's regulatory jurisdiction is becoming less supportive of credit quality. We currently assess Connecticut's regulatory construct as a more credit supportive regulatory jurisdiction. However, we believe the signing of

Senate Bill 7 into law, which discontinued the use of the electric system improvement charge in future rate proceedings and allows PURA to have discretion regarding the consistent implementation of decoupling, is negative for credit quality. We believe these developments decrease cash flow predictability.

Furthermore, recent rate orders for Aquarion and The United Illuminating Co. (UIL) significantly deviated from our base case. These rate orders did not approve the multiyear rate plans filed and included material disallowances, penalties for UIL, and below-average returns on equity. In addition, we expect that these rate orders will increase regulatory lag for these utilities. In general, we expect utilities in regulatory jurisdictions that we assess as more credit supportive to fully recover all operating and capital costs and operate under a consistent framework that demonstrates regulatory and cash flow stability. Accordingly, we expect to closely monitor further regulatory developments over the next 12-18 months, including PURA's future rate case orders and how the performance-based regulatory framework is implemented.

We revised Eversource's outlook to stable from positive. Eversource's operations regulated by the PURA represent about 33% of its consolidated EBIDTA. Although the regulatory constructs of its other regulatory jurisdictions have generally remained consistent, we believe the more challenging regulatory environment in Connecticut increases business risk and pressures credit quality. As such, we revised Eversource's outlook to stable, incorporating these higher risks, which decreases the likelihood of an upgrade.

We revised the outlooks for Eversource's Connecticut utilities, including CL&P, Aquarion, and Yankee Gas, to negative. Should we revise downward our assessment of Connecticut's regulatory construct over the next 12-18 months, it would result in an increase in business risk for Eversource's Connecticut utilities, reflecting a weakening ability to effectively manage regulatory risk. In our view, consistent adverse regulatory outcomes could also limit the extent of Eversource's parental support for these utilities in certain situations and would likely result in our reassessment of Eversource's group support of these utilities to below core. This would then likely result in a ratings downgrade for CL&P, Aquarion, and Yankee Gas.

Though challenges in the U.S. offshore wind energy space continue to persist, we expect Eversource to exit its joint venture with Orsted imminently. Eversource recently closed on the sale of its 50% stake in an uncommitted 175,000 acres of Massachusetts offshore wind lease area to Orsted for $625 million. It plans to use a portion of the sale proceeds for a tax equity investment of approximately $545 million for the South Fork Offshore Wind Project. However, due to inflationary pressures, supply chain challenges, and rising interest rates, the company wrote off approximately $330 million (post-tax) from its now about $2.1 billion investment in its offshore wind joint venture with Orsted. This includes interests in three projects that are at various stages of development, with in-service dates between 2023 and 2026.

The company also announced that there could be an additional $800 million in impairments to its investment (pretax) depending on the final draft of treasury guidance concerning investment tax credit adders for domestic content and whether the New York State Public Service Commission grants the Sunrise Wind Project about a 27% price increase. Our base case assumes no further impairments.

Orsted also announced a large impairment on its entire U.S. portfolio. While we view recent developments as challenging for Eversource, we still anticipate that it will sell its joint venture interest soon and use proceeds in a credit-supportive manner. This said, if Eversource cannot sell these assets in the near term, it would be negative for credit quality.

We expect Eversource's FFO to debt to average 13%-14% over our forecast, indicative of minimal financial cushion for the rating. We assess Eversource's financial risk profile using our medial volatility financial benchmark table, reflecting its lower-risk utility operations and management of regulatory risk. Our base-case scenario for Eversource includes regulated capital spending averaging $4 billion-$4.5 billion annually, dividend growth of about 7% annually, and at least $1 billion of additional equity issuance over the next five years. It also includes formulaic rate increases under the Federal Energy Regulatory Commission's (FERC) regulatory construct, continued use of existing regulatory mechanisms in Massachusetts and New Hampshire, and the refinancing of all debt maturities.

Furthermore, we assume that the sale of the offshore wind joint venture will occur by year-end and it will use proceeds from the sale to pay down debt.

We assess CL&P's financial measures using our medial volatility table. Currently, PURA regulates approximately 55% of CL&P's rate base, and the balance is regulated by FERC. While we continue to assess FERC's regulatory construct as a most credit supportive regulatory jurisdiction, we believe the regulatory environment in Connecticut is becoming more challenging, weakening our consolidated view of CL&P's regulatory assessment. As such, we now assess CL&P's financial profile against our medial volatility table.

While this revised assessment does not affect our 'a' stand-alone credit profile (SACP) on CL&P, we did revise the company's financial risk profile downward to significant from intermediate, reflecting the use of the medial volatility table. Additionally, we revised the comparable rating analysis modifier to positive from neutral, reflecting our expectations that CL&P's stand-alone financial measures will consistently reflect the higher half of its revised financial risk profile category.

Under our base case, we expect CL&P's FFO to debt to average 19%-20%. Our base case assumes base rates remain through 2025, continued use of the electric system improvements surcharge and revenue decoupling mechanisms through 2025, and formulaic rate increases under the FERC regulatory construct. We also assume capital spending averages about $900 million annually, dividends average about $400 million annually, minimal equity infusions by the parent, negative discretionary cash flow, and the refinancing of all debt maturities.

Our outlooks on Eversource's subsidiaries based outside of Connecticut are stable. The outlooks on NSTAR-G and EGMA reflect our outlook on Eversource because they are core subsidiaries to the company with insufficient insulating measures in place to warrant higher ratings. Our outlooks on NSTAR-E and Public Service Co. of New Hampshire (PSCNH) reflect the outlook on Eversource, the strength of both companies' SACPs, and our view that the cumulative of the insulating measures in place at both companies are sufficient to rate these utilities one notch above Eversource.

Outlook– Eversource, NSTAR-G, and EGMA

The stable outlook on Eversource reflects our view that the company will sell its offshore wind assets and solely focus on its regulated transmission and distribution utility assets while maintaining FFO to debt of 13%-14%.

Downside scenario

We could lower the ratings on Eversource over the next 12-24 months if it fails to maintain FFO to debt consistently above 13%. This could occur if the company experiences further adverse regulatory outcomes beyond what we expect, cannot sell its offshore wind assets at an attractive valuation, or does not use proceeds from a sale in a credit-supportive manner. We could also lower the ratings if the company is unable to sell its offshore wind assets while its FFO to debt remains below 16%.

Upside scenario

While less likely, we could upgrade Eversource if FFO to debt is consistently greater than 16% without any further increase to business risk beyond our base case.

Outlook– CL&P

The negative outlook for CL&P reflects our view that we could downgrade the company over the next 12-18 months pending our review of the Connecticut regulatory jurisdiction.

Downside scenario

We could lower our ratings on CL&P over the next 12-18 months if we revise downward our assessment of Connecticut's regulatory jurisdiction while the company maintains stand-alone FFO to debt below 20%.

Upside scenario

We could affirm our ratings on CL&P and revise our outlook to stable over the next 12-18 months if we revise downward our assessment of Connecticut's regulatory jurisdiction and CL&P's financial measures improve such that its stand-alone FFO to debt is consistently greater than 20%.

We could also affirm our ratings on CL&P and revise the outlook to stable over this period if we maintain our current assessment of Connecticut's regulatory jurisdiction and CL&P's stand-alone FFO to debt is consistently greater than 18%.

Outlook– Yankee Gas and Aquarion

The negative outlooks for Yankee Gas and Aquarion reflect our view that we could downgrade the companies over the next 12-18 months pending our review of the Connecticut regulatory jurisdiction, which could also lead us to revise downwards our group assessments for the companies.

Downside scenario

We could lower our ratings on Yankee Gas and Aquarion over the next 12-18 months if we revise downward our assessment of Connecticut's regulatory jurisdiction and we revise downwards our group assessments for the companies.

Upside scenario

We could affirm our ratings on Yankee Gas and Aquarion and revise the outlooks to stable over this period if we maintain our current assessment of Connecticut's regulatory jurisdiction while the companies remain core subsidiaries of Eversource. This could occur if the companies effectively manage regulatory risk in Connecticut.

Outlook– NSTAR-E

Our stable outlook on NSTAR-E reflects our stable outlook on Eversource as well as our expectation that NSTAR-E's effective risk management will persist and its stand-alone FFO to debt will reflect 18%-20%.

Downside scenario

We could lower the rating on NSTAR-E if we downgrade Eversource. We could also lower the rating on NSTAR-E if its stand-alone FFO to debt weakens to consistently below 12%.

Upside scenario

We could raise the rating on NSTAR-E if we upgrade Eversource while NSTAR-E's FFO to debt consistently exceeds 15%.

Outlook– PSCNH

The stable outlook on PSCNH reflects our outlook on Eversource as well as our expectation that PSCNH will maintain its effective risk management and its stand-alone FFO to debt will reflect 18%-20%.

Downside scenario

We could lower our rating on PSCNH if we lower our rating on Eversource. We could also lower our rating on PSCNH if its stand-alone financial measures weaken such that FFO to debt is consistently below 15%.

Upside scenario

We could raise our rating on PSCNH if we raise our rating on Eversource while PSCNH's FFO to debt improves to consistently above 20%.

Company Description

Eversource is a holding company that primarily engages in the energy delivery business through its wholly owned regulated utility subsidiaries. Eversource's subsidiaries include the electric utilities CL&P, NSTAR-E., and PSCNH; the natural gas utilities Yankee Gas., EGMA, and NSTAR-G; and the water utility company Aquarion. Eversource provides energy delivery and water service to approximately 4.4 million total customers in Connecticut, Massachusetts, and New Hampshire.

Issue Ratings - Subordination Risk Analysis

Capital structure

- Eversource has close to $25 billion of debt outstanding, about $13.5 billion of which was issued by the company's operating subsidiaries, while the remainder reflects unsecured debt at the holding company.
- Furthermore, Aquarion has about $820 million of debt outstanding, about $465 million of which was issued by its operating subsidiaries, while the remainder reflects unsecured debt at that holding-company level.

Analytical conclusions

- We rate Eversource's senior unsecured debt one notch below the company's long-term issuer credit rating (ICR) at 'BBB+' because it is subordinated to a significant amount of priority debt (more than 50% of total debt) in the company's capital structure.
- We rate Eversource's commercial paper program 'A-2' based on our ICR on the company.
- We rate Aquarion's senior unsecured debt one notch below the company's ICR at 'BBB+' because it is subordinated to a significant amount of priority debt (more than 50% of total debt) in the company's capital structure.
- We rate NSTAR-E's senior unsecured debt in line with the company's ICR at 'A' as it is the senior unsecured debt of a qualifying utility under our criteria.
- We rate NSTAR-E's commercial paper program 'A-1' based on our ICR on the company.
- We rate the preferred stock at CL&P and NSTAR-E 'BBB+', two notches below their respective ICRs, given these instruments' subordination as well as the deferability of their dividends.

Issue Ratings - Recovery Analysis

Key analytical factors

CL&P, PSCNH, and NSTAR-G's first-mortgage bonds benefit from a first-priority lien on substantially all of the utilities' real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue-level rating one notch above the issuer credit rating.

Ratings Score Snapshot– Eversource

Issuer credit rating: A-/Stable/A-2

Business risk: Excellent

- Country risk: Very low

- Industry risk: Very low
- Competitive position: Excellent

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: a-

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-

- Group credit profile: a-

Ratings Score Snapshot- CL&P

Issuer credit rating: A/Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: a-

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Positive (+1 notch)

Stand-alone credit profile: a

- Group credit profile: a-
- Entity status within the group: Insulated (no impact on SACP)

Ratings Score Snapshot– Yankee Gas

Issuer credit rating: A-/Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: a-

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: bbb+

- Group credit profile: a-
- Entity status within the group: Core (+1 notch to SACP)

Ratings Score Snapshot– Aquarion

Issuer credit rating: A-/Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Aggressive

- Cash flow/Leverage: Aggressive

Anchor: bbb

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: bbb

- Group credit profile: a-
- Entity status within the group: Core (+2 notches to SACP)

Ratings Score Snapshot– NSTAR-E

Issuer credit rating: A/Stable/A-1

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Excellent

Financial risk: Intermediate

- Cash flow/Leverage: Intermediate

Anchor: a+

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a+

- Group credit profile: a-
- Entity status within the group: Insulated (-1 notch from SACP)

Ratings Score Snapshot– NSTAR-G

Issuer credit rating: A-/Stable/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: a-

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-

- Group credit profile: a-
- Entity status within the group: Core (no impact on SACP)

Ratings Score Snapshot- EGMA

Issuer credit rating: A-/Stable/--

Business risk: Strong

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Satisfactory

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: bbb

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)

- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: bbb

- Group credit profile: a-
- Entity status within the group: Core (+2 notches to SACP)

Ratings Score Snapshot- PSCNH

Issuer credit rating: A/Stable/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/Leverage: Intermediate

Anchor: a

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a

- Group credit profile: a-
- Entity status within the group: Insulated (no impact on SACP)

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Eversource Energy		
Issuer Credit Rating	A-/Stable/A-2	A-/Positive/A-2
Aquarion Co.		
Issuer Credit Rating	A-/Negative/--	A-/Developing/--
Connecticut Light & Power Co.		
Issuer Credit Rating	A/Negative/--	A/Stable/--
Eversource Gas Co. of Massachusetts		
NSTAR Gas Co.		
Issuer Credit Rating	A-/Stable/--	A-/Positive/--
NSTAR Electric Co.		
Issuer Credit Rating	A/Stable/A-1	A/Positive/A-1
Yankee Gas Services Co.		
Issuer Credit Rating	A-/Negative/--	A-/Positive/--

Ratings Affirmed	
Public Service Co. of New Hampshire	
Issuer Credit Rating	A/Stable/--
Issue-Level Ratings Affirmed	
Eversource Energy	
Senior Unsecured	BBB+
Commercial Paper	A-2
Aquarion Co.	
Senior Unsecured	BBB+
Connecticut Light & Power Co.	
Preferred Stock	BBB+
NSTAR Electric Co.	
Senior Unsecured	A
Preferred Stock	BBB+
Commercial Paper	A-1
Public Service Co. of New Hampshire	
Senior Secured	A+
Issue-Level Ratings Affirmed; Recovery Ratings Unchanged	
Connecticut Light & Power Co.	
Senior Secured	A+
Recovery Rating	1+
NSTAR Gas Co.	
Senior Secured	A
Recovery Rating	1+
Public Service Co. of New Hampshire	
Senior Secured	A+
Recovery Rating	1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

MOODY'S
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CREDIT OPINION
8 November 2023

Update

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RATINGS

Eversource Energy

Domicile	United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Eversource Energy

Update following downgrade to Baa2

Summary

Eversource Energy's (Eversource, Baa2 stable) credit profile reflects the company's delayed transition in returning to its previous lower-risk business model as a holding company of a diverse group of regulated electric and gas transmission, distribution and water utilities in the greater New England region. If this transition is ultimately successful once the pending sales are completed, we expect its financial profile to improve through 2024 such that Eversource is able to generate a ratio of CFO pre-W/C to debt of at least 13%.

Aside from the challenging Connecticut regulatory environment, which accounts for roughly 30% of Eversource's total rate base including its largest subsidiary, Connecticut Light and Power Company (CL&P, A3 stable), the company's other utilities operate in consistently credit supportive regulatory jurisdictions, particularly Massachusetts and that of the Federal Energy Regulatory Commission (FERC). At this time, we expect CL&P to continue to mitigate a distribution rate freeze through operating cost management as well increased cash flow generation from its sizable FERC regulated rate base and investments.

Eversource's credit quality also reflects structural subordination of the significant level of parent debt compared to debt of its operating subsidiaries. Holding company debt as a percentage of consolidated long and short-term debt (after netting intercompany borrowings) is currently roughly 30% as of 30 June 2023.

Over the last few years, Eversource's financial profile had been weak for the previous Baa1 rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs while meaningful cash flow generation from the projects was several years away. Furthermore, Eversource's utilities had also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at CL&P.

For the 12-months ended 30 June 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 12%, well below the newly established 13% financial metric threshold that we have indicated could lead to a downgrade from its current Baa2 rating. Pro forma for the deferred storm costs its utilities are expected to recover in the near term, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, leaving little to no cushion at its new Baa2 rating level.

Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the

eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Eversource's credit rating could be negatively impacted if it does not fully exit the offshore wind business thereby maintaining a higher business risk profile because of continued execution and construction risk associated with these projects. Additionally, the company's rating could be pressured if the sale does not lead to substantial debt reduction, such that credit metrics do not recover during 2024 as we currently expect.

Recent developments

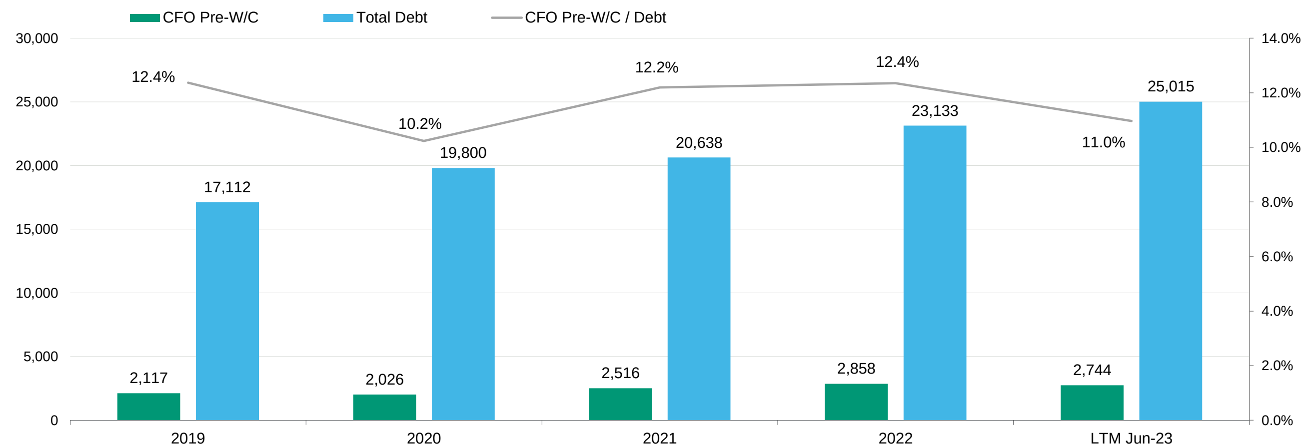
On 7 September, Eversource announced that it had completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S (Baa1 negative) for $625 million all-cash. Eversource used approximately $530 million of the proceeds to make a tax equity investment in it's currently 50%-owned South Fork Wind project, a 130 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by early 2024. Eversource received half or roughly $265 million of its investment as a distribution from the project in October. The company expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

Eversource is in the advanced stages for the sale of the company's existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. The company expects to announce details of this transaction in the near term. However, the timely execution of the sale of all three projects may be in doubt after the New York Public Service Commission, on 12 October, unanimously rejected Eversource and partner Orsted's joint petition seeking an amendment to the Sunrise Wind project's offtake power purchase price.

Eversource has previously indicated that a denial of the price increase could result in an additional $450 million pre-tax impairment to the offshore wind project's investment value, which looks increasingly likely. In addition, Eversource could now be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if it no longer remains a part owner. Moreover, Orsted has expressed doubt as to the viability of the project's construction without the price adjustment. At a minimum, the likely impairment will further reduce the valuation Eversource will receive if a sale is able to be executed.

The pending wind project and unused lease area sale are a result of Eversource's May 2022 announcement that it had begun a strategic review of its entire offshore wind investment portfolio, which included its 50/50 joint venture partnership with Orsted. At that time, Eversource indicated that it intended to use the proceeds from any offshore wind asset sale, as well as new equity issued through its $1.2 billion at-the-market program over the next few years, to repay debt and finance future capital investments at its regulated utilities.

Exhibit 1
Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt ($ MM)



Source: Moody's Financial Metrics™

Credit strengths

» Transitioning back to a low-risk regulated utility holding company

» Proceeds from offshore wind asset sales and planned new equity issuance will be used to reduce debt

» Utilities mostly operate in credit supportive regulatory jurisdictions

» Highly credit supportive FERC regulated transmission assets account for sizable portion of rate base

Credit challenges

» Weak financial metrics for current Baa2 rating primarily due to increased leverage from funding offshore wind development which the company is in the process of exiting

» Valuation and execution of offshore wind projects sale may be challenging and could result in contingent liabilities

» More challenging Connecticut regulatory environment for its largest subsidiary, CL&P

» Substantial parent level debt which, if materially higher, could increase structural subordination notching within the corporate family

» Ongoing FERC ROE complaint proceedings continue to pose potential uncertainty on returns

Rating outlook

Eversource's stable outlook reflects our expectation that the company will successfully execute the sale of the offshore wind projects in 2024, that any potential contingent liabilities associated with the sale will be manageable and that it will ultimately transition back to a predominantly low-risk regulated utility holding company. Furthermore, the outlook incorporates our expectation that Eversource will use proceeds from the offshore wind project sale, as well as new equity issuances, as appropriate, to reduce leverage and improve its financial profile, such that its ratio of CFO pre-W/C to debt will be consistently maintained above 13%.

Factors that could lead to an upgrade

Eversource could be upgraded if it completely exits the offshore wind business; its regulatory environments, including Connecticut, are credit supportive, and the company's financial profile strengthens, such that its ratio of CFO pre-W/C to debt increases to above 15% on a sustainable basis.

Factors that could lead to a downgrade

Eversource could be downgraded if the company does not lower its business risk profile by divesting all of its offshore wind business or consolidated financial metrics do not improve from currently weak levels, including a ratio of CFO pre-W/C to debt that remains below 13%. Eversource's rating could also be downgraded if either of its largest subsidiaries, CL&P or NSTAR Electric, are downgraded.

Key indicators

Exhibit 2

Eversource Energy [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Jun-23
CFO Pre-W/C + Interest / Interest	4.7x	4.5x	5.1x	5.1x	4.5x
CFO Pre-W/C / Debt	12.4%	10.2%	12.2%	12.4%	11.0%
CFO Pre-W/C – Dividends / Debt	8.5%	6.5%	8.3%	8.6%	7.4%
Debt / Capitalization	51.0%	52.1%	51.7%	52.9%	54.5%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

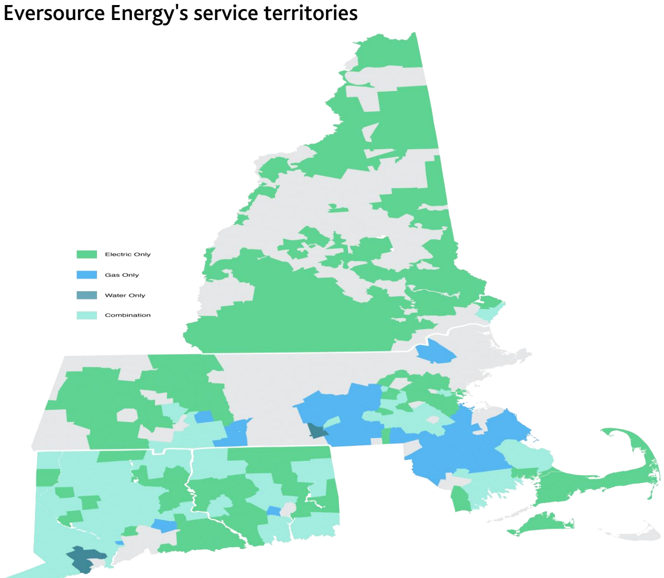
Profile

Headquartered in Hartford, CT and Boston, MA, Eversource Energy is a public utility holding company of regulated electric and gas T&D and water utilities in the New England region serving approximately 4.4 million customers. Eversource has a total rate base of about $27 billion.

Eversource owns a portfolio of regulated electric and gas T&D and water utilities. The electric T&D companies include Connecticut Light and Power (CL&P, A3 stable), NSTAR Electric Company (A2 stable), and Public Service Company of New Hampshire (PSNH, A3 stable). The natural gas local distribution companies include Yankee Gas Services Company (YGS, Baa1 stable), Eversource Gas of MA (EGMA, unrated) and NSTAR Gas (unrated). Eversource owns Aquarion Company (Aquarion, Baa2 stable), which operates regulated water utilities Aquarion Water Company of Connecticut (AWC-CT, A3 negative), Aquarion Water Company of Massachusetts (AWC-MA, unrated) and Aquarion Water Company of New Hampshire (AWC-NH, unrated). The utilities are regulated at the state level by their respective public utility commissions in Connecticut, Massachusetts, and New Hampshire, and are also subject to the Federal Energy Regulatory Commission (FERC) purview for the group's transmission businesses.

Exhibit 3

Eversource Energy's service territories



Source: Company Fillings

Eversource also consolidates the ownership interest held by its regulated subsidiaries in the decommissioned regional nuclear generation companies: Connecticut Yankee Atomic Power Company (CYAPC; 63% ownership) and Yankee Atomic Electric Company (YAEC; 52.5%) while the group's 24% interest in Maine Yankee Atomic Power Company (MYAPC) is recorded under the equity method. The group's remaining non-regulated businesses consist mainly of small subsidiaries including: The Rocky River Realty Company (a real estate company), the HWP Company (formerly the Holyoke Water Power Company), and NU Enterprises. The latter is the parent company of Northeast Generation Services Company (NGS) to which it renders operation and maintenance services.

Detailed credit considerations

Sale of offshore wind projects will reduce business risk but valuation and execution may be challenging

On 7 September, Eversource announced that it completed the sale of its 50% ownership interest in the uncommitted lease area of approximately 175,000 developable acres off the coast of Massachusetts to Orsted A/S for $625 million all-cash.

Eversource used approximately $530 million of the proceeds to make a tax equity investment in Eversource's currently 50%-owned South Fork Wind project, a 130 MW offshore wind farm off the coast of Long Island that began construction in early 2022 and is expected to go in-service by early 2024. Eversource received half or roughly $265 million of its investment as a distribution from the project in October. The company expects to recover the other half of the investment in the form of investment tax credits as turbines are placed in service for the project. The tax credits will be utilized to reduce Eversource's federal tax liability over the next several quarters.

Eversource is in the advanced stages for the sale of the company's existing 50% interest in its three jointly owned contracted offshore wind projects (South Fork Wind, Revolution Wind, and Sunrise Wind) with a total capacity of 1,758 MW. Eversource expects to announce details of this transaction in the near term. However, the execution of the sale of all three projects may be in doubt after the New York Public Service Commission, on 12 October, unanimously rejected Eversource and Orsted's joint petition seeking an amendment to the Sunrise Wind project's offtake power purchase price. Previously, Eversource indicated that denial of a price increase could result in an additional $450 million pre-tax impairment to offshore wind project's investment value. In addition, Eversource could be at risk of being held accountable for a portion of any contingent liabilities associated with the completion of the projects even if it no longer remains a part owner. Moreover, Orsted has expressed doubt as to the viability of the project's construction without the price adjustment. At a minimum, the likely impairment will further reduce the valuation Eversource will receive if a sale is able to be executed.

In May 2022, Eversource announced that it had begun a strategic review of its offshore wind investment portfolio, which includes a 50/50 joint venture (JV) partnership with Ørsted on the ownership of three wind projects and an unused offshore wind lease area. Eversource indicated that the strategic review could result in a sale of all or part of this portfolio, a credit positive because it would reduce the company's business risk, which had been raised by the higher-risk offshore wind projects, as well as reduce debt. Eversource intended to use proceeds from any offshore wind asset sale, as well as a planned $1.2 billion at-the-market (ATM) equity program over the next few years, to repay debt and finance future capital investments at its regulated utilities.

Exhibit 4
Off-shore wind projects under strategic review and lease area being sold

Source: Ørsted & Eversource Energy

Eversource has a 50% ownership interest in North East Offshore, which holds the Revolution Wind and South Fork Wind projects. Eversource also has a 50% ownership interest in Bay State Wind, which holds the Sunrise Wind project.

South Fork Wind is a 130 MW project providing power to New York (Long Island Power Authority or LIPA) and construction has been proceeding since receiving final approval of its construction and operations plan (COP) in January 2022. The company expects South Fork Wind's commercial operation to be in late 2023 or early 2024.

The two other ongoing offshore wind projects include Revolution Wind, a 704 MW project providing power to Connecticut and Rhode Island, and Sunrise Wind, a 924 MW project providing power to New York (NYSERDA). The COP applications were filed with BOEM in 2020. On 30 April 2021, Revolution Wind received a notice of intent (NOI) from the BOEM to prepare an environmental impact statement (EIS) for the review of the COP.

For Revolution Wind, a final EIS was issued in July 2023, and on 31 October 2023, the joint venture made its final investment decision to advance to full onshore and offshore construction and installation. The major construction is expected to begin in the fourth quarter of 2023 once all necessary federal, state and local approvals are received.

For Sunrise Wind, once all necessary federal, state and local approvals are received and the joint venture has made its final investment decision, then major construction is expected to begin. Both projects have started limited onshore construction activities. Eversource expects Revolution Wind and Sunrise Wind to be in service in late 2025.

Exhibit 5
Eversource's offshore wind projects under strategic review

	South Fork Wind	Revolution Wind	Sunrise Wind
Size	130 MW	704 MW	924 MW
Construction Operation Plan Filing with BOEM	Final siting approvals received in January 2022 Jan. 8, 2021; Received BOEM's final approval of its COP on Jan. 18, 2022	Filed Mar. 2020; review schedule was received on April 30, 2021 as part of Notice of Intent; Final approvals expected in fourth quarter of 2023	Filed September 2020; Review schedule received August 31, 2021 as part of Notice of Intent; Final approvals expected in first quarter of 2024
State Permit	NY State Article VII Permit Approved Mar. 18, 2021	Filed December 2020, evidentiary hearings began on October 12, 2021, issued a final decision and order approving the revolution wind project and granting a license to construct and operate on July 8, 2022.	Filed December 2020, settlement discussions began in September 2021, filed a Joint Proposal to the New York State Public Service Commission in September 2022
Most Recent Commercial Ops Date	Late 2023/Early 2024 (Under Construction)	Late 2025	Late 2025
Price as of first day of commercial operation	~ $0.160/KWH for 90 MW ~ $0.086/KWH for 40 MW (avg. annual escalator: 2%)	$0.098425/KWH for RI (no escalator) $0.09843/KWH for CT for 200 MW (no escalator) $0.0995/KWH for CT for 104 MW (no escalator)	$0.11037/KWH (no escalator)
Term	20 years	20 years	25 years
Status of Contracts	130 MW for NY	400 MW for RI approved 304 MW for CT approved	Contract signed with NYSERDA in Oct. 2019
Interconnection	East Hampton, NY (LI)	Davisville, RI	Brookhaven, NY (LI)

Source: Company presentations

Offshore wind development is still a nascent industry in the United States. The joint venture's pursuit of offshore wind development has increased Eversource's construction and execution risk, which raised Eversource's overall business risk profile compared to its core focus as a regulated T&D utility holding company. At the same time, high interest rates and supply challenges have increased costs of offshore wind projects, in general, which has pressured returns and, ultimately, the viability of the projects. The construction risks are somewhat mitigated by Ørsted's involvement as the company is considered an industry leader in building and managing offshore wind globally, with a portfolio of offshore wind capacity totaling approximately 8.9 GW. As of 30 June 2023, Eversource's total equity investment balance in its offshore wind business was $2.1 billion.

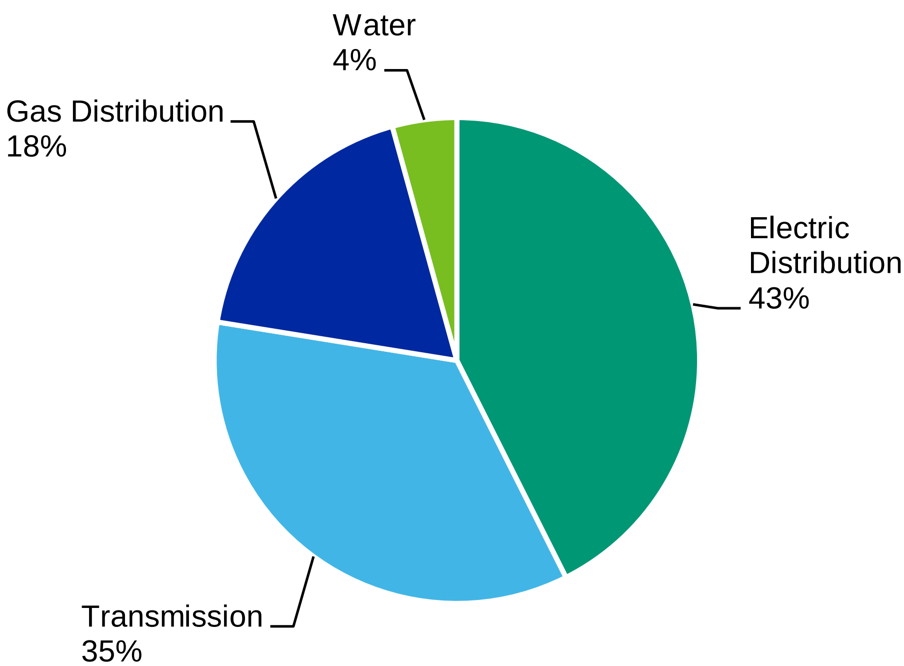
Diverse portfolio of low risk regulated electric, gas and water utilities

Eversource's electric distribution utilities account for about 43% of the group's rate base. CL&P is Eversource's largest electric T&D subsidiary, followed by NSTAR Electric and PSNH. Eversource's natural gas local distribution companies (LDCs) include Yankee Gas Services, EGMA and NSTAR Gas. The LDCs account for about 18% of consolidated rate base. Approximately 4% of the consolidated rate base is attributed to its water utility business within intermediate holding company, Aquarion Company.

Moreover, Eversource's substantial transmission business, which currently accounts for about 35% of the group's rate base, operates under the purview of the FERC, which we view as a highly credit supportive regulatory framework. Eversource's sizable exposure to FERC regulated, low risk transmission operations considering the group's substantial planned capital investments in transmission is credit positive.

Exhibit 6

Eversource Energy's portfolio based on 2022 year-end rate base



Source: Eversource Energy

Utilities operate in mostly credit supportive state and federal regulatory jurisdictions

We view the Massachusetts and New Hampshire regulatory jurisdictions as credit supportive as the regulators in those states allow for relatively timely recovery of prudent operating costs and investments through the use of various revenue decoupling and other cost recovery mechanisms. For example, in Massachusetts, NSTAR Electric is authorized to use revenue decoupling. The decoupling mechanism reconciles the utility's distribution revenues, on an annual basis, to a baseline distribution service revenue level established by the Massachusetts Department of Public Utilities (MDPU). Decoupling insulates the utility's cash flow from fluctuations in its retail electric sales, thus adding a high level of stability and predictability, a credit positive.

CL&P and Yankee Gas also utilize a revenue decoupling mechanism in Connecticut. However, we view that state's regulatory environment as more challenging, particularly for CL&P as well as its affiliated water utility, WC-CT. Refer to the following section for further discussion on recent regulatory developments in Connecticut.

NSTAR Electric utilizes cost recovery mechanisms that true up recovery of transmission, pension and other postretirement benefits costs, and the energy-related portion of bad debt expenses, on an annual basis. NSTAR Electric is also able to recoup the costs associated with the state's three-year energy efficiency program and the utility's purchased power costs are adjusted semiannually through the basic service charge. Furthermore, NSTAR Electric is able to recover restoration costs associated with major storms through a Storm Reserve Recovery Cost Adjustment rate mechanism, but these cost recoveries are subject to MDPU approval, and may be less timely than in other jurisdictions.

On 30 November 2022, the MDPU issued a credit supportive decision on NSTAR Electric's rate case that was filed in January of last year. The final order authorized a $64.3 million electric distribution base rate revenue increase based on a 9.8% authorized return on equity (ROE), an equity ratio of 53.2%, and the continuation of the performance-based regulation (PBR) plan for the next five years.

New rates became effective 1 January 2023. Under the PBR plan, NSTAR Electric is permitted to implement annual inflationary rate adjustments subject to a 5% cap, the first of which would become effective 1 January 2024. The PBR plan also includes an earnings-sharing mechanism, which does not take effect until the company's earnings exceed a 10.8% ROE, whereby excess earnings are to be allocated 75% to customers and 25% to the company. The MDPU allowed NSTAR Electric to collect $196 million of storm costs related to past events over a five-year period, but the order also increases the company's annual storm fund contribution included in base rates to $31 million from $10 million for future storm cost recovery, a credit positive given the increase in extreme weather events.

On 14 January 2022, NSTAR Electric filed an electric distribution rate increase application with the MDPU for approval of an $89.5 million increase in electric distribution base rates with new rates effective 1 January 2023. The rate filing used a test year that ended 31 December 2020, adjusted for known and measurable changes. NSTAR Electric revised its request multiple times with the last revision being $93.4 million requested in September 2022. The company also requested a renewal of the PBR plan for up to a 10-year term.

In addition, on 7 October 2022, the MDPU issued a separate order approving NSTAR Electric's continuing investments in grid modernization by establishing a $162.6 million budget over the four-year plan from 2022 through 2025. This was in response to NSTAR Electric's request for approval of $198.8 million of grid modernization investments over the four year period. On 30 November 2022, the MDPU approved NSTAR Electric's proposed Advanced Metering Infrastructure (AMI) investment and implementation plan including operating costs for the years 2022 - 2028. The MDPU established preauthorized total budget caps of $534.8 million for core AMI investments and corresponding operating costs and $133.1 million for supporting AMI investments and corresponding operating costs over the seven-year plan period. The recovery of these costs are addressed through a cost recovery mechanism within the company's PBR plan.

PSNH's distribution rates allow the utility to recover costs related to system upgrades and transmission services as well as costs related to energy efficiency programs and certain stranded costs on a timely basis. PSNH is also allowed to implement interim rate increases during rate case proceedings, which reduces regulatory lag.

On 15 December 2020, the New Hampshire Public Utilities Commission (NHPUC) approved a settlement agreement between PSNH and all parties in the utility's last rate case proceeding. The NHPUC approved a permanent rate increase of $45 million effective 1 January 2021, which included an interim rate increase previously implemented. PSNH was also allowed three step increases over 2021 and 2022 to reflect plant additions in 2019, 2020 and 2021. On 20 October 2022, the NHPUC approved the third step adjustment for 2021 plant in service and a revenue requirement increase of $8.9 million, with rates effective 1 November 2022. The December settlement agreement established an authorized regulatory ROE of 9.3% with a 54.4% equity ratio in PSNH's capital structure. The agreement also provided for a new tracker to recover regulatory assessments, vegetation management costs, property tax costs, and lost distribution revenue attributable to net metering. In addition, base distribution rates were adjusted to reflect the refund of excess deferred income tax from the changes to tax legislation in December 2017. This was PSNH's first rate case filing since 2010.

CL&P operates within a more challenging Connecticut regulatory environment

The Connecticut regulatory regime has become more challenging following regulatory actions over the last few years. The regulatory environment has become less consistent and predictable, which was evident most recently in the PURA's order on AWC-CT's rate case. On 15 March 2023, the PURA approved a final order rejecting AWC-CT's August 2022 rate application for a multiyear distribution rate increase. The decision resulted in a decrease of almost $2 million in AWC-CT's annual revenue requirement compared with the utility's request to increase revenue by $49.9 million over the 2023-2025 period. See "Connecticut regulator rejects Aquarion Water's requested rate increase, a credit negative. "

This rate order followed a challenging period in the relationship between CL&P and PURA during 2020 and 2021 in the aftermath of tropical storm Isaias in the summer of 2020. It culminated in the PURA approving CL&P's settlement agreement in October 2021 by a 2-1 vote. The settlement agreement included key interested parties including the Department of Energy and Environmental Protection, Office of Consumer Counsel, Office of the Attorney General and the Connecticut Industrial Energy Consumers. Connecticut's Governor Ned Lamont also supported the agreement.

In the settlement agreement, CL&P agreed to provide $65 million of customer credits distributed over December 2021 and January 2022. CL&P also agreed to provide $10 million to various customer assistance programs as directed by PURA prior to 30 April 2022, including providing credits to existing hardship and non-hardship customers carrying arrearages and for other purposes. The approved settlement also provided for a distribution rate case stay out with no new rates in place until 1 January 2024 at the earliest.

Among other things, the settlement stipulated that neither the 90 bps return on equity (ROE) penalty from the tropical storm Isaias preparedness and restoration proceeding nor the 45 bps ROE adjustment as proposed in PURA's follow-on draft decision would be implemented.

The settlement agreement followed PURA's April 2021 proposed decision to penalize CL&P and neighboring utility United Illuminating Company (UI, Baa1 stable) in any pending or future rate proceeding with a downward adjustment of 90 and 15 bps, respectively, to their allowed ROE. The proposed decision came after PURA's investigation into the state's electric distribution companies and their preparation for and response to tropical storm Isaias in August 2020.

Furthermore, in July 2021, after several proceedings, the PURA assessed a $28.6 million penalty, including a $28.4 million performance penalty and a $0.2 million fine for accident reporting. PURA directed the $28.4 million to be returned to customers beginning on 1 September 2021 over a one-year period. The $28.4 million is the maximum statutory penalty amount under the applicable Connecticut law in effect at the time of tropical storm Isaias, which was 2.5% of CL&P's annual distribution revenues.

CL&P's currently authorized 9.25% ROE and earnings sharing mechanism, or ESM, adopted as per a 2018 decision, remain in place until the company's next general distribution rate proceeding, which is expected to be filed in 2025. Under the ESM, earnings above a 9.25% ROE are to be shared equally with ratepayers. Any amounts due to customers under the terms of the ESM are first to be used to reduce various regulatory assets associated with certain unamortized environmental remediation costs. The remaining amounts due to customers are then used to offset the cost of catastrophic storms. The settlement called for the sharing provision under the ESM to remain in place until at least 31 December 2023.

In October 2020, Connecticut passed new legislation, Public Act 20-5 (House Bill 7006). Among other things, the new law required PURA to open a proceeding to evaluate and eventually implement performance based rate regulation (PBR) for the state's utilities. HB 7006 adds a degree of uncertainty to the Connecticut regulatory environment since a PBR framework could affect the consistency and predictability of the state's regulatory environment, the timeliness of cost recovery and the utilities' financial profiles. Furthermore, the law extended the PURA's deadlines for rate case decisions to about a year, from about six months, which is a credit negative with regard to the timeliness of cost recovery. The law will also likely mean higher penalties for noncompliance with various service standards.

PURA is conducting the proceeding in two phases. On 26 April 2023, PURA issued a final decision on the first phase and identified various objectives to guide the development of a PBR framework and adoption. A tentative procedural schedule for Phase 2 with final decisions is expected in May and August of 2024.

Weak credit metrics expected to improve through debt reduction with proceeds from offshore wind asset sale and planned new equity issuance

Over the last few years, Eversource's financial profile had been weak for its previous Baa1 rating. The company's financial metrics had been adversely affected by increased debt to finance offshore wind project development costs while meaningful cash flow generation from the projects was several years away. Furthermore, Eversource's utilities had also been impacted by severe storms over the last few years and subsequent delays in cost recovery particularly due to a distribution rate freeze at its largest subsidiary, CL&P.

For the 12-months ended 30 June 2023, Eversource's ratio of CFO pre-W/C to debt was roughly 12%, well below the newly established 13% financial metric threshold that we have indicated could lead to a downgrade from its current Baa2 rating. Pro forma for the deferred storm costs its utilities are expected to recover in the near term, we estimate that Eversource's ratio of CFO pre-W/C to debt would only be about 13%, leaving little to no cushion at its new Baa2 rating level.

Eversource intends to use proceeds from the offshore wind assets sale, as well as a planned $1.2 billion equity issuance over the next few years, to repay debt and finance future capital investments at its regulated utilities. We expect the company's financial profile to improve through 2024 such that Eversource is able to generate a ratio of CFO pre-W/C to debt of at least 13%. Any financial metric improvement will depend on the timing and amount of debt reduction from proceeds associated with the offshore wind asset sales as well as new equity issuances. It will also be driven by improved subsidiary cash flow generation, particularly from incremental cash flow from NSTAR Electric; from FERC regulated investments; as well as the eventual recovery of deferred storm costs, although the amount and timing of cost recovery related to CL&P is uncertain.

Group's capital investment program remains elevated

Eversource's family of companies continue to invest heavily in their respective networks. Eversource plans to grow its rate base from about $24 billion at the end of 2021 to approximately $37.7 billion in 2027 through investments of approximately $21.5 billion during the 2023-2027 period, which includes approximately $14.1 billion in electric and natural gas distribution assets and about $5.3 billion in electric transmission assets. On average, Eversource and its utilities will recover a signifiant portion of their capital investments immediately through rate recovery mechanisms in the period of investment, a credit positive.

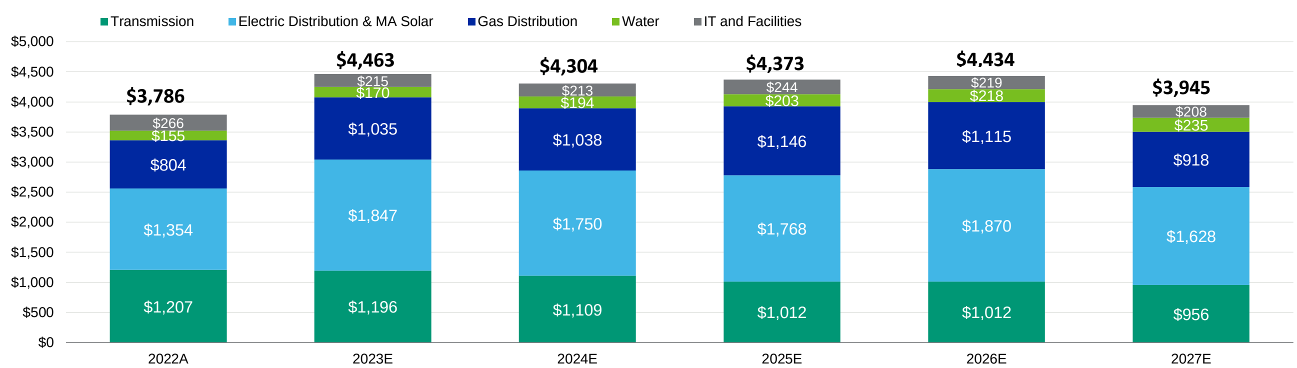
The planned capital investments in Eversource's electric distribution operations include approximately $8.9 billion, largely for system hardening and resiliency upgrades. The remaining $5.3 billion is planned for its natural gas distribution companies, in which LDCs continue pipeline replacements and natural gas expansion. Furthermore, over the same period, the company plans to spend about $1 billion on its water utility business and approximately $1.1 billion on information technology and facilities upgrades.

The group also continues to invest heavily in its transmission business, which is under the purview of the highly credit supportive FERC regulatory framework, a credit positive. Eversource's electric utilities plan to invest about $5.3 billion in its transmission assets.

Eversource and its subsidiaries have exhibited a proven track record of successfully completing substantial projects on time and within budget in the past. Continued successful execution of these projects going forward along with financing in a balanced manner of debt and equity will be necessary to improve the group's financial profile.

Exhibit 7

Projected annual capital expenditures ($ MM) [1]



[1] Excludes capital expenditures of wind projects
Source: Company presentations

Parent level debt is structurally subordinated to utility debt

Eversource's credit profile reflects the structural subordination of parent level debt relative to the indebtedness of its operating utilities. At the same time, Eversource's credit also incorporates the benefits associated with the regulatory and geographic diversification from owning several regulated electric, gas and water utilities within the greater New England region.

The majority of the group's consolidated rate base consists of operating utilities with strong credit quality. The substantial investments to grow its FERC regulated transmission rate base has strengthened the group's credit profile because of the supportive FERC regulatory framework.

As of 30 June, Eversource's parent level debt of about $7.1 billion and Aquarion's intermediate holding company debt of $360 million represented approximately 30% of the group's consolidated indebtedness. With offshore wind investments largely funded by holding company debt, Eversource parent debt as a percentage of consolidated debt has increased over the years. We expect the percentage of parent debt to gradually decline through debt reduction using proceeds from Eversource's pending sale of its offshore wind assets and planned new equity issuance.

Substantial transmission rate base under the purview of highly credit supportive FERC regulatory framework

At year-end 2022, Eversource's transmission rate base accounted for approximately $9.2 billion (approximately $4.0 billion at CL&P, $3.7 billion at NSTAR Electric and $1.5 billion at PSNH) or roughly 35% of the group's total rate base. We view the FERC regulatory framework as highly credit supportive given its rate construct and above average authorized returns. FERC regulated rates are set based on a formulaic forward-looking cost of service model with annual true-up mechanisms that adjust for changes in network load that impacts demand. This ensures the utility's ability to earn its authorized ROE and enhances the stability and predictability of cash flow, a significant credit positive. Transmission projects generally enter rate base after they are placed into commercial operation, although certain FERC approved projects can recover construction work in progress (CWIP) costs in rates, another credit positive.

In addition, FERC regulated returns are generally higher than most states. Eversource's transmission assets are authorized FERC ROEs ranging from 10.57% to 11.74%, including incentive adders. It is unclear whether the base ROE allowed by FERC for transmission owners in the Independent System Operator-New England (ISO-NE) region will be reduced further since the base ROE may be changed as FERC's ROE methodology continues to evolve. More discussion on this matter below.

FERC Section 206 complaint remains an overhang, but further downward reduction in ROE is likely limited

As a result of FERC's decisions to date, authorized ROEs for New England transmission owners, including Eversource's utilities, have been reduced compared to returns, pre-complaints. While the complaint proceedings are still pending final resolution from FERC, we expect any further changes in authorized ROEs to be limited. As a result, total ROEs, including incentive adders, should still remain above the average authorized ROEs allowed in most states. In addition, we do not expect any changes to the formulaic, forward-looking, credit supportive ratemaking framework allowed by the FERC.

Four separate complaints were filed at FERC by groups of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties challenging the historical authorized base ROE of 11.14% that had been utilized by New England transmission owners since 2005. Each complaint covered a refund period of 15 months. FERC ruled on the first ISO-NE Section 206 complaint in June 2014 and cut the authorized ROE to 10.57% from 11.14%. FERC's order also limited the total authorized ROE, including incentive adders, to 11.74%, which is the high end of the zone of reasonableness.

Eversource's operating utilities involved in the complaints have reserved approximately $39.1 million (pre-tax and excluding interest) for the second complaint for expected customer refunds as of 30 June 2023. Of this amount, $21.4 million is for CL&P, $14.6 million for NSTAR Electric, and $3.1 million for PSNH related to the second complaint's refund period of December 2012 through March 2014. Eversource's operating utilities have refunded approximately $38.9 million (pre-tax and excluding interest) associated with the first complaint (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH). No reserves were recorded for the later complaints because tariff rates are set based on the current 10.57% base authorized ROE established by FERC in response to the first complaint. While we continue to expect the final authorized ROEs to be reduced from the historical base rate of 11.14%, we do not expect the authorized ROE to be much lower than the 10.57% base ROE that FERC originally ruled on in the first complaint in June 2014.

In April 2021, the FERC issued a Supplemental Notice of Proposed Rulemaking (SNOPR), which proposes to modify the NOPR's incentive for participation in an RTO by limiting the incentive for utilities participating in an RTO to 50 bps and only permitting them to earn the incentive for three years. If this proposal ends up being included in a final rule, Eversource's utilities would no longer be eligible for the 50 bps RTO incentive adder. However, a time frame has not been established for FERC to issue a final rule, and any impacts would be prospective. The elimination of the adder would be credit negative but it is not expected to materially impact the company's financial profile.

ESG considerations

Eversource's ESG Credit Impact Score is CIS-3 (Moderately Negative)

Exhibit 8
ESG Credit Impact Score

CIS-3
Moderately Negative

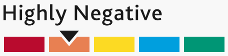
For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

Source: Moody's Investors Service

Eversource's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with greater potential for future negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term. Increased governance risk, particularly associated with the execution of the offshore wind asset sale, could also weaken the company's credit profile.

Exhibit 9
ESG Issuer Profile Scores

ENVIRONMENTAL
E-4
Highly Negative



SOCIAL
S-3
Moderately Negative

GOVERNANCE
G-3
Moderately Negative

Source: Moody's Investors Service

Environmental

Eversource's highly negative exposure to environmental risks (**E-4** issuer profile score) is driven by its geographical concentration in the Northeast US, which exposes the company to material and extreme weather events such as storms. This is partially offset by the company's neutral to low carbon transition risk as a predominantly transmission and distribution electric utility holding company and neutral-to-low exposure to water management, waste and pollution and natural capital risks.

Social

Exposure to social risks is moderately negative (**S-3** issuer profile score), reflecting the fundamental risk for regulated utilities that demographic and societal trends could include social pressures or public concern around affordability, reputational or environmental issues. In turn, these pressures could result in adverse political intervention into utility operations or regulatory changes. This risk has most recently manifested itself in the Connecticut regulatory environment over the last few years. These risks are balanced by neutral-to-low risks in health and safety, human capital, and responsible production.

Governance

Eversource's governance risk is moderately negative (**G-3** issuer profile) driven by the financial risks associated with the offshore wind exit strategy and the delays around the asset sale while the company's financial profile remains weak.

ESG Issuer Profile Scores and Credit Impact Scores for Eversource are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for Eversource on MDC and view the ESG Scores section.

Liquidity analysis

Eversource's liquidity profile is adequate and principally supported by upstreamed dividends from its diversified group of regulated utilities as well as external availability on its revolving credit facility. At 30 June 2023, Eversource had a consolidated cash balance of $42 million.

Eversource's main source of cash flow generation is the dividend distributions from its subsidiaries which totaled about $900 million in 2022, which was slightly more than Eversource's shareholder dividend distributions of $860 million for the year. The dividend distributions by subsidiaries in 2022 included the following: CL&P ($292 million), NSTAR Electric ($288 million), PSNH ($104 million), YGS ($51 million), and NSTAR Gas ($50 million) and other of about $83 million. To supplement internal cash flow generation, Eversource used proceeds from short and long-term borrowings as well as new equity.

We expect that Eversource will continue to fund the group's planned capital investments, including the approximately $4.3 billion forecasted in 2024, with a mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility, long-term debt issuances as well as planned equity issuances.

Eversource and most of its subsidiaries, CL&P, NSTAR Gas, PSNH, Yankee Gas, EGMA and AWC-CT utilize a $2 billion revolving joint credit facility that expires in October 2028. Under the revolving credit facility, CL&P has a borrowing sublimit of $600 million, PSNH has a borrowing sublimit of $300 million and AWC-CT has a borrowing sublimit of $100 million. Borrowings under this facility are not subject to a material adverse change clause, but there is one financial maintenance covenant that sets a limit of total debt to total capitalization of 65%. Eversource and its subsidiaries were in compliance with the financial maintenance covenant as of 30 June 2023.

Eversource uses the $2 billion credit facility to backstop its same sized commercial paper program. The company has typically used its short-term financings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 30 June 2023, approximately $1.5 billion was available on the credit facility with approximately $529 million of commercial paper outstanding. There were intercompany loans from Eversource of $226.3 million to PSNH, and $449 million to CL&P.

NSTAR Electric has a $650 million senior unsecured committed revolving credit facility that expires in October 2028. The facility backstops NSTAR Electric's $650 million commercial paper program. At 30 June 2023, NSTAR Electric had commercial paper outstanding of $324 million and no borrowings on its revolving credit facility. The company has typically used short-term borrowings to fund capital needs until longer term financing is arranged. Borrowings on the facility are not subject to a material adverse change clause, and NSTAR Electric has sufficient cushion on its only financial maintenance covenant of a maximum total consolidated debt to capitalization of 65%. NSTAR Electric does not have access to the separate $2 billion joint revolving credit facility that Eversource and its remaining operating subsidiaries utilize.

The group's next upcoming debt maturities include $400 million of senior notes at Eversource due in December 2023, $325 million of first mortgage bonds at PSNH due November 2023, $80 million of senior notes at NSTAR Electric due November 2023, and as well as almost $2 billion in aggregate due in 2024 across the corporate family.

Rating Methodology and Scorecard Factors

Exhibit 10
Methodology Scorecard Factors
Eversource Energy

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 3/31/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Aa	Aa	Aa	Aa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	4.3x - 4.7x	A
b) CFO pre-WC / Debt (3 Year Avg)	11.2%	Baa	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	7.4%	Baa	9% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	52.6%	Baa	52% - 54%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 6/30/2023(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Appendix

Exhibit 11

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Jun-23
As Adjusted					
FFO	**2,241**	**2,543**	**2,830**	**3,063**	**2,835**
+/- Other	-125	-516	-314	-205	-91
CFO Pre-WC	**2,117**	**2,026**	**2,516**	**2,858**	**2,744**
+/- ΔWC	-56	-157	-211	-58	-212
CFO	**2,060**	**1,869**	**2,305**	**2,799**	**2,531**
- Div	667	748	809	864	895
- Capex	2,924	3,103	3,432	3,759	4,255
FCF	**-1,530**	**-1,982**	**-1,935**	**-1,824**	**-2,618**
(CFO Pre-W/C) / Debt	12.4%	10.2%	12.2%	12.4%	11.0%
(CFO Pre-W/C - Dividends) / Debt	8.5%	6.5%	8.3%	8.6%	7.4%
FFO / Debt	13.1%	12.8%	13.7%	13.2%	11.3%
RCF / Debt	9.2%	9.1%	9.8%	9.5%	7.8%
Revenue	8,526	8,904	9,863	12,289	12,670
Interest Expense	574	583	617	692	776
Net Income	1,067	1,164	1,153	1,212	1,338
Total Assets	41,124	46,100	48,492	53,231	54,540
Total Liabilities	28,466	31,958	33,815	37,680	38,908
Total Equity	12,658	14,141	14,678	15,551	15,632

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.
Source: Moody's Financial Metrics™

Exhibit 12

Peer Comparison Table [1]

	Eversource Energy Baa2 (Stable)			American Electric Power Company, Inc. Baa2 (Stable)			NextEra Energy, Inc. (P)Baa1 (Stable)			CMS Energy Corporation Baa2 (Stable)			Public Service Enterprise Group Incorporated Baa2 (Stable)		
(In US millions)	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23	FYE Dec-21	FYE Dec-22	LTM Mar-23
Revenue	9,863	12,289	12,614	16,792	19,640	19,738	17,069	20,956	24,782	7,329	8,596	8,506	9,722	9,800	11,242
CFO Pre-W/C	2,516	2,858	2,704	3,876	5,670	5,184	8,479	10,108	9,824	1,879	1,990	1,932	2,845	2,398	2,589
Total Debt	20,638	23,133	23,998	37,661	41,404	43,257	54,651	64,810	70,485	12,261	14,067	14,253	19,822	21,047	20,992
CFO Pre-W/C + Interest / Interest	5.1x	5.1x	4.7x	4.2x	5.0x	4.4x	7.1x	15.0x	6.2x	4.9x	4.9x	4.6x	5.5x	4.7x	4.7x
CFO Pre-W/C / Debt	12.2%	12.4%	11.3%	10.3%	13.7%	12.0%	15.5%	15.6%	13.9%	15.3%	14.1%	13.6%	14.4%	11.4%	12.3%
CFO Pre-W/C – Dividends / Debt	8.3%	8.6%	7.6%	6.2%	9.7%	8.1%	9.9%	10.3%	9.0%	11.0%	10.1%	9.5%	9.2%	6.3%	7.1%
Debt / Capitalization	51.7%	52.9%	53.3%	54.4%	55.6%	56.4%	49.9%	52.2%	52.7%	55.6%	57.5%	57.6%	49.6%	52.0%	50.2%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics™

Ratings

Exhibit 13

Category	Moody's Rating
EVERSOURCE ENERGY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
AQUARION WATER COMPANY OF CONNECTICUT	
Outlook	Negative
Issuer Rating	A3
NSTAR ELECTRIC COMPANY	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured	A2
Pref. Stock	Baa1
Commercial Paper	P-1
CONNECTICUT LIGHT AND POWER COMPANY (THE)	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
Pref. Stock	Baa2
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
AQUARION COMPANY	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
WESTERN MASSACHUSETTS ELECTRIC COMPANY	
Outlook	No Outlook
Senior Unsecured	A2
YANKEE GAS SERVICES COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2

Source: Moody's Investors Service

REPORT NUMBER 1383812

MOODY'S
INVESTORS SERVICE

Eversource Energy

The 'BBB+' Long-Term Issuer Default Rating (IDR) of Eversource Energy primarily reflects the consolidated strength of Eversource's regulated electric transmission and distribution, natural gas distribution and water distribution utility subsidiaries. The businesses primarily consist of low-risk, regulated operations in Massachusetts, Connecticut and New Hampshire that generate relatively stable and predictable earnings and cash flow.

Eversource's operations include the following utility subsidiaries rated by Fitch: NSTAR Electric Company (A/Stable), The Connecticut Light and Power Company (CL&P; A–/Stable), Public Service Company of New Hampshire (PSNH, A–/Stable) and NSTAR Gas Company (A–/Stable).

The ratings also reflect Eversource's ownership interest in the development of offshore wind projects in the Northeast, which includes risks associated with permitting and construction, but would provide long-term contracted cash flow once in operation.

Key Rating Drivers

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by the Federal Energy Regulatory Commission (FERC).

Fitch Ratings considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of consolidated rate base, with New Hampshire accounting for the remainder.

Offshore Wind Projects: Eversource and Danish wind energy developer Orsted A/S (BBB+/Stable) have a 50/50 joint venture for offshore wind assets in the Northeast. The companies are partnering in the development of the 130MW South Fork Wind offshore wind project serving New York, the 704MW Revolution Wind offshore wind project serving Rhode Island and Connecticut, and the 924MW Sunrise Wind project serving New York. Other offshore wind projects also may be developed.

Fitch expects the development of these large, multibillion-dollar offshore wind projects will slightly weaken Eversource's leverage metrics until they enter service and start generating cash flow. Near-term credit issues are mitigated by Eversource's commitment to issue common equity through 2026 to help partially fund the large utility capex plan.

Offshore Wind Strategic Review: Eversource announced in May 2022 that it has commenced a strategic review of its offshore wind investments that could result in the potential sale of all or part of its 50% interest. The review is expected to conclude by YE 2022. Fitch would consider the sale of Eversource's offshore wind investments to be beneficial to the company's business risk profile but likely not to have an impact on Eversource's ratings, depending on management's use of proceeds.

Large Utility Capex Plan: Eversource expects to spend $18.1 billion in capex for core businesses, predominantly regulated utilities, over 2022–2026. This utility capex is a relatively low-risk growth plan, including more than $7.0 billion in electric distribution, more than $4.5 billion in natural gas distribution, $4.6 billion in FERC-regulated electric transmission and nearly $900 million in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Weak Financial Profile: Eversource's financial profile is supported by stable cash flow from its regulated utility subsidiaries, which have strong standalone financial profiles. Fitch expects

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB+	Stable	Affirmed April 8, 2022
Short-Term IDR	F2	—	Affirmed April 8, 2022
Senior Unsecured Debt	BBB+	—	Affirmed April 8, 2022
CP	F2	—	Affirmed April 8, 2022

Click here for full list of ratings

Applicable Criteria

Parent and Subsidiary Linkage Rating Criteria (December 2021)

Sector Navigators - Addendum to the Corporate Rating Criteria (October 2021)

Corporate Rating Criteria (October 2021)

Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Related Research

The Connecticut Light and Power Company (June 2022)

NSTAR Electric Company (June 2022)

NSTAR Gas Company (June 2022)

Public Service Company of New Hampshire (June 2022)

North American Utilities: Weathering the Storm (Fourth-Quarter and YE 2021 Earnings Wrap-Up) (March 2022)

Fitch Ratings 2022 Outlook: North American Utilities, Power and Gas (December 2021)

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Eversource's FFO leverage to average around 5.5x through 2025. Elevated leverage over the forecast period is due to offshore wind growth projects, which require multiple years of investment, permitting and construction. Fitch does not expect cash inflows from the South Fork Wind until YE 2023, and for Revolution Wind and Sunrise Wind until YE 2025.

Once these projects are on line, they are expected to provide robust and stable cash flow supported by long-term contracts and near-term tax benefits. The strength and stability of future cash flow provide reassurance that Eversource's high FFO leverage metric will likely return to within the longer-term threshold of Fitch's negative sensitivity.

Parent/Subsidiary Linkage: Parent and subsidiary linkage exists and follows a weak parent/strong subsidiary approach. Fitch considers NSTAR Electric, CL&P, PSNH and NSTAR Gas to be stronger than Eversource due to the utilities' low-risk, regulated operations and the relatively balanced regulatory jurisdictions in which they operate.

Fitch considers the legal ring-fencing factor "porous" due to the general protections afforded by economic regulation, including a restriction on dividend payments; the access and control factor is also evaluated as "porous." Eversource centrally manages the treasury function for its utilities and is the sole source of equity. Eversource and most of its utility subsidiaries also share a revolving credit facility (RCF); however, each subsidiary issues its own long-term debt. Fitch would allow the utilities' Long-Term IDRs to be up to two notches higher than Eversource's.

Financial Summary

($ Mil., as of Dec. 31)	2018	2019	2020	2021
Gross Revenue	8,407	8,462	8,842	9,801
Operating EBITDA	2,478	2,648	2,903	3,026
Cash Flow from Operations (Fitch Defined)	1,749	1,957	1,629	1,907
Capital Intensity (Capex/Revenue) (%)	30.0	34.4	33.3	32.4
Total Debt with Equity Credit	14,068	15,084	17,530	19,877
FFO Leverage (x)	5.8	5.8	7.3	7.3
FFO Interest Coverage (x)	4.7	4.8	4.4	4.9
Total Debt with Equity Credit/Operating EBITDA (x)	5.7	5.7	6.0	6.6

Source: Fitch Ratings, Fitch Solutions.

Rating Derivation Relative to Peers

Eversource is comfortably positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated utilities. The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Negative) operate in some of the same states in the Northeast in relatively balanced regulatory environments. Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets, favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases, but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage to average around 5.5x through 2025 for Eversource and 5.0x for AVANGRID.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- FFO leverage expected to remain less than 4.5x on a sustained basis.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- FFO leverage expected to exceed 5.6x on a sustained basis during the offshore wind project permitting and construction phases, followed by 5.2x after beginning service;
- Significant delays or cost overruns or other issues related to the development of the company's offshore wind projects that would negatively affect Eversource's cash flow profile meaningfully;
- Adverse regulatory actions or other events that result in downgrades to Eversource's utility subsidiaries.

Liquidity and Debt Structure

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate.

Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $1,393.8 million of CP borrowings outstanding at March 31, 2022, leaving $606.2 million of available borrowing capacity.

Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 15, 2026. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each has a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of March 31, 2022.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on Oct. 15, 2026. NSTAR Electric had $275.0 million of CP borrowings outstanding at March 31, 2022, leaving $375.0 million of available capacity.

Eversource and its utility subsidiaries require modest cash on hand and had $46.2 million of unrestricted cash as of March 31, 2022.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, Eversource has $450 million of 2.8% senior unsecured notes due May 1, 2023; $350 million of floating rate senior unsecured notes due Aug. 15, 2023; $400 million of 3.8% senior unsecured notes due Dec. 1, 2023; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026 and $300 million of 1.4% senior unsecured notes due Aug. 15, 2026.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Liquidity Analysis

($ Mil.)	**12/31/20**	**12/31/21**
Total Cash and Cash Equivalents	107	67
Short-Term Investments	0	0
Less: Not Readily Available Cash and Cash Equivalents	0	0
Fitch-Defined Readily Available Cash and Cash Equivalents	**107**	**67**
Availability Under Committed Lines of Credit	1,401	1,145
Total Liquidity	**1,508**	**1,212**
LTM EBITDA After Associates and Minorities	2,903	3,026
LTM FCF	(2,058)	(2,073)

Source: Fitch Ratings, Fitch Solutions, Eversource Energy.

Scheduled Long-Term Debt Maturities

($ Mil.)	**12/31/21**
2022	1,175
2023	2,008
2024	1,050
2025	1,400
2026	940
Thereafter	11,630
Total	**18,204**

Source: Fitch Ratings, Fitch Solutions, Eversource Energy.

Key Assumptions

Fitch's Key Assumptions Within Its Rating Case for the Issuer Include

- Consolidated rate base growing to $33.8 billion by YE 2026, up from $22.4 billion at YE 2020;
- Consolidated core business capex of $18.1 billion over 2022–2026 ($7.0 billion in electric distribution, $4.5 billion in natural gas distribution, $4.6 billion in electric transmission, $900 million in water distribution, $1.1 billion in IT and facilities upgrades);
- CL&P's transmission capex totals $1.25 billion over 2022–2026;
- NSTAR Electric's transmission capex totals $2.2 billion over 2022–2026;
- PSNH's transmission capex totals $1.15 billion over 2022–2026;
- Operations and maintenance expense relatively flat;
- South Fork Wind expected to be in service by YE 2023; Revolution Wind and Sunrise Wind begins in service by YE 2025;
- Normal weather.

Financial Data

	Historical			
($ Mil., as of Dec. 31)	2018	2019	2020	2021
Summary Income Statement				
Gross Revenue	8,407	8,462	8,842	9,801
Revenue Growth (%)	8.4	0.7	4.5	10.9
Operating EBITDA (Before Income from Associates)	2,478	2,648	2,903	3,026
Operating EBITDA Margin (%)	29.5	31.3	32.8	30.9
Operating EBITDAR	2,489	2,663	2,918	3,026
Operating EBITDAR Margin (%)	29.6	31.5	33.0	30.9
Operating EBIT	1,686	1,808	1,968	1,971
Operating EBIT Margin (%)	20.1	21.4	22.3	20.1
Gross Interest Expense	(504)	(536)	(541)	(578)
Pretax Income (Including Associate Income/Loss)	1,329	1,190	1,559	1,572
Summary Balance Sheet				
Readily Available Cash and Equivalents	108	15	107	67
Total Debt with Equity Credit	14,068	15,084	17,530	19,877
Total Adjusted Debt with Equity Credit	14,154	15,201	17,651	19,877
Net Debt with Equity Credit	13,960	15,069	17,423	19,810
Summary Cash Flow Statement				
Operating EBITDA	2,478	2,648	2,903	3,026
Cash Interest Paid	(504)	(535)	(540)	(555)
Cash Tax	(159)	(56)	(49)	(122)
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0
Other Items Before FFO	95	27	(467)	(163)
Funds Flow from Operations	1,903	2,077	1,840	2,179
FFO Margin (%)	22.6	24.5	20.8	22.2
Change in Working Capital	(154)	(120)	(210)	(272)
Cash Flow from Operations (Fitch Defined)	1,749	1,957	1,629	1,907
Total Non-Operating/Nonrecurring Cash Flow	0	0	0	0
Capex	(2,523)	(2,911)	(2,943)	(3,175)
Capital Intensity (Capex/Revenue) (%)	30.0	34.4	33.3	32.4
Common Dividends	(640)	(663)	(745)	(805)
FCF	(1,414)	(1,617)	(2,058)	(2,073)
Net Acquisitions and Divestitures	194	0	(1,003)	0
Other Investing and Financing Cash Flow Items	(116)	(320)	(180)	(267)
Net Debt Proceeds	1,406	992	2,404	2,300
Net Equity Proceeds	0	852	929	0
Total Change in Cash	70	(93)	91	(40)
Leverage Ratios				
Total Net Debt with Equity Credit/Operating EBITDA (x)	5.6	5.7	6.0	6.5
Total Adjusted Debt/Operating EBITDAR (x)	5.7	5.7	6.0	6.6
Total Adjusted Net Debt/Operating EBITDAR (x)	5.6	5.7	6.0	6.5
Total Debt with Equity Credit/Operating EBITDA (x)	5.7	5.7	6.0	6.6
FFO Adjusted Leverage (x)	5.8	5.8	7.3	7.3
FFO Adjusted Net Leverage (x)	5.8	5.8	7.3	7.2
FFO Leverage (x)	5.8	5.8	7.3	7.3
FFO Net Leverage (x)	5.8	5.8	7.3	7.2
Calculations for Forecast Publication				

	Historical			
($ Mil., as of Dec. 31)	**2018**	**2019**	**2020**	**2021**
Capex, Dividends, Acquisitions and Other Items Before FCF	(2,970)	(3,575)	(4,690)	(3,981)
FCF After Acquisitions and Divestitures	(1,220)	(1,617)	(3,061)	(2,073)
FCF Margin (After Net Acquisitions) (%)	(14.5)	(19.1)	(34.6)	(21.2)
Coverage Ratios				
FFO Interest Coverage (x)	4.7	4.8	4.4	4.9
FFO Fixed-Charge Coverage (x)	4.6	4.7	4.3	4.9
Operating EBITDAR/Interest Paid + Rents (x)	4.8	4.8	5.3	5.5
Operating EBITDA/Interest Paid (x)	4.9	4.9	5.4	5.5
Additional Metrics				
CFO-Capex/Total Debt with Equity Credit (%)	(5.5)	(6.3)	(7.5)	(6.4)
CFO-Capex/Total Net Debt with Equity Credit (%)	(5.5)	(6.3)	(7.5)	(6.4)

CFO – Cash flow from operations.
Source: Fitch Ratings, Fitch Solutions.

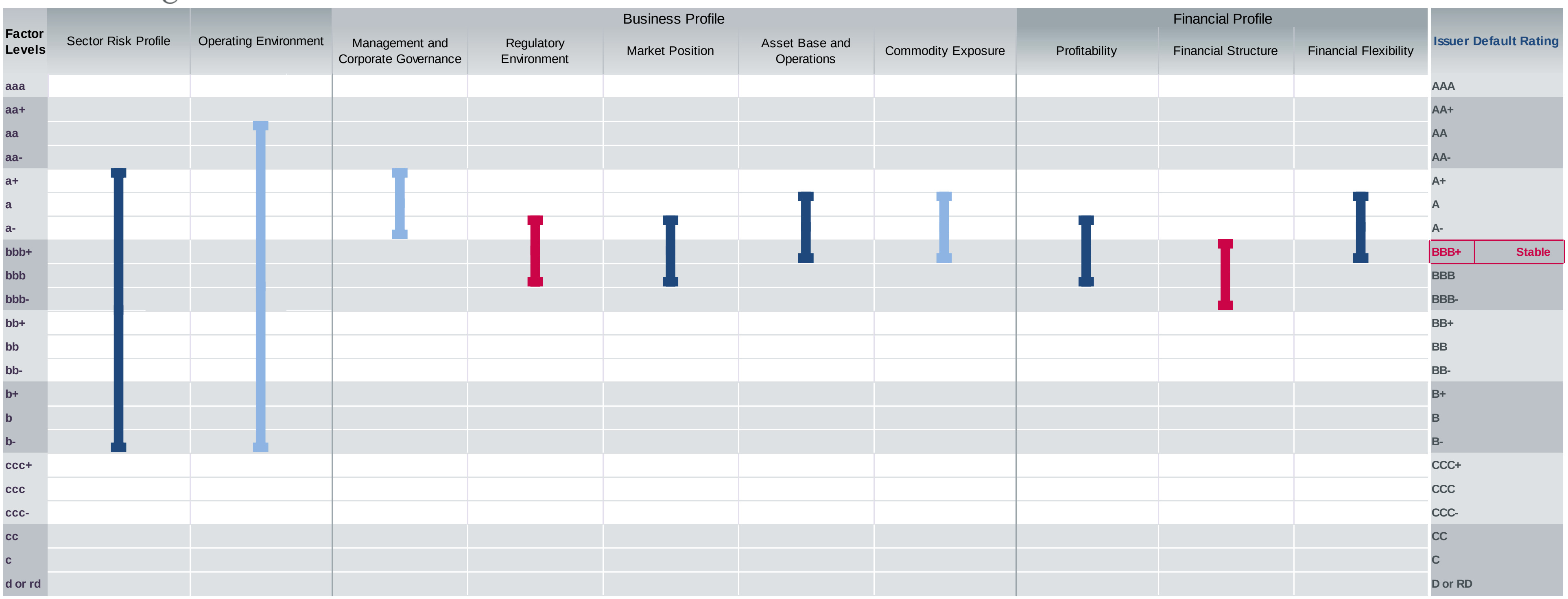
Ratings Navigator

FitchRatings

Eversource Energy

ESG Relevance:

Corporates Ratings Navigator
North American Utilities



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colors = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	▭	Stable

FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

aa-	Management Strategy	aa	Coherent strategy and very strong track record in implementation.
a+	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Regulatory Environment

a	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	Trend in Authorized ROEs	bbb	Average authorized ROE.
bbb	Mechanisms Available to Stabilize Cash Flows	a	Revenues fully insulated from variability in consumption.
bbb-	Mechanisms Supportive of Creditworthiness	bbb	Effective regulatory ring-fencing or minimum creditworthiness requirements.

Market Position

a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	a	Favorable customer mix.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Asset Base and Operations

a+	Diversity of Assets	a	High-quality and/or large-scale diversified assets.
a	Operations Reliability and Cost Competitiveness	a	Track record of reliable, low-cost operations.
a-	Exposure to Environmental Regulations	a	No exposure to environmental regulations.
bbb+	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb			

Commodity Exposure

a+	Ability to Pass Through Changes in Fuel	a	Complete pass-through of commodity costs.
a	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
a-	Hedging Strategy	a	Highly captive supply and customer base.
bbb+			
bbb			

Profitability

a	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
a-	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
bbb+			
bbb			
bbb-			

Financial Structure

a-	FFO Leverage	bbb	5.0x
bbb+	Total Debt With Equity Credit/Op. EBITDA	bb	4.75x
bbb			
bbb-			
bb+			

Financial Flexibility

a+	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a	Liquidity	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
a-	FFO Interest Coverage	a	5.5x
bbb+			
bbb			

Credit-Relevant ESG Derivation

Eversource Energy has 12 ESG potential rating drivers

- Emissions from operations
- Fuel use to generate energy and serve load
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security

Showing top 6 issues

Overall ESG

key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	1	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings

Eversource Energy

Corporates Ratings Navigator
North American Utilities

Credit-Relevant ESG Derivation

Eversource Energy has 12 ESG potential rating drivers

- Eversource Energy has exposure to emissions regulatory risk but this has very low impact on the rating.
- Eversource Energy has exposure to energy productivity risk but this has very low impact on the rating.
- Eversource Energy has exposure to waste & impact management risk but this has very low impact on the rating.
- Eversource Energy has exposure to extreme weather events but this has very low impact on the rating.
- Eversource Energy has exposure to access/affordability risk but this has very low impact on the rating.
- Eversource Energy has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	1	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability	5
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability	4
Water & Wastewater Management	1	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability	2
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability	3
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations	2
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE

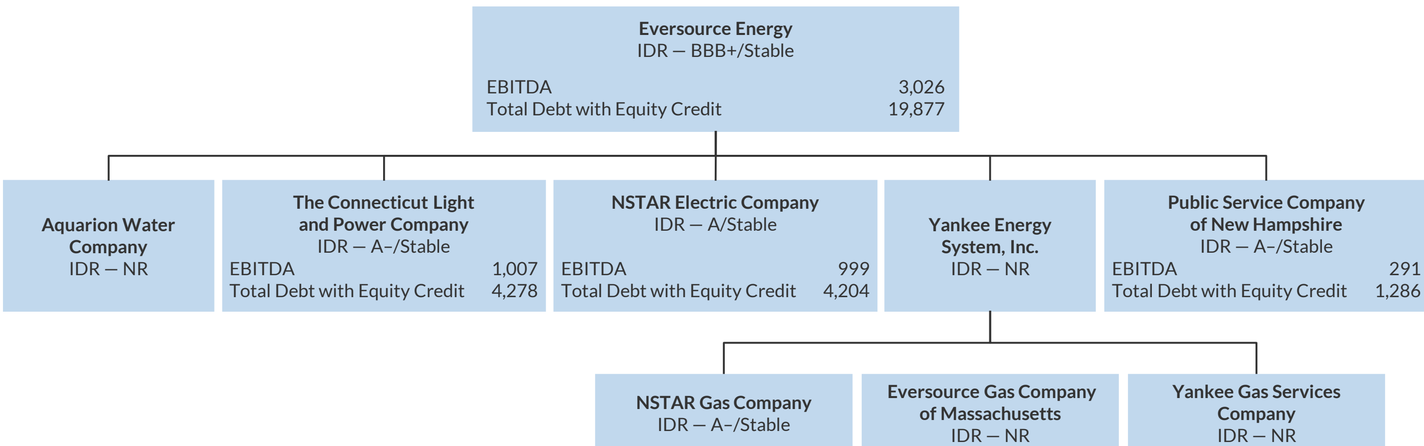
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — Eversource Energy

($ Mil., as of Dec. 31, 2021)



IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, Eversource Energy.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue ($ Mil.)	Funds Flow from Operations ($ Mil.)	FFO Leverage (x)	FFO Interest Coverage (x)	Total Debt with Equity Credit/ Operating EBITDA (x)
Eversource Energy	BBB+						
	BBB+	2021	9,801	2,179	7.3	4.9	6.6
	BBB+	2020	8,842	1,840	7.3	4.4	6.0
	BBB+	2019	8,462	2,077	5.8	4.8	5.7
AVANGRID, Inc.	BBB+						
	BBB+	2021	6,974	1,532	4.6	5.7	4.5
	BBB+	2020	6,320	1,535	5.9	5.2	6.1
	BBB+	2019	6,338	1,587	4.1	5.4	4.3
Consolidated Edison, Inc.	BBB+						
	BBB+	2021	13,676	3,315	5.8	4.5	5.1
	BBB+	2020	12,246	2,640	6.8	3.8	5.3
	BBB+	2019	12,574	3,039	5.6	4.4	5.0

Source: Fitch Ratings, Fitch Solutions.

Fitch Adjusted Financials

($ Mil., as of Dec. 31, 2021)	Notes and Formulas	Reported Values	Sum of Adjustments	Fair Value and Other Debt Adjustments	CORP-Lease Treatment	Other Adjustments	Adjusted Values
Income Statement Summary							
Revenue		9,863	(62)			(62)	9,801
Operating EBITDAR		3,096	(70)		(9)	(62)	3,026
Operating EBITDAR After Associates and Minorities	(a)	3,096	(70)		(9)	(62)	3,026
Operating Lease Expense	(b)	0					0
Operating EBITDA	(c)	3,096	(70)		(9)	(62)	3,026
Operating EBITDA After Associates and Minorities	(d) = (a-b)	3,096	(70)		(9)	(62)	3,026
Operating EBIT	(e)	1,993	(22)		(4)	(18)	1,971
Debt and Cash Summary							
Total Debt with Equity Credit	(f)	20,374	(497)	1		(498)	19,877
Lease-Equivalent Debt	(g)	0					0
Other Off-Balance-Sheet Debt	(h)	0					0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	20,374	(497)	1		(498)	19,877
Readily Available Cash and Equivalents	(j)	67					67
Not Readily Available Cash and Equivalents		0					0
Cash Flow Summary							
Operating EBITDA After Associates and Minorities	(d) = (a-b)	3,096	(70)		(9)	(62)	3,026
Preferred Dividends (Paid)	(k)	(8)					(8)
Interest Received	(l)	0					0
Interest (Paid)	(m)	(569)	14		4	10	(555)
Cash Tax (Paid)		(122)					(122)
Other Items Before FFO		(172)	9			9	(163)
Funds from Operations (FFO)	(n)	2,227	(48)		(5)	(43)	2,179
Change in Working Capital (Fitch-Defined)		(272)					(272)
Cash Flow from Operations (CFO)	(o)	1,955	(48)		(5)	(43)	1,907
Non-Operating/Nonrecurring Cash Flow		0					0
Capital (Expenditures)	(p)	(3,175)					(3,175)
Common Dividends (Paid)		(805)					(805)
Free Cash Flow (FCF)		(2,025)	(48)		(5)	(43)	(2,073)
Gross Leverage (x)							
Total Adjusted Debt/Operating EBITDAR[a]	(i/a)	6.6					6.6
FFO Adjusted Leverage	(i/(n-m-l-k+b))	7.3					7.3
FFO Leverage	(i-g)/(n-m-l-k)	7.3					7.3
Total Debt with Equity Credit/Operating EBITDA[a]	(i-g)/d	6.6					6.6
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	(6.0)					(6.4)
Net Leverage (x)							
Total Adjusted Net Debt/Operating EBITDAR[a]	(i-j)/a	6.6					6.5
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	7.2					7.2
FFO Net Leverage	(i-g-j)/(n-m-l-k)	7.2					7.2
Total Net Debt with Equity Credit/Operating EBITDA[a]	(i-g-j)/d	6.6					6.5
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	(6.0)					(6.4)
Coverage (x)							
Operating EBITDA/(Interest Paid + Lease Expense)[a]	a/(-m+b)	5.4					5.5
Operating EBITDA/Interest Paid[a]	d/(-m)	5.4					5.5
FFO Fixed-Charge Coverage	(n-l-m-k+b)/ (-m-k+b)	4.9					4.9
FFO Interest Coverage	(n-l-m-k)/(-m-k)	4.9					4.9

[a]EBITDA/R after dividends to associates and minorities.
Source: Fitch Ratings, Fitch Solutions, Eversource Energy.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

FitchRatings

RATING ACTION COMMENTARY

Fitch Revises Outlooks for Eversource and NSTAR Electric to Negative; Affirms Ratings

Fri 27 Oct, 2023 - 2:18 PM ET

Fitch Ratings - New York - 27 Oct 2023: Fitch Ratings has affirmed the 'BBB+' Long-Term Issuer Default Rating (IDR) of Eversource Energy and the Long-Term IDR of the utility subsidiary NSTAR Electric Company at 'A'. The Rating Outlook of both entities has been revised to Negative from Stable.

The ratings and Outlook of the other Fitch-rated subsidiaries are unchanged at this time.

The Negative Outlook reflects greater uncertainty around the sale of the three offshore projects under development, including the likelihood of a lower sale price, after New York regulators declined a request for a price increase for one of the projects. Eversource's credit profile has been weak over the last three years with FFO-leverage over 7.0x, as per Fitch's calculations.

Proceeds from the sale are expected to be a key source of cash for parent-level deleveraging. Fitch also expects management to issue equity such that leverage returns below Fitch's 5.2x downgrade threshold. Failure to complete the sale or issue equity in a timely manner will result in a downgrade. Fitch will resolve the Outlook once the details of the sale process and the capital allocation plan going forward are finalized.

A downgrade of the LT IDR of Eversource to 'BBB' may result in a downgrade of Eversource's Short-Term IDR to 'F3' as per Fitch's Short-Term Ratings Criteria.

NSTAR Electric's Negative Outlook is based on Fitch's parent subsidiary linkage criteria, which limits the difference between Eversource and any of its higher-rated regulated subsidiaries to two notches.

KEY RATING DRIVERS

Eversource Energy

Greater Uncertainty Around Offshore Business Sale: The batch sale of Eversource's 50% interest in three offshore wind projects, which are under various stages of development, will likely be delayed beyond Fitch's expectation of YE2023. The New York regulator's recent decision to not grant an increase in the power prices to account for rising supply chain costs, higher capital costs, and greater inflation has resulted in heighted uncertainty around the timing and sale price of Eversource's stake.

The sale transaction is highly complex given the headwinds against the sector, the relatively nascent asset class in North America, and the joint venture structure. Danish wind energy developer, Orsted A/S (BBB+/Stable), owns the other 50%. Earlier in the year, Eversource finalized the sale of its interest in offshore wind lease areas for $625 million, a substantial portion of which will be reinvested in the offshore business.

The transaction will take longer than previously expected, possibly involving a re-bid process, and will probably fetch a lower price given that the power prices were not adjusted upwards. Additionally, it is unknown if once a sale is consummated there will be any significant post-divestiture risk retained by the company. Fitch forecasts that leverage will be higher than the company's downgrade threshold through YE2024. To right-size the balance sheet, management would also have to inject a significant amount of equity in 2024-2025. Failure to complete the sale in a timely manner would pressure Eversource's already weak financial profile, resulting in a ratings downgrade.

Weak Financial Profile: Eversource's financial profile is weak, even though it derives stable cash flows from its regulated utility subsidiaries. Leverage has been elevated over the past three years due in part to acquisition of utility companies, and high capex and cost escalation in its offshore wind growth projects, which inherently require multiple years of investment, permitting and construction.

Fitch expects the net proceeds from the sale of offshore business supplemented by a sizable equity issuance over the 2024-2025 timeframe will lead to a decline in FFO leverage to 5.2x. The company has $1.0 billion authorized under an existing at-the-market program in addition to annual drip issuance of $150 million. Failure to issue equity in a timely manner would result in a negative rating action.

Parent/Subsidiary Linkage: NSTAR Electric's Outlook has been revised to Negative due to its parent-subsidiary linkage (PSL) with Eversource. There is a PSL between Eversource and its rated utility subsidiaries. Fitch determines Eversource's standalone credit profile (SCP) based upon consolidated metrics. Fitch considers the utility subsidiaries to have stronger standalone credit profiles than Eversource. As a result, the linkage between Eversource and the utility subsidiaries is assessed following weak parent/strong subsidiary factors. Emphasis is placed on the subsidiaries' status as regulated entities. Legal ring fencing is porous given the general protections afforded by economic regulation, and access and control are also porous.

Eversource centrally manages the treasury function for all of its utility subsidiaries and is the sole source of equity; however, subsidiaries issue their own long-term debt. Due to the aforementioned assessment, Fitch will limit the difference between Eversource and any of its higher rated regulated subsidiaries to two notches.

Large Utility Capex Plan: Eversource expects to spend $21.5 billion in capex for core businesses, predominantly regulated utilities, over 2023-2027. This utility capex is a relatively low-risk growth plan, including $8.9 billion in electric distribution, $5.3 billion in natural gas distribution, $5.3 billion in Federal Energy Regulatory Commission (FERC) regulated electric transmission and approximately $1.0 billion in water distribution. Most of Eversource's planned utility capex will be recovered with limited lag, reflecting FERC construction work in progress, electric distribution trackers and natural gas distribution infrastructure expansion cost-recovery mechanisms.

Regulatory Diversification: Eversource's three-state service territory provides regulatory diversification that is further enhanced by significant investments in electric transmission projects regulated by FERC. Fitch considers FERC to be among the most constructive regulatory bodies due to timely cost recovery and formulaic rates of return. FERC-regulated electric transmission operations account for more than one-third of Eversource's consolidated rate base; Connecticut and Massachusetts each account for a little less than one-third of the company's consolidated rate base, with New Hampshire accounting for the remainder.

Fitch considers the regulatory environment for electric utilities in Connecticut to be challenging. Recent actions by the Connecticut Public Utilities Regulatory Authority (PURA) to implement performance-based regulation, enactment of Senate Bill 7, and authorized ROEs that are lower than national average result in a meaningfully less-constructive regulatory environment for electric utilities.

NSTAR Electric Company

Low-Risk Business Profile: NSTAR Electric's ratings largely reflect the low business risk and stable cash flows of its regulated electric T&D operations. The company has no commodity exposure and a decoupling mechanism that eliminates the effect of weather and usage patterns on revenue. A significant and growing share of the rate base is derived from electric transmission investments regulated by FERC.

Balanced Regulatory Environment: Fitch considers the regulatory environment overseen by the Massachusetts Department of Public Utilities (DPU) to be relatively balanced, supporting NSTAR Electric's strong financial profile. NSTAR Electric operates under a five-year performance-based ratemaking plan that runs through Dec. 31, 2027. NSTAR Electric benefits from full revenue decoupling and several cost-recovery mechanisms, which enhance the stability and predictability of cash flows. The DPU permits recovery outside of general rate cases for pension and post-retirement benefits, energy efficiency program costs and the associated lost revenue, and storm costs.

2022 Multiyear Rate Case Settlement: Fitch deems the outcome of NSTAR Electric's rate case to be constructive and supportive of credit quality. DPU authorized a $64.3 million increase based on a ROE of 9.8% with 53.21% equity capital and a five-year PBR plan commencing Jan. 1, 2023. Earnings over 10.8% are to be shared with rate payers. The decision implements storm fund refinements and advanced metering infrastructure tariff and is in alignment with the state's electrification policy. NSTAR Electric had requested an $87.6 million increase in base rates at a ROE of 10.50% with 53.8% equity capital.

2017 Rate Case Decision: Fitch considers the outcome of NSTAR Electric's 2017 rate case and implementation of performance-based ratemaking to have been constructive. The DPU authorized NSTAR Electric's $4.8 million electric rate increase in December 2018. This rate increase was composed of a performance-based ratemaking adjustment increase of $31.9 million, offset by a distribution rate decrease of $27.1 million to account for the return of excess accumulated deferred income taxes to ratepayers as a result of federal tax reform. NSTAR Electric's fourth annual performance-based rate adjustment resulted in a $36.8 million increase to base distribution rates effective Jan. 1, 2022.

Large Capex Plan: Fitch expects capex to remain elevated through the forecast plan, due in large part to significant investments in FERC-regulated regional transmission projects. Management forecasts transmission capex to total approximately $2.75 billion over 2023-2027. Improvements to NSTAR Electric's distribution system will also contribute to the large capex plan in the near term. Fitch expects capex to be funded in a manner consistent with the existing capital structure.

Weak Financial Metrics: NSTAR Electric's financial profile is weakly positioned within its rating level. Fitch expects NSTAR Electric's FFO leverage to average around 3.9x-4.0x through 2026, which is right at Fitch's negative sensitivity, leaving little room for underperformance. Robust cashflows and ongoing investments in FERC-regulated transmission projects that receive timely cost recovery and above-average returns should enable the utility to maintain its financial strength.

DERIVATION SUMMARY

Eversource Energy

Eversource is weakly positioned in the 'BBB+' rating category. Eversource has a strong business risk profile, primarily attributed to its ownership predominantly of regulated utilities, which is weakened by high leverage resulting from capital expenditures related to renewable development and acquisitions. The utility subsidiaries of Eversource and peer AVANGRID, Inc. (BBB+/Stable) operate in some of the same states in the Northeast in relatively balanced regulatory environments.

Eversource and AVANGRID benefit from a meaningful amount of regulatory diversification and significant exposure to FERC-regulated electric transmission assets, favorable factors that peer Consolidated Edison, Inc. (BBB+/Stable) lacks. AVANGRID's unregulated renewable energy business accounts for nearly 25% of consolidated EBITDA, weakening its business risk profile.

Eversource and AVANGRID also are engaged in developing large offshore wind projects in the Northeast, which include increased risk during the multiyear permitting and construction phases, but would provide long-term contracted cash flow once in operation. Fitch expects FFO leverage for Eversource to be around 5.7x for YE 2023, and 5.2x over the next two years, compared with AVANGRID, which would have higher leverage for the next two years, reaching 5.3x by 2025 assuming the merger with PNM Resources Inc. is completed.

NSTAR Electric Company

NSTAR Electric compares adequately with peers at its 'A' Long-Term IDR. NSTAR Electric operates in a balanced regulatory environment in Massachusetts and benefits from a significant amount of FERC-regulated electric transmission assets, which are relatively low-risk and provide stable and predictable cash flows. NSTAR Electric and peer companies CL&P and Consolidated Edison Company of New York, Inc. (CECONY; BBB+/Stable) all have revenue decoupling, and CL&P has a significant amount of FERC-regulated electric transmission assets. However, CL&P and CECONY operate in regulatory environments in Connecticut and New York that Fitch considers to be less constructive than in Massachusetts. NSTAR Electric further benefits from a strong financial profile. Fitch expects NSTAR Electric's FFO leverage to average around 3.9x-4.0x through 2025.

KEY ASSUMPTIONS

Fitch's Key Assumptions Within Its Rating Case for the Issuer Include:

--Terms of the sale of the offshore business finalized within 2Q2024 with the entire proceeds applied towards debt reduction;

--Clearly laid out plan for equity issuance as needed, in order to reach leverage targets;

--No incremental liabilities post the sale of offshore business;

--Consolidated rate base growing to $37.7 billion by year-end 2027, from $24.4 billion at year-end 2021;

--Consolidated core business capex of $21.5 billion over 2023-2027;

--O&M expense relatively flat;

--South Fork Wind expected to be in service by the end of 2023;

--Normal weather.

RATING SENSITIVITIES

Eversource Energy

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--An upgrade would require FFO leverage expected to remain less than 4.5x on a sustained basis.

Factors that could, individually or collectively, lead to a Stable Outlook:

--The Outlook could be revised to Stable once the sale of the offshore business has been finalized and there is a clear path to deleveraging.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Significant delays in the completion of the sale of the offshore business, significantly weaker terms including retained risk, lower net proceeds from the sale or allocation of the proceeds toward uses other than debt reduction;

--Failure to issue equity each year over the 2023-2025 timeframe to support deleveraging;

--Sustained FFO leverage exceeding 5.2x, after the divestiture of the offshore wind assets;

--Adverse regulatory actions or other events that result in downgrades to Eversource's utility subsidiaries.

NSTAR Electric Company

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--An upgrade to parent Eversource's Long-Term IDR. NSTAR Electric's ratings upside is restricted by a maximum two-notch differential between the Long-Term IDRs of NSTAR Electric and Eversource.

Factors that could, individually or collectively, lead to a Stable Outlook:

--The Outlook could be revised to Stable once the Outlook at Eversource is revised to Stable.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A downgrade to parent Eversource's Long-Term IDR, given Fitch's maximum allowed two-notch differential between the Long-Term IDRs of the two entities;

--FFO leverage expected to exceed 4.0x on a sustained basis;

--An adverse regulatory decision that meaningfully reduces the stability and predictability of earnings and cash flow.

LIQUIDITY AND DEBT STRUCTURE

Adequate Liquidity: Fitch considers liquidity for Eversource and each of its regulated utility subsidiaries to be adequate. Eversource has a $2.0 billion CP program that the company uses to provide its subsidiaries with intercompany loans. Eversource had $529 million of CP borrowings outstanding at June 30, 2023, leaving $1.471 billion of available borrowing capacity. Eversource, CL&P, PSNH, NSTAR Gas, Yankee Gas Services Company (not rated), Eversource Gas Company of Massachusetts (EGMA; not rated) and Aquarion Water Company of Connecticut (not rated) participate in a joint $2.0 billion RCF that terminates on Oct. 13, 2028. Under the RCF, CL&P has a $600 million borrowing sublimit; PSNH, NSTAR Gas, EGMA and Yankee Gas each have a $300 million sublimit; and Aquarion Water Company of Connecticut has a $100 million sublimit. The RCF serves to backstop Eversource's CP program. There were no RCF borrowings outstanding as of June 30, 2023.

NSTAR Electric maintains its own $650 million CP program backstopped by an equal-sized RCF. NSTAR Electric's $650 million RCF is separate from the shared RCF of parent Eversource and the other utilities, but also terminates on Oct. 13, 2028. As of

June 30, 2023, there was $324 million outstanding and $326 million available borrowing capacity. Eversource and its utility subsidiaries require modest cash on hand and had $42 million of unrestricted cash as of Dec. 31, 2022.

Manageable Debt Maturities: Long-term debt maturities over the next five years are manageable. At the parent level, maturities are $400 million of 3.8% senior unsecured notes due Dec. 1, 2023; $900 million of 4.20% senior unsecured notes due June 27, 2024; $450 million of 2.9% senior unsecured notes due Oct. 1, 2024; $300 million of 3.15% senior unsecured notes due Jan. 15, 2025; $300 million of 0.8% senior unsecured notes due Aug. 15, 2025; $250 million of 3.35% senior unsecured notes due March 15, 2026; $300 million of 1.4% senior unsecured notes due Aug. 15, 2026; $650 million of 2.90% senior unsecured notes due March 1, 2027; and $600 million of 4.60% senior unsecured notes due July 1, 2027.

ISSUER PROFILE

Eversource is a holding company that owns seven regulated utilities serving electric T&D, natural gas distribution and water distribution customers in Massachusetts, Connecticut and New Hampshire.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR

NSTAR Electric Company	LT IDR	A Rating Outlook Negative	Affirmed		A Rating Outlook Stable
	ST IDR	F1	Affirmed		F1
senior unsecured	LT	A+	Affirmed		A+
preferred	LT	A-	Affirmed		A-
senior unsecured	ST	F1	Affirmed		F1
Eversource Energy	LT IDR	BBB+ Rating Outlook Negative	Affirmed		BBB+ Rating Outlook Stable
	ST IDR	F2	Affirmed		F2
senior unsecured	LT	BBB+	Affirmed		BBB+
senior unsecured	ST	F2	Affirmed		F2

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Corporate Hybrids Treatment and Notching Criteria (pub. 12 Nov 2020)

Corporate Rating Criteria (pub. 28 Oct 2022) (including rating assumption sensitivity)

Parent and Subsidiary Linkage Rating Criteria (pub. 16 Jun 2023)

Climate Vulnerability in Corporate Ratings Criteria (pub. 21 Jul 2023) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 13 Oct 2023) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.1.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Eversource Energy	EU Endorsed, UK Endorsed
NSTAR Electric Company	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at https://www.fitchratings.com/site/re/10238496

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Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. DE 23-089

Date Request Received: January 10, 2024 **Data Request No. DOE 2-001**

Date of Response: January 16, 2024
Page 1 of 1

Request from: Department of Energy

Witness: CHEN, YI-AN

Request:

Please provide the impact the financing will have on rate base and customer rates, using the November 3, 2023 financial information.

Response:

Please see Attachment DOE 2-001.

Using the key assumptions in DE 23-089, Attachment 3, page 4 (Bates Page 26), and for illustrative purposes only, the Company calculated the impact to rate base costs of the proposed issuance of $300 million of long-term debt, which would result in an increase in base distribution revenue requirements of approximately $3.2 million. This amount is about a 0.75 percent increase to base distribution rates, and a 0.12 percent increase to total customer rates. The average monthly customer bill using 600 kWh would see a total increase of approximately $0.24 per month.

FOR ILLUSTRATIVE PURPOSES ONLY

PSNH Pro-Forma Rate Base Impact of Financing Application
Rate Base in Base Distribution Rates as of November 1, 2023

(a) Distribution Rate Debt Cost Calculation	**Amount**
Total Allowed Distribution Rate Base as of 11/1/22	$ 1,416,606,382
Allowed Weighted Debt Cost (DE 19-057)	1.81%
Total Return of Debt Cost	$ 25,674,711
(b) Distribution Rate Debt Cost Calculation, As Adjusted	
Total Allowed Distribution Rate Base as of 11/1/22	$ 1,416,606,382
Allowed Weighted Debt Cost (Pro Forma)	2.04%
Total Return of Debt Cost	$ 28,874,576

(c) Impacts of Financing to Base Distribution Revenue & Rates	
Incremental Cost to Base Distribution Revenue	**$ 3,199,865**
Base Distribution Revenue (DE 22-030 Order No. 26,709)	**$ 426,362,198**
Increase to Base Distribution Rate	**0.75%**
Total Revenue Requirements (all Rates)	**$ 2,700,817,594**
Increase to total Customer Rates	**0.12%**
Billed Sales in kWh (DE 19-057 Settlement Agreement)	**7,954,422,010**
Increase to Customer Rates per kWh	**$ 0.00040**
Increase to Average Customer's Bill per Month (600 kWh)	**$ 0.24136**

FOR ILLUSTRATIVE PURPOSES ONLY

Note> Assumes Series (New) issuance of $300M used to paydown outstanding short-term debt

1	**Balance Sheet (5Q Average):**		**DE 19-057 Debt**		**Pro-Forma Adj's**		**Pro-Forma Est.**
2	Series (New)	$	-	$	300,000,000	$	300,000,000
3	Series (New) Debt Issuance Costs	$	-	$	(2,790,150)	$	(2,790,150)
4	**LTD Balance (5 Qtr Average)**	**$**	**1,036,202,586**	**$**	**297,209,850**	**$**	**1,333,412,436**
5	**STD (5 Qtr Average)**	**$**	**58,640,000**	**$**	**(58,640,000)**	**$**	**-**
6							
7	**Income Statement:**		**DE 19-057 Expense**		**Pro-Forma Adj's**		**Pro-Forma Est.**
8	Series (New) Interest Expense	$	-	$	17,010,000	$	17,010,000
9	Series (New) Amortization Expense	$	-	$	293,700	$	293,700
10	**Annual LTD Int/Amort Expense**	**$**	**42,312,094**	**$**	**17,303,700**	**$**	**59,615,794**
11	**Annual STD Interest Expense**	**$**	**1,211,998**	**$**	**(1,211,998)**	**$**	**-**
12							
13	WACC - LTD (per Settlement Agreement)		4.08%		5.82%		4.47%
14	WACC - STD (per Settlement Agreement)		2.07%		2.07%		0.00%
15	**WACC - Debt (Capital Structure)**		**1.81%**		**2.56%**		**2.04%**

Source> DE 23-089 Attachment 3 Pro Forma (page 4 of 4)

Information obtained from, Treasury

Key Assumptions for Pro Forma financials:

1	Pro forma date	6/30/23
2	Maturity - in years	10
3	Debt Amount	$300,000,000
4	Issuance Costs	$2,937,000
5	Proceeds	$297,063,000
7	Debt Interest Rate	5.67%
	Interest - Yearly	$17,010,000
	Amortization of issuance exp - Yearly	$293,700
8	Tax Rate	26.925%
	Federal	21.000%
	State	5.925%

Source> DE 19-057 Attachment EHC/TMD-1 (Perm); Schedule EHC/TMD-40 (Perm)

43					
44	**JUNE 2020 CAPITAL STRUCTURE UPDATE**				
45					
46		ACTUAL 6/30/20 BALANCES (reflecting new debt issuance)			
47		5 - QUARTER AVERAGE - JUNE 30, 2020 (USING 9.3% ROE)			
48					
49			FIXED		RATE OF
50		PRINCIPAL	PERCENTAGE	COST	RETURN
51	Short-Term Debt	$ 58,640,000	2.44%	2.07%	0.05%
52	Long-term Debt	$ 1,036,202,586	43.15%	4.08%	1.76%
53	Common Equity	$ 1,306,436,254	54.41%	9.30%	5.06%
54					
55	Total Capital	$ 2,401,278,840	100.00%		6.87%
56	Weighted Cost of				
57	Debt				1.81%
58	Equity				5.06%
59	Cost of Capital				6.87%