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Eversource Energy (ES)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Eversource Energy First Quarter 2026 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 first 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 our first quarter 2026 earnings call. During this call, we'll be referencing slides that are available on our website at investors.eversource.com. 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 on 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, Chief Financial Officer and Treasurer. Also joining us today is Jay Buth, our Vice President, Controller and Chief Accounting Officer.

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 first quarter 2026 earnings call. Beginning on slide 4, we are starting the year on strong operational footing, with a clear plan for disciplined execution of our key strategic objectives of safety and reliability, strengthening the balance sheet and de-risking our business profile.

As you can see on slide 5, our team delivered excellent operational performance, especially during the powerful blizzard we experienced in February, with over 40 inches of snow and wind gusts over 70 miles per hour, this nor'easter was one of the most severe blizzards to impact the Northeast, particularly Massachusetts, in recent years. We executed our large coordinated restoration effort, mobilizing thousands of line crews, leveraging mutual aid, and using remote switching and pre-stage materials to restore service quickly, while keeping safety and critical facilities top of mind.

Our team worked in tight coordination with local and state agencies to prioritize life safety, accelerate restorations and support impacted communities. In total, we responded to over 2,000 fire, police and safety events, and restored power to more than 500,000 customers. These efforts and our successful restoration reflect the benefits of ongoing infrastructure investments for our electric grid in emergency preparedness. We are very grateful for the support and positive feedback from numerous state and local policymakers, first responders and our customers. A majority of the customers surveyed after the blizzard said they greatly appreciated how quickly service was restored.

Moving on to slide 6, as we look to the current year, we recognize that there are some remaining items that we need to resolve to further strengthen our balance sheet and de-risk our business profile. First, on the sale of Aquarion, we received final approval from PURA in March. Last week, PURA denied an appeal from certain parties. We are now waiting for an additional appeal period to end in mid-June before we can close the transaction. Second on Revolution Wind, as Ørsted recently reported, the project is about 95% complete. The commercial operation date is still expected to be in the second half of this year, and we look forward to this much needed source of generation for the New England region.

Given the latest construction updates and cost estimates, we believe that the current contingent liability balance due to GIP remains appropriate. Finally, the recent decisions from FERC on the New England transmission owners base ROE that was an attempt to address a 15-year long complaint is flawed. We believe this decision by FERC departs from the statutory limitations imposed by the Federal Power Act, a longstanding judicial precedent requiring FERC to set just and reasonable rates of return sufficient to attract the capital needed for essential utility investment.

As priorities have changed over multiple administrations and commissioners at FERC, one thing has remained constant, New England's need for new energy supply resources to address affordability, ensure reliability and support economic development. Achieving these goals requires a modern, more resilient transmission system, regardless of the energy source powering it. Our investments in transmission have delivered billions of dollars in savings for customers over the years, by eliminating significant congestion costs for the region, while making the grid more resilient.

Funding these investments requires a stable, predictable regulatory environment to attract long-term capital at the lowest possible cost. For more than a decade, uncertainties stemming from FERC's lack of action after a US Court of Appeals vacated FERC's prior order in the case in 2017, has challenged investor confidence. Unfortunately, this FERC decision further undermines utility's ability to secure the capital needed to support state and federal policies and mandates to build and upgrade grid infrastructure and maintain safe operations and top-tier reliability for customers.

As you have seen from some of our recent actions, we have appealed this decision and filed a motion for stay in the courts. We have also submitted a Section 205 filing, following the exact FERC methodology used in their March 19 order, but with updated data. The data FERC used to derive the 9.57% ROE is over a decade old. By updating the data for current market conditions, the ROE comes to 11.39%. A key procedure of this filing is the potential for settlement. We are hopeful that all parties in this proceeding can come together to reach an outcome that benefits customers, while also providing reasonable financial support for New England transmission owners to continue to upgrade and build the much-needed transmission system for future load growth.

On the back of the FERC ROE decision, which lowered our transmission base ROE to 9.57%, we did adjust our guidance for 2026, which John will reiterate in a few minutes. We are reaffirming our long-term earnings growth rate of 5% to 7% off the midpoint of our revised 2026 guidance.

Let me now highlight a few key state policy developments across our territory. On slide 7, in Massachusetts, in March, Governor Healey signed an executive order to secure Massachusetts' energy future, establishing a comprehensive strategy to strengthen the commonwealth's energy reliability, affordability and independence. This order responds to extremely adverse shifts in federal policy, rising electricity demand, volatile fossil fuel prices and global energy supply disruptions, by directing state agencies to rapidly expand energy resources and modernize the distribution and transmission systems.

The executive order recognizes that Massachusetts' energy supply needs are growing. It cites ISO New England projections that electricity consumption could rise by nearly 50% by 2035 and by nearly 50% by 2045, with peak demand increasing even faster. The order also emphasizes the need for immediate action to maximize federal tax credits for clean energy projects, before they expire under accelerated timelines established by recent federal law.

We appreciate Governor Healey's recognition that addressing regional supply constraints through an all-of-the-above approach is essential to achieving energy affordability. As an energy delivery company, we remain focused on maintaining and upgrading infrastructure to integrate new energy resources, enhance reliability and control costs for customers. We look forward to continued collaboration with the administration, the legislature and other stakeholders to advance solutions that deliver lasting reliability and affordability benefits.

In Connecticut, as we mentioned last quarter, we are going to begin our first rate review for CL&P in about eight years. We see that as an incredible opportunity to show how we've vastly improved reliability, and that those investments are valuable to customers. We expect to file a Letter of Intent with PURA for the CL&P case later this month. We recognize that this will be a big ask, and as we do in other jurisdictions, we will collaborate with PURA and other key stakeholders to submit a rate case filing that is constructive, responsible and designed to protect the interests of customers. Our filing will address customers' need for reliable electric service, affordability and stable, predictable rates.

Another key item for us is the recovery of storm costs. We expect to receive a final decision from PURA on our Connecticut storm cost prudence 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 addressing affordability concerns for our customers.

In New Hampshire, Governor Ayotte signed House Bill 1539, a bill allowing for the securitization of storm costs, which provides an affordable path for recovery of our outstanding storm costs, which are currently under review at the PUC. We are grateful for the support of the Governor and the General Assembly for passing this important legislation.

As we have stated before, 2026 will be a truly transformational year for us, as we operate within a changing regulatory landscape and navigate affordability concerns. We will maintain transparent communication with all our stakeholders and take decisive actions to mitigate potential risk.

I will now turn the call over to John to discuss our financial 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 our first quarter 2026 earnings results, provide a regulatory update, including the recent FERC ROE decision, and also discuss our balance sheet progress and financing plans.

I'll start with our first quarter results on slide 9. Our GAAP earnings per share for the first quarter was \$1.61 compared with GAAP earnings of \$1.50 per share in the first quarter of 2025. GAAP results for the quarter include an after tax charge of \$43.9 million or \$0.12 per share, related to the FERC ROE decision, representing the refund for the first 15-month complaint period. Excluding that charge, our non-GAAP earnings were \$1.73 per share for the quarter as compared to GAAP as well as non-GAAP earnings of \$1.50 per share in the first quarter of 2025. The \$0.23 per share improvement over the prior year is primarily in the gas segment, with an \$0.18 per share improvement driven by rate base increases in Massachusetts, and implementation of the Yankee Gas rate case in Connecticut. Electric transmission improved \$0.06 per share, primarily driven by continued investment in the system. Electric and water distributions are both up as well, due primarily to rate increases and cost control. Offsetting these positive drivers were higher losses of \$0.05 per share at parent and other, primarily due to higher effective tax rate and higher interest costs. Overall, the first quarter was in line with our expectations.

Moving to slide 10, the FERC decision that was issued on March 19 arbitrarily reduced the base transmission ROE from 10.57% to 9.57%. As you can see on this slide, this case has been ongoing for nearly 15 years, since the first complaint was filed on October 1 of 2011. The 10.57% rate was established on October 16 of 2014, and Eversource and the other New England transmission owners have continued billing at this rate, even though the US Court of Appeals for the D.C. Circuit vacated FERC's order in April of 2017, which would have otherwise allowed us to bill customers using the original 11.14% rate.

Since 2011, FERC has gone through 22 separate commissioners and 13 different CEOs, each nominated by one of five separate presidential administrations before issuing this arbitrary and capricious decision on March 19. The decision was based on a record of evidence over a decade old for a refund period far beyond what is allowed in the Federal Power Act. Since the decision was issued, Eversource and the other transmission owners have taken several actions to protect the right to a fair rate of return on invested capital. On April 2, we filed a motion for a stay at FERC, seeking to pause the order refund obligations and ensure time for an appropriate legal review. This was followed by a similar filing at the US court of Appeals for the D.C. Circuit on April 14.

Also on April 2, we filed a motion for an extension of the refund deadline. Without this extension, FERC's order would have required that we issue refunds within 30 days, ignoring the necessary process of working with ISO New England and load-serving entities throughout the region. This extension was granted by FERC, extending the deadline to May of 2027.

On April 20, we filed the request for rehearing at FERC, seeking to resolve the decision's multiple legal deficiencies. And lastly, on April 30, we made a Section 205 filing with FERC to establish a new base ROE using current market data, not market data that's over a decade old. Using FERC's own methodology from its recent decision and current market data, we arrived at a just and reasonable base ROE for transmission of 11.39%. We expect that this updated rate will be implemented towards the end of this year, subject to refund.

This filing also includes a change to the ROE cap on transmission investments, raising the cap to 12.89%. We are disappointed with FERC's actions in this proceeding, and while we will continue to protect our right to a fair rate of return on invested capital, we did make two disclosures during the quarter to reflect FERC's March 19 decision.

The first was an adjustment to our 2026 non-GAAP EPS guidance, as disclosed in our 8-K filed on March 31. The change in the base ROE is expected to lower Eversource's future after-tax earnings in the aggregate by approximately \$70 million for 2026, and we also adjusted for the potential Aquarion sale as a result of PURA's approval. These items together resulted in revised 2026 non-GAAP earnings guidance in the range of \$4.57 to \$4.72 per share. The second disclosure was the after-tax charge of \$43.9 million or \$0.12 per share related to the FERC decision that I discussed earlier.

Moving on to some state regulatory updates, I won't cover everything that Joe discussed, but I do want to touch on a few items. First on Aquarion, should the transaction not close, we would proceed with the pending rate case as filed with PURA, seeking a distribution rate increase of \$88 million. The rate case is expected to be completed towards the end of the year and it would support Aquarion's ability to continue investing in its infrastructure and to provide reliable service for customers. We are pleased with PURA's decision approving the sale. However, should the transaction not close, we are prepared to replace the sale proceeds with other alternative financing solutions if necessary.

Also in Connecticut, I would like to acknowledge the RAM decision that was issued on April 22. The decision addresses two very important things. For us, PURA authorized the funding of \$100 million reserve for storm restoration costs. The second is that the decision uses forecast data to set rates associated with TPAs. The use of forecast data is a change that we have long advocated. It also allows for rates to be adjusted on a more timely basis, avoiding large over- or under-recoveries. Both of these changes result in more stable rates for customers and more stable and predictable operating cash flows for Eversource. On top of that, PURA's decision makes these changes while lowering rates for customers. We thank PURA for their thoughtful and constructive decision.

Lastly, in New Hampshire, Joe mentioned the new storm cost securitization law. This means that now in Connecticut and New Hampshire together, Eversource should recover approximately \$2 billion in deferred storm costs and carrying charges through these securitization transactions within the next 12 to 18 months.

Moving to slide 11 for a financing update, we executed on one of the latest steps in our plan, to continue building balance sheet stability. When we issued our first junior subordinated notes in February, we were very pleased that the offering was more than five times oversubscribed and continues to trade at or above par. This gives us confidence that should we decide to issue something similar in the future, the market supports our strategy. I will underscore that our financing strategy is unchanged since the update we provided during our fourth quarter earnings call. We continue to expect that our equity needs over the next five-year forecast period are in the range

of \$800 million to \$1.1 billion. As communicated previously, this financing plan includes flexibility related to the Aquarion transaction outcome.

Next on slide 12, I would like to share the latest affirmation of our strategy, which is that our FFO-to-debt metrics remain strong. Our latest metrics are 14.2% and 14.5% for S&P and Moody's respectively. Consistent with our guidance, these are each over 100 basis points above the downgrade thresholds. In addition, on April 10, following the FERC ROE decision, S&P reaffirmed its ratings and stable outlook for Eversource and our subsidiaries. These objective measures reflect the successful execution of our previously communicated strategy.

Next, let me reaffirm our five-year capital plan of \$26.5 billion, as shown on slide 13. This reflects our five-year utility infrastructure investments by segment through 2030, and we are off to a good start with CapEx of nearly \$800 million through March as compared to our 2026 forecast of \$5.1 billion. As you can see on this slide, Connecticut AML is not included in our plan. We look forward to the next steps on this opportunity, following the recent constructive hearings held by PURA earlier this year. As we stated in the briefs we filed in March, our goal is to deliver the highest benefit for customers at the lowest possible cost.

Turning to slide 14, we continue to work towards a meaningful inflection in our earnings growth, driven by improved regulatory outcomes. That includes the recovery of storm costs through securitization in both Connecticut and in New Hampshire. It includes the completion of alternative financing opportunities and distribution rate adjustments, including the results of our CL&P rate request in 2027.

Lastly, on slide 15, 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. And just to be clear, this would be off of the midpoint of our revised 2026 non-GAAP earnings EPS range.

With that, I will turn the call back to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will conduct the question-and-answer session. [Operator Instructions] Our first question comes from the line of Carly Davenport of Goldman Sachs. Your line is now open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Good morning, Carly.

A

Carly Davenport

Analyst, Goldman Sachs

Good morning. Thanks so much for taking the questions. Maybe just to start on Aquarion, I guess, as you mentioned, we're still about five weeks or so out from the new appeal window sort of closing. So, maybe could you just provide kind of your latest thoughts on the potential for further appeals to be filed in that process? And I guess your temperature on this progressing to close?

Q

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Yeah. Obviously we were pleased with the PURA decision. I think it was very clear. And I think that they spoke to the issues that the appeals – surrounding the appeal, and I felt very good about the decision. We continue to be watchful down there. As you know, they were not just the parties that appealed, there were others involved. So we're vigilant. But as we have said in the past that, we don't have a gun to our head anymore, we do intend to close the transaction. But if it wasn't to close, it's not going to be the end of the world.

A

Carly Davenport

Analyst, Goldman Sachs

Got it. Okay. Great. That's helpful. And then just on the FERC ROE decision on – you're obviously attacking this from a few different angles, but just on the 205 filing, you did mention potential to reach settlement there. So just maybe could you talk a little bit about what that timing could look like in the case that settlement is on the table versus if it has to go sort of full length?

Q

John M. Moreira

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

Sure. Sure. As I said in my formal remarks, we feel that a new rate will be implemented towards the end of the year. I would say to your exact question, Carly, the first process or procedure out of the gate once we hear back from FERC within 60 days of the date of our filing, is appointing of a settlement judge to the case to bring the parties to the table. So hopefully we can settle on the rate prospectively as well as address the legal deficiencies in the FERC order as part of that settlement conference. So that should happen later this year.

A

Carly Davenport

Analyst, Goldman Sachs

Great. Thank you so much.

Q

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

Thank you, Carly.

A

Operator: Our next question comes from the line of Shar Pourreza of Wells Fargo. Your line is now open.**Marcella Petiprin***Analyst, Wells Fargo*

Good morning. This is actually Marcella on for Shar. Thanks for taking our question.

Q

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

Hello, Marcella. Good morning.

A

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

Good morning.

A

Marcella Petiprin*Analyst, Wells Fargo*

Good morning. Also kind of talking about the FERC decision, what's your level of confidence on the 15-month refund period? And what milestones should investors be watching for, for clarity on whether that interpretation prevails in court? Maybe, for example, should we be paying attention to the MISO proceeding as something that might read through? And how should we be thinking about timing on that case?

Q

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

Sure. From a data point, if we go to full process and not be able to settle with the parties, yes, I would agree the MISO decision is going to be a significant data point for us. But here I think the process that we put forth, and to your question specifically on the 15-month window, we do recognize that we are subject to a 15-month refund period, and therefore, we accrued for that in the first quarter, as I mentioned. So the 15-month refund period is law and we recognize that. But arbitrarily picking a retroactive date for the refund is where we think of FERC did not follow the letter of the law.

A

Marcella Petiprin*Analyst, Wells Fargo*

That's really helpful. And then maybe shifting gears to New Hampshire storm cost securitization, just how should we be thinking about how much you'll pursue if there is any carrying costs included in that, and then timing on when we might expect to see that filing?

Q

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

Sure. So we're hoping the timing as soon that we can get to the table and work with the PUC and the Department of Energy in New Hampshire. I think the dollar amount is probably in [ph] \$400 million to \$470 million (00:31:43) range, and that would include the carrying charge that has already been and that continues to accrue. So it's

A

really to the customers' benefit, the sooner we complete the securitization, the better off our customers would be in lowering the ultimate cost that would in fact be securitized. So we hope that we could complete that transaction, I would say, in a reasonable timeframe late 2027.

Marcella Petiprin

Analyst, Wells Fargo

Q

Great. Thanks.

John M. Moreira

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

A

Thank you.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you.

Operator: Our next question comes from the line of Steve Fleishman of Wolfe Research. Your line is now open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Steve.

John M. Moreira

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

A

Good morning.

Steve Fleishman

Analyst, Wolfe Research LLC

Q

Hey, Joe. John. How are you doing?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Wonderful.

Steve Fleishman

Analyst, Wolfe Research LLC

Q

So – great. On the FERC – just to follow up on the FERC question, when we think about the other parties that you might settle with, like who are the parties in this case at FERC? Is it your state advocates? Is it transmission customers or, yeah?

John M. Moreira

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

A

It's a broad range of stakeholders that would be involved. Obviously, as you very well know, this is a New England tariff. So all six New England state transmission owners are impacted. So you can expect that every consumer

advocate from those states, the AG's office, from six New England states will have a seat at the table, and we are prepared to have those discussions with everyone involved.

Steve Fleishman

Analyst, Wolfe Research LLC

Q

Okay. And is there like a – it sounds like, as you said you can implement subject to refund by a certain date. Is there a deadline, though, where they actually have to rule by?

John M. Moreira

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

A

Sure. Yeah. Good question. Our understanding is that FERC has 60 days from the date of filing to let us know when the rate can be implemented. So FERC can take up to five, suspend the rate up to five months. So I think we can all expect that if you take the 60 days, plus the five months, so within seven months from the filing date, is where we would expect the rate to be implemented. As I've mentioned on the subject to refund basis.

Steve Fleishman

Analyst, Wolfe Research LLC

Q

Okay. And then just on the Aquarion, and, I mean, what are we actually waiting for at this point to decide whether to close or not, just for the – I mean, they rejected the reconsideration. So what is actually left from here?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

We're waiting for the appeal period to be exhausted. And so this is the second of the appeal period, it will exhaust on June 14.

John M. Moreira

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

A

14.

Steve Fleishman

Analyst, Wolfe Research LLC

Q

And that's at the Commission or at the Court [indiscernible] (00:34:44)?

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

At the commission.

Steve Fleishman

Analyst, Wolfe Research LLC

Q

Okay. Got it. All right, I'll leave it at that. Thank you.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you, Steve.

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

Thank you, Steve.

A

Operator: Our next question comes from the line of Sophie Karp of KBCM. Your line is now open.

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

Good morning, Sophie.

A

Sophie Karp*Analyst, KeyBanc Capital Markets, Inc.*

Good morning. Thank you for taking my questions. So, my question is, in light of all of the uncertainties you guys are facing with the FERC merit process and kind of residual Aquarion situation, as you wait out the appeal window, how are you thinking about the timing of equity capital here? Does that makes sense to just like issue the amount that you need and with the Band-Aid off or would you wait and see those pieces kind of fall into place before you right-size the offering? Like what's your thinking process here?

Q

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

Sure, Sophie. This is John. So let me just reiterate our guidance is between now and 2030 to issue in a range of \$800 million to \$1.1 billion. Clearly, that's a very nominal number over the next five-year period. Also as another reminder, in February, we did do our first JSN offering, which I was very excited about, that brought in \$1.5 billion of cash. So right now we're seeing how this thing plays out. And also as I highlighted in my formal comments, within the next 12 to 15 months, we would expect up to around \$2 billion of incremental cash coming in through the Connecticut and New Hampshire storm securitization proceeds. So we will be very thoughtful and mindful of all of these significant interactions, transactions that could have an impact on our equity needs. So, we really have no urgency to go to market right now. So it's, we'll pay a close eye as to how these transactions ultimately materializes.

A

Sophie Karp*Analyst, KeyBanc Capital Markets, Inc.*

All right. Thank you. And then my other question is clearly, not something that impacts your Eversource's economics, but when we think about energy supply situation in New England and the Millstone upcoming re-contracting potential right, and the forward prices in New England given the situation in global oil and gas markets, clearly that impacts affordability. And so, what are you seeing in terms of a policy response maybe across these territories to this impending impacts from higher energy pricing in your territories specifically?

Q

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

I've been very encouraged, I mean, we're injecting 2,600 megawatts of new power into the region. So, that is really going to help moderate the clearing price at ISO New England. I think that if you look at the volatility in ISO New England, that it's really not – it is not a very volatile market compared to PJM, so I feel good about it. When I look at Clean Energy Connect injecting 1,100 megawatts into our system, I look at Revolution Wind at 704 megawatts and I look at Vineyard Wind coming in over 800 megawatts, that's having a significant impact on the pricing in the region. So I feel very encouraged.

A

Couple that with the fact that we are resisting datacenters. I'm really not interested in the datacenter coming here. It's of no value to our residential customer, actually, any customer. It's only going to drive up the price of energy. And so, those are some of the things. And then you take a state like Massachusetts where they had an executive order that's looking at all things that we can possibly do. I mean, they have approved a natural gas pipeline enhancement with Enbridge that we're going to partner with to bring in additional gas capacity into the region. As you know, we did purchase a 26-acre site from Joe Dominguez at Constellation. That's going to allow us to inject upwards of 2,400 megawatts of power into the region. So I feel we're very well positioned to help our customers manage energy costs and trying to drive – we want to drive that clearing price down, and make sure that we provide a stable, reliable network for it to operate on. I mean, I continue to be encouraged by the number of requests that we're getting to inject into our system. This clean energy resources, whether it's the hydro or the offshore wind. I mean, offshore wind is at a 50% capacity factor, it's very, very good. And it's at a time when we really need it. Those winter months, that's when it's really peaking.

So I'm not really that concerned. Obviously, I love more generation. I wish we had a dozen more combined cycle plants built here. But the fact of the matter is, I think we're still very well-positioned and we're not going to see the volatility that some of these other exchanges are seeing.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Thank you. Appreciate the response.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah.

John M. Moreira

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

A

Thanks, Sophie.

Operator: Our next question comes from the line of Andrew Weisel of Scotiabank. Your line is now open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Andrew.

John M. Moreira

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

A

Hey, Andrew.

Andrew Weisel

Analyst, Scotiabank

Q

Hi. Good morning, everyone. Thanks for taking my questions. Another one on the transmission ROE, I understand what you're saying about the 205 process and how you can implement subject to refund. My question is, what will you be booking on a prospective basis in terms of earnings, say, 2027 and beyond? Will you assume

the 11.39% up and until the FERC or the court indicates that you shouldn't? Will future guidance be based on the 11.39% or the 9.57% as the base ROE?

John M. Moreira

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

A

Well, first and foremost, the current guidance that we just reiterated and updated back when we issued the 8-K, which was March 31, assumed then the current rate, which is 9.57%. Okay. So we'll wait to see how this 205 ultimately shakes out later this year. We'll know that definitively. And we'll revise our guidance to reflect whatever rate we can bill to customers. But that will be done on the fourth quarter call in February, once we solidified this issue.

Andrew Weisel

Analyst, Scotiabank

Q

Right. Okay. So your assumption is that you'll get resolution before the fourth quarter call when you give guidance?

John M. Moreira

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

A

Yes. Yes. Yeah. Under the current procedure, under the Federal Power Act, we expect a decision from FERC to determine when we can implement this new proposed rate, and as I've said, on a subject to refund basis. So we will be billing customers, provided that we don't mutually reach a settlement agreement with the stakeholders. This rate will go live. And the process to review and decide the ultimate rate that's just and reasonable, FERC will have plenty of time to do that.

Andrew Weisel

Analyst, Scotiabank

Q

Right. Okay. Let's stick to the schedule. They don't always say on time, but let's hope they do.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

[ph] Thanks, Andrew. (00:42:07)

Andrew Weisel

Analyst, Scotiabank

Q

Maybe second question, if I can, on the refund of \$880 million or so, I know the refund period was extended through May of 2027. From an accounting perspective, have you taken any sort of reserves or will you have to or is that just sort of looming, while the challenge and appeals play out?

John M. Moreira

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

A

We'll see how things progress, but our decision based on the legal merits of our case that we have filed with FERC Counsel and our own internal counsel, we feel we have a strong legal position that supports us not booking anything until we have further determination and clarity on the retroactive piece going back to 2014. So I want to be clear. But we do know that we have exposure and we are subject to the 15-month refund period as FERC just validated. We were also pleased and we feel it was the right thing for FERC to do to dismiss complaint two, three

and four. So we have that validated. But we do agree that we are subject on the Federal Power Act to the 15-month refund period. And that's why we booked that this quarter.

Andrew Weisel

Analyst, Scotiabank

Q

Okay, very good. Thank you so much.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you.

Operator: Our next question comes from the line of Travis Miller of Morningstar Inc. Your line is now open.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Travis.

John M. Moreira

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

A

Good morning, Travis.

Travis Miller

Analyst, Morningstar, Inc. (Research)

Q

Good morning. Hi. Thanks. Just one quick follow-up for me on FERC, appreciate all the details here in the script. But on the FERC high level, given the uncertain there depending on what happens over the next year, what's the flexibility you have on your transmission investments and your CapEx? Is that an area where you could potentially move around some CapEx if there's a decision that goes against you or isn't there even a need to move around CapEx?

John M. Moreira

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

A

We certainly will look at that. I don't want to get ahead of our skis here, but that's something that we can look at. But right now where we have – and we said that in our formal remarks that, we were a bit taken back by this harsh decision that was just issued by FERC, because as Joe mentioned, we need more supply, right. And utilities transmission owners should be incentivized to explore investment opportunities that would reduce the overall cost for customers. If you recall, back a decade ago where New England was under tremendous amount of congestion pressure, and we unlocked that congestion and saving customers billions of dollars, eliminating that price differential. So those investments have resulted in tremendous cost savings for our customers throughout New England.

Travis Miller

Analyst, Morningstar, Inc. (Research)

Q

Okay. I think that's all I had. Appreciate all the other details you gave.

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

Yep. Thanks for joining us today.

A

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

Thank you.

A

Operator: [Operator Instructions] Our last question comes from the line of Paul Patterson of Glenrock Associates, LLC. Your line is now open.**Joseph R. Nolan***Chairman, President & Chief Executive Officer, Eversource Energy*

Good morning, Paul.

A

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

Hi, Paul.

A

Paul Patterson*Analyst, Glenrock Associates LLC*

Good morning. So, lots of questions answered. Just on the Connecticut PBR, is that, I don't know, are we going to wait 10 years for something on that, or is that – I'm joking around, I apologize. But I mean, what do you think is, I guess, what's the status of that?

Q

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

Paul, as you know, we've been untangling a lot of things down there. It's a very, very positive turnaround I think in PURA, we're getting very, very good decisions. We're getting fair decisions. In the pecking order, PBR would be great to have. At this point, we're just trying to sort through and get an orderly regulatory environment to operate in. So, I'm not going to go poke the beer and start to talk about PBR right now. Let's get some other things. There's some other priorities that that I have on my plate before I'm going to poke the beer on PBR.

A

Paul Patterson*Analyst, Glenrock Associates LLC*

Okay. So just wait and see kind of thing, I guess, right?

Q

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

Yeah.

A

Paul Patterson*Analyst, Glenrock Associates LLC*

Okay. And then, I guess one of my question is, do you know what triggered FERC after all this time to sort of come out with this sort of out of nowhere?

Q

John M. Moreira

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

A

Yeah. I mean, we can suspect that it was a tough decision [indiscernible] (00:46:50) there for many, many years. I think the message that they've sent to New England transmission owners is we're going to let the courts make the decision on this proceeding. And that's why we're taking the legal action that we we've discussed on this call today.

Paul Patterson

Analyst, Glenrock Associates LLC

Q

Okay. I mean, but there are – I mean, okay. I appreciate it. Thanks so much.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you.

John M. Moreira

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

A

Thank you.

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

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you again for joining us today. You still have time to get on David Campbell's FRG call, we gave you 15 minutes. But our teams have weathered a lot of storms this past year and we delivered top-tier reliability for our customers. We are carrying tremendous momentum into 2026, with a clear focus on de-risking our business profile, resolving key open items ahead of us, and positioning the company for sustainable, long-term growth. Thanks very much.

Operator: Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

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