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Eversource Energy (ES)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Eversource Energy Fourth Quarter and Full-Year 2025 Earnings Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

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

Rima Hyder

Vice President-Investor Relations, Eversource Energy

Good morning and thank you for joining us today on the full-year and fourth quarter 2025 earnings call. During this call, we'll be referencing slides that we posted on our website. As you can see on slide 1, some of the statements made during this investor call may be forward-looking. These statements are based on management's current expectations and are subject to risk and uncertainty, which may cause the actual results to differ materially from forecasts and projections. We undertake no obligation to update or revise any of these statements. Additional information about the various factors that may cause actual results to differ, and our explanation of non-GAAP measures and how they reconcile to GAAP results is contained within our news release, the slides we posted last night and in our most recent 10-Q and 10-K.

Speaking today will be Joe Nolan, our Chairman, President and Chief Executive Officer; and John Moreira, our Executive Vice President, CFO and Treasurer. Also joining us today is Jay Buth, our Vice President and Controller.

I will now turn the call over to Joe.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you, Rima, and good morning, everyone, and thank you for joining us today for our year-end earnings call. I'm pleased to report that 2025 was another year of strong execution across the organization. Our team delivered excellent operational performance, continued to advance critical infrastructure needs for our customers, leveraging technology solutions to lower O&M costs, and remained focused on providing safe, reliable and affordable service to customers and communities we are proud to serve.

We also made meaningful progress working collaboratively with state policymakers, regulators and stakeholders to address critical priorities like affordability, while remaining focused on reliability. This remains a top priority for Eversource. Our goal was to ensure state leaders have the tools they need to support customers and that we have the regulatory clarity to make the investments essential to balancing affordability and reliability. These challenges can only be solved through true partnerships, working together face-to-face with shared goals.

Moving to slide 4, let me take you through some of our 2025 accomplishments. Starting with our financial performance, I am proud to report that we delivered on our commitment of non-GAAP earnings, with full-year earnings per share of \$4.76. We also paid dividends of \$3.01 per share to our shareholders, representing a 5.2% increase.

Moving on to slide 5, in 2025, our employees once again demonstrated their commitment to operational excellence. Throughout the year, we delivered high levels of service reliability, responded effectively to several significant weather events, and continued making progress on projects that strengthen the resiliency and sustainability of our electric, natural gas and water systems.

As a result, we had top decile performance for both the MBI and the SAIDI metrics that demonstrates our investments vastly improved reliability for customers. With this high level of performance, our electric customers on average, experienced outage only once in nearly two years.

We successfully deployed over \$4 billion in capital investments in 2025. Our team has advanced grid modernization initiatives, expanded customer energy efficiency programs, and continued supporting the region's long-term decarbonization goals. These efforts reinforce our role as a trusted partner for New England's clean energy future and demonstrates our ability to execute consistently across a broad set of priorities.

Our Advanced Metering Infrastructure, or AMI program, has officially reached over 100,000 smart meter installations in Massachusetts, a significant milestone in this multiyear effort to upgrade more than 1.5 million meters statewide and deliver more modern tools with greater functionality that will benefit customers.

On the regulatory front, we obtained several constructive decisions that will support ongoing infrastructure needs, including rate outcomes and cost recovery mechanisms that align with our infrastructure investment needs.

We advanced key grid modernization initiatives, progressed on storm cost proceedings, with 98% of our \$2 billion in deferred storm costs in current rates are pending cost prudence reviews and we continue to engage with policymakers on the affordability and reliability implications of the region's energy transition and address load growth.

Our commitment to building strong regulatory relationships is enabling productive dialogue in all three state jurisdictions. The outcomes we obtained last year reflect a shared recognition of the importance of modernizing the distribution system while keeping customer affordability at the forefront. Last month in Massachusetts, we worked with Governor Healey's administration to implement a rate relief plan for electric and gas customers, which is a constructive step in support of affordability for Massachusetts customers.

The plan provides customer discounts in February and March during peak winter usage. The discounts are partly funded by the State and we will gradually recover our portion of the discounts over the lower usage period this year. This approach aligns with our efforts to smooth bill impacts for our customers.

Strengthening our balance sheet was a top priority for us in 2025. In over the last 12 months, ending September 30, we have delivered an improvement of more than 400 basis points in our FFO-to-debt ratio at Moody's. As a result of the cash flow enhancements previously outlined, maintaining this improvement will be a continued key focus area for us in 2026.

In January 2025, we broke ground on the Cambridge Underground Substation, a \$1.8 billion investment, which is the largest underground substation in the nation, and critical investment in strengthening the electric system that serves one of the fastest growing and most energy-intensive areas of our region. Construction on this project continues to progress very well.

We completed the construction of the onshore substation for the Revolution Wind project late last year, and as Ørsted recently announced, the project is expected to achieve first power within the coming weeks. Ørsted has also stated that construction of Revolution Wind has resumed since the preliminary injunction on the recent stop work order was granted, and the project is 87% complete. Currently, given the latest construction updates and cost estimates, we do not need to change the contingent liability that we recorded in the third quarter of 2025.

Another one of our product accomplishments for the seventh year in a row was that Newsweek recognized Eversource as one of America's Most Responsible Companies. This recognition highlights our excellence in environmental, social and corporate governance areas. This recognition is a reflection on the hard work and dedication of nearly 11,000 Eversource employees who do the right thing every day, and I want to sincerely thank them for that.

Moving to slide 6, as we look at 2026, our priorities remain clear and well aligned with the needs of the region. First, we will continue to deliver top-tier operational performance for our customers, maintaining high reliability, enhancing customer experience, and ensuring the safety of our workforce and the public are our core commitments.

Second, we will advance our infrastructure investment program, including grid modernization, resiliency projects and targeted upgrades that support reliability today of enabling clean energy transition of tomorrow. The service we provide is critical in replacing the aging infrastructure and addressing capacity requirements to meet demand growth is extremely important for our customers. John will discuss in greater detail our new five-year capital investment plan of \$26.5 billion. This new plan increases our necessary infrastructure investment over the next five years by \$2.3 billion. The majority of this increase is aimed at electric and natural gas distribution investments. To address aging infrastructure needs under a multiyear project, such as the Electric Sector Modernization Plan and the Underground Cable Modernization Program, as well as complying with applicable State safety regulations.

Third, we will continue to actively pursue our constructive engagement with regulators and stakeholders. In each of our States, new leadership and government brings fresh perspectives, new conversations, and new opportunities to partner in shaping the future of energy in our region. In Massachusetts, our Smart Meter initiative is a cornerstone of that future, offering customers more insight, more control, and more connection to the way they use energy.

Last year in Connecticut, we reached an agreement to sell Aquarion Water Company. This decision followed a thoughtful and disciplined review of our investment portfolio. While we were disappointed with PURA's initial decision, we will continue to work with them on the judge's remand. The commission recently announced that we can expect a revised draft and final decision in March.

Aquarion is a well-run business with a strong local team and this transaction positions the water system for continued investments under a dedicated water operator, while also delivering value to our customers and shareholders. In addition, as this business is still part of Eversource, we have provided PURA with notice of intent to file a rate case for Aquarion, consistent with our responsibility to seek appropriate recovery for ongoing investments that ensure safe, reliable and sustainable water service for customers.

We will also begin our first rate review in Connecticut for CL&P in about eight years. We see that as an incredible opportunity to show how we provided best in industry reliability and that those investments are valuable to customers. Another key item for us is our recovery of storm costs. We expect to receive a decision from PURA on our Connecticut Storm Cost Prudency Review in July, which would allow us to begin the legislative-backed securitization process. Importantly, securitization enables timely cash collection, improving our FFO to debt metrics, while reducing near-term bill impacts for customers. This year, we're also looking at how we thoughtfully and responsibly use artificial intelligence, which is helping us reimagine how we work, from safety to line inspections, to system planning to customer service, and even leveraging AI in how we prepare and respond to regulatory proceedings. Using AI to optimize our system operations can reduce costs for our customers.

And finally, we will continue to execute with financial discipline. We remain committed to a strong balance sheet, prudent capital deployment, and delivering stable, predictable long-term value for our stakeholders. I want to thank our employees across the organization for their commitment, professionalism and exceptional work throughout 2025. Their dedication is the foundation of everything we do, and it positions us well for another productive year ahead and continued long-term success, with a keen eye on enhancing our earnings and de-risking our business profile.

2026 will be a truly transformational year for us as we operate within a changing regulatory landscape and navigate affordability concerns. We are driving forward on several major fronts. We're executing relentlessly on completing our offshore wind commitments, financing storm cost securitization and managing a potential sale of Aquarion.

At the same time, we remain laser-focused on delivering top decile operational performance across our systems to continue to deliver on our customers' expectations. This combination of strategic execution and operational excellence positions us to achieve earnings growth towards the upper half of our 5% to 7% long-term EPS range by 2028.

I will now turn the call over to John to discuss this long-term growth trajectory as well as our results. Thank you.

John M. Moreira

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

Thank you, Joe. And good morning, everyone. This morning, I will review 2025 full-year earnings results, provide a regulatory update, share our updated five-year capital investment plan and provide our 2026 EPS guidance, our five-year financing strategy and our long-term earnings growth expectation.

Let me start on slide 8 with a review of our 2025 earnings results. Our GAAP results for 2025 were earnings of \$4.56 per share, compared with GAAP earnings of \$2.27 per share in 2024. GAAP results for 2025 include a net loss of \$75 million or \$0.20 per share related to an increase in our liability for expected future obligations to Global Infrastructure Partners as part of the September 30, 2024 sale of South Fork Wind and Revolution Wind projects, net of tax effects associated with the sale of these projects.

For the quarter, our GAAP as well as our non-GAAP earnings results were \$1.12 per share compared with GAAP earnings of \$0.20 per share for the fourth quarter of 2024, and non-GAAP earnings results of \$1.01 per share for the fourth quarter of 2024. As a reminder, GAAP results for the full-year 2024 included a net loss of \$2.30 per share related to the divestiture of our offshore wind investment recognized in the third quarter of last year, as well as a loss on a potential sale of Aquarion Water, which we recognized in the fourth quarter of 2024. Excluding those after-tax losses, our non-GAAP earnings were \$4.76 per share for the full-year 2025, as compared to \$4.57 per share in 2024.

As you may recall, our revised non-GAAP earnings guidance for 2025 was in the range of \$4.72 to \$4.80. Breaking down the 2025 full-year earnings by segment, Electric Transmission earned \$2.09 per share in 2025, as compared with earnings of \$2.03 per share in 2024. The improved results were driven by continued investments in our electric transmission system to address service reliability and demand growth.

Our Electric Distribution earnings were \$1.80 per share in 2025, as compared with earnings of \$1.77 per share in 2024. The higher results were due primarily to increased revenues from base distribution rate increases for Eversource, Massachusetts and New Hampshire businesses, partially offset by higher O&M, interest costs, depreciation and property taxes.

The Natural Gas Distribution segment earned \$0.97 per share in 2025, as compared with \$0.81 per share in 2024. The improved earnings results were due to base distribution rate increases at Eversource's natural gas businesses and continued investment in our gas system to replace aging infrastructure with a focus on safety. These higher revenues were partially offset by higher O&M, which included a \$12.2 million charge as part of NSTAR Gas' settlement agreement with the Attorney General's Office in December of 2025, as well as higher depreciation, interest and property tax expense.

Eversource Parent and Other reflected a GAAP loss of \$0.42 per share in 2025, as compared with a GAAP loss of \$2.46 per share in 2024. These results include the impact from our offshore wind divestiture and the potential Aquarion sale that I discussed earlier.

On a non-GAAP basis, Eversource Parent and Other loss was \$0.22 per share in 2025, as compared with a non-GAAP loss of \$0.16 per share in 2024. This higher loss was primarily driven by increased interest costs, offset by the benefit from a settlement with the Massachusetts Attorney General for the recovery of previously incurred EGMA integration costs as approved by the DPU and to a lower effective tax rate.

That wraps up 2025 a solid financial year, despite the challenges we faced. We are proud to have delivered another year of recurring non-GAAP earnings and dividend growth.

Turning to our updated five-year capital plan for 2026 through 2030, as shown on slide 9, which reflects our utility infrastructure investments by segment. As a reminder, this plan includes only those projects that we have a clear line of sight on from a regulatory approval perspective. Over this five-year period from 2026 through 2030, we expect to invest approximately \$26.5 billion in our regulated electric and natural gas businesses, representing a \$2.3 billion increase as compared to our prior five-year plan and a \$1.5 billion increase from 2026 through 2029, the overlapping period. The \$26.5 billion does not include Aquarion Water, which would amount to an additional \$1.3 billion over this five-year period. This infrastructure investment plan will allow us to continue to provide customers with safe and reliable service, support load growth, and address our State's clean energy objectives.

Looking at the \$1.5 billion increase from a segment standpoint, as shown on slide 10, Electric Distribution is the largest driver of the increase at \$696 million. Our updated capital forecast now includes over \$11 billion of Electric Distribution investments, with a continued focus on system resiliency and top-tier electric reliability for our customers. This level of investment is primarily driven by the Massachusetts Electric Sector Modernization Plan, as well as over \$300 million remaining for the AMI program in Massachusetts.

The next driver of the increase in our capital investment plan is natural gas distribution at \$523 million. The updated capital forecast plan includes nearly \$7 billion of natural gas distribution investments centered around reliability and safety. Contributing to this increase are a variety of mandatory safety regulations that recently became effective, which represents approximately 25% of the growth in this gas distribution plan.

Our transmission plan increased by \$233 million for the overlapping period. The revised plan includes over \$7 billion of infrastructure investments over the next five years. These investments include replacement of aging infrastructure to harden the system and increase resiliency during extreme weather events, as well as innovative substation and other infrastructure projects undertaken for reliability and load growth.

Rounding out our capital plan are investments in technology and facilities, which increased by \$75 million, and now is forecasted at \$1.2 billion, including cybersecurity investments, AI tools to enable our employees to work more efficiently, and tools to protect customer information. As shown on slide 11, the transmission capital plan includes future ES&P substations towards the end of the five-year forecast period. For this reason, and to address load growth for the New England region, the plan includes sizable transmission investments for NSTAR Electric, which will have the largest transmission rate base in our service territory, projected at nearly \$8 billion by 2030.

The resultant impact to rate base from the updated capital investment plan is shown on slide 12. The customer-focused core business investments included in the capital plan results in an 8.3% growth in rate base from 2024 through 2030.

On the regulatory front, we had another busy year with encouraging results. Our key 2025 regulatory proceedings are highlighted on slide 13. Highlighting some recent outcomes starting with Massachusetts, we received approval of our PBR rate adjustments with a \$55 million increase for NSTAR Electric implemented on January 1st of this year, and a \$10 million increase for NSTAR Gas effective November 1st of 2025. Also in Massachusetts, we received approval to implement a settlement agreement that included the recovery of EGMA acquisition and integration costs and to solve some longstanding regulatory matters related to pension and other deferred cost recovery items. EGMA integration costs of \$82 million will be recovered over a 10-year period and will be implemented as part of our next EGMA rate case. The pension and other cost settlement will result in a onetime bill credit for NSTAR Electric customers in 2026 of approximately \$20 million. This impact was recognized in the fourth quarter of 2025.

Lastly, in Massachusetts, we successfully worked with the Attorney General's office on a settlement which was approved by the DPU for the NSTAR Gas rate base roll-in, which resulted in a \$45 million base rate increase and a onetime customer credit of \$12.2 million, which will be effective in 2026. This impact was also recognized in fourth quarter of 2025.

In Connecticut, we continue to pursue the sale of Aquarion Water with PURA. In January, the Superior Court overturned PURA's denial of the Aquarion sale and sent the transaction back to PURA on remand to address some items. The court agreed with our argument that the first decision was legally incorrect, finding that PURA lacked the authority to reject the legislatively mandated governance structure of the newly created Aquarion Water Authority.

On February 4, PURA issued a new procedural schedule that includes briefs, a proposed decision with an opportunity for written exceptions and a final decision to be issued on March 25. We will continue to engage with PURA and all stakeholders as the process moves ahead. We recognize the uncertainty surrounding the Aquarion sale, and our priority is to ensure that Aquarion continues to make necessary system investments to maintain reliable service for customers. As a result, we have submitted a Notice of Intent to PURA disclosing our plan to file a rate case for Aquarion seeking a preliminary rate request of \$88 million in additional revenues. This rate request is necessary so that we can support the system long-term in the event that PURA does not approve our application for the sale of Aquarion.

Let me now talk about our financing needs over the next five years. Without the Aquarion proceeds, we anticipate incremental financing needs and we are reviewing a number of alternatives to ensure we continue to fund the business efficiently.

Looking at slide 14, you can see our financing activities. Overall, we need to fund \$27.8 billion of infrastructure investments, which includes Aquarion, and dividends in the range of \$6.7 billion to \$7.2 billion for a total cash need of \$34.5 billion to \$35 billion. Over the next five years, we expect cash flows from operations to be in the range \$24.2 billion to \$24.7 billion, which would fund nearly 70% of our cash needs. We are looking at approximately \$8.5 billion to \$9 billion to come from incremental debt and other financing solutions. Within this range, we are looking at various alternatives for these solutions, such as junior subordinated notes, minority interest sale or minority light capital structured financing transactions. These alternative financing solutions would qualify for equity content in the range of \$1.3 billion to \$2.5 billion. We expect a decision from PURA regarding Storm Prudency that would allow us to move forward with securitization and anticipate proceeds of up to \$1.5 billion, providing roughly 3% of the cash – of cash inflows.

Should an Aquarion sale occur, we would use the proceeds to lower the need for these alternative financing solutions. If we don't close on Aquarion, we would look towards these alternative financing solutions to meet our financing needs. The remaining cash needs would come from equity issuances of roughly \$800 million to \$1.1 billion. It's important to note that this equity need is not impacted by the Aquarion sale.

As Joe stated, we continue to be laser-focused on improving our balance sheet. As you can see on slide 15, we have followed through on our commitment to cash flow and balance sheet improvements, with over 400 basis points of enhancement on the FFO-to-debt metrics at Moody's and 300-basis-point improvement at S&P for 2025.

Assuming no Aquarion sale, our financing plan for the five-year forecast is built to maintain at least a 100-basis-point cushion over the S&P and Moody's downgrade threshold each year.

Next, I will turn to our 2026 earnings guidance on slide 16. Our guidance this year does not assume that the Aquarion sale will occur, and therefore, we have included Water segment earnings as part of our full-year guidance. With that said, we are projecting earnings per share in the range of \$4.80 to \$4.95 for 2026.

For 2026, we expect earnings growth to be more moderate due primarily to the timing of key regulatory outcomes. Importantly, we view the 2026 headwinds as transitory and not reflective of the underlying strength of the business or our long-term growth outlook. These outcomes include the potential sale of Aquarion, the recovery of storm costs in Connecticut as well as in New Hampshire.

The positive drivers impacting our guidance this year include transmission investments to improve system resiliency and to address increased electric demand. Distribution rate increases, thanks to our PBR mechanisms in Massachusetts and now in New Hampshire, and our strong focus on managing O&M expense. These positive drivers are expected to be partially offset by higher depreciation and property taxes from increased investments, higher interest costs, the impact of share dilution, and a higher effective tax rate.

Turning to slide 17, as we move into 2027 and 2028, we expect a meaningful inflection in earnings growth driven by regulatory outcomes, recovery of storm costs, completion of alternative financing opportunities, and distribution rate adjustments, including the result of CL&P rate request in 2027.

As a result, while 2026 reflects a year of transformation, we see clear upside starting in 2027 and continuing throughout the forecast period. We are projecting the five-year long-term earnings per share growth rate to be in the range of 5% to 7% based off of our 2025 non-GAAP recurring EPS of \$4.76 per share. We remain confident in our ability to deliver earnings growth towards the upper half of our long-term target of 5% to 7% by 2028. Just to be clear, this expectation would be off of the expected 2027 earnings results.

In closing, our long-term fundamentals remain firmly intact. We have line of sight to improving our earnings as we move beyond 2026, supported by constructive regulatory progress, capital investments moving into rate base in a timely manner and continued focus on disciplined execution. Importantly, from an earnings growth perspective, these drivers provide increasing visibility into 2027 and beyond. Adding to this is a resilient, regulated portfolio of investments, a steadily improving balance sheet, and a clear strategy for long-term value creation. We are confident in our ability to deliver sustainable growth and enhanced shareholder value over time.

I will now turn the call back to Rima for Q&A.

Rima Hyder

Vice President-Investor Relations, Eversource Energy

Daniel, we're ready for our Q&A now. Thank you.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] In the interest of time, we ask that you please limit yourself to one question and one follow-up. Please stand by while we compile the Q&A roster. Our first question comes from Shar Pourreza with Wells Fargo. Your line is open.

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

Hey, guys. Good morning.

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Shar.

A

John M. Moreira

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

Good morning.

A

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

Good morning, Joe. So just really quickly, first one is obviously, Joe, your growth trajectory is predicated on the balance sheet and funding. And you say like obviously financing is somewhat flexible. If you sort of get the Aquarion sale approval on March 25 and storm cost recoveries, that will obviously eliminate the hybrids book, that also take out some of the straight equity. And could that situation, so post-sale and storm cost recoveries be accretive to the 5% to 7% since you're already at the upper half under a base assumption and a lot of your funding needs will be eliminated? Thanks.

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. I'm going to let John touch on that.

A

John M. Moreira

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

Hey, Shar.

A

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

Hey, John.

Q

John M. Moreira

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

So to start off with – how are you? To start off with, the approach we're taking just to your point, given the uncertainty around the Aquarion deal is, we've given you all kind of range of potential alternatives. As I said in my prepared remarks, that level of 1 point – \$0.8 billion to \$1.1 billion of common equity issuances does not – is not

A

impacted by whether or not the Aquarion transaction is completed. Where we have the flexibility is in the debt and the alternative financing to your point. I do expect us, as you know, we have not issued any junior subordinated debt. So, the expectation is with or without Aquarion, we do expect to go to market to – with that instrument.

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

And that's despite storm cost recoveries?

Q

John M. Moreira

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

Yes. Storm cost recoveries will come in, in 2027. And given the procedural schedule that PURA just issued with a final decision by July, we probably won't be able to complete the securitization and get the cash in the door until Q3 timeframe of 2027. So that's why we feel that even with an Aquarion sale moving forward, we still need to go to market with these junior subs. As you know, it is accretive to issuing straight equity, and yeah, let me just leave it at that.

A

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

And your 5% to 7%, so obviously in that situation you would need less funding and your base assumptions already at the higher end of 5%?

Q

John M. Moreira

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

Correct. Correct.

A

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yes. Exactly, Shar.

A

John M. Moreira

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

Correct. So where we have the leverage to push and pull, if Aquarion happens, then the alternative financing solutions would be pulled back. So, I would view it this way. With an Aquarion deal closing in a timely fashion, it moves our growth rate for the outer years to a much better spot.

A

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

All right. That's perfect. Okay. And then, just lastly, another obviously, uncertain here is Revolution Wind. I guess, where do we stand on potential post-close liabilities to Ørsted? And what – at what point does that liability end? So like at EEI, you guys mentioned first power was the cutoff point. So does that mean that if the project reaches first power, even if the BOEM lawsuits are still ongoing, you are off the hook?

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. Thank you. I'll tell you, we have not had this level of clarity around some the uncertainty, certainly in my tenure as CEO. We expect first power in the next couple of weeks. That is not the trigger, though. The trigger is

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COD. We deliver it just as we did with South Fork. We feel very comfortable with the number that we're carrying now. I'm watching weather, as we speak, and we expect that 60th turbine to head out to the lease area and we will have first power in a few weeks.

So, it's going very, very well. But all the land construction that we were responsible for was done. So, you take Revolution Wind and the clarity around that and the end being very near, you take the Aquarion decision coming in March, whether it's approved or not, at least, it's bringing clarity. You've got storm costs recovery, you've got a decision coming in July. We already have the securitization vehicle in place. So all of these things coupled with the rate base roll-in that we got in Massachusetts, we feel very, very comfortable about our future.

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

Q

Got it. Perfect. Thanks, guys. Have a good morning.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Shar, one more.

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

Q

Yeah. Go ahead, please.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Just to be clear, we don't have any liability to Ørsted. Our obligation is to GIP, just for...

Shahriar Pourreza

Analyst, Wells Fargo Securities LLC

Q

Right, right. Right. Perfect. Thanks, guys.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah.

Operator: Thank you. Our next question comes from Carly Davenport with Goldman Sachs. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Carly.

John M. Moreira

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

A

Hey, Carly.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Q

Hey. Morning. Thanks for taking the questions. Maybe just a follow-up on the sources and uses of cash maybe. Could you just dive in a little bit more on what could potentially make sense from a minority interest sale standpoint and how you might consider structuring that in the context of regulatory approval needs?

John M. Moreira

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

A

Yeah. Sure, Carly. This is John. So that's, we're looking at – as I said in my formal remarks, we're looking at many alternatives. I would say, from a minority interest sale we wouldn't really – well, we're looking at kind of a traditional equity interest or a kind of think of it as a minority interest capital structured deal. So, it's a little bit different than a true minority interest in the equity position at a line of business or at one of our utility. So, I think it's a little premature for us to start talking about the level of details, because that would be, we're not looking to do that immediately. It's just something that we have on the table or, as I like to refer, it's a tool that we have in our toolkit.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Q

Great. Okay. That's helpful. Thank you. And then, you're still highlighting \$1 billion of upside to the new capital plan tied to Connecticut AMI. Obviously, a lot going on in Connecticut at the moment. So just kind of any sense of when you think from a timing standpoint, you could get some resolution on that and potentially see that start to roll into the plan?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah, sure. So, we expect and we'll be meeting in Connecticut on AMI. All we want really is to get a lawful application of the prudent standard, and then, we'll have to update the implementation schedule. And that meeting is going to be next week. So, we're optimistic that we can at least get additional clarity around, number one, the desire and the rules of the road down there to make it fair for us to make that investment. But we're not going to make the investment until we feel comfortable with the recovery mechanism. As you know, we have got a lot of money in the line down there right now and we want to get our storm costs back.

We've got a CL&P rate case, and if AMI is important to them, we certainly are ready to implement. I'm thrilled to tell you that 100,000 meters have been put in in Massachusetts. It's going very, very well. And I think it should be a great opportunity for the customers of Connecticut to be able to enjoy the benefits of AMI. And I think that we're in a good position to be able to deliver on that.

John M. Moreira

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

A

And Carly, I would just add that, that \$1 billion that we have on the slide, you need to at this point in time view that as a placeholder. That number from a cost perspective is kind of stale. So, the team is looking at updating that. As Joe mentioned, we do have some discussions happening next week and we will file a revised cost estimate for that program.

Carly Davenport

Analyst, Goldman Sachs & Co. LLC

Q

Great. That's really clear. Thank you for the time.

Operator: Thank you. Our next question comes from Bill Appicelli with UBS. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Bill.

A

John M. Moreira

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

Hey, Bill.

A

William James Appicelli

Analyst, UBS Securities LLC

Hey, good morning. Just going back one step to something you guys said earlier. And I think, make sure I understand it. When you guys say that the upper half, toward the upper half, I guess, one, just to be clear, that means into the upper half in 2028? And then, when you say – you mean rebasing that essentially off of the 2027, right? You're not – there's no risk of rebasing off of 2026, which is obviously a lower number. Right? When you say you sort of off with 2027, you're referring to more normalized earnings power in 2027 and then growing into the upper half into 2028? Is that the intention there?

Q

John M. Moreira

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

Yeah. You are spot on and that's why in my formal remarks, I made it perfectly clear as to what the base year was. So, well, the expectation is we're going to be in the upper half, which implies over 6% off of the earnings that we deliver for 2027.

A

William James Appicelli

Analyst, UBS Securities LLC

All right. Understood. And then, as far as the tax benefits from South Fork and how much of that is reflected in earnings for 2026, and what's the runway there?

Q

John M. Moreira

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

From an ITC standpoint, associated with our tax equity ownership, zero. Okay? We have not dipped into that bucket yet, so we still have roughly \$500 million that we will be utilizing in the coming years. And quite honestly, that it will allow us to be, for all intents and purposes, a non-cash tax base certainly at the federal level for the next several years, and hopefully, towards even the tail end of our forecast period.

A

William James Appicelli

Analyst, UBS Securities LLC

Okay. And then, so you're utilizing other credits that are available to you this year, because [indiscernible] (00:46:30)?

Q

John M. Moreira

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

A

Correct. I mean, yeah, we always have puts and takes from a credit standpoint, a tax standpoint. As I continue, as I've highlighted throughout 2025, in 2025, we were able to harvest a bit more than what we were planning on. And I also guided to you all that don't expect it to be at the same level for 2026. So and then, Bill, I just want to clarify that the ITC credits that we are yet to utilize, those do not generate a P&L impact, just to be clear. So that is strictly a cash.

William James Appicelli

Analyst, UBS Securities LLC

Q

Right. Okay. Understood. And then, I guess the last question. Just, any other color you can give on drivers into 2027 because of sort of the importance of that? Obviously, the CL&P case, anything else you can sort of frame out when we think about, how earnings will shape up in 2027 over this 2026 number you gave today?

John M. Moreira

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

A

Sure, Bill. And thank you for raising that question. To address that topic, we did introduce a brand-new slide that I hope you find, everyone finds useful. It highlights those major drivers and the timing of when we would expect things to start materializing. So, if you look at slide 17 in the deck that we disseminated, we have the Aquarion transaction, we have the storm case, we have the Aquarion rate case, we have the securitization, and we have Revolution Wind behind us, all key overhangs that we've had for a long time will now be solidified in 2026.

William James Appicelli

Analyst, UBS Securities LLC

Q

Okay, great. Thank you so much.

John M. Moreira

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

A

The 2027 enhancements will be, obviously, if Aquarion closes, the CL&P rate case, as we continue to forecast, we will likely file that case mid-year of 2026 with a rate adjustment kicking in midyear of 2027. And the storm cost prudence, securitization transaction will happen around the Q3 of 2027. So, those are the major drivers that will give us the momentum from a growth standpoint into 2027 and beyond.

William James Appicelli

Analyst, UBS Securities LLC

Q

All right, thanks very much.

Operator: Thank you. Our next question comes from Sophie Karp with KBCM. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Sophie.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Hey, guys. Thanks. Good morning. Thank you for taking my question. So, I guess, I'm wondering, can you give us some sense when is the COD on Revolution Wind going to occur after you have first power, which you will have in a few weeks? Like, what's the timeline there? And just will you press release that, will we know that or it's going to wait till the next time you report?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. We're targeting the second half of 2026. We are very, very pleased with the progress. As you know, we've pulled that schedule and significantly it continues to improve. I see nothing standing in the way of that schedule, only getting better. And again, the only situation that we worry about is weather and something that none of us can control. But so second half of 2026 at this point, yeah, and as we get more clarity, as we get first power in another week or two, I think that, Ørsted, who actually has the lead, we're not really the one that's able to disclose that. We'll give updates to the market.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Got it. Got it. Okay. Thank you. That's all I had.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. Thank you.

John M. Moreira

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

A

Thank you.

Operator: Thank you. [Operator Instructions] Our next question comes from Paul Patterson with Glenrock Associates. Your line is open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Paul.

Paul Patterson

Analyst, Glenrock Associates LLC

Q

Good morning. So just to sort of and I apologize for being a little slow on this, with the Aquarion sale, what is the difference if you get it or you dealt in terms of the incremental amount of equity or equity hybrids that we're talking about? Could you just spell that out for me? I just didn't, I'm not completely clear. I apologize.

John M. Moreira

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

A

Sure. So once again, Paul. This is John. No change to what we just rolled out is our equity needs, \$800 million to \$1.1 billion from a pure play equity raise. Where we have the flexibility is in the other alternative financing. We were assuming that in the current transaction to get \$1.6 billion of the equity portion of the sale of Aquarion. So that's what you should think about as being the impact.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

And also, we'll put them on notice. If we do not transact, we will file for rate case to improve those earnings down there as well. I mean, it is a phenomenal asset, when we made the decision to exit that business to improve our balance sheet and that was a decision that we made, but in fact, we don't exit it, it's still is a very, very good business.

Paul Patterson

Analyst, Glenrock Associates LLC

Q

Yes, I see that, Joe. Also on the Eversource Gas benefit in the fourth quarter, if I read the press release correctly, it was in the parent. I was just wondering how much was that and why is it in the parent and not the gas business or what am I missing?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Okay. Very good question, Paul. So, those are costs that we had incurred several years ago when we were integrating EGMA. It's not in NSTAR Gas, it's EGMA. And per the settlement agreement that we executed back when we acquired the company back in 2020, it did provide similar to what we have been granted in previous M&A transactions in all three jurisdictions, quite honestly. Okay? Those costs, those integration-related costs were incurred by the parent company as the source of fund. So, those costs are at the parent company. We recorded the benefit at the parent company to reimburse the parent. The recovery, the recovery, the dollars will come in from EGMA customers, because EGMA is – are the customers that are reaping the benefits of that?

Paul Patterson

Analyst, Glenrock Associates LLC

Q

Okay.

Operator: Thank you. I'm showing no further questions at this time. I would now like to turn it back to Joe Nolan for closing remarks.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you all for joining us today. 2025 was a solid execution of our business plan. Our team delivered top-tier reliability for our customers. We advanced major strategic priorities. We enhanced our financial condition and we strengthened the foundation of the business. As we move into 2026, we're carrying that momentum forward with a clear focus on de-risking our business profile, resolving the key open items ahead of us, and positioning the company for sustainable long-term growth. We are firing on all cylinders to finish this work and I'm confident that the disciplined execution you've seen from us this year will continue as we deliver on the commitments we've made to our customers, communities and shareholders. Thank you very much.

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

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